

FPS006
Examination
Policy

February 2019



Disclaimer and copyright.

While FASEA endeavours to ensure the quality of this publication, it does not accept any responsibility for the accuracy, completeness or currency of the material included in this publication and will not be liable for any loss or damage arising out of any use of, or reliance on, this publication.

© Financial Adviser Standards and Ethics Authority (FASEA)

This work is licensed under the Creative Commons Attribution 3.0 Australia Licence (CCBY 3.0).



This licence allows you to copy, distribute and adapt this work, provided you attribute the work and do not suggest that FASEA endorses you or your work. To view a full copy of the terms of this licence, visit www.creativecommons.org/licenses/by/3.0/au/

Contents

| | |
|--|---|
| Examination..... | 4 |
| Reasons for a standard on the examination | 4 |
| Structure of this Policy..... | 4 |
| Summary statement | 4 |
| Part A – Responsibilities for the Examination..... | 5 |
| Individuals (Relevant Providers) | 5 |
| Financial Service Licensees | 5 |
| Part B – Examination Parameters | 6 |
| Curriculum | 6 |
| Examination Format | 7 |
| Mix and Type of Questions | 7 |
| Number of Questions..... | 7 |
| Duration..... | 7 |
| Marking..... | 7 |
| Sitting the Exam | 7 |
| Delivery Mode..... | 8 |
| Examination Timetable | 8 |
| Examination Logistics..... | 8 |
| Additional needs | 8 |
| Special consideration | 9 |
| Learning/Study Materials..... | 9 |

Examination

Reasons for a standard on the examination

The Corporations Act 2017 (the Act) requires that all individuals identified as a 'relevant provider' pass an exam approved by the Standards Body (s 921B(3)).

Relevant Providers are required to pass the exam by 1 January 2021 and from 1 January 2019 ("the prescribed dates"), new entrants are required to pass the exam before becoming a Provisional Relevant Provider.

The Act requires the Standards Body to approve an exam (s 921U(2)(a)(ii)).

Structure of this policy

The Examination Policy is made up of two components:

1. Responsibilities for the examination
2. Examination parameters for participants

Summary statement

The examination is a required component of the educational qualifications and standards that all financial advisers must attain before the prescribed dates so that they can provide personal advice to retail clients in relation to relevant financial products.

The examination assesses applied knowledge and skills, which form a significant basis of competence in the profession.

Financial advisers that are registered on ASIC's Register of Relevant Providers, between 1 January 2016 and 1 January 2019, will be required to pass the exam before 1 January 2021. From 1 January 2019, individuals that are new entrants are required to pass the exam during their Professional Year.

This policy explains requirements of FASEA which will inform the examination design and development.

Part A – Responsibilities for the Examination

Individuals (Relevant Providers)

Existing advisers are required to pass the examination by 1 January 2021 in order to continue to remain on the Register of Relevant Providers.

New entrants are required to pass the examination during their Professional Year before they move to indirect supervision (quarters 3 and 4, approximately 6 months into the Professional Year) as required in the Work and Training (Professional Year) Determination 2018 and FPS003 Work & Training (Professional Year) Policy.

Financial Services Licensees

A Financial Services Licensee is required to ensure that their authorised representatives have passed the examination.

A Financial Services Licensee is required to notify ASIC for the purposes of updating the Register of Relevant Providers, that the relevant provider or provisional relevant provider has passed the examination (s1546Y of the Act).

Part B – Examination Parameters

Curriculum

The exam allows candidates to demonstrate professional reasoning and apply knowledge acquired to financial advice scenarios at AQF 7 level of reasoning.

The examination covers three domains of knowledge and skills as follows:

1. **Financial Advice Regulatory and Legal Obligations** (including Corporations Act – Chapter 7, Anti-Money Laundering (AML), Tax Agents Services Act (TASA)) – the proposed learning outcomes are to:
 - Identify the obligations of relevant providers under Chapter 7 of the Corporations Act 2001
 - Articulate the importance of a Statement of Advice (SOA) and identify the essential requirements required under Chapter 7 of the Corporations Act
 - Articulate the consequences of breaching their financial disclosure obligations under Chapter 7 of the Corporations Act
 - Understand the requirements of the notification obligations for breaches of Chapter 7 of the Corporations Act
 - Compare and contrast legal requirements for individual and licensee
 - Apply legal requirements for AML/CTF legislation when providing advice
 - Apply legal requirements for Privacy legislation when providing advice
 - Articulate the requirements for compliance with the Tax Agents Services Act 2009 requirements as a registered Tax Adviser

2. **Applied ethical and professional reasoning and communication** – the proposed learning outcomes are to:
 - Explain the requirements specified in the FASEA Code
 - Articulate the importance of a code of ethics and why financial planners/advisers need to work and abide by the approved code in the context of professional standards
 - Apply ethical frameworks to address issues and dilemmas that are encountered as a financial planner/adviser
 - Identify and demonstrate the importance of a relevant provider acting with Integrity and in the best interests of each of their clients
 - Evaluate the need for due diligence and the need to maintain client files and records

3. **Financial Advice Construction** – suitability of advice aligned to different consumer groups – the proposed learning outcomes are to:
 - Define the environment in which financial product advice is sought and given for new and existing clients
 - Explain the need to prevent and avoid misconduct and inappropriate advice
 - Broadly understand population and community profiles at a retail client level
 - Identify different types of consumer behaviour and decision making
 - Evaluate and apply advice strategies suitable for different retail clients

Examination Format

Mix and Type of Questions

The examination will contain a mix of question types for each of the domains of knowledge and skills as follows:

1. Selected response style questions e.g. multiple choice questions
2. Written response style questions e.g. case study style – short answer and report writing questions

The exam allows candidates to demonstrate professional reasoning and the application of that knowledge to retail client financial advice scenarios.

Number of Questions

There will be at least 70 questions in the examination, split between at least sixty-four (64) selected response style (multiple choice) and at least six (6) written response style (case study style). The questions will be equally split across the tested areas.

Questions will have different maximum marks that may be awarded as identified on the examination paper. There will be no deduction of marks for incorrect answers. Candidates will be encouraged to attempt all exam questions.

Test questions will be changed regularly so candidates who wish to resit the exam will get a different set of questions.

Duration

The duration of the examination will be 3.5 hours including at least 15 minutes of reading time.

Candidates will need to allocate up to one hour to complete registration procedures and post-examination administration activities.

Marking

Exams will be marked to a credit level and the candidate will be awarded a “pass” or “fail” on this basis.

The examination and marking will be moderated by an expert panel.

Review of Results

A candidate who has failed an exam will be able to apply for a review of the marking one time and only of the written response style questions of the exam as contemplated by the terms of registration for the exam.

Sitting the Exam

A candidate is eligible to sit the exam if:

- a. Any of the following apply; namely that the candidate:
 - Is registered on the Register of Relevant Providers between 1 January 2016 and 1 January 2019 (an Existing Adviser);
 - Has completed an approved qualification as described in FPS001 Education Pathways Policy and intends to be registered as a ‘Provisional Relevant Provider’ after 1 January 2019;
 - Has completed a course of study overseas that is assessed by FASEA as substantially equivalent to an approved qualification as described in FPS005 Foreign Qualification Pathways Policy, and is seeking registration as a financial adviser in Australia;
 - Has been directed to sit the examination by a Code Monitoring Body; OR
 - Is a registered candidate previously approved by the exam administrator who at an earlier date has deferred sitting the exam due to exceptional circumstances beyond the candidate’s control; and
- b. a candidate is registered for the exam; and
- c. a candidate has not sat an exam within 3 months before registering for the exam; and
- d. the candidate has not breached the registration conditions.

Individuals will be able to sit the exam multiple times. The first exam will be available from mid 2019.

Delivery Mode

The exam will be delivered in locations in all capital cities and major regional areas as follows: Sydney, Canberra, Melbourne, Brisbane, Townsville, Adelaide, Darwin, Perth, Hobart.

For special circumstances where it is unreasonable for a candidate for an exam to travel to the exam location because the candidate lives in a remote location; or the candidate is not able to travel to the exam location, a digital option will be made available for delivery of the exam from 2020.

All delivery modes will be invigilated, supervised to ensure proper conduct. Invigilation technology will be used for those candidates that sit the exam remotely.

Examination Timetable

The timetable of examination dates will be published on FASEA's website, along with registration procedures. Examinations will be scheduled quarterly from mid 2019 and it is intended that there are at least six sittings scheduled in 2020. Additional exam centres and sittings may be considered in 2020 should critical mass and appropriate facilities be available.

Examination Logistics

Candidates will be required to complete registration processes including payment. FASEA will publish on its website a fee schedule and timetable.

Candidates will be required to bring their booking receipt and two pieces of identification, including photo ID to the examination centre to be able to sit the examination. Security processes will be in place at venues.

Candidates will be permitted to electronically access statutory materials and materials published by ASIC and other relevant regulators as specified by FASEA during the examination. Mobile phones and other equipment must not be taken into the examination. Access to the internet will only be permitted from a computer provided for the candidate by the exam administrator at the exam location.

Failure to comply with any rule or instruction by an invigilator may be regarded as a breach of conduct and may lead to exclusion from the examination and potential failure.

Additional needs

Candidates with special needs are able to request support for appropriate assistance to allow them to sit the examination. Special needs requests need to be made in writing to the Exam Administrator a minimum of thirty days in advance of the intended examination date.

Candidates with special needs will be provided as required with facilities to support the following.

1. Mobility condition: all exam centres have wide passages, wheelchair access, accessible toilets and adjustable desks.
2. Visual impairment: the examination can be delivered with larger fonts and higher contrasting colour, and reader assistance.
3. Hearing impairment: site support can be provided to ensure that invigilators can communicate instructions in a satisfactory manner.
4. Other mental or physical impairment: supported by appropriate documentation, will be addressed on a case-by-case basis.

Special consideration

Special consideration is available to candidates who are unable to sit or complete an examination due to exceptional circumstance beyond their control. Candidates may be given an opportunity to re-sit the examination at the next available date without incurring additional examination fees.

Applications for special consideration in exceptional circumstances:

- will only be accepted from eligible candidates; and
- will not be approved unless there are exceptional circumstances beyond the control of the candidate, such as:
 - acute illness (including hospital admission)
 - recent loss or bereavement (including the death of a close family member)
 - hardship or trauma (including being victim of crime, severe disruption to domestic life)
 - unforeseen call-up for service (such as military service, court appearance, jury service, or emergency service)
 - computer malfunction during the exam; and
- must be supported by appropriate evidence of the exceptional circumstances, such as:
 - medical certificate
 - death certificate
 - police report
 - statutory declaration
 - examination centre report; or
 - evidence of requirement to attend court, jury service, military service, emergency service.

All applications must be submitted in writing within 14 working days of the date of the examination.

Learning/Study Materials

In 2019, FASEA will publish on the website, a recommended reading list to guide candidates preparing for the examination as well as reference to the many publicly available resources that complement recommended reading.

FASEA will publish practice questions on the website.

FASEA does not intend to provide examination preparation courses.



**Financial Adviser Standards
and Ethics Authority (FASEA)**

PO Box A255
Sydney South NSW 1235

E consultation@fasea.gov.au

www.fasea.gov.au