



ASIC

Australian Securities & Investments Commission

CONSULTATION PAPER 88

Reviewing and updating RG 146: Training of financial product advisers

July 2007

About this paper

This consultation paper:

- sets out how ASIC proposes to amend Regulatory Guide 146 *Licensing: Training of financial product advisers* to facilitate flexible and cost effective training for financial product advisers while maintaining suitable training standards; and
- seeks the views of advisers, licensees and consumers.

About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

Consultation papers: seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

Regulatory guides: give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

Information sheets: provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Reports: describe ASIC compliance or relief activity or the results of a research project.

Document history

This paper was issued on 31 July 2007 and is based on the Corporations Act as at 31 July 2007.

Disclaimer

The proposals, explanations and examples in this paper do not constitute legal advice. They are also at a preliminary stage only. Our conclusions and views may change as a result of the comments we receive or as other circumstances change.

Contents

The consultation process	4
A About the review	5
Our overall policy approach	5
Background to this review.....	5
The proposals in this paper	7
B Appropriateness of current training standards	8
Should the training requirements be relaxed for simpler products?	8
Training requirements cover a range of products within a specialist knowledge category	10
C Recognition of prior study and training	13
D Quality of courses on the ASIC Training Register	16
E Regulatory and financial impact	19
Appendix 1: Overview of the training requirements for financial product advisers	20
General requirements and purpose	20
Key terms	23
Related publications	26

The consultation process

We are reviewing Regulatory Guide 146 *Licensing: Training of financial product advisers* (RG 146) and plan to revise it. Following this consultation, we will publish an updated RG 146 setting out our revised approach to the training of financial product advisers.

You are invited to comment on the proposals in this paper, which are only an indication of the approach we may take and are not our final policy.

As well as responding to the specific proposals and questions, we also ask you to describe any alternative approaches you think would achieve our objectives.

We are also keen to fully understand and assess the financial and other impacts of our proposals and any alternative approaches. Therefore, we ask you to comment on:

- the likely compliance costs;
- the likely effect on competition; and
- other impacts, costs and benefits.

Where possible, we are seeking both quantitative and qualitative information. Your comments will help us update our policy on the training requirements for financial product advisers. In particular, any information about compliance costs, impacts on competition and other impacts, costs and benefits will be taken into account if we prepare a Business Cost Calculator Report and/or a Regulatory Impact Statement: see Section E.

Making a submission

We will not treat your submission as confidential unless you specifically request that we treat the whole or part of it (such as any financial information) as confidential.

Comments should be sent by 25 September 2007 to:

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What will happen next?

Stage 1	31 July 2007	ASIC consultation paper released
Stage 2	25 Sept 2007	Comments due on the consultation paper
	Oct to Dec 2007	Drafting of revised regulatory guide
Stage 3	Dec 2007	Revised regulatory guide released

A About the review

Key points

We are reviewing RG 146, which sets out our policy on training standards for financial product advisers.

We are considering proposals to address concerns about:

- the appropriateness of current training standards in certain areas (see Section B);
- recognition of prior study and training (see Section C); and
- the quality of some courses on the ASIC Training Register (see Section D).

We do not propose to fundamentally rethink the policy framework in RG 146 as part of this review.

Our overall policy approach

- 1 ASIC considers that the policy framework in RG 146 is still appropriate. Generally speaking, we consider that people providing financial product advice to retail clients should meet minimum training standards. The underlying rationale for this approach is that adequately trained and competent advisers are integral to consumer protection in the financial services industry.

Note: Before 5 July 2007, RG 146 was referred to as Policy Statement 146 *Training of financial product advisers* [PS 146].

- 2 An overview of the training requirements for financial product advisers is provided at Appendix 1.

Background to this review

- 3 We are reviewing our policy on the training of financial product advisers set out in RG 146 in accordance with our policy to review and regularly update our guidance material. Additionally, the review is in line with the Australian Government's Corporate and Financial Services Regulation Review.

Corporate and Financial Services Regulation Review

- 4 In April 2006 the Parliamentary Secretary to the Treasurer (PST), the Hon Chris Pearce MP, launched the Corporate and Financial Services Regulation

Review Consultation Paper. As part of the review, the PST sought comments on [PS 146], particularly in relation to how the policy could be revised to ensure appropriate and tailored regulation of training requirements (Consultation Paper, pp. 26–7).

- 5 In November 2006 the PST announced in a Proposals Paper that ASIC would review training requirements in [PS 146] to address:
- (a) concerns that training is at times not appropriate for services provided;
 - (b) concerns that training requirements do not adequately take into consideration prior study or recognise some professional and industry body qualifications; and
 - (c) the need for further industry guidance (Proposals Paper, p.34).

Industry comments from the review

- 6 Comments received from industry on the Consultation Paper and the Proposals Paper indicated the following general areas of concern with RG 146:
- (a) training standards may not be appropriate for some products and/or advisers;
 - (b) advisers are required to be trained on products across a specialist knowledge category despite only advising on one or a few products in that category; and
 - (c) advisers who have undergone university study and professional training (e.g. accountants) have not, through this process, earned RG 146 accreditation.

Informal consultation

- 7 Following the PST's announcement that ASIC would review RG 146, we met with some industry associations and other interested stakeholders to discuss further the issues raised in the Corporate and Financial Services Regulation Review and possible approaches to addressing these issues.
- 8 As part of these discussions, industry groups also indicated concern about the standard of courses on the ASIC Training Register. They believe that some courses on the Register are either out-of-date or do not meet the minimum training requirements prescribed in RG 146.
- 9 Industry also indicated concern with some aspects of the functionality of the ASIC Training Register. Specifically, issues were raised concerning the search function and the level of information available on courses and providers. We have started work on improving the functionality of the Register and its ongoing administration.

The proposals in this paper

- 10 The proposals set out in this consultation paper focus on possible changes to RG 146 to address:
- (a) the issues raised in the Corporate and Financial Services Regulation Review, namely that:
 - (i) training may at times not be appropriate for services provided; and
 - (ii) RG 146 may not adequately recognise prior study and training, and
 - (b) concerns about the standard of courses, which have been raised by industry groups in our discussions with them (see paragraph 8).
- 11 The aims of our proposals are to:
- (a) facilitate flexible and cost-effective implementation of training for financial product advisers; and
 - (b) maintain suitable training standards for advisers wishing to provide financial product advice to retail investors.
- 12 At this stage, we expect that the changes resulting from our review of RG 146 will not involve fundamental changes to the policy framework in RG 146. This is consistent with our previous statements that we do not intend to fundamentally revisit the knowledge and skill requirements for financial product advisers. This approach also acknowledges that training providers, licensees and advisers have incurred costs to meet the minimum training standards introduced by RG 146.

Note: See Information Release [IR 07-08] *Update on ASIC's review of financial adviser training standards*.

B Appropriateness of current training standards

Key points

We are considering two possible approaches to training requirements for simpler products, i.e.:

- removing the generic knowledge requirement for courses covering Tier 2 products (see proposal B1(a) and paragraphs 15–19); and/or
- allowing licensees to self-assess courses for advisers on Tier 2 products (see proposal B1(b) and paragraphs 15–19).

We are also considering two possible approaches to the specialist knowledge categories, i.e.:

- requiring that advisers receive basic training in the range of products in the current specialist knowledge category (see proposal B2(a) and paragraphs 25–29); or
- introducing a longer list of narrower, more focussed specialist knowledge categories so that advisers are unlikely to receive any training on products they do not advise on (see proposal B2(b) and paragraphs 25–29).

Should the training requirements be relaxed for simpler products?

- 13 We are aware that certain segments of the financial services industry believe that training requirements should be relaxed for Tier 2 products because these products are of lower risk, more straightforward and better understood by consumers.
- 14 As part of this consultation process, we are seeking comments on two alternative proposals we are considering to address industry concerns that the standard of training for Tier 2 products may be too high.

Proposal

B1 We could either:

- remove the generic knowledge requirement for all courses covering Tier 2 products. This would mean that Tier 2 product advisers would only need to satisfy the particular 'specialist knowledge' and 'skill' requirements in RG 146 that are relevant to the adviser's activities; and/or
- allow licensees to self-assess courses for advisers on Tier 2 products. This would mean that advisers on Tier 2 products would no longer have to complete a training course on the ASIC Training Register to satisfy the RG 146 training requirements.

Note: The approach in proposal B1(b) would be similar to that presently applying to basic deposit products and related non-cash payment products: see RG 146.83A and RG 146.83B.

Your feedback

- B1Q1 Do you think that the training requirements for simpler products are too onerous?
- B1Q2 Which approach would you choose to address the problem? Please give reasons.
- B1Q3 What costs and benefits do you think result from your preferred approach? If possible, please quantify these costs and benefits.
- B1Q4 What do you think would be the risks to consumers from your preferred approach? Do you think the benefits outweigh these risks? If so, why?
- B1Q5 Should we consider any other changes to the training requirements to address concerns about the burdens imposed by the training requirements (e.g. removing the generic knowledge requirement for all general advice)?

Rationale

- 15 RG 146 already recognises that some products are simpler and of lower risk. It allows advisers giving advice on Tier 2 products to complete training courses to a lower educational level.
- Note: We have determined this level to be equivalent to the Certificate III level under the Australian Qualifications Framework. See RG 146.43 for an explanation of the education levels.
- 16 Although the education levels are different, advisers who provide advice about Tier 2 products must complete the same types of knowledge and skill requirements as advisers on other products (known as Tier 1 products). These include:
- (a) generic knowledge training;
 - (b) specialist knowledge training; and
 - (c) skills training, if providing personal advice.
- 17 We consider that the knowledge requirements for Tier 1 products are adequate. Advisers providing advice on Tier 1 products should not only be trained about the range of products in the relevant specialist knowledge category but also receive training about the economic environment they operate in (i.e. generic knowledge component) because the returns from Tier 1 products are often subject to market fluctuations. We are, however, considering whether generic knowledge training should continue to apply for Tier 2 products which are, on the whole, less subject to market fluctuations.
- 18 Both options under proposal B1 are consistent with the overall rationale of having lower standards for Tier 2 products. They are also consistent with the

recent concessions we have provided for basic deposit products and related non-cash payment products.

Note: See Information Release [IR 05-48] *ASIC revises guidance on training standards for advisers on basic deposit products and related non-cash payment products.*

- 19 When determining whether, and to what extent, the training requirements for Tier 2 products should be relaxed, we need to balance the benefits to licensees of reduced training for Tier 2 product advisers against the potential detriment to consumers. When considering feedback on proposal B1, we will pay particular attention to information we receive about the likely impact of our proposals on flexibility and cost savings for licensees and the quality of advice.

Training requirements cover a range of products within a specialist knowledge category

- 20 Arguably, the current RG 146 training standards require individuals who provide retail advice on one or more products within a specialist knowledge category to have some basic knowledge of the full range of products within that category (not just those they advise on).

Note: See Appendix A in RG 146 for the full list of specialist knowledge categories individuals may be authorised to advise on.

- 21 For example, advisers providing retail advice on any general insurance product would need to undertake training that covers:
- (a) generic knowledge (about the economic environment they operate in: see Table A1 in RG 146);
 - (b) core insurance knowledge (about insurance markets and products generally: see Table A2.6a in RG 146);
 - (c) specialist knowledge covering general insurance (see Table A2.6b in RG 146); and
 - (d) skills training, if providing personal advice (see Table B in RG 146).

- 22 Arguably, this means that, to satisfy the specialist knowledge requirement, general insurance advisers who solely advise on home insurance, for example, must receive basic training on the range of products and policies across the general insurance segment, including home insurance, car insurance, consumer credit insurance and other general insurance products. Similar issues exist with respect to other broad specialist knowledge categories like managed investment schemes.

- 23 Some industry participants argue that the requirement to be trained across the range of products within a specialist knowledge category is resulting in unnecessary costs for licensees because it results in many advisers being

trained on products that they do not advise on. We understand that these costs are being passed on to consumers.

- 24 We are considering two alternative approaches to address the issue that training standards may not be appropriate where they require training to cover a range of products within a specialist knowledge category.

Proposal

B2 We could either:

- (a) require that advisers receive basic training in the range of products in the current specialist knowledge category; or
- (b) introduce a longer list of narrower, more focussed specialist knowledge categories so that advisers are unlikely to receive any training on products they do not advise on. For example, general insurance could be split into home insurance, car insurance and consumer credit insurance.

Your feedback

B2Q1 Which approach do you prefer? Please give reasons.

B2Q2 What costs and benefits do you think result from your preferred approach? If possible, please quantify these costs and benefits.

B2Q3 What do you think would be the risks to consumers from your preferred approach?

B2Q4 Should we consider any other changes to the training requirements to address the issue (e.g. narrowing specialist knowledge categories for Tier 2 level products only)?

Rationale

- 25 Our view is that the following considerations are relevant to any proposal to amend the current specialist knowledge categories.

Adequate advice

- 26 Section 912A(1)(f) of the *Corporations Act 2001* (Corporations Act) requires advisers to be adequately trained and competent to provide financial product advice. Requiring advisers to be trained generally about a range of products in their authorised specialist knowledge category supports this requirement and the requirement that all personal advice to retail clients must be appropriate (s945A). We do not think that significantly reducing the training requirements is consistent with these requirements.

Complexity of the training requirements

- 27 We do not want to add unnecessary complexity to RG 146 by unnecessarily changing the current specialist knowledge categories. Such complexity would impact on an adviser's ability to easily understand and comply with the training requirements in RG 146.

Portability of RG 146 qualifications

- 28 The desirability of portable training qualifications was an important consideration in our decision to rely on the National Training Framework. Our view is that the current specialist knowledge categories promote the portability of training qualifications by enabling advisers to advise on other products of the same category without first obtaining additional training. We would not want to affect the portability of training qualifications by unnecessarily changing the current training requirements.

Cost of compliance

- 29 We do not want to impose unnecessary costs on advisers and their licensees by setting training standards that are not appropriate for the needs of advisers or their clients. Reducing training costs where possible should ultimately reduce the overall cost of advice to consumers. We are interested in feedback about whether the current specialist knowledge categories cause disproportionate costs to advisers and their licensees because they require unnecessary training. We are also interested in feedback on the costs to licensees of narrowing the specialist knowledge categories. For example, narrowing the specialist knowledge categories will require licensees to monitor advisers in that category to ensure that they do not provide advice outside their narrow area of training and this may actually result in increased compliance costs for some licensees.

C Recognition of prior study and training

Key points

We propose to maintain our current approach on the recognition of prior study and training as we believe it adequately recognises prior relevant study and training: see proposal C1 and paragraphs 31–36.

Currently, an adviser's prior relevant learning can be recognised by:

- having their capabilities to provide financial advice individually assessed under RG 146; or
- negotiating with their RG 146 training provider the extent to which prior learning can be recognised.

- 30 Some respondents to the Corporate and Financial Services Regulation Review suggested that there should be greater recognition of prior study and training in fields such as accounting, even if the relevant courses are not on the ASIC Training Register.

Proposal

- c1 We do not propose to amend RG 146 to provide special recognition of prior study and training not on the ASIC Training Register. This means that individuals wishing to provide financial product advice must either undertake an approved course or be individually assessed as meeting the training standards.

Your feedback

- C1Q1 Do you think that our policy on the recognition of prior study and training requires revision? If so, why?
- C1Q2 Do you think that prior study and training undertaken by accountants warrants specific recognition in RG 146? If so, please provide details on how accounting qualifications meet some or all of the knowledge and skills requirements necessary for RG 146 compliance.
- C1Q3 What benefits do you think would result from providing specific recognition in RG 146 of prior study and training? If possible, please quantify these benefits.
- C1Q4 Do you think recognition of prior study or training would create risks for consumers.

Rationale

Our current policy

- 31 Since the introduction of RG 146, our policy has been that advisers should meet the minimum training standards set out in RG 146. Ordinarily, professional tertiary courses (e.g. specialist accounting degrees) do not satisfy the minimum training standards in RG 146.
- 32 This has meant that people wanting to provide financial product advice have needed to either:
- (a) undertake a course that has been mapped against the training standards in RG 146 and accepted onto the ASIC Training Register; or
 - (b) have their capabilities assessed by an authorised assessor as meeting the RG 146 training standards.

Note: To be eligible for this second option, advisers must have at least 5 years relevant experience over the immediate past 8 years in the areas in which they advise: see RG 146.52.

Current policy adequate

- 33 We are of the view that the process set out in RG 146.52–RG 146.53, which enables individual assessment of an adviser's experience if they have not undertaken a course on the ASIC Training Register, is adequate for assessing prior study and training.
- 34 Where advisers have undertaken prior learning of the knowledge and skills required under RG 146, the National Training Framework provides a mechanism where such learning can be formally recognised. When undertaking an approved training course, advisers can negotiate with their training provider for recognition of their prior learning and the training provider can give an adviser "credit" for certain parts of the approved training course. We will amend RG 146 to make this more explicit.
- 35 This process could be relevant to accountants seeking to meet RG 146 training standards to provide financial product advice. In addition, we understand that some thought is being given within the accounting industry to the development of a bridging course for accountants wishing to provide financial product advice in those knowledge and skills areas of RG 146 not covered by their prior learning. This would mean that an accountant could satisfy the RG 146 training standards by completing the bridging course, provided the provider of that course recognised the accountant's prior study as satisfying the RG 146 knowledge and skill requirements not covered by the bridging course.

- 36 These approaches demonstrate the flexibility of RG 146. In our view, RG 146 already allows appropriate recognition of prior study and learning, while:
- (a) maintaining a level playing field by requiring all individuals wishing to provide financial product advice to meet the same minimum training standards for the specialist knowledge category they advise in; and
 - (b) protecting consumers by ensuring that all advisers are appropriately and demonstrably trained in the product they advise on.

D Quality of courses on the ASIC Training Register

Key points

We propose addressing concerns about the quality and currency of courses on the ASIC Training Register by:

- confirming in RG 146 our capacity to conduct assessments of courses and to refuse registration or deregister courses that do not comply with the training requirements (see proposal D1(a) and paragraphs 38–44); and
- requiring course providers to periodically re-register their courses or self-certify that their courses have been revised and continue to meet the training requirements (see proposal D1(b) and paragraphs 38–44).

37 During our informal consultation with stakeholders, we were told that some courses on the ASIC Training Register are of poor quality or out-of-date. In an effort to improve the standard and currency of courses on the Register, we are considering the following proposals. We would also be interested in other suggestions on how to improve the quality and currency of courses on the Register.

Proposal

D1 We propose to:

- (a) amend RG 146 to make it clear that ASIC (or an agent of ASIC) may conduct initial and ongoing assessments of courses. We also propose to make it clear that ASIC (or an agent of ASIC) may refuse to register, or may deregister, courses that do not comply with the RG 146 training requirements; and
- (b) either:
 - (i) require all providers to periodically re-register their courses every 3 years; or
 - (ii) require training providers to lodge a notice with us every 3 years to certify that they have reviewed their courses and that the courses are current and continue to meet the training requirements in RG 146.

Note: Periodic re-registration or self-certification could coincide with the requirement that courses be re-assessed by the training provider, which is currently required at least once every 5 years: see RG 146.96.

Your feedback

- D1Q1 What are your experiences of RG 146 training courses? Have you experienced a substandard RG 146 course?
- D1Q2 Do you agree with the proposal to amend RG 146 to explicitly specify that ASIC may:
- (a) conduct initial and ongoing assessment of courses; and
 - (b) not register, or deregister, any non-compliant courses?
- If not, why not?
- D1Q3 Do you agree with our proposal to require course providers to either periodically re-register their courses or self-certify that their courses are current and comply with RG 146? If not, why not? Should re-registration or self-certification occur every three years? If not, what alternative period would you choose? If possible, please quantify the costs and benefits of our proposal.
- D1Q4 Are there any other proposals you can suggest to improve the quality of courses on the ASIC Training Register (e.g. requiring RTOs and SAOs that develop and deliver their own courses to have these courses independently assessed)?

Rationale**Standard of approved courses**

- 38 We understand that approved courses vary as to content, delivery method and assessment methodology. This is contemplated by the National Training Framework, on which RG 146 is based.
- 39 We will continue to rely on the National Training Framework as it:
- (a) provides nationally accepted competencies;
 - (b) provides a flexible assessment process that delivers uniform assessment outcomes to an appropriate level; and
 - (c) results in the awarding of nationally recognised and portable certificates of attainment.
- 40 RG 146 is currently silent on our capacity to undertake upfront or ongoing assessment of courses as we see fit. We have this capacity, but making this explicit may encourage course providers to provide courses to the standard required by RG 146.

Out-of-date courses

- 41 We understand that concerns about the standard of courses usually arise only after courses have been approved and placed on the ASIC Training Register.

This may reflect a perception by some providers that they do not need to keep their courses up-to-date once the course has been approved.

- 42 Despite the requirement in RG 146.101 that we be notified where significant changes to an approved course have been made, we understand that this may not always occur in practice.
- 43 There is presently no requirement for course providers to re-register their courses. Requiring course providers to periodically re-register or self-certify compliance with RG 146 would help ensure that only current information and courses are listed on the ASIC Training Register. This would increase industry and consumer confidence in the Register and result in better-informed decisions by advisers about courses and course providers.
- 44 We believe that course providers will have a greater incentive to ensure that their courses meet the RG 146 training standards—not just at registration but on an on-going basis—if we:
- (a) better communicate ASIC’s capacity to deal with courses that do not comply with RG 146; and
 - (b) require course providers to either re-register their courses or self-certify compliance with the training requirements.

E Regulatory and financial impact

- 45 In developing the proposals in this paper, we have carefully considered their regulatory and financial impact. On the information currently available to us we think they will strike an appropriate balance between:
- (a) protecting consumers by ensuring that financial product advisers are adequately trained in the financial products and services they advise on; and
 - (b) facilitating more flexibility in the RG 146 training requirements for financial product advisers to reduce the regulatory burden associated with the training requirements.
- 46 Before settling on a final policy, we will comply with the requirements of the Office of Best Practice Regulation (OBPR) by:
- (a) considering all feasible options;
 - (b) if regulatory options are under consideration, undertaking a preliminary assessment of the impacts of the options on business and individuals or the economy;
 - (c) if our proposed option has more than low impact on business and individuals or the economy, consulting with OBPR to determine the appropriate level of regulatory analysis; and
 - (d) conducting the appropriate level of regulatory analysis—that is, if required, completing a Business Cost Calculator report (BCC report) and/or a Regulation Impact Statement (RIS).
- 47 All BCC reports and RISs are submitted to the OBPR for approval before we make any final decision.
- 48 To ensure that we are in a position to properly complete the preliminary assessment and any required BCC report or RIS, we ask you to provide us with as much information as you can about the following aspects of our proposals (or any alternative approaches):
- (a) the likely compliance costs;
 - (b) the likely effect on competition; and
 - (c) other impacts, costs and benefits.
- See ‘The consultation process’ p. 4.
- 49 We expect to publish a revised RG 146 by December 2007, after considering any comments or feedback we receive on the proposals in this consultation paper.

Appendix 1: Overview of the training requirements for financial product advisers

General requirements and purpose

What is RG 146?

- 50 RG 146 is the policy that sets out the minimum training standards for retail financial product advisers.

What is the purpose of training standards for retail financial product advisers?

- 51 The rationale for minimum training standards is to ensure that retail financial product advisers are adequately trained and meet minimum competencies before providing financial product advice to retail clients. This helps ensure that consumers receive good quality advice.

How does RG 146 fit within the financial services regulatory regime?

- 52 The financial services regulatory regime, introduced by the *Financial Services Reform Act 2001* (FSR Act), required people to be competent and adequately trained before providing financial product advice.
- 53 As part of this regime, advisers are required to be licensed before providing retail clients with financial product advice. A specific licence condition is imposed on licensees requiring them to ensure that advisers have completed approved relevant training courses.

Note: See Condition 7 of Pro Forma 209 *Australian financial services licence conditions* [PF 209].

History of RG 146

- 54 RG 146 (then [PS 146]) was introduced in 1999 and preceded the introduction of the FSR Act. The policy was promoted in the final report of the Financial System Inquiry in March 1997 (Wallis Report) as a response to the market failures of the 1990s. Since its introduction, RG 146 has undergone numerous updates.
- 55 Following the introduction of the FSR Act, we updated the policy to provide guidance on the new legal obligation of AFS licensees to ensure that

representatives who provide financial services are adequately trained and competent to do so (s912A(1)(f)). Our fundamental approach is unchanged.

56 In January 2003, we amended RG 146 to reduce the compliance burden for advisers providing financial product advice on basic deposit products and related non-cash payment products (BDPs). The amendment provided more flexibility to licensees in relation to BDPs, which are considered to be relatively simple products, by allowing them to provide training to their representatives that is not on the ASIC Training Register.

57 In July 2005, we further amended RG 146 as part of the Australian Government's Refinements to Financial Services Regulation. These amendments relieved advisers on BDPs from the requirement to undertake generic knowledge training.

How does RG 146 operate?

58 RG 146 sets out minimum training standards for advisers who provide retail clients with either general or personal financial product advice.

59 In most cases, individuals meet the training standards by satisfactorily completing training courses relevant to their activities that are approved under RG 146 and listed on the ASIC Training Register. Advisers with substantial relevant industry experience may choose not to complete approved courses on the Register but instead be individually assessed as meeting the training standards: see RG 146.52 and RG 146.53.

Knowledge and skill requirements

60 RG 146 requires advisers to do a course that covers the requirements in the specialist knowledge category for the products they advise on (e.g. an insurance broker would have to do a course covering the general insurance topics).

61 Generally, advisers must complete training courses at a level appropriate to the complexity of the product or service the adviser works in, i.e.:

- (a) Tier 1 level for advisers on most financial products and for financial planners—broadly equivalent to Diploma level; or
- (b) Tier 2 level for advisers on less complex products like BDPs and general insurance products—broadly equivalent to Certificate III level.

62 Advisers who provide personal advice (as compared to general advice) are also required to undertake skills training to be able to apply their knowledge to specific situations.

The National Training Framework

63 The National Training Framework is the framework under which training competencies, assessment guidelines and related education and training qualifications are developed and endorsed for all vocational training courses. For the financial services industry, these competencies and guidelines are contained in the Financial Services Training Package. The training standards in RG 146 build on the competencies developed for the whole financial services industry under the National Training Framework.

How RG 146 courses are assessed

64 Essentially, courses will be placed on the ASIC Training Register if they are assessed by an authorised assessor as meeting:

- (a) the ‘knowledge and skills’ requirements (see Section D of RG 146); and
- (b) some additional quality standards (see RG 146.94–RG 146.95).

65 Authorised assessors may be:

- (a) Registered Training Organisations (RTOs)—these are training organisations registered with state or territory authorities. Before registration, these authorities ensure that the RTO has qualified personnel, adequate resources to deliver training packages and adheres to national standards and guidelines. RTOs that assess RG 146 courses must be accredited to deliver the Diploma and/or Certificate III qualification in financial services;
- (b) self-accrediting organisations (SAOs)—e.g. universities;
- (c) professional and industry associations.

66 RG 146 allows RTOs and SAOs to self-assess the courses they develop and deliver because of the quality assessment process they must go through for registration. However, professional and industry associations cannot self-assess their own courses: see RG 146.97.

How courses are lodged on the ASIC Training Register

67 When lodging courses on the ASIC Training Register, the authorised assessor must notify us and produce evidence that they have aligned the course to the Financial Services Training Package, using the relevant competency standards, assessment guidelines and qualifications under the National Training Framework. They do this by completing the approved application form.

Note: We may, from time to time, engage a third party to assist us in assessing the training courses to be placed on the ASIC Training Register: see RG 146.101.

68 Training courses must be reassessed by an authorised assessor at least every 5 years (or sooner if there are significant changes). The authorised assessor only needs to notify us (or our agent) if there have been significant changes to the course.

Key terms

Term	Meaning in this document
adviser	<p>A natural person who provides financial product advice to a retail client and is:</p> <ul style="list-style-type: none"> • an Australian financial services licensee; or • a representative of an Australian financial services licensee
AFS licence	<p>An Australian financial services licence under s913B that authorises a person who carries out a financial services business to provide financial services</p> <p>Note: This is a definition contained in s761A.</p>
approved course	<p>A training course that has been assessed by an authorised assessor and has been listed on the ASIC Training Register</p>
ASIC	<p>Australian Securities and Investments Commission</p>
ASIC Training Register	<p>The register that contains details of training courses and individual assessment services that have been approved by ASIC authorised assessors as meeting the training requirements in RG 146</p>
Australian Qualifications Framework	<p>The unified system of national qualifications in schools, vocational education and training (TAFEs and private providers) and the higher education sector (mainly universities)</p>
authorised assessor	<p>An organisation that is recognised by ASIC to assess a training course against ASIC's knowledge and skill requirements for the purposes of meeting the training standards, or to carry out an assessment of an individual's competence</p>
basic deposit product	<p>A deposit product that satisfies the conditions set out in s761A</p>
Corporations Act	<p><i>Corporations Act 2001</i>, including regulations made for the purposes of that Act</p>
financial product	<p>Generally, a facility through which, or through the acquisition of which, a person does one or more of the following:</p> <ul style="list-style-type: none"> • makes a financial investment (see s763B); • manages financial risk (see s763C); • makes non-cash payments (see s763D) <p>Note: See Div 3 of Part 7.1 for the exact definition.</p>

Term	Meaning in this document
financial product advice	<p>A recommendation or a statement of opinion, or a report of either of those things, that:</p> <ul style="list-style-type: none"> • is intended to influence a person or persons in making a decision in relation to a particular financial product or class of financial products, or an interest in a particular financial product or class of financial products; or • could reasonably be regarded as being intended to have such an influence <p>Note: This is a definition contained in s766B(1).</p>
financial product adviser	<p>A natural person who provides financial product advice to a retail client and is:</p> <ul style="list-style-type: none"> • an Australian financial services licensee; or • a representative of an Australian financial services licensee
Financial Services Training Package	<p>The nationally endorsed set of competencies and qualifications for recognising and assessing people's skills for the whole financial services industry</p>
FSR Act	<p><i>Financial Services Reform Act 2001</i></p>
general advice	<p>Financial product advice that is not personal advice</p> <p>Note: This is a definition contained in s766B(4).</p>
licensee	<p>A person who holds an AFS licence</p>
National Training Framework	<p>The national framework under which training competencies, assessment guidelines and related education and training qualifications are developed and endorsed for all vocational training courses</p>
non-cash payment product	<p>A facility through which, or through the acquisition of which, a person makes non-cash payments as defined in s763D</p>
Part 7.9 (for example)	<p>A Part of the Corporations Act (in this example numbered 7.9)</p>
personal advice	<p>Financial product advice that is given or directed to a person (including by electronic means) in circumstances where:</p> <ul style="list-style-type: none"> • the provider of the advice has considered one or more of the person's objectives, financial situation and needs; or • a reasonable person might expect the provider to have considered one or more of those matters <p>Note: This is a definition contained in s766B(3).</p>
reg 7.6.04 (for example)	<p>A regulation of the Corporations Regulations 2001 (in this example numbered 7.6.04)</p>

Term	Meaning in this document
registered training organisation (RTO)	An organisation that has undergone a registration process conducted by a state/territory recognition authority and is an accredited training and assessment organisation
regulations	Corporations Regulations 2001
related non-cash payment product	A financial product for making non-cash payments (as defined in s763D) that is related to a basic deposit product (as defined in s761A)
representative (of a licensee)	<ul style="list-style-type: none"> • an authorised representative of the licensee; or • an employee or director of the licensee; or • an employee or director of a related body corporate of the licensee; or • any other person acting on behalf of the licensee. <p>Note: This is a definition contained in s910A.</p>
retail client	A client defined as such under s761G and Chapter 7 Part 7.1 Div 2 of the regulations
RG 146	ASIC Regulatory Guide 146 <i>Licensing: Training of financial product advisers</i>
s912A (for example)	A provision of the Corporations Act (in this example numbered 912A)
self-accrediting organisation (SAO)	A university or higher education institution that has undergone a statutory registration process
training course	<ul style="list-style-type: none"> • any education or training course, program, subject, unit or module of varying duration; • a combination of education or training subjects, units or modules on a similar topic; and • an education or training course or program delivered by various methods
training standards	The minimum standards for the training of advisers (within the meaning of RG 146.2)

Related publications

Regulatory guides

RG 36 *Licensing: The scope of the licensing regime: Financial product advice and dealing*

RG 146 *Licensing: Training of financial product advisers*

Discussion papers

Parliamentary Secretary to the Treasurer, Consultation Paper, *Corporate and Financial Services Regulation Review* (April 2006)

Parliamentary Secretary to the Treasurer, Proposals Paper, *Corporate and Financial Services Regulation Review* (November 2006)

Other relevant documents

Pro Forma 209 *Australian financial services licence conditions* [PF 209]

Information Release [IR 07-18] *Update on ASIC's review of financial adviser training standards*