Financial Planning Education and Regulatory Requirements: A Cross Country Comparison between Australia, Canada, United Kingdom and United States of America

by:

Csilla Skultety, Peter John Kavalamthara and Michelle Cull*

April 20, 2020

School of Business

Western Sydney University, Australia

*Correspondence concerning this research report should be addressed to Michelle Cull, School of Business, Western Sydney University, Locked Bag 1797, Penrith NSW 2751, Australia. Email: m.cull@westernsydney.edu.au

ISBN: 9781741085075

DOI 10.26183/5e9e7d3663232

Recommended citation for this report:

Skultety, C, Kavalamthara, PJ, & Cull, M 2020, *Financial Planning Education and Regulatory Requirements: A Cross Country Comparison between Australia, Canada, United Kingdom and United States of America*, Research Report, Western Sydney University, Australia, <https://doi.org/10.26183/5e9e7d3663232>.

Table of Contents

Abstract

Conflicted remuneration, corporate collapse, lack of disclosure and a range of unethical practices have served to undermine the reputation of financial advisers over the past thirty to forty years and impeded the recognition of financial planning as a profession. However, a range of education and regulatory reforms over the same period have assisted in the development of financial planning and attempted to lift the professional profile of financial advisers, particularly in the western world. This study includes a comparison of the education and regulatory requirements of four main countries: Australia, Canada, United Kingdom and United States of America to consider how education and regulation in these countries have attempted to mitigate wrongdoings of the past and contribute to the development of financial planning as a profession.

A brief history of the education and regulation requirements for financial planning in each country is reviewed, along with reforms that were introduced to improve the quality of financial advice for consumers. The focus of education and regulatory requirements was found to differ across countries, with some countries focusing on disclosure and transparency, or licensing or remuneration structures and others requiring stringent education and qualification requirements or codifying the terms ‘financial adviser’ and ‘financial planner’ in legislation. Regulations outlining a fiduciary duty requirement for financial advisers were common across countries.

While there is still no universal approach to the education and regulatory requirements for financial planning, there have been some recent developments which point towards the internationalisation of financial planning and the recognition of financial planning as a discipline it its own right. However, the complexity of education and regulation in the financial planning industry means that this process is likely to take some time and will require academics, educational and professional bodies, financial advisers, industry representatives and regulators to work together on a global scale for this to be realised.

Keywords: Australia, Canada, education, financial advice, financial adviser, financial planning, legislation, regulation, United Kingdom, United States

1. Introduction

Financial planning has evolved considerably in the last 40 years with both education and regulatory reform paving the way for financial planning to be recognised as a discipline it its own right. For the purposes of this report, financial planning refers to 'personal' financial planning and adopts the definition provided by the Financial Planning Standards Board Ltd (FPSB) (2020) as a "process of developing strategies to help people manage their financial affairs to meet life goals." The FPSB adds that "in creating their recommendations and plans, financial planners may review all relevant aspects of a client's situation across a breadth of financial planning activities, including inter-relationships among often conflicting objectives" (2020).

This research report includes a comparison of the education and regulatory requirements of four major countries of the western world, being Australia, Canada, United Kingdom and United States of America. While each country has attempted to address wrongdoings of the past (such as conflicted remuneration, corporate collapses, fraudulent behaviour, irresponsible lending, lack of disclosure, mis-selling and other unethical practices) through regulatory reforms, the education requirements for an individual to become a financial planner has also influenced the advice market. This report describes the various approaches taken by each of these four countries to improve the accessibility and quality of financial advice through education and regulation and highlights the similarities and differences in these approaches across countries. Some of the approaches focus on disclosure and transparency, or licensing or remuneration structures, others emphasise the importance of professional standards, education and qualifications. Regulation around the use of the terms 'financial adviser' and 'financial planner' also differs between countries.

The report is comprised of eight main sections, beginning with the introduction. The following four sections cover each of the four countries discussed in this report, followed by a conclusion and reference list and ending with the appendices. Within sections 2-5, covering Australia, Canada, United Kingdom and United States respectively, an overview of the financial planning regulatory landscape is provided, followed by a review of recent regulatory reforms to improve financial advice and concluding with a detailed discussion of the education and professional requirements for financial planners.

2. Australia

2.1 Key regulatory bodies governing financial advice in Australia

ASIC, together with the Financial Adviser Standards and Ethics Authority (FASEA) are the two primary government regulators of financial planning[1] advice in Australia with responsibilities for implementing a range of federal legislation.

Australian Securities and Investments Commission (ASIC)

The Australian Securities and Investments Commission (ASIC) is responsible for regulating Australian financial services and markets and is also the consumer credit regulator. ASIC's duties are contained within the *Australian Securities and Investments Commission Act 2001 (ASIC Act)* (Cth) (Commonwealth of Australia 2001a). ASIC also administers and carries out most of its duties under the *Corporations Act 2001* (Cth) (Australian Securities and Investments Commission 2018).

Financial Adviser Standards and Ethics Authority Limited (FASEA)

The Financial Adviser Standards and Ethics Authority Limited (FASEA) was established in 2017 under the *Corporations Amendment (Professional Standards of Financial Advisers) Act* 2017 (Cth) (Commonwealth of Australia 2017) to set education, training and ethical standards for financial advisers providing personal advice on 'relevant financial products' to any retail clients. FASEA is recognised as the standards body for financial planners and advisers under section 921X of the Corporations Act (Commonwealth of Australia 2001b). FASEA is responsible for:

[1] This report will use the terms "financial planning" and "financial planner" interchangeably with "financial advising" and "financial adviser" although it is acknowledged that the term "financial adviser" may encompass a broader range of services including stockbrokers, insurance agents, money managers, estate planners etc. The Australian Government and FASEA use the term "relevant provider" to describe a financial planner/financial adviser.

- Accreditation of university programs based on established curriculum under the Corporations Act 2001 (s921U2(a)(i));
- Setting and overseeing the national financial advisers exam;
- Establishing a Code of ethics for the emerging profession (s921U(2)(b));
- Incorporating professional year requirements;
- Continuing professional development (CPD) policy;
- Establishing a code monitoring body.

2.2 Regulation of financial advice in Australia

Corporations Act 2001

The *Corporations Act 2001* (Cth) (Commonwealth of Australia 2001b) is the key legislation regulating companies in Australia. While it regulates the formation and operation of companies, director duties, takeovers and fundraising, chapter 7 of the Act specifically relates to financial planning advice. This chapter covers the following areas:

- What is a financial product?
- The provision of financial advice, i.e. when does a person provide financial advice.
- What is a financial market?
- The requirements to hold a license (i.e. to deal in financial products)
- The regulation of market licenses, including the obligations of licensees
- The Australian market license, including the application process to obtain a market license[2]
- Authorised Representatives of licensees
- How a person may be banned or disqualified from providing financial services

---

[2] To provide product advice and deal in a financial product you must be listed on the Financial Adviser Register (see https://asic.gov.au/for-finance-professionals/afs-licensees/financial-advisers-register/) and have an Australian Financial Services License (AFSL). An individual may hold one of these licences or they may be appointed as an authorised representative of an AFSL License Holder. For more information on Authorised Representatives see https://asic.gov.au/for-finance-professionals/afs-licensees/appointing-and-ceasing-an-afs-authorised-representative/who-can-be-an-authorised-representative-of-an-afs-licensee/

- Financial Services disclosure
- When to provide a Financial Services Guide (FSG)
- Additional requirements when providing advice
- Restriction on use of the terms ‘financial adviser’ and ‘financial planner’
- Advertising for financial products
- Market misconduct with regards to financial products and financial services

Part 7.6 (division 8A) of the Corporations Act specifies the professional standards that apply to financial advisers and planners such as the education and training standards and ethical standards, including a mandatory code of ethics.

Code of Ethics

While many industries and professions in Australia and many other countries have codes of ethics to follow which are set forth by the respective industry/professional associations, financial planners and advisers in Australia are required *by law* to abide by a code of ethics. Under section 921E of the Corporations Act (Commonwealth of Australia 2001b), all financial planners and advisers defined in section 910A of the Act as an individual authorised to provide personal advice to retail clients in relation to financial products, must comply with the code of ethics instrument as determined by the Financial Adviser Standards and Ethics Authority (FASEA). The *Financial Planners and Advisers Code of Ethics 2019* (FASEA, 2019a) states the following:

> Collectively, financial planners and advisers are members of Australia’s newest profession. As such, while they formerly provided a commercial service, they should be committed to offering a professional service—informed by a code of ethics intended to shape every aspect of their professional conduct.

The code of ethics imposes ethical duties that go above other legislative requirements and requires planners and advisers to act in a way that demonstrates the values of trustworthiness, competence; honesty, fairness and diligence (FASEA 2019a). In addition, the code of ethics includes 12 standards, grouped into 4 broad areas; ethical behaviour, client care, quality process and professional commitment, as outlined in Table 1.

Table 1: FASEA Code of Ethics

Ethical behaviour	Client Care	Quality Process	Professional Commitment
Standard 1: You must act in accordance with all applicable laws, including this Code, and not try to avoid or circumvent their intent.	*Standard 4:* You may act for a client only with the client's free, prior and informed consent. If required in the case of an existing client, the consent should be obtained as soon as practicable after this Code commences.	*Standard 7:* The client must give free, prior and informed consent to all benefits you and your principal will receive in connection with acting for the client, including any fees for services that may be charged. If required in the case of an existing client, the consent should be obtained as soon as practicable after this Code commences. Except where expressly permitted by the *Corporations Act 2001*, you may not receive any benefits, in connection with acting for a client, that derive from a third party other than your principal. You must satisfy yourself that any fees and charges that the client must pay to you or your principal, and any benefits that you or your principal receive, in connection with acting for the client are fair and reasonable and represent value for money for the client.	*Standard 10:* You must develop, maintain and apply a high level of relevant knowledge and skills.
Standard 2: You must act with integrity and in the best interests of each of your clients.	*Standard 5:* All advice and financial product recommendations that you give to a client must be in the best interests of the client and appropriate to the client's individual circumstances. You must be satisfied that the client understands your advice, and the benefits, costs and risks of the financial products that you recommend, and you must have reasonable grounds to be satisfied.	*Standard 8:* You must ensure that your records of clients, including former clients, are kept in a form that is complete and accurate.	*Standard 11:* You must cooperate with ASIC and monitoring bodies in any investigation of a breach or potential breach of this Code.
Standard 3: You must not advise, refer or act in any other manner where you have a conflict of interest or duty.	*Standard 6:* You must take into account the broad effects arising from the client acting on your advice and actively consider the client's broader, long-term interests and likely circumstances.	*Standard 9:* All advice you give, and all products you recommend, to a client must be offered in good faith and with competence and be neither misleading nor deceptive.	*Standard 12:* Individually and in cooperation with peers, you must uphold and promote the ethical standards of the profession and hold each other accountable for the protection of the public interest.

Adapted from Financial Planners and Advisers Code of Ethics 2019 (FASEA, 2019a)

Insurance Contracts Act 1984

The Insurance Contracts Act (Commonwealth of Australia 1984) (IC Act) is the key federal act underpinning insurance contracts in Australia and applies to financial planners who advise their clients on risk-related issues. The IC Act affects financial planners in four main ways as follows:

1. Distinguishing between different insurance offerings (policies) to determine the best outcome for their clients;
2. Undertaking research and appropriate investigations into client circumstances and products to offer their clients the best advice possible;
3. Assisting their clients in understanding the information contained within insurance contracts;
4. Acting as a ‘middle-man’ to ensure that the client understands the type of information they must provide to the insurer.

As the IC Act specifies the duty of disclosure of the insured person, it is important that financial planners obtain all relevant and truthful information from their clients to ensure that the insurer is able to make an informed decision as to whether they are prepared to accept the potential insured person, and to determine an appropriate premium commensurate with the risk. Further, as financial planners in Australia are responsible for undertaking reasonable investigations into their client's circumstances under the Corporations Act 2001 (Cth), S961D and the new financial planner's Code of Ethics (prescribed by FASEA under the Corporations Amendment (Professional Standards of Financial Advisers) Act 2017 (Cth), it is in the interest of all parties, including their own, to ensure full and proper disclosure. It is possible for the duty of disclosure to extend beyond any questions asked on the application form and the financial planner is expected to ensure that the client complies with this duty. Where an insurer has denied a claim due to an insured person’s non-disclosure, the courts may test the conduct of the financial planner for any contributory negligence (Scriven 2013).

Life Insurance Act 1995

The Life Insurance Act 1995 (Commonwealth of Australia 1995) regulates life insurance companies, including their supervision and solvency requirements. The purpose of the Act is to ensure that life insurance is viable and competitive and to ensure that the products offered by life insurance companies are financially sound (Teale 2016). Both ASIC and the Australian Prudential Regulation Authority (APRA) are jointly responsible for the administration of the Act.

The Act applies to financial planners predominantly because they are responsible for ensuring that the information provided by their clients is accurate and up-to-date. The information is then passed on to the life insurance company who determines whether they will accept the risk. If the information contained within applications is not accurate, this could potentially lead to higher risk exposures. If the risk assessments made by life insurers are inaccurate and a substantial amount of customers are making false or misleading statements to their insurers, this could lead to liquidity issues for insurers.

Superannuation Industry (Supervision) Act 1993 (SIS Act)

The Superannuation Industry (Supervision) Act 1993 (SIS Act) (Commonwealth of Australia 1993) is the primary legislation that governs the regulation of superannuation[3] entities. Under Australian law, special retirement savings trusts (superannuation funds) receive tax concessions for making retirement contributions to a retirement account. The SIS Act is relevant to the financial services industry as financial planners usually provide tailored advice to clients on their retirement savings.

Leow & Murphy (2019) summarise the main provisions which apply to special retirement trusts (superannuation funds) under the SIS Act as follows:

- Eligibility standards for trustees of superannuation funds, investment managers and custodians;
- Duties, responsibilities and standards and obligations of trustees, investment managers, custodians, auditors and actuaries;

[3] Superannuation in Australia is a form of forced retirement savings whereby the savings are invested over an individual's working life in order to provide for an income stream in retirement. The funds are not accessible until the individual meets the government declared retirement age. Superannuation savings and investments enjoy concessional treatment with regards to taxation obligations.

- Mechanisms for dealing with unclaimed benefits of superannuation fund members who cannot be found;
- Enforcement powers to monitor and supervise the industry;
- Penalties for the breach of prudential requirements and obligations under the SIS Act;
- The mechanism for the resolution of disputes in superannuation matters.

The financial planner interprets and applies the SIS Act to the client's circumstances and as an expert in retirement planning is responsible for gathering the relevant information from the client to determine the best outcome for the clients' retirement savings.

Superannuation Guarantee (Administration) Act 1992 (SGA)

Superannuation is a means of providing retirees with an income stream to supplement the publicly funded Aged Pension. Traditionally, people had shorter life expectancies and spent only a few years in retirement. However, due to advancements in technology and the standard of living, life expectancy has steadily increased with many Australians now spending 20 to 30 years in retirement. This, along with an ageing population in Australia has increased Australia's reliance on superannuation in retirement.

Prior to the 1970s, superannuation was generally limited to salaried white-collar employees in large corporations, the finance sector, the public service sector or the defence force as part of their salary package (Australian Government - The Treasury 2001). From the 1970s until the mid-1980s, with the assistance of various unions (e.g. the Federated Storemen and Packers Union) the negotiation of industrial awards for a range of other occupations led to employer sponsored contributions to retirement funds for its members.
In 1985 the Prices and Incomes 'Accord' was the catalyst for introducing compulsory superannuation to all Australians and the 1986 'Accord Mark II' included a 3% employer superannuation contribution, to be paid into an individual account in an industry fund; this was to be known as productivity award superannuation and led to a large increase in superannuation coverage across a number of occupations in the private sector, including industries dominated by women (Bateman and Piggott 2001).

The Labor Government introduced legislation in 1992 known as the Superannuation Guarantee (Administration) Act (SGA) (Commonwealth of Australia 1992), requiring employers to make superannuation contributions to an approved fund on behalf of their employees. This effectively covered at least 72% of employees and reached 92% of employees by 2000. The SG amount was initially 3% of an employee's ordinary time earnings ('OTE') which is what the employee earns for their ordinary hours of work including commissions, allowances and bonuses but not including overtime payments. The SGA rate incrementally increased from 3% to 9% between 1992 and 2002 (Parliament of Australia 2010) and as from July 2014 the compulsory superannuation contribution rate has been 9.5%. This rate is due to increase to 10% from June 2021 and then progressively increase to 12% by July 2025 (Australian Taxation Office 2020).

As a direct result of mandatory retirement savings through the SGA, money invested in Australia's financial system has increased substantially over the last 20 years with the amount of superannuation assets under management in Australia totalling $3.0 trillion at the end of the December 2019 quarter (Australian Prudential Regulation Authority (APRA) 2020), up from $489 billion in the quarter ended September 2000 (APRA 2000). As contributions to superannuation have increased, so too has the responsibility for financial planners to provide advice on how and where superannuation funds should be invested (Cull 2009).

Tax Agent Services Act 2009 (TASA)

The Tax Agent Services Act 2009 (TASA) (Commonwealth of Australia 2009b) applies to all financial planners who provide tax advice. The main objectives of TASA are to ensure that tax services are provided to the public in accordance with appropriate standards of professional and ethical conduct. As part of TASA, all financial planners providing tax advice must be registered with the national Tax Practitioners Board (TPB), hold TPB accredited qualifications, meet educational and professional experience requirements, hold appropriate professional indemnity insurance and comply with the TPB's Code of Professional Conduct (TPB, 2019). The qualification and experience requirements ensure that financial planners have suitable training in the taxation system to enable them to provide appropriate advice to their clients around liabilities, obligations or entitlements that arise, or could arise, under taxation law, including the tax consequences of specific strategies recommended to clients and of any life events which may have taxation implications. By adhering to the professional requirements of the TPB and TASA, financial planners are not only providing a high standard of professional service to their clients but are also protecting themselves from any potential legal ramifications. While codes from other authorities and professional bodies may present similar duties and requirements, the duties created by the TASA are required to be complied with in addition to other obligations.

2.3 Regulatory reform of financial advice in Australia

While forced retirement savings through superannuation has had the benefit of providing adequate funds for everyday Australians in retirement, a number of corporate collapses and failures in the mid to late 2000s led to some Australians losing substantial amounts of their retirement savings (Leung & Cooper 2003). As a result, there were calls for a review of the regulatory system and for stronger corporate governance of companies listed on the share market to protect the investments of everyday Australians, not just those who had invested directly in the share market but for the majority of Australians who had their retirement income indirectly impacted by the share market through their superannuation fund/s.

Just prior to 2000, the government undertook a public inquiry into the financial system, known as ‘The Wallis Inquiry’ which resulted in the Financial System Inquiry Report 1997 (the Wallis Report) (Hanratty 1997). The Wallis Report was based on principles from ‘efficient markets theory’, which is the belief that ‘free’ markets drive efficiency and that regulatory intervention should be kept to a minimum in order to allow markets the freedom to achieve maximum efficiency (ASIC 2009). This ‘efficient markets theory’ continued to underpin future regulatory reforms such as the Financial Services Reform Act 2001 (FSRA) Cth (contained within the Corporations Act 2001 (Cth)) which was the first substantial regulatory reform in financial services. This was then followed by the Future of Financial Advice (FOFA) reforms which stemmed from the recommendations from the Parliamentary Joint Committee Inquiry into financial products and services in Australia (Commonwealth of Australia 2009a), with a focus on conflicted remuneration, education, and professionalism in financial services.

Financial Services Reform Act 2001

The *Financial Services Reform Act 2001* (FSRA) (Commonwealth of Australia 2001c), placed an obligation on licensees to ensure that authorised representatives providing a financial service and/or financial advice were adequately trained and met minimum education standards (Cowen, Blair & Taylor 2006). These minimum education standards were set at level 5 of the Australian Qualification Framework (AQF) which was equivalent to a Diploma in Financial Planning. These minimum standards were developed from the core competencies outlined in the Birkett Report, commissioned by the FPA (Birkett 1996).

The FSRA also introduced a single licensing regime for financial advice and dealings in relation to financial products, requiring any entity operating a financial services business to hold an Australian financial services (AFS) licence or be authorised by a licensee. In addition, the FSRA sought to improve disclosure in relation to financial products and financial advice (ASIC 2004).

Future of Financial Advice (FOFA) Reforms

A number of financial product and service provider collapses around the time of the Global Financial Crisis (GFC) raised concerns about the impact on a range of stakeholders and more broadly on the Australian economy. Many vulnerable investors were dramatically affected both mentally and financially. Some were left with debts to pay as a result of unethical behaviour and in some cases, criminal practices of financial planners. In response, the Parliamentary Joint Committee on Corporations and Financial Services were commissioned to undertake a parliamentary inquiry which resulted in the Ripoll report, released in 2009. The Ripoll report identified conflicted remuneration and financial planner education as the main contributors to poor financial advice given to clients (Australian Government - The Treasury 2018). The recommendations of the Ripoll report were designed to enhance professionalism within the financial planning space (Commonwealth of Australia 2009a) and resulted in the Future of Financial Advice (FOFA) reforms to the Corporations Act 2001 in June 2012.

The following legislative changes were implemented from the recommendations under the Future of Financial Advice (FOFA) reforms and were mandatory from 1 July 2013:

- The introduction of a statutory fiduciary duty for financial advisers. This duty requires that financial planners place the client's interests ahead of their own. The 'Best Interests Duty' and 'catch-all' provisions are contained in sections 961B(2)(G) and 961E of the *Corporations Act 2001* (Commonwealth of Australia 2001b, as amended 18 February 2020).
- A ban on conflicted remuneration when financial advice is offered to retail clients, where conflicted remuneration includes commissions, volume-based payments and soft-dollar benefits.
- An opt-in requirement for clients who sign up to receive advice after 1 July 2013; and
- The provision of an annual fee disclosure statement to all clients.

2.4 Financial planning education in Australia

Historical development

Financial planning emerged in Australia as a discipline in the 1980s, however financial planning educational offerings were limited, considering that traditionally, each individual area was dealt with by a specialist in their field (for example insurance, banking, accounting and stockbroking) (Cowen, Blair & Taylor 2006). In an attempt to improve the educational offerings in financial planning, Gwen Fletcher visited the United States and met with the International Association for Financial Planners (IAFP) to discuss setting up an Australian affiliate. Although Fletcher's requests were initially rejected, Fletcher continued to advocate for an Australian body and to facilitate this, organised for the first IAFP World Conference to be hosted in Australia in 1982.

In 1984, an Australian IAFP was established to follow the US IAFP requirements and was granted a license to run and award the Certified Financial Planner (CFP®) designation and establish their Diploma of Financial Planning (DFP) course (Cowen, Blair & Taylor 2006). The College of Financial Planning in the United States was the key provider of the educational materials for the DFP qualification while the IAFP had oversight responsibilities to ensure that Australia's new DFP would continue to meet the strict requirements of the CFP® designation (Cowen, Blair & Taylor 2006).

When the Australian IAFP was granted exclusivity to hand out the CFP® designation and oversee the CFP® educational requirement, the Australian IAFP amalgamated with a second professional body, the Association of Independent Professional Advisors (AIPA) and later became the Financial Planning Association[4] of Australia (FPA) (Cowen, Blair & Taylor 2006; Cull 2009).

In 1996, the FPA commissioned the Birkett report, which focussed on identifying the essential areas of competency within financial planning (Birkett 1996; Cull 2009). The Birkett report established the minimum educational requirements to undertake the CFP® certification. The report also noted the minimum requirements for universities seeking to have their degrees accredited under the strict CFP® designation guidelines. At the time the minimum requirement of the CFP® designation was a Diploma of Financial Planning (DFP). Participants in the CFP® program were required to complete courses 1 through 8, pass the practical knowledge exam and satisfy the experience requirement of the CFP® designation which ran parallel to the US CFP® certification at the time (Cowen, Blair & Taylor 2006) The requirement to hold a DFP in order to provide a financial service and/or financial advice also became mandated by legislation as part of the *Financial Services Reform Act 2001*.

Around the same time, higher educational qualifications were being offered at university level through the University of Western Sydney (now Western Sydney University) and Royal Melbourne Institute of Technology (RMIT). Both universities developed their curriculum to align with the CFP Board's 169 knowledge areas. Universities were also providing offerings that met the requirements for FPA accreditation for the CFP® certification. This remained the case until the introduction of the CFP professional education course. The course was introduced at postgraduate level by the FPA in 1999 (Cowen, Blair & Taylor 2006).

[4] Both Australia and The United States refer to their peak organisations at the Financial Planning Association (FPA), however they operate completely independently of one another.

To facilitate the accreditation of degree qualifications in financial planning in Australia, the Financial Planning Education Council (FPEC) was established by the FPA in 2011 comprising financial planning practitioners and academics. The FPEC adopted the Financial Planning Standards Board (FPSB) education framework which was specifically designed to "…reflect the cognitive levels and outcomes required for CFP professionals" (Financial Planning Standards Board Limited 2015, p. 2)[5]. An international standard, the FPSB education framework[6] details extensively the knowledge and skills expected of financial planners and the minimum tertiary educational qualifications required of those who choose to obtain the CFP® designation.

FPEC continued to accredit financial planning degree programs and generate approved degree lists in Australia up until the formation of the Financial Adviser Standards and Ethics Authority (FASEA) in April 2017. FPEC now "advises universities who are applying for FASEA accreditation of courses and provides industry support to academia, including support for academic research" (Financial Planning Association of Australia Limited 2020).

As a result of recommendations made in the Ripoll report (previously discussed in section 2.2), new educational requirements for financial advisers were introduced into legislation by the *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017* (Commonwealth of Australia 2017) that required:

- Financial advisers to hold an "Approved Degree" (at Bachelors level or above);
- New financial advisers to complete a work and training (Professional Year) requirement;
- All financial advisers to sit a national financial adviser exam; and
- An annual requirement for financial advisers to complete 40 hours of Continuous Professional Development (CPD).

---

[5] In the USA, the Certified Financial Planner® (CFP®) designation is considered the leading mark of a financial planning professional. The USA currently has no minimum standard (discussed in detail in this report as is the CFP® mark).

[6] The FPSB framework can be found at: https://www.fpsb.org/wp-content/uploads/2016/01/151027_doc_EducationFramework_FINAL.pdf

In June 2017, the Financial Adviser Standards and Ethics Authority Ltd (FASEA) was declared as the official standards body for financial planning under the Corporations Act 2001, responsible for approving qualifications and determining the educational requirements for the professional year, national exam and CPD.

Financial Adviser Standards and Ethics Authority (FASEA) education requirements

The Financial Adviser Standards and Ethics Authority Ltd (FASEA) was established in April 2017 through the *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017* “to set the education, training and ethical standards of licensed financial advisers in Australia” (FASEA 2020a). Under the Act, FASEA is responsible for the following educational requirements:

- approving Bachelor (or higher) degrees, or equivalent qualifications for financial advisers;
- approving and administering a national financial adviser exam;
- determining the requirements for the work and training (professional year) requirement, and
- setting specific education requirements for continuous professional development (CPD).

These education requirements applied to new financial advisers (‘New Entrants’) from 1 January 2019. Existing advisers have until 1 January 2024 to meet the requirements.

Approved degrees

FASEA was ‘gifted’ the FPEC approved degree list which provided them with a basis on which to begin their accreditation process in line with new legislative requirements. Existing programs on the FPEC approved degree list were required to ensure that their programs met the new education requirements and FASEA undertook their first site visit in December 2018 as part of the re-accreditation process. For a degree to be listed on FASEA’s approved list, it is required to meet FASEA’s eleven ‘core knowledge areas’ in addition to the eighteen standards contained in FASEA’s FPS002 Program and Provider Accreditation Policy

(FASEA 2020b). In Australia, there are now 24 higher education providers on the approved list[7], 22 of which are universities.

FASEA works in conjunction with the Tertiary Education Quality Standards Agency (TEQSA) to approve tertiary degrees in financial planning (Financial Adviser Standards and Ethics Authority (FASEA) 2020b) and to ensure that approved courses are at the relevant level of the Australian Qualification Framework (AQF)[8] as administered by TEQSA. The AQF consists of Level 1 (Certificate 1) through Level 10 (Doctoral Degree). The requirements for any new financial advisers from 1 January 2019 are to undertake study at a minimum of AQF level 7 – Bachelor degree. Existing advisers with no degree must either undertake a full 24 unit Bachelor degree or alternatively, an AQF level 8 qualification - Graduate Diploma. The qualification must be achieved before 1 January 2024 (although this may be extended due to current lobbying by a number of bodies representing financial advisers). While many financial planners traditionally undertook degrees in related discipline areas such as finance, accounting or economics, the FASEA approved degrees require study in a number of specific areas across disciplines as well as a capstone unit specifically addressing the provision of a fully compliant Statement of Advice. Many financial planners holding an approved historical degree also need to complete additional study in the form of bridging units in order to meet the new requirements[9].

National examination

Before the introduction of mandatory tertiary education through legislation, each university or Registered Training Organisation (RTO) was responsible for assessments and examination

---

[7] Approved Higher Education Providers and their FASEA Approved Qualifications can be found at: https://www.fasea.gov.au/approved-programs-and-courses-list/

[8] The AQF is the national policy regulating qualifications within Australian education and training, and incorporates qualifications from each education and training sector into a single national qualification framework (Australian Qualification Framework Council 2013, p. 9). AQF levels and further information can be found at: https://www.aqf.edu.au/aqf-levels

[9] These areas have been identified as ethics and professionalism, behavioural finance and the regulatory environment. Further information can be found in FPS001 Education Pathways Policy at: https://www.fasea.gov.au/wp-content/uploads/2020/03/FPS001-FASEA-Policy-Statement-Education-Pathways-revised-Feb-2020-vFINAL2.pdf

within their course. Universities that had sought accreditation from FPEC (using the FPSB Framework) already had rigorous assessment and training in place. There was, however, no national test to compare and test advisers across providers in Australia to ensure that they had competence in the key knowledge areas required to give comprehensive financial planning advice. When an industry professionalises, members of the profession are often required to undertake exams to prove that they are capable of practising their chosen profession (for example, doctors, lawyers). The new legislative standards now require all who call themselves a “financial adviser” or “financial planner” to sit a national financial adviser exam. Current financial advisers are required to sit and pass this exam by 1 January 2021 and from 1 January 2019, new financial advisers are required to pass the exam after they have completed a FASEA approved degree, and before commencing Quarter 3 of their professional year.

The exam tests the practical application of advisers’ knowledge of the regulatory and legal requirements of providing financial advice, financial advice construction (including consumer behaviour and decision making), and applied ethical and professional reasoning and communication.

Work and Training: Professional Year

All new financial advisers are required to undertake a ‘Professional Year’ of work and training before they are able to be qualified as a ‘Financial Adviser’ to provide personal financial advice to retail clients in respect of retail financial products. The Professional Year is for one year full-time comprising 1600 hours, of which at least 100 hours is structured training. The year of work and training is divided up into quarters which outline the key activities to be undertaken and competencies to be acquired and demonstrated as outlined in FPS003 Work & Training Requirement (Professional Year) Policy (FASEA 2019b) as follows:

Quarter 1 – Client Observations and support
Quarter 2 – Supervised Client Engagement and Advice Preparation
Quarter 3 and 4 – Indirect Supervision of Client Engagement and Advice Preparation.

The Professional Year aims to develop technical competence, client care, regulatory compliance, professionalism and ethical behaviour.

Continuing Professional Development

To remain relevant and maintain the knowledge required to continue to provide advice, financial planners must undertake continuing professional development (CPD). FASEA (2019c) requires that the new CPD requirements consist of:

- Undertaking 40 hours of CPD, including at least 4 hours of professional reading;
- Formal education of no more than 25 hours of CPD;
- A minimum number of hours in the following areas:
    - 5 hours of technical
    - 5 hours of client care and practice
    - 5 hours of regulatory compliance and consumer protection
    - 9 hours of professionalism and ethics
- Publishing of the CPD Policy by the licensee in a central location (e.g. website, intranet or share folder) that is easily accessible by their financial advisers, and
- Alignment with the Tax Practitioners Board requirements.

FASEA also provides a log book template to assist with collecting and maintaining evidence of Continuing Professional Development (CPD) activities.

3. Canada

3.1 Evolution of regulation of investment advice market

Canadians are increasingly reliant on financial advisers in achieving their financial goals. Online interviews of 6,911 Canadians showed that 49% of respondents used a financial adviser, increasing from 46% in 2009 and 42% in 2006 (Canadian Securities Administrators 2012). Canadian financial advisers have significant influence on the allocation of investments of their clients' portfolio and it has been argued that there is limited customisation of portfolios to suit customer characteristics which are strongly influenced by the adviser's own personal asset allocations rather than the risk tolerance, life cycle stage and financial sophistication of the client (Foerster *et al.* 2017). Further, with an estimated cost of advised portfolios (approximately 2.6% per year) being higher than life cycle funds (cost of 1% per year), the value of advice has been under scrutiny (Foerster *et al*. 2017).

Regulation of financial advisory services in Canada comes under the realm of provincial governments and is not centralised at the federal level. There is a requirement to have a licence in order to sell financial products with securities commissions of the Canadian provinces regulating the sale of securities and mutual funds. These commissions coordinate their regulatory responsibilities through a Canadian Securities Commission (CSC). All mutual fund dealers are required to be members of Mutual Fund Dealers Association (MFDA) and all securities dealers should be members of Investment Industry Regulatory Organization of Canada (IIROC). MFDA and IIROC are authorised by the provincial securities commissions to regulate their members. Their regulatory responsibilities include setting regulatory standards, auditing their members, investigating complaints and taking enforcement actions (The Investment Funds Institute of Canada 2020).

In Canada (except for Quebec, and soon to be Ontario), there is no legislation governing who can call themselves a financial planner and provide advice to clients about their financial future. The awareness of the lack of regulation of financial planners is low among Canadian retail investors with 76% of surveyed investors in Ontario unaware that anyone without any training in the profession can charge for financial advice (Investment Executive 2018). A similar survey in Alberta found that only 54% of investors in Alberta knew that someone without relevant education or membership of a professional association can provide financial planning advice (Cision 2018). Following the practices in other developed markets, such as the United Kingdom (UK) and Australia, this situation is expected to change. For example, Ontario, the largest province in the country, has recently made legislative changes to support regulation of the financial planning profession through the launch of the Financial Services Regulatory Authority (FSRA) (List 2019).

The absence of legally binding regulation of financial planning has resulted in those who are licensed to sell financial products also providing financial planning advice to their clients. Such advisers have been typically compensated by the commissions they receive from the issuers of financial products sold to their clients (Advocis 2012) which has contributed to Canadian investors bearing high costs for financial advice in major markets. A global study of investor experience in 26 countries shows that when countries are ranked on their asset-weighted median expense ratios, Canada has the highest expense ratio for allocation funds, 24^{th} for equity funds and 20^{th} for fixed income funds (Morningstar Inc. 2019). The distribution of asset-weighted fees and expenses borne by investors across all 26 countries are shown in Appendices 1 to 3 of this report. Figure 1 shows these ratios for the four countries included in this research report: Australia, Canada, United Kingdom and United States. The figure highlights that the cost of financial advice in Canada is substantially higher than the other three markets. For example, the expense ratio for locally domiciled allocated funds in Canada is more than double that in Australia. The factors that drive down the cost of managed funds include better regulation, awareness of investors of the need to lower costs, use of fee-based financial advice, high levels of competition and the advent of online channels for investors to purchase funds (Morningstar Inc. 2019).

Recently, some financial advisers have been adopting a subscription-based model for charging clients (Marotta 2019a). In this model, clients are charged a fixed monthly or quarterly fee in contrast to the traditional models of trailer commissions which were included in the mutual funds or charging a specified percentage of assets being managed. The subscription-based model tends to discourage financial advisers targeting only wealthy investors for selling their services.

Figure 1: Asset-weighted fees and expenses in Australia, Canada, United Kingdom and United States

Australia

Domiciled	%	Available for Sale	%
Allocation	0.90	Allocation	0.90
Equity	1.23	Equity	1.23
Fixed-Income	0.60	Fixed-Income	0.60

Canada

Domiciled	%	Available for Sale	%
Allocation	1.94	Allocation	1.94
Equity	1.98	Equity	1.98
Fixed-Income	0.99	Fixed-Income	0.99

United Kingdom

Domiciled	%	Available for Sale	%
Allocation	0.60	Allocation	0.60
Equity	0.59	Equity	0.59
Fixed-Income	0.42	Fixed-Income	0.42

United States

Domiciled	%	Available for Sale	%
Allocation	1.03	Allocation	1.47
Equity	0.95	Equity	1.57
Fixed-Income	0.77	Fixed-Income	1.10

Source: Adapted from Morningstar Inc. 2019

3.2 Transparency and disclosure: the client relationship model reforms

The investment market in Canada has been dominated by large banks, funds and dealers. Although attempts were made since the 1990s to better regulate the investment markets in Canada, much progress was not made until the shocks of the Global Financial Crisis, particularly the collapse of Lehman Brothers, were experienced by the financial system. The emphasis of the reforms which followed the crisis has been on enforcing more disclosures by the funds and brokers to investors. These reforms by provincial governments were coordinated by the CSA and implemented through MFDA for the mutual fund market and by IIROC for the securities market. Prior to these reforms, there was no single detailed, written disclosure requirement governing key aspects of the relationship between the advisor and the client.

The first set of reforms, known as Client Relationship Model (CRM), began in 2009 and was fully implemented in 2013. CRM 1 mandated that advisers provide a standard 'Relationship Disclosure Document' and the CRM further required that advisers comply with the following four key requirements (CSA 2012; IIROC 2012):

1. Disclose information to investors regarding their account types, services that will be provided and details of transaction and account fees and charges;
2. Improved standards to assess suitability of investments to investors objectives, time horizon and risk level of overall portfolio, and reviewing the suitability in the event of certain trigger events;
3. More stringent standards for disclosing existing or potential conflicts of interest of advisers, and
4. Enlarging the scope of account statements by providing details about the cost of investments and their performance.

The CRM reforms had a positive effect on advisers with a stronger focus on client needs. However, a range of weaknesses remained, as revealed by a mystery shopping study of 88 'shops' in the advisory market in late 2014 undertaken jointly by Ontario Securities Commission (OSC), IIROC and MFDA (OSC 2015). On the positive side, investors were more likely to receive product information and have robust discussion about their goals and objectives and less likely to receive specific recommendations in their initial meeting with advisers. However, on the downside, in only 25% of these meetings was adviser compensation discussed. Risk-return relationship was discussed only in 52% of cases and product fees were discussed only in 56% of the cases. These findings indicate that the ability of clients to compare costs and benefits of various investments is still restricted and raises concerns about the suitability of investments recommended in the context of fees, costs and client risk tolerance. Further, the variety of business titles used by persons who provide financial advice tended to render the process of choosing an adviser complex. Another study involving interviews with investors who have used financial advisers showed that 60% of them did not conduct any background check on the advisers (Innovative Research Group Inc. 2012).

Client Relationship Model 2

The regulatory changes aimed at strengthening transparency in the behaviour of advisers continued after the first wave of reforms were implemented. The second phase of reforms, called Client Relationship Model 2 (CRM2) which was fully implemented by 2017, places Canada among the best regulatory disclosure regimes in the investment market. CRM2 strengthens the ability of investors to make better informed decisions based on the costs and benefits of financial advice. It enforces obligations on advisers and dealers to provide annual personalised reports to their clients, including an account fee/charge report and account performance report (IIROC 2017). As part of the account fee report, advisers must provide details of all fees charged to their clients in dollars, rather than a percentage of the investments. The fees include direct fees such as operating charges, transaction charges and management fees and indirect fees such as trailing commissions and referral fees (Ontario Securities Commission 2019a, CSA 2016). This change is intended to prompt investors to weigh up the value of financial advice received relative to the cost of such advice. This may encourage more competition in the financial advice market with investors demanding better value for money as they explore cheaper advice options such as investing in exchange traded funds and robo-advice (as mentioned earlier, the cost of advice has been found to be significantly higher for advised portfolios). To help the client track how they are progressing against their goals, the annual account performance report provides information about the change in value of the client's investments and the dollar-weighted percentage return on the investments for the past one, three, five and ten years (depending on how long the client's account is open) and since account opening (Ontario Securities Commission 2017 & 2019b).

CRM2 is expected to have a significant effect on the Canadian financial advisory market. Interviews with 1,000 mutual fund investors showed that only 59% of advisers discussed their compensation with their clients (IFIC 2017). Another survey of 2,000 investors found that two thirds of investors had only minimal information about their advisers before they engaged the advisers and that these advisers were often assigned by a client's financial institution (Investor Education Fund 2012). The greater transparency about investment performance and cost of financial advice is likely to encourage clients to shop around to find the best value for money and to demand better customisation of financial advice to suit their personal circumstances, investment goals and risk tolerance.

3.3 Financial advice reforms in Ontario

Ontario, the largest province of Canada, contributes 39% to the GDP and 48% to finance and real estate related employment in the country (IBIS World 2018). Recognising the need to reform the financial advice market, Ontario Ministry of Finance, recently undertook a review of the industry's regulatory environment with an expert committee submitting its final report on Financial Advisory and Financial Planning Regulatory Policy Alternatives to the government in 2016. The committee identified three 'glaring contributors' harming consumers (Ontario Ministry of Finance 2016).

The first contributor harming consumers was found to be the fragmented regulatory regimes of the financial advice market with regulation only of advisers who sell financial products. This gap in the regulatory framework means the investors have no formal means of understanding which advisers providing financial planning advice are qualified and can be trusted. Those advisers who sell financial products are regulated only for their selling activities and not for the financial planning activities.

Secondly, the expert committee highlighted the implications of having no regulatory requirements to guide the use of titles and credentials of those providing financial advice (Ontario Ministry of Finance 2016). Advisers may use a plethora of business titles to mislead consumers and gain their trust in order to sell their services. A mystery shopping exercise of financial advice industry in Ontario showed that there are 48 different business titles used by advisers (OSC 2015).

The absence of any statutory obligation on the part of most advisers to act in the best interest of the investors was a third key concern highlighted by the expert committee (Ontario Ministry of Finance 2016). In a financial advisory market dominated by banks and other sellers of products, the inherent conflict of interest between advisers and their clients in the absence of specific requirements to address the conflict raises serious consumer protection issues.

Responding to the lack of regulatory oversight of the financial advisory market, the Legislative Assembly of Ontario passed the *Financial Professionals Title Protection Act* in

2019. A newly established financial system regulator, the Financial Services Regulatory Authority of Ontario (FSRA) is responsible for the implementation of the Act in a similar way to Australia's Financial Adviser Standards and Ethics Authority (FASEA). Key features of the *Financial Professionals Title Protection Act* (Ontario Government 2019) are:

1. Prohibiting the use of the title "Financial Planner" and "Financial Advisor" unless the person has obtained the credentials from a body approved by FSRA and the person's credentials are in 'good standing' with the body;
2. FSRA has the authority to approve or revoke the credentials in financial planning and financial advising offered by the credentialing bodies;
3. FSRA will publish current list of approved credentialing bodies;
4. FSRA sets the criteria for credentials including educational requirements, examination requirements, codes of ethics and professional standards, and continuing education.

The above features of the Act have similarities with the accreditation of financial planners in both Australia and the United Kingdom. However, much work remains to be done for strengthening the regulatory regime in Ontario. FSRA is presently going through a consultative process in developing the ground rules for implementing the regulations such as the criteria for accreditation and approving credentialing bodies. It has indicated it will follow a flexible approach in implementing the title regulation (Schriver 2019a). Transitioning arrangements for accrediting existing advisers and planners is part of the implementation details currently under development and it may take a number of years for title regulation in Ontario to be fully implemented.

3.4 Regulation of financial advice in Quebec

Quebec is the second largest economy in Canada, about half the size of Ontario. It was the first province to implement a regulatory regime for the financial planning profession. The *Respecting the Distribution of Financial Products and Services Act*, which came into force in 1998, restricts the use of the title 'Financial Planner' to only those who meet a set of criteria (LegisQuebec 1998). The use of titles such as 'Financial Advisor' which can be confused with Financial Planner is prohibited in the province. Only persons who possess a diploma

in financial planning issued by the Institut québécois de planification financière (IQPF) and possess the applicable certificate from Autorité des marchés financiers (AMF), Quebec's financial sector regulator, can call themselves Financial Planner (IQPF 2016).
Ontario's reforms envisage accreditation of the titles Financial Planner and Financial Advisor separately, whereas in Quebec, only the Financial Planner title is accredited by the province through IQPF. Persons providing other financial advisory services are accredited by appropriate professional associations in the country. For example, persons selling financial products in Quebec are known as 'Investment Advisors' and are accredited with IIROC. Ontario's title protection regulation provides more of an overseeing role to credentialing bodies rather than the IQPF's more stringent role in Quebec (Schriver 2019b). Regulation of the use of titles in provinces other than Quebec and Ontario seems unlikely to happen in the near future.

3.5 Client-focussed reforms

After extensive consultations the CSA published major amendments to existing regulatory rules to implement client-focussed reforms in Canada in 2019 (CSA 2019). The reforms are intended to provide better protection to retail investors seeking financial advice and products and to ensure a more consistent standard of behaviour by advisers. The reforms are based on the principle that in the adviser-client relationship, the interest of the client comes first. To implement this principle, the following obligations as outlined by the Ontario Securities Commission (2019c) are vested in all registered advisers:

- to resolve material conflicts of interest in the client's best interest;
- place the client's interest first when determining the suitability of financial solutions, and
- clearly identify the client's expectations of the adviser.

In support of meeting these obligations, the amendments mandate that the advisers should comply with a new 'know your product (KYP)' provision and improvements to the existing 'know your client (KYC)' rules including suitability, conflict of interest, and relationship disclosure information (RDI) requirements (Ontario Securities Commission 2019c). The reforms relating to conflict of interest and related disclosure requirements are targeted to be implemented fully by December 2020 and the remaining reforms by December 2021. IIROC and MFDA, the industry bodies for advisers dealing in securities and mutual funds in the country will be amending their rules to govern conduct of their members in order to implement the reforms.

Robust implementation of these country-wide reforms encompassing the full financial advice market is expected to improve trust in advisers and make advisers more accountable, with a significant contribution to raising the profile of the profession. However, certain deficiencies in the existing regulations still remain. For example, there does not seem to be any attempt to abolish embedded compensation paid to financial advisers by the product owners. While advisers are still able to recommend a product with embedded commission to a client, they need to demonstrate how the recommendation meets the requirement to place the client first in the relationship (Investment Executive 2019). Meeting such a requirement may be challenging to advisers in a market with several competing products which are often not directly comparable.

3.6 Education and qualification requirements

Although there is currently no federal legislation in Canada requiring financial advisers to meet minimum education and qualification requirements, Ontario and Quebec have introduced legislation in their own provinces to govern the use of the term “financial planner” and “financial advisor” and stipulate the education and qualification requirements of advisers who use these terms. In other Canadian provinces, those who choose to provide financial advice have the option of obtaining relevant professional certifications, such as those offered by FP Canada.

FP Canada

In Canada, individuals who choose to pursue a financial planning career are able to obtain relevant professional certifications such as the international Certified Financial Planner (CFP®) designation. The CFP® certification process is administered by FP Canada and there are 17,000 CFP® professionals in the country (FP Canada 2020). However, acquiring certifications such as CFP® or other professional qualifications and the maintenance of such qualifications are not mandated by the Canadian government for financial planners to be able to provide financial planning advice. Further, professional bodies such as FP Canada do not have the power to regulate the financial planning market.

FP Canada now requires individuals looking to obtain the CFP® designation from April 2022, to have completed a post-secondary degree. This is seen as the first step in raising the financial planner profession to a higher standard and mirrors the same requirement in other countries such as in Australia. It also reflects the same requirements as other Canadian financial planner certifications, such as the Institute of Advanced Financial Planners' registered financial planner designation, and Quebec's Institut québécois de planification financière (IQPF), both of which require applicants to have a university degree. It is hoped that the new requirement will assist in improving client confidence – and inspire universities to create dedicated financial planning programs (Marotta 2019b).

However, there still remains client confusion around the differing financial planning qualifications in Canada and a lack of government regulation of financial planning education and qualifications along with the use of the term 'financial planner' continues to raise concerns of integrity and quality of financial planning advice.

IQPF (Quebec)

In Quebec, only persons who possess a diploma in financial planning issued by the Institut québécois de planification financière (IQPF) and possess the applicable certificate from Autorité des marchés financiers (AMF), Quebec's financial sector regulator, can call themselves a Financial Planner (IQPF 2016). In order to obtain the diploma in financial planning, a candidate must first successfully complete a personal financial planning university academic program approved by Institut québécois de planification financière (IQPF), undertake IQPF's Professional Training Course and then pass the IQPF examination. IQPF may grant academic equivalency to those who possess specified combinations of university education, professional titles and professional experience, such as CPA, lawyer or notary, and university education plus two years of experience (IQPF, 2016). In order to maintain their professional accreditation, a Financial Planner is required to meet continuing education requirements equivalent to 40 professional development units over a period of two years and conform to code of conduct and ethical requirements (IQPF, 2016).

4. United Kingdom

4.1 The evolution of the regulation of investment advice in the United Kingdom

Until 1988, the approach to investor protection in the United Kingdom (UK) was based on self-regulation by the providers of financial services grounded in trust. As financial markets became more sophisticated, factors such as increased innovation, competition and volatility in financial markets challenged the trust–based order of financial services businesses. In response, the UK Parliament enacted the *Financial Services Act 1986* which was implemented in 1988 and formulated rules to regulate the financial services industry. The Securities and Investment Board was tasked with ensuring compliance with the regulations.

Polarisation of investment advice

The *Financial Services Ac*t specifically asked for the disclosure of the "amount or value, or of arrangements for the payment or provision, of commissions or other inducements in connection with investment business" (Financial Services Act 1986, p.60). This requirement facilitated the polarisation of advisers into two groups; those with 'ties' to advise only on products of a single company, and those who are 'independent' and can provide advice on products of many companies.

In response to a range of major banking failures in the UK and around the world, the Financial Services Act was superseded by the *Financial Services and Market Act 2000* which resulted in the establishment of Financial Services Authority (FSA) a single entity with a mandate to regulate banks, security firms and insurance companies. FSA's regulatory authority encompassed both prudential regulation of financial institutions and the authority to regulate the conduct of market participants. In the latter role, the FSA tightened the rules relating to provision of investment advice.

In 2002, the FSA removed the polarisation rule of advisers on the grounds that the rule significantly distorted competition (FSA 2002). This meant there was the creation of a third category of adviser, titled 'multi-tied advisor' which included advisers who were working for a company which allowed advice to be provided on a specific range of products including the company's as well as those of other providers with which the company has special arrangements. The independent advisers were required to base their advice on the whole set of products available in the market and offer the client the option to pay for the service as a fixed service fee instead of a commission.

4.2 Financial advice reform

Independent, restricted and basic investment advice

To address perceived weaknesses in the investment advice market in the UK, the FSA initiated a Retail Distribution Review (RDR) (House of Commons – Treasury Committee 2011). The RDR was implemented on the last day of 2012 and reintroduced the polarisation of investors into two categories, namely 'independent' and 'restricted'. However, remuneration of advisers by way of commission paid by product providers was abolished for both categories of advisers (De Caria 2012).

The RDR required an independent financial adviser to provide recommendations to clients based on a "comprehensive and fair analysis of the relevant market and to provide unbiased, unrestricted advice" (FSA 2010 p.12). The term 'relevant market' means all retail investment products that can meet the investor's needs and objectives (FSA 2010). The retail investment products are specified in Table 2 (over page).

The 'comprehensive and fair analysis' of retail investment products should be based on the client's circumstances and needs and not based on the adviser's preferences for certain products. However, in order to meet the standard of independent advice, it is acceptable for a firm to rule out certain products early based on the client's needs (Harwood 2012). An investment recommendation to a client which is not 'independent advice' or is 'basic advice' is termed 'restricted advice'. Basic advice is simple advice based on client responses to pre-scripted questions used to determine whether a product within a range of products offered by the investment firm meets the client's needs (FSA 2012).

Table 2 Retail Investment Products

Retail investment products for the purpose of RDR include:

(a) a life policy; or
(b) a unit; or
(c) a stakeholder pension scheme (including a group stakeholder pension scheme); or
(d) a personal pension scheme (including a group personal pension scheme); or
(e) an interest in an investment trust savings scheme; or
(f) a security in an investment trust; or
(g) any other designated investment which offers exposure to underlying financial assets, in a packaged form which modifies that exposure when compared with a direct holding in the financial asset; or
(h) a structured capital-at-risk product.

Source: FCA 2019

A firm is also required to disclose to the client in good time before providing advice, whether the advice will be independent or restricted and whether the advice will be based on broad or restricted analysis products. In the case of restricted advice, the range of products will be limited to those issued by entities related to the advising firm (FCA 2018). The objective of the disclosure is to enable the client to decide what type of advice is best suited to their specific circumstances.

Causes of poor investment advice

A mystery shopping exercise undertaken by FSA in 2012 covering investment advice provided by six major retail banking firms to 231 potential investors showed that a quarter of the advice received by customers was considered in breach of the regulator's Conduct of Business Rules (COBS) (FSA 2013). These breaches related to 'unsuitability' of advice provided and advisers 'failing to ensure suitability'. The key causes of poor advice are summarised in Table 3Table 3 (over page).

There was an expectation that the implementation of the RDR would address some of the shortcomings addressed in Table 3.

Table 3: Key causes of poor investment advice

Key Causes	Details
Poor risk profiling	- Risk-profiling tools with complex and limited questions. - Unclear customer risk category descriptions - Failure to check the accuracy of results from risk-providing tools.
Failure to consider customer's needs and circumstances	- Failure to gather enough information about financial position of the customers to make suitable recommendations. - Advisers failing to recommend repayment of existing unsecured debt when it would be in the customer's best interest.
Failure to consider the length of time customers want to hold the investment.	- Advisers recommending medium to long-term investments, even when they were aware that customer needed the money in three to four years.
Inappropriate financial incentives, sales targets and performance management.	- Advisers recommending investment products over non-investment products even though the latter is more suitable to the customer. - Advisers recommending unsuitable products even after gathering information pointing to the unsuitability of these products
Failing to disclose correct information to customers	- Advisers failing to give required information about firm, services and remuneration - Advisers making unclear, unfair or misleading statements to customers. - Advisers providing customers with suitability reports containing inaccurate information or not explaining disadvantages of the recommendation.
Inappropriate use of investment sales aids	- Using inaccurate interest rates to show investments more attractive over cash deposits. - Emphasising potential returns from investment products without explaining the potential for losses.
Weaknesses in firms' controls	- Investors deliberately changing customer information, such as investment term or income, to override investment constraints set by the firm in order to provide suitable recommendation to the customer.

Source: FSA 2013

RDR: Post-implementation review

After the implementation of the RDR, the FSA (since renamed the Financial Conduct Authority (FCA)), issued a post-implementation report in 2014. The report found that the financial advice sector had responded positively to the reforms with a noticeable decline in the sales of those products that had high commissions before RDR. Other positive findings included reduced product bias from adviser recommendations, reduced complexity in platform comparisons and, a larger number of advisers undertaking further education and joining professional bodies. However, the report also found that some consumers felt their advisers did not offer ‘value for money’ and improvements were still needed on disclosure of costs to client (FCA 2014).

Further, in 2016, the FCA found that “the culture of a firm was important to the success of its research and due diligence process. Firms which demonstrated good practice had research and due diligence as a central function of the advice process, clearly showed they had the client’s best interests at heart and put this into practice” (FCAa 2016, p.4).

4.3 Adviser remuneration

Historically, investor advisers were paid commissions by product providers based on the business the advisers generated. This created the potential for bias in the quality of advice provided to customers. As a result, these remuneration practices were blamed for several mis-selling scandals for products such as payment protection insurance (PPI) (Dew 2019). Although FSA rules introduced in 2002 required independent advisers to provide customers with the option to pay a fixed service fee instead of a commission and to explain the comparison between the two options, the rules were not effectively implemented. This was supported by a mystery shopping assessment of 81 investment firms carried out by FSA in 2006 which revealed that a majority of the firms were flouting the rules guiding disclosure of the range of products they offered and of the charges and commissions they were charging (Money Marketing 2006). The creation of the ‘multi-tied adviser’ was criticised because of the risk of their collusion with product providers in return for higher commissions.

As part of rules implemented by FSA in December 2012, all categories of firms providing personal investment advice are required to only ‘Adviser Charge’ their retail clients. Adviser Charging involves:

- adviser firms agreeing up-front charges with their clients;
- adviser firms not accepting any commissions including ‘soft’ (non-monetary) commissions from product providers, and

- the adviser charges being based only on the services provided to the clients and not on the specific products recommended by the adviser.

Findings of the second stage of a thematic review by the Financial Conduct Authority (FCA) (previously the Financial Services Authority) in 2014 to assess how firms implemented the RDR revealed a high level of non-compliance and found the failure of firms to meet regulatory requirements to be unacceptable. Some of the key findings from the study are summarised in Table 4 (FCA 2014).

Table 4: Findings of thematic work undertaken by FCA in 2014

Description of key findings : adviser fees and charges
1. 58% of firms failed to give clients clear upfront generic information on how much their advice might cost. (For example, a percentage of the amount invested, an hourly rate or a fixed 2. fee), and the level of the fees.
3. 50% of firms failed to give clients clear confirmation of how much the advice would cost them specifically as individuals.
4. 58% of firms failed to meet other important requirements in relation to the disclosure of their charges. For example, failing to highlight that ongoing charges may fluctuate and/or failing to make it clear when charges will be incurred.
5. 31% of firms that operated a restricted model failed to make it clear to their clients that they were offering a restricted service and/or failed to provide clients with a clear description of the nature of their restriction.

Source: FCA 2014

As one of the main aims of the RDR was to increase transparency through improved clarity of information contained in disclosure documents, the 2014 review findings were concerning. The FCA provided a factsheet for advisers and a video on this topic to assist advisers to comply with disclosure and fee requirements.

In 2016, the Financial Advice Market Review (FAMR) concluded that the post-RDR adviser approach to charging produced good outcomes for consumers (FCA 2016b). While FCA rules state that charges must be clear to the consumer and advisers, advisers can only take an ongoing charge if they are providing an ongoing service. However, advisers are able to spread the cost of initial advice over a period of time using instalments. The FAMR found that adviser firms did not seem to be making use of this option and recommended that the

FCA take steps to ensure that advisers are aware of this flexibility on adviser charging in order to make financial advice more affordable and accessible for consumers (FCA 2016b).

4.4 Education and professional requirements

Establishing a higher professional standing for financial advisers was another focus of the RDR Review with investment advisers now required to hold a Statement of Professional Standing (SPS) issued by accrediting bodies authorised by FCA. Advisers must meet and continue to meet educational qualifications specified by FCA and also meet and continue to meet ethical standards for approved persons as specified by FCA (FCA 2016c).

The changes implemented by the RDR in 2013 were aimed at enhancing advisers' minimum educational qualifications to meet level 4 of the Qualifications and Credit Framework (QCF), which is comparable to first year of a bachelor's degree. Advisers are also required to update their knowledge on an ongoing basis and subscribe to a code of ethical behaviour in their profession. Before these changes were introduced, the minimum qualifications required of an adviser were at level 3 of the QCF.

The new RDR-compliant educational qualification requirements for retail investment advisers were developed by the Financial Services Skills Council (FSSC) and further updated by the FCA. They are categorised into four core content modules and four specialist modules shown in Table 5 below:

Table 5: FSSA core and specialist educational standards

Core standards (modules)	Specialist standards (modules)
Financial Services, regulation and ethics	Application standards retail investment products
Investment principles and risk	Derivatives (including application standards)
Personal taxation	Application Standards Pensions and Retirement Planning
Financial Protection*	Securities (including application standards)

Adapted from: https://www.fca.org.uk/publication/consultation/cp16-24.pdf (p.3 of Appendix 3) & https://www.handbook.fca.org.uk/handbook/TC/App/4/1.pdf (p.1-2)

* The examination standard for Protection remains unchanged from Pre-RDR requirements (that is, Level 3, QCF).

For a qualification to be accredited by the FCA, the course offered by a provider must meet the examination standards set by FCA. These standards vary depending on the category of investment advice and are outlined in Table 6.

Table 6: Examination standards

Examination Standards	Investment advice activity
RDR Core Standards Investment Principles and Risk	- Giving personal recommendations on securities which are not stakeholder pension schemes, personal pension schemes or broker funds - Giving personal recommendations on derivatives - Giving personal recommendations on retail investment products which are not broker funds - Giving personal recommendations on and dealing in securities which are not stakeholder pension schemes, personal pension schemes or broker funds - Giving personal recommendations on and dealing in derivatives
RDR Core Standards Financial Protection	Same as above.
RDR Core Standards Personal Taxation	Same as above.
UK Financial Services, Regulation & Ethics	Giving personal recommendations on friendly society tax-exempt policies
RDR Specialist Standards Application Standards Retail Investment Products	Giving personal recommendations on retail investment products which are not broker funds
RDR Specialist Standards Application Standards Pensions and Retirement Planning	Giving personal recommendations on retail investment products which are not broker funds
RDR Specialist Standards Derivatives including Application Standards	Giving personal recommendations on derivatives
RDR Specialist Standards Securities including Application Standards	Giving personal recommendations on securities which are not stakeholder pension schemes, personal pension schemes or broker funds

Adapted from: https://www.fca.org.uk/publication/consultation/cp16-24.pdf (see page 3 of Appendix 3) and https://www.handbook.fca.org.uk/handbook/TC/App/4/1.pdf (see pages 1 and 2)

The key learning outcomes and indicative content to meet the FCA accreditation standards are shown in Appendix 4.

Advisers undertaking retail investment activities are also required to complete 35 hours of Continuing Professional Development (CPD) annually. Twenty-one hours of the CPD are required to be ‘structured’ which may include participation in relevant professional activities such as seminars, courses, workshops and conferences. CPD may encompass areas as technical knowledge, skills and expertise, changes in products and regulation (FCS 2016c).

Administration of Professional Standards

The FCA administers the professional standards for investment advisers through accredited bodies. These entities are to meet FCA requirements and enter into agreement with FCA to carry out their roles which include issuance of a Statement of Professional Standing (SPS) to advisers and ensuring that they continue to meet all requirements; providing guidance to advisers in meeting their obligations such as Continuing Professional Development (CPD), and taking appropriate disciplinary actions against advisers for breaching SPS. Further, the accredited bodies promote the profession to consumers and potential entrants to the profession.

Advisers are required to acquire the minimum educational qualifications and obtain SPS from an accredited body and to meet CPD obligations and be accountable for any unethical behaviour. Advisers must also pay the required fees to the accreditation body. While individual advisers are bound by these rules, firms employing the advisers must also ensure that they have SPS; are trained and competent; obtain 'approved person status' for the advisers from FCA; establish appropriate systems and controls to monitor the advisers, and be responsible for their quality of service and ethical behaviour.

The SPS issued to an adviser must contain the date of validity of the document, confirmation that the adviser's qualifications have been verified and that the adviser has declared that they have kept their knowledge up to date and meet standards of ethical behaviour. By showing SPS to prospective clients, an adviser can demonstrate that they subscribe to FCA's professional standards. In the event of an adviser providing unsuitable advice, consumers have the right to complain to the firm and if not satisfied to the Financial Ombudsman Service. They are also able to file a complaint with the accreditation body for any unprofessional behaviour of an adviser.

5. United States of America

5.1 Legislative Background & Regulatory Reform

According to Yeske (2016) the origins of financial planning can be traced back to the passage of the *Land-Grant College Act* of 1862 (Morrill Act, Public Law 37-108) (United States Code 1934). The purpose of the Morrill Act was to establish centres of learning (Colleges), which would provide practical learning experience to a growing and industrialising nation (Loss 2012, p. 12). The Act granted land to build new colleges throughout the United States (US) and was ratified by Abraham Lincoln on 2 July 1862, during the American Civil War. At that time, financial planning was an emerging discipline and more practical in nature (Yeske 2016), in fact, it was better known as 'Home Economics'. Overton (2008) argues that prior to becoming known as financial planning, the discipline was far from theory-based. By establishing centres for learning, it was envisaged that research produced by these new colleges would underpin the academic achievements of the United States in the future (Holliday 2012).

The Investment Adviser Act 1940

The *Investment Advisers Act of 1940* [as amended through P.L 115-141] (USC) was implemented in response to the stock market crash of 1929 and the Great Depression that followed. The Act requires financial advisers to act in a fiduciary capacity and in the client's best interests when advising on products or strategy (Churchhill 2007). The US Government sought to distinguish between advisers providing execution only services and selling securities (broker-dealers) and advisers that provide investment advice using a fee-for-service model (Kitces 2015; Melnick 2013). The Investment Advisers Act defines an investment adviser as:

> *"Any person who, for compensation, engages in the business of advising others, either directly or through publications or writing, as to the value of securities or as the advisability of investing in, purchasing, or selling securities, or who for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities…"* (United States Code 1940 Section 11).

The legislation attempts to hold investment advisers to a stricter standard and includes the requirement to disclose any material conflicts of interest (Melnick 2013). The Act has since been watered down to include a long list of exclusions. These exclusions include those broker-dealers providing services "solely incidental" to their business and who receive no special compensation (United States Code 1940 Section 11 (C)). The distinctions within the Act were initially intended to provide a measure of protection to clients to ensure those offering services for compensation were held to the higher standard. The Act did not impose a fiduciary duty on the broker-dealer advisers who were registered as representatives with the Financial Industry Regulatory Authority (FINRA) which only required they act fairly and have a reasonable basis for their advice (Melnick 2013).

In 2006, the Financial Planning Association (FPA) filed a brief in the Federal Court against the US Securities and Exchange Commission (SEC), who, the FPA claimed had created an exemption for the brokerage industry (the Broker-Dealer rule). The FPA argued that the Broker-Dealer rule defied Congressional intent and that if Congress had intended to exclude or include a certain class of advisers it would have done so within the legislation (Kitces 2015). The intended watering down of the legislation by the SEC placed investors at risk of severe financial loss (Brandon 2009). In 2007, the US Court of Appeals for the D.C. Circuit ruled in favour of the FPA lawsuit. The FPA's concerns stemmed from the different requirements of investment advisers and broker-dealers. Broker-dealers did not have the same fiduciary duty toward their clients. This meant they could recommend products that would generate substantial commissions and would not be in a client's best interest. Further, the FPA argued that this contravention would mean that a client's best interests were no longer being taken into account.

Securities Act 1933 & Securities Exchange Act 1934

The *Securities Act 1933* [as amended through P.L. 115-174, Enacted May 24,2018] (USC) was introduced to reduce the risks of another major stock market crash similar to that of 1929 (Brandon 2009, p. 219). The *Securities Act 1933* ("Securities Act") and the *Securities Exchange Act 1934* [as amended through P.L. 115-141, Enacted March 23, 2018] (USC) (the "Exchange Act") regulate the expected standard of care that must be demonstrated by broker-dealers when they provide advice to their clients. Both acts require broker-dealers to adhere to the 'suitability requirement'. The suitability requirement includes the provision to ensure that investment recommendations are suitable to the client[10]. To ensure that broker-dealers act with their clients in mind, the principles of fairness and transparency are included within the Securities Exchange Act (Staff of the U.S Securities and Exchange Commission 2011). Interestingly, broker-dealers can charge their clients higher commissions as they are not subject to the best interest duties applicable under the previously discussed Investment Advisers Act of 1940 [as amended through P.L 115-141] (USC) (Churchhill 2007).

In 1939, the National Association of Securities Dealers (NASD) (now the Financial Industry Regulatory Authority (FINRA))[11] was created in response to amendments to the Securities Exchange Act of 1934 [as amended through P.L. 115-141, Enacted March 23, 2018] (USC) (Brandon 2009). Under the Act, members of the NASD were required to have reasonable grounds for recommending securities to ensure economic stability (FINRA Rule 230 – known as the 'Suitability Rule' (Angel & McCabe 2013). Similar to the Australian *Corporations Act 2001* (Cth), the suitability rule requires financial advisers to take into account their client's financial circumstances and needs. The suitability rule was included to prevent client abuse by financial advisers when selling securities and to protect both investors and the public interest (Statman 2009).

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

The Dodd-Frank Wall Street Reform and *Consumer Protection Act* of 2010, Pub. L No. 111-203 (USC) amended section 15 of the *Securities Exchange Act* of 1934 [as amended through P.L. 115-141, Enacted March 23, 2018] (USC) (the "Exchange Act"). The *Dodd-Frank Act* requires a broker or dealer to be held to the same standard as that of an investment adviser (Melnick 2013, p. 417; United States Code 2010). By introducing the Dodd-Frank Wall Street Reform and *Consumer Protection Act* of 2010, the US Congress sought to ensure an adequate standard of care was applied by both investment advisers and broker-dealers (Melnick 2013, p. 416). The purpose of introducing the reform was the lack of understanding

[10] This is similar to the requirement in Australia stipulated in Standard 5 of the mandatory Code of Ethics (Financial Adviser Standards and Ethics Authority 2019).

[11] Changeover occurred in 2008 (Brandon 2009).

by the general public of the difference between an investment adviser and broker-dealer. The average consumer is generally incapable of distinguishing between an investment adviser and a registered representative advising on the sale of investment products (broker-dealer) (Finke & Langdon 2012, p. 29; Kitces 2017; Melnick 2013, p. 416; Staff of the U.S Securities and Exchange Commission 2011; White House Council of Economic Advisers 2015).

Investment advisers are regulated by the Securities and Exchange Commission (SEC) under the *Investment Advisers Act* of 1940 [as amended through P.L 115-141] (Advisers Act) (USC) and are considered fiduciaries under the Act. Investment advisers must act in their client's best interests. In comparison, broker-dealers (registered representatives) are regulated under the *Securities Exchange Act* of 1934 through FINRA. FINRA is a self-regulating organisation. Members of FINRA are not required to demonstrate fiduciary responsibilities towards clients (Finke & Langdon 2012, p. 29). In fact, their duties end after each transaction is completed and does not include "…a duty to offer unsolicited information, advice, or warnings concerning the customer's investments." (*De Kwiatkowski v. Bear, Stearns & Co., Inc*. 306 F.3d 1293, 1302 2nd D.C. Cir,2002)). The latter type of adviser is not required to show they have acted in their client's best interest.

When offering comprehensive advice in the US, financial advisers are generally required to act in a client's best interest and as fiduciaries. There are, however, no legislated educational or licensing requirements of financial advisers. Some advisers have argued that implementing further regulation, licensing and allegiance to a comprehensive Code of Ethics and standards of conduct (similar to that of Australia) will increase the compliance burden on advisers without adding any real material benefit (Harris 2017) and stifle those that want to do the right thing (Duska 2011). In contrast, Harris (2017) identified that some regulation will allow regulators and consumers to identify unscrupulous advisers and implement enforceable punishment to protect and strengthen the emerging profession.

Employee Retirement Income Security Act of 1974 (ERISA)

The *Employee Retirement Income Security Act* of 1974, Pub. L. No. 93-406 (ERISA) (USC) United States Code (1974) is a federal tax and labour law that establishes minimum standards for pension plans within the private industry (US Department of Labor n.d.).

"ERISA requires plans to provide participants with plan information including important information about plan features and funding; sets minimum standards for participation, vesting, benefit accrual and funding; provides fiduciary responsibilities for those who manage and control plan assets; requires plans to establish a grievance and appeals process for participants to get benefits from their plans; gives participants the right to sue for benefits and breaches of fiduciary duty; and, if a defined benefit plan is terminated, guarantees payment of certain benefits through a federally chartered corporation, known as the Pension Benefit Guaranty Corporation (PBGC)" (US Department of Labor n.d.) .

Through the ERISA, the US Department of Labor (DOL) requires financial advisers (including investment advisers and broker-dealers) to meet ***all elements*** of a five-step test to determine whether they are a fiduciary. Some advisers have deliberately circumnavigated these requirements by denying they fall under the fiduciary rules (Guerriero 2017). The DOL introduced the new Conflict of Interest Final Rule – the fiduciary rule, which was to start on 1 January 2018. The new fiduciary test would broaden the categories of services that were considered fiduciary in nature under ERISA (Niehoff 2017, p. 20). A summary of the changes can be found in Table 7.

Table 7: Summary of the fiduciary rule

You Are A Fiduciary When…	
1975 Fiduciary Test	**2016 Fiduciary Test**
A person renders advice to the plan as to the value of securities or other property	A person renders advice (a "recommendation" regarding buying, selling, taking a distribution/rollover, etc.) to a plan, participant, IRA owner, etc., and receives a payment
On a regular basis	Regular basis not required; once is enough
Pursuant to a mutual agreement, arrangement, or understanding, written or otherwise, between the plan or a plan fiduciary	Pursuant to a mutual agreement, arrangement, or understanding, written or otherwise, between the plan or a plan fiduciary
…that the advice will serve as the primary basis for investment decisions	…that the advice is given for consideration in making investment or management decisions *(need not be primary basis)*
The advice will be individualized to the plan	…that the advice is individualized to, or that the advice is specifically directed to, the advice recipient

Source: (Newlin 2017, p. 22)

Guerriero (2017, p. 90) outlines that under ERISA, it is possible to become a fiduciary through actions by default under the following circumstances:

- Performing a fiduciary function;
- Displaying a designation, such as the CFP®, or
- Belonging to a professional society (e.g. Financial Service professionals).

ERISA also considers someone a fiduciary if they exercise or have discretionary authority over the management or administration of employee benefit plans or the assets of the plans.

Like Australia, the US has significant funds invested in retirement savings (approximately $1.7 trillion in 2016) (White House Council of Economic Advisers 2015, p. 26). The first pension plans were established by the America Express Company Plan in 1875. At the time these plans were established, they were defined benefit plans[12]. However, the 1980s saw the beginnings of a funding crisis for these defined benefit plans. After 1975, 75% of people who had previously had defined benefit plans were switched to defined contribution plans (Guerriero 2017, p. 92). Saving for retirement is usually undertaken through an employer-

[12] In the US defined contribution plans were pension plans administered by employers, and funded by employer contributions. The final payment in retirement was calculated on a complex retirement formula based on an employee's length of service and their salary (Guerriero 2017, p. 92).

sponsored retirement savings account – called a 401(k). If the 401(k) plan is not offered by an employer, an employee may open a private retirement savings account – known as an Individual Retirement Account (IRA) or a Roth IRA.

An employee that subsequently leaves their employer has 3 options for their retirement savings:

1. Leave savings in the current plan;
2. Rollover the savings to a new employer's plan 401(k)[13], or
3. Rollover into an IRA[14] (White House Council of Economic Advisers 2015).

Sources have illustrated that where a client already has a financial adviser overseeing their affairs, and the adviser recommends that the client roll over their funds to a private IRA, a conflict of interest may exist (Bergstresser, Chalmers & Tufano 2009, p. 3; Kitces 2017; White House Council of Economic Advisers 2015). The conflict arises because advisers usually earn higher commissions from private IRAs (White House Council of Economic Advisers 2015). Because of this, the DOL proposed a rule that would require financial advisers to abide by a fiduciary duty, placing their clients' interests above their own (Office of the Press Secretary 2015). This new standard was to be in addition to the previously discussed fiduciary standards. These reforms were challenged, and the majority decision in *US Chamber of Commerce V. DOL* No. 17-10238 (5th ND TX Cir, 2018) found that the DOL's expansion of the definition of fiduciary was beyond the DOL's authority. The court concluded that the DOL's 1975 definitions of investment advice fiduciary i.e. the five-part test, indeed reflected the distinction (Prosakauer 2018).

---

[13] A 401(k) is an employer sponsored/offered defined contribution retirement savings account.

[14] What is referred to as a "traditional" IRA may be opened by anyone under the age of 70.5 to make contributions to for retirement. IRA's receive tax concessions and contributions are not taxed, rather once retired, tax is charged on income stream and earnings. A Roth IRA has different rules - contributions are taxed on the way into the account and there are no taxes on withdraws and earnings, and there is no age limit for making contributions to a Roth IRA (Vanguard n.d.).

5.2 Adviser remuneration

The National Association of Personal Financial Advisors (NAPFA) was created in 1983 (Brandon 2009; Yeske 2016) so that the financial planning industry could begin offering fee-for-service financial planning advice to clients (Yeske 2016). Both the government and clients had expressed their preference for fee-for-service offerings from financial planners (discussed previously). The creation of NAPFA would also help alleviate concerns of vertical integration and account churning (Hansard & Hoffman 2006).

The 1980s saw the introduction of the first asset-based and wrap fees to the market. These new asset-under-management fee (AUM) structures were set up in lieu of continuing to charge clients commissions (Walker 2018). The shift from commissions to AUM fees meant that the industry could move toward becoming a recognised profession (Wagner 2004; Walker 2018, p. 22). Financial advisers, including Wagner (2004), had advocated for financial advising/planning to become a recognised profession by changing fee models to AUM, thus aligning their offerings with recognised characteristics of a profession (McClure 2014). Advocates of the fee-for-service model continually identified that acting in a client's best interests and offering non-conflicted, comprehensive advice could only be implemented as a result of the aforementioned reforms (Kitces 2018).

5.3 Financial Planning Education in the United States

Historical development

The financial planning industry primarily consisted of insurance and investment product salesmen prior to the 1960s (Grable 2005; McClure 2014). In his study, McClure (2014) outlined that Loren Dunton, who would later become head of the FPA, had in fact written and distributed a book on how to create a better delivery system for financial products. Early financial advisers did not traditionally offer comprehensive altruistic financial advice. Their focus was on product churning and commissions which was the basis for their remuneration as well as any financial advice (Arman 2006; McClure 2014). Insofar as Dunton (with his colleague James Johnston) recognised that a comprehensive 'manager' would eventually be required for financial affairs, they proceeded to meet with 11 of their financial services colleagues to form the International College for Financial Counselling & International Association of Financial Planners (IAFP) (Brandon 2009; Grable 2005).

The Society for Financial Counseling was formed in unison with the IAFP and was to be the umbrella organisation that would eventually become known as the College for Financial Planning (Yeske 2016). The first enrollee in 1970 of the International College for Financial Planning, was P. Kemp Fain Jr. Fain later established the first IAFP chapter in Knoxville, Tennessee, and would go on to become a graduand of the first Certified Financial Planner® (CFP®) class in 1973. Fain later served as the chair of the International Board of Standards and Practices for Certified Financial Planners (IBCFP's) (Yeske 2016) and in 1983, the Institute of Certified Financial Planners (ICFP) established the P.Kemp Fain Jr. Award to recognise Fain's contributions in furthering the financial planning profession[15].

In 1971, the College for Financial Planning developed its five-course curriculum for the CFP® designation (Yeske 2016) and in 1973, the first class of CFP® designees graduated. Some of the graduates of the new CFP® designation subsequently met to form an alumni association. Financial advisers initially undertaking studies in the five-course curriculum primarily consisted of career changes rather than new entrants to the industry (Kitces 2014). Considering many of the early CFP® graduands were career changers in possession of life-experience, they advocated for a separate organisation from the IAFP. These mature financial advisers wanted to provide comprehensive financial advice, rather than continue to be product delivery systems for mutual funds and sell insurance to unsuspecting clients (Kitces 2018). The organisation came to fruition and was known as the Institute of Certified Financial Planners (ICFP) (Brandon 2009) with many of the CFP® graduands holding membership to both organisations (Kitces 2018; Walker 2018; Yeske 2016). In 1973, the IAFP and the Society for Financial Counseling formally separated and in 1975 the Society for Financial Counseling was dissolved (Brandon 2009).

By the mid-1980s, the College for Financial Planning had over 10,000 CFP® graduands. The College for Financial Planning was the only institution accredited to deliver the CFP® program and award the CFP® designation (Yeske 2016). However, Adelphi University began

[15] Fain was the first recipient of the award (Financial Planning Association 2018)

running consecutive programs in financial planning and granting the CFP® marks to graduates of its financial planning certification program. As the College for Financial Planning wanted exclusivity of the mark and did not want the mark to lose integrity (Yeske 2016), the president of the College for Financial Planning, Bill Anthes, proposed the creation of a separate standard-setting body to control the CFP® marks which led to the establishment of the Board of Standards and Practices for Certified Financial Planners in 1985. This board would later become known as the Certified Financial Planner Board of Standards[16] (Brandon 2009; Yeske 2016) and retained exclusivity over the CFP® mark as well as retaining its global integrity whilst continuing to promote its success to legislators (Yeske 2016).

In 1992, the National Endowment for Financial Education (NEFE), an umbrella entity for the Board of Standards was created to run the newly accredited Masters program in financial planning. The NEFE was also responsible for research in financial planning. In 1997, the College of Financial Planning was sold by NEFE to the Apollo Group and the College of Financial Planning became a not-for-profit foundation, continuing to educate consumers about personal finance (Brandon 2009; Yeske 2016).

The Financial Planning Standards Board (FPSB) was created in 2004 by the ICFP to oversee the CFP® certification outside the United States (Brandon 2009, p. 230). By 2016 the FPSB had 26 member organisations with more than 161,000 CFP® professionals (Yeske 2016).

In the late 1970s the IAFP approached the ICFP recommending they fold into the IAFP but the president of the ICFP (David M. King) along with other senior members decided not to proceed with the merger at that stage (Brandon 2009). Almost thirty years later, on 1 January 2000, the two organisations merged with 81% of members voting for the merger. The joint organisation became the Financial Planning Association (FPA) of the United States (Brandon 2009; Yeske 2016). The merger was critical to the continuation of the two entities, as the IAFP was focussed on the financial planning process and the transformation of clients' lives, whereas the ICFP was focussed on supporting and promoting the CFP® standard (Yeske 2016). The merger ensured that the FPA would continue to advocate the value of financial planning to the community, advance the profession and create awareness of the CFP®

[16] Now known as the CFP Board

standard and its importance (Yeske 2016). The importance of the CFP® mark would be further endowed upon consumers by promoting the importance of choosing a CFP® professional over a regular financial adviser to assist with their financial affairs.

The Certified Financial Planner® - CFP® designation

As previously discussed in this report, the current educational requirements in the United States are neither rigorous nor enshrined in legislation. The United States does, however, have a variety of professional certifications available to financial planners. These certifications are offered privately and independently to public tertiary education. One example is the CFP Board's CFP® mark. Notwithstanding, financial planning in the United States is still not a recognised profession. The CFP board is a private accrediting body, responsible for the CFP® mark. The CFP Board accredits tertiary institutions so they may award the mark. The CFP Board was founded in 1985 as a non-profit organisation to serve "the public interest by promoting the value of the professional, competent and ethical financial planning services as represented by those who have attained the CFP® certification" (CFP Board n.d.).

The CFP Board enforces the requirements for the CFP® designation, which includes the following components:

- Education
- Examination
- Experience
- Ethics

After an individual completes these requirements they may display the CFP® certification mark (CFP Board n.d.).

Recognising the importance of the CFP® designation, in 1988 the International Board of Standards and Practices for Certified Financial Planners (IBCFP) established continuing education requirements. The IBCFP established continuing education standards due to the SEC stating that the CFP designation "appears to be developing as the most recognized designation in the field." (Brandon 2009, p. 225). By establishing continuing education offerings, the financial advice industry was beginning to demonstrate its preference to professionalise. To add to the desire to professionalise, in 1991 the IBCFP introduced a single, comprehensive exam for the CFP® certification as well as a comprehensive Code of Ethics. The body and its members chose to adopt professional responsibility in 1993 (Brandon 2009). The Code of Ethics has been updated on various occasions to keep up with legislative and compliance amendments. The latest CFP® Board Code of Ethics took effect on 1 October 2019 (CFP Board 2019).

"One Profession – One Designation"

In 1988 P. Kemp Fain gave his famous "One Profession – One Designation" speech at the national meeting of financial advisers (Fain 1988). Fain called for the unification of the financial services industry into one profession (Fain 1988) and proposed that the financial planning profession promote the CFP® designation as the exclusive qualification for financial planners. He also espoused that designations that demonstrated equivalence to the CFP® mark could possibly be incorporated into the designation. Additionally, Fain suggested that to become one profession, the requirement to undertake a minimum of 60 hours of continuing education every two years should be included in the professional development requirements of the registrants of the IBCFP or CFP.

Fain's suggestions further included a minimum educational component of IBCFP and CFP Board members (Fain 1988). The academic programs would be approved by the IBFCFP so that candidates could sit the CFP® examination. After the successful completion of the examination, candidates would be allowed to display the CFP® mark. Those already in public practice would need to meet an experience requirement of one, two or three years on-the-job or through a supervised internship program as part of their experience requirement.

In 2013, the Consumer Financial Protection Bureau (CFPB) commissioned a report into the available designations in the United States. The report was entitled, "Senior Designations for Financial Advisers". The report investigated the variety of designations available in financial planning in the United States and their educational requirements. A summary of their findings can be found in Appendix 5. The findings identified the different regulatory regimes governing different classes of advisers (Kitces 2017). Large investment advisers, for example, are regulated by the SEC in contrast to small and mid-sized investment advisers, who are regulated by state securities regulators. Further broker-dealers are regulated by the SEC, FINRA, and state securities regulators (Consumer Financial Protection Bureau 2013, p. 29). The report demonstrates the complexity of the United States' regulatory regime and the difficulty in the possible merger of existing professional designations.

The research undertaken by the CFPB reinforced Fain's observations that the education and regulation of the financial planning industry is highly complex and confusing for consumers (Fain 1988). Many in the industry argue that even financial advisers find the landscape difficult to understand. Kitces (2012) illustrated that the CFP® mark should be set as a minimum qualification for financial planners. Kitces (2012) characterised designations such as the Certified Investment Management Analyst® (CIMA®) and the Certified Financial Analyst (CFA®) as technically superior to the CFP® designation. Indeed, Kitces (2019a) proposed that advisers initially undertake the ChFC (Chartered Financial Consultant) designation, as the requirements were far less rigorous compared to the CFP®. He reasoned that by undertaking the ChFC first, advisers would be more likely to pass the CFP® (which has a 60% pass rate). Further, Altfest (2004) proposed that personal financial planning courses should go beyond merely introducing financial planning concepts and CFP® preparation with his study suggesting that the focus of financial planning education should be to offer advanced degrees and PhD programs.

University qualifications in financial planning

The catalyst for introducing tertiary education in the United States was the *Morrill Act*. In the early half of the 20th Century, universities and colleges expanded their offerings to include minor units such as budgeting within their home economics curriculum (Walker 2018). It wasn't until the late 1970s and early 1980s that a specific, formal financial planning-related educational program would become available. The first undergraduate financial planning degree program (in financial and estate planning) was created by Robert Bohn and offered through Brigham Young University in Utah (Yeske 2016).

Following the introduction of financial planning specific undergraduate degrees, programs at Golden Gate University and San Diego University became available at postgraduate level (Yeske 2016) and by 1987, over 20 universities across 14 states in addition to the College for Financial Planning were offering specialised education in financial planning (Brandon 2009; Yeske 2016). Financial planning education hit a milestone in 2000 when Texas Tech University offered the first PhD program in financial planning (Brandon 2009). The aim of the PhD program was to ensure the growth of financial planning academics, and expansion of financial planning as a recognised professional discipline. At the time of writing there were at least six universities in the United States offering PhD programs in financial planning.

As financial planning expanded into a recognised academic discipline, academics called for support from the financial planning community to assist in building a repository of resources to effectively teach financial planning. In response to this calls for support, the Academy of Financial Services (AFS) was formed (Yeske 2016). Indeed, the academy was the accomplishment of two well-known, early financial planning academics, Tom Warschauer of Golden Gate University and Tom Potts of Baylor University. Their knowledge, together with the contributions of others in the academic community would assist lecturers in the financial planning space.

Despite the current abundance of financial planning qualifications in the United States, there is still no requirement to hold any formal tertiary qualification to become a financial adviser. In fact, the minimum requirement is a high-school diploma, which is optional and a two-hour regulatory exam, which requires only 2 weeks of study (Sharpe 2018). In contrast, CFP® professionals must hold a minimum of a bachelor’s degree. This requirement has been the case since 2007 (Brandon 2009). Further, if a tertiary institution requests inclusion of their degree as a CFP Board certified program, then the CFP Board must approve the degree. By approving the degree, the CFP Board confirms that degree is relevant to the designation.

Recognition of financial planning as an academic discipline

To increase the profile of financial planning, in 1978 the ICFP founded the *Journal of the Institute of Certified Financial Planners*[17]. The first issue of the journal was published in 1979 and the journal publishes a variety of peer-reviewed articles aimed at both industry and academia, recognised as the premier resource for financial planning in the United States (Yeske 2016).

To further academic research in financial planning, the CFP Board began providing stipends and grants in 1994 (Brandon 2009). Many high profile financial planning academics, such as Grable (2005) have identified that if support toward financial planning research waned, it would be at risk of disappearing as a discipline on university campuses. Some of the factors illustrated by Grable (2005) as contributors to financial planning disappearing as a rigorous academic discipline were:

- Lack of industry funding because the industry had not yet embraced financial planning as an academic program of study;
- A weak theoretical basis, as there is "…no unifying theory of how financial planning works." (Grable 2005, p. 94). Arguably, a multitude of the theoretical content of financial planning has been 'borrowed' from other disciplines such as finance, psychology and economics, and
- The current availability of social science citation indexed journals in financial planning and very few opportunities to undertake research.

Despite Grable's argument that the theoretical framework of financial planning is weak, the increase in PhD offerings presents financial planning with an opportunity to develop and promote its own body of specific knowledge as students undertaking formal study to achieve a PhD will develop a specialised body of knowledge rather than taking their cue from other disciplines (Kitces 2014).

[17] The journal is now known as the *Journal of Financial Planning*.

In terms of academic journals in financial planning, papers produced by academics must be published in prestigiously ranked journals in order for them to count towards an academic's tenure or promotion. This is because the quality of the research produced is determined by the prestige ranking of the journal to which the article is submitted (Tharp 2017).

Table 8 below lists the financial planning academic journal publications available in the United States and their corresponding rankings.

Table 8: Rankings of core financial planning academic journals in the United States

Journal Name	**mAAI Score Rank**[18]	**h-index** (SCImago Journal & Country Rank 2020*)	**Prestige Ranking**[19]	**2019 Academic Research Colloquium (ARC) CFP Exhibitor**
Journal of Financial Therapy	1	3	-	Yes
Journal of Financial Counseling & Planning	2	31	2nd tier – highly respected	Yes
Journal of Personal Finance	3	-	3rd tier –good reputation	No
Financial Services Review	4	-	2nd tier – highly respected	Yes
Journal of Financial Planning	5	-	3rd tier –good reputation	Yes
Journal of Financial Services Professionals	6	-	3rd tier –good reputation	No
Journal of Financial Education	7	-	-	No
Journal of Family & Economic Issues	8	40	2nd tier – highly respected	No
Journal of Consumer Affairs	-	53	1st tier – highly prestigious	Yes

*Website: https://www.scimagojr.com/

Source: Adapted from Kitces (2019b).

Table 8 includes the nine academic journals in the United States that focus on the financial planning discipline. The modified Author Affiliation Index (mAAI) indicates where

---

18 Information accessed from Grable, J & Ruiz-Menjivar, J 2014, 'Household and Personal Finance Journal Rankings Using Patterns of Authorship and the Author Affiliation Index (June 1, 2014). Available at SSRN: http://dx.doi.org/10.2139/ssrn.2570891

19 Information accessed from Grable, J 2006 'Personal Finance, Financial Planning and Financial Counselling Publication Rankings', *Journal of Personal Finance*, Vol. 5, no. 1, pp 68-78

academics who are affiliated with top-tier US household and personal finance programs such as financial planning, financial counseling, and financial therapy publish on a regular basis (Grable & Ruiz-Menjivar 2014). The higher the mAAI, the better the journal's ranking. While the *Journal of Consumer Affairs* (JCA) is a highly prestigious 1st tier journal and has the highest H-index[20], it is not one of the publication outlets used by top-tier financial planning academics. JCA only occasionally publishes financial planning papers but does sometimes publish special issues that may be of interest to household and personal finance researchers. JCA also offers a cash award (known as CFP® Board's ACCI Financial Planning Paper Award) provided by the CFP® Board for the best well-written scholarly paper on financial planning, which is presented at the annual American Council on Consumer Interests (ACCI) conference. In 2019, the award winner was for a paper titled 'Consumer Perceptions of Financial Occupational Titles and Implications for Advisory Title Regulation' by Derek Tharp, University of Southern Maine (American Council on Consumer Interests, 2020).

Historically, financial planning researchers have come from other disciplines, such as economics, family and consumer sciences, and finance and thus many of these researchers tend to publish in their home disciplines rather than focussing on journals exclusively for financial planning (Grable & Ruiz-Menjivar 2014). This can make it difficult for financial planning to establish itself as a stand-alone academic discipline which is further exacerbated by the fact that the number of financial planning journals is relatively small compared to that of other academic disciplines and that other cross-disciplinary publications have higher rankings which attract financial planning researchers whose careers are dependent on such rankings. Nonetheless, financial planning professional associations and their key industry partners have been supporting the development of financial planning as a stand-alone discipline by encouraging academic research in financial planning through providing a number of best-paper awards linked with key financial planning focussed journals. For example, each year, the Association of Financial Services (AFS) hosts several best paper awards at the annual meeting which are sponsored by a range of industry partners such as CFP Board, FPA, HSBC, Plan Plus Global and Wiley to name a few (Academy of Financial Services 2019). These awards are linked with the AFS journal, *Financial Services Review*

[20] The h-index is a method to measure the quality of a journal publication and is based on the journal's most cited papers and the number of citations that they have received in the Scopus database. It is calculated as the journal's number of articles (*h*) that have received at least *h* citations over the past 3 years.

and in 2019, the AFS opened these awards up to researchers who had published in the *Financial Planning Research Journal*, an Australian financial planning journal. This was in addition to the introduction of the Early Career Researcher Awards in 2019, which was open to early career researchers who had published in either journal. The new awards were an initiative of the AFS in partnership with the Financial Planning Association of Australia and the Financial Planning Association of the United States to raise the profile of financial planning and financial planning academic research globally. Further, the newly established travel awards (AFS 2019) assisted researchers to travel and present at the annual conferences of both the AFS and the Financial Planning Association of the United States to provide an academic platform to discuss issues around personal financial planning and professionalism in personal finance.

6. Conclusion

This report has compared the financial advice education and regulatory requirements across Australia, Canada, United Kingdom and United States and how these requirements have changed over time as a result of major client abuses and economic events. In Australia and the United Kingdom, the focus of regulatory reform has been on raising professional standards through mandatory education and ethics training while in Canada, the focus has been more on transparency and disclosure. The United States reforms have remained heavily market driven with little regulatory interference, having no legislated licensing or education requirements for financial advisers and no mandate to ascribe to a particular ethical code. However, the reforms in the US have emphasised the fiduciary duty that applies to financial advisers through the adoption of the Conflict of Interest Final Rule.

Regulation around the use of the terms ‘financial adviser’ and ‘financial planner’ across the four countries in this report has highlighted that there is no universal approach, with the province of Quebec in Canada leading the way in restricting the use of the terms in 1998. More recently, in 2017, Australian parliament passed a bill to restrict the use of these terms commencing from January 2019. This has been closely followed by the Canadian state of Ontario, passing a bill in 2019 to protect the use of such titles. There is no federal legislation in Canada restricting the use of these titles and while both the United Kingdom and United

States do not have such restrictions, the United Kingdom does require financial advisers to be appropriately accredited and included on a national financial services register.

To date, the only internationally recognised education for financial advisers/planners is through the Certified Financial Planner® (CFP®) professional certification offered by the CFP Board in the United States; a private body which accredits tertiary institutions around the world so they may award the mark. However, there exist a range of other professional designations for financial advisers that meet similar, and in some cases higher, standards than the CFP®. While entry to the CFP program usually requires candidates to hold a bachelor's degree, the requirement to hold a CFP is not a legal requirement and in countries such as Canada (excluding Quebec) and the United States, there are no minimum level tertiary qualifications to practice as a financial adviser/planner. However, recently approved legislation in Australia and the United Kingdom now requires financial advisers to hold a minimum level of a bachelor's degree. It is expected that this higher education standard will provide greater protection to consumers and increase consumer trust in financial advisers.

The report has highlighted the complexities surrounding the various education and regulatory requirements of the financial planning industry and while it has been acknowledged that financial planning has its roots in a number of traditional disciplines such as economics, finance and psychology, it still has some way to go before it is recognised as a profession and academic discipline in its own right. This report has demonstrated the influence that education and regulation has had on the development of financial planning to date and calls for a universal approach to raise the profile of financial planning and to acknowledge the contribution that financial planning has to make to both theory and practice. Initiatives such as those by the CFP Board and the Association of Financial Advisers (AFS) to attract wards and industry grants to further the research into financial planning are to be commended, as are international partnerships such as those between the AFS, Financial Planning Association of Australia and Financial Planning Association of the United States to encourage international collaboration and information sharing of financial planning practice and research. Academic development of a universally accepted specialised body of knowledge for financial planning, in conjunction with appropriate education and regulation of financial advisers will assist in providing consumers with the strategies that are in their best interest and which will help them manage their financial affairs to meet life goals.

7. References

Academy of Financial Services 2019, *Best Paper Award Guidelines*, viewed 13 April 2020, < https://academyfinancial.org/Guidelines>.

Academy of Financial Services 2019, *Travel Award Winners*, viewed 13 April 2020, < https://academyfinancial.org/page-18150>.

Advocis 2012. The financial advice industry in Canada, viewed 7 April 2020, <https://www.advocis.ca/pdf/Financial-Advice-Industry-Economic-Profile.pdf>

Altfest, L 2004, 'Personal Financial Planning: Origins, Developments and a Plan for Future Direction', *The American Economist*, vol. 48, no. 2, pp. 53-60, viewed 4 January 2019, DOI 10.1177/056943450404800204, <https://doi.org/10.1177/056943450404800204>.

American Council on Consumer Interests (ACCI) 2020, *CFP® Board's ACCI Financial Planning Paper Award*, viewed 13 April 2020, < https://www.consumerinterests.org/cfp-board-s-acci-fin-plng-paper-award>.

Angel, J & McCabe, D 2013, 'Ethical Standards for Stockbrokers: Fiduciary or Suitability?', *Journal of Business Ethics*, vol. 115, no. 1, pp. 183-93, DOI 10.1007/s10551-012-1362-y.

Arman, J 2006, *A knowledge-based theory of earnings and practice recommendations among practitioners in new professions: Evidence from the financial planning profession*, Ann Arbour, MI, Touro University International.

Australian Government - The Treasury 2018, *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry - Key Reforms in the Regulation of Financial Advice (Background Paper 8)*, Commonwealth of Australia, Australia, viewed 13 December 2018, <https://financialservices.royalcommission.gov.au/publications/Documents/key-reforms-in-the-regulation-of-financial-advice-background-paper-8.pdf>.

Australian Government -The Treasury 2001, *Article 3 - Towards higher retirement incomes for Australians: a history of the Australian retirement income system since Federation*, Economic Roundup Centenary Edition 2001, viewed 1 April 2020, <https://treasury.gov.au/publication/economic-roundup-centenary-edition-2001/article-3-towards-

higher-retirement-incomes-for-australians-a-history-of-the-australian-retirement-income-system-since-federation>

Australian Prudential Regulation Authority (APRA) 2000, *Superannuation Market Statistics*, viewed 4 April 2020, <https://webarchive.nla.gov.au/awa/19981206130713/http://www.apra.gov.au/>

Australian Prudential Regulation Authority (APRA) 2020, *Quarterly Superannuation Performance Statistics Highlights: December 2019*, released 25 February 2020, viewed 4 April 2020, < https://www.apra.gov.au/sites/default/files/2020-02/Quarterly%20superannuation%20performance%20statistics%20highlights%20December%202019.pdf>

Australian Qualification Framework Council 2013, *Australian Qualification Framework*, Australian Government, viewed 29 March 2019, <https://www.aqf.edu.au/sites/aqf/files/aqf-2nd-edition-january-2013.pdf>.

Australian Securities and Investments Commission (ASIC) 2004, *04-088 Overview of ASIC's implementation of the Financial Services Reform Act*, viewed 13 April 2020, < https://asic.gov.au/about-asic/news-centre/find-a-media-release/2004-releases/04-088-overview-of-asics-implementation-of-the-financial-services-reform-act/>.

Australian Securities and Investments Commission (ASIC) 2009, ‘PJC Inquiry into Financial Products and Services in Australia: Submission by the Australian Securities and Investments Commission’, Submission to the Parliamentary Joint Committee on Corporations and Financial Services Inquiry into Financial Products and Services in Australia, August.

Australian Securities and Investments Commission 2018, *ASIC - Our Role*, viewed 24 January 2019, <https://asic.gov.au/about-asic/what-we-do/our-role/>.

Australian Taxation Office 2020, 'Super Guarantee Percentage', viewed 4 April 2020 < https://www.ato.gov.au/rates/key-superannuation-rates-and-thresholds/?anchor=Superguaranteepercentage>

Bateman, H and Piggot, J 2001, 'The Australian Approach to Retirement Income Provision', *International Seminar on Pensions*, 5-7 March 2001, Sano-shoin, Hitotsubashi University, Tokyo, Japan, The Project on Intergenerational Equity (PIE) -The Institute of Economic Research, Hitotsubashi University

Bergstresser, D, Chalmers, JMR & Tufano, P 2009, 'Assessing the Costs and Benefits of Brokers in the Mutual Fund Industry', *The Review of Financial Studies*, vol. 22, no. 10, pp. 4129-56, DOI 10.1093/rfs/hhp022.

Birkett, W 1996, *Competency standards for financial planning in Australia and New Zealand*, Melbourne, Financial Planning Association.

Brandon, DE 2009, *The History of Financial Planning : How Financial Planners have Transformed Financial Services*, John Wiley & Sons, Hoboken, N.J.

Canadian Securities Administrators (CSA) 2012, Canadian securities regulators propose enhanced disclosure requirements on investment costs and performance, viewed 16 January 2020, <https://www.osc.gov.on.ca/en/NewsEvents_nr_20120614_csa-cost-performance.htm>

Canadian Securities Administrators (CSA) 2016, CSA Staff Notice 31-345 Cost Disclosure, Performance Reporting and Client Statements – Frequently Asked Questions and Additional Guidance,viewed 7 April 2020, <https://www.osc.gov.on.ca/documents/en/Securities-Category3/csa_20160414_31-345_performance-reporting-client-statements-faq.pdf>.

Canadian Securities Administrators (CSA) 2019, Canadian securities regulators implement investor protection, strengthening client-registrant relationship across Canada, viewed 7 April 2020, <https://www.securities-administrators.ca/aboutcsa.aspx?id=1842&terms=client%20focused%20reforms>

CFP Board 2019, *About CFP Board - Code and Standards, New Code of Ethics and Standards of Conduct, Effective Oct. 1, 2019*, viewed 16 January 2019, <https://www.cfp.net/about-cfp-board/code-and-standards>.

CFP Board n.d., *About CFP Board*, viewed 3 January 2019, <https://www.cfp.net/about-cfp-board/about-cfp-board/history>.

Churchhill, J 2007, 'Surprise! FPA Wins Lawsuit Against SEC and the Broker-Dealer Exemption', *Wealth Management*, viewed 12 December 2018,

<https://www.wealthmanagement.com/news/surprise-fpa-wins-lawsuit-against-sec-and-broker-dealer-exemption>.

Cision 2018, *Majority of Albertans believe financial advisors need professional regulation*, 10 November 2018, viewed 2 February 2020, <https://www.newswire.ca/news-releases/majority-of-albertans-believe-financial-advisors-need-professional-regulation-700204001.html>.

Commonwealth of Australia 1984, *Insurance Contracts Act 1984*, as amended 13 March 2019, viewed 1 April 2020, < https://www.legislation.gov.au/Details/C2019C00115

Commonwealth of Australia 1995, *Life Insurance Act 1995*, as amended 18 February 2020, viewed 1April 2020 < https://www.legislation.gov.au/Details/C2020C00087>

Commonwealth of Australia 1992, *Superannuation Guarantee (Administration) Act 1992*, as amended 6 March 2020, viewed 1 April 2020, < https://www.legislation.gov.au/Details/C2020C00107>

Commonwealth of Australia 1993, *Superannuation Industry (Supervision) Act 1993*, as amended 18 February 2020, viewed 4 April 2020, <https://www.legislation.gov.au/Details/C2020C00091>

Commonwealth of Australia 2001a, *Australian Securities and Investments Commission Act 2001*, as amended 18 February 2020, viewed 1 April 2020, <https://www.legislation.gov.au/Details/C2020C00084>

Commonwealth of Australia 2001b, *Corporations Act - Chapter 7 Financial services and markets*, as amended 18 February 2020, viewed 1 April 2020, <https://www.legislation.gov.au/Details/C2020C00093>

Commonwealth of Australia 2001c, *The Financial Services Reform Act 2001*, as amended 18 July 2005, viewed 13 April 2020, < https://www.legislation.gov.au/Details/C2005C00498>.

Commonwealth of Australia 2009a, Parliamentary Joint Committee on Corporations and Financial Services: Inquiry into financial products and services in Australia, November 2009, viewed 7 April 2020, <https://www.aph.gov.au/binaries/senate/committee/corporations_ctte/fps/report/report.pdf>

Commonwealth of Australia 2009b, *Tax Agent Services Act 2009*, as amended 15 March 2017, viewed 4 April 2020 < https://www.legislation.gov.au/Details/C2017C00085>.

Commonwealth of Australia 2017, *Corporations Amendment (Professional Standards of Financial Advisers) Act*, viewed 3 April 2020, <https://www.legislation.gov.au/Details/C2017A00007>.

Consumer Financial Protection Bureau 2013, *Senior Designations for Financial Advisers*, United States of America, viewed 2 January 2018, <https://files.consumerfinance.gov/f/201304_CFPB_OlderAmericans_Report.pdf>.

Cowen, J, Blair, W & Taylor, S 2006, 'Personal financial planning education in Australian universities', *Financial Services Review*, vol. 15, no. 1, pp. 43-57.

Cull, M 2009, 'The Rise of the Financial Planning Industry', *Australasian Accounting, Business and Finance Journal*, vol. 3, no. 1, pp. 26-37.

De Caria, R 2012, *Regulating independent financial advisers: current trends and reform proposals, between the EU and the national level*, Federalismi.it, Revista di dirrito public italiano, comunitario e comparato, February 2012.

Dew L 2019, 'A UK experience of financial reform', *Money Management*, 22 August 2019, viewed 12 April 2020, <https://www.moneymanagement.com.au/features/uk-experience-financial-reform>.

Duska, R 2011, 'Fiduciary Duty, Regulations and Financial Planning', *Journal of Financial Service Professionals*, vol. 65, no. 3, p. 17.

Fain, PK 1988, 'Unifying and Professionalizing the Financial Planning Segments of the Financial Services Industry', *National Meeting of Financial Planners*. viewed 17 December 2018, <https://www.fpaofphoenix.org/resources/Documents/008-Annual/2017/005-AnnualMajorEvents/20170927_Presenter_Articles/1987%20Fain%20-%20One%20Profession%20-%20One%20Designation.pdf>.

Financial Adviser Standards and Ethics Authority Ltd (FASEA) 2019a, *The Financial Planners and Advisers Code of Ethics 2019*, viewed 3 April 2020, <https://www.legislation.gov.au/Details/F2019L00117>.

Financial Adviser Standards and Ethics Authority Ltd (FASEA) 2019b, *FPS003 Work & Training Requirement*, March 2019, viewed April 13 2020, <https://www.fasea.gov.au/wp-content/uploads/2019/05/FPS003-PY-Policy-vFINAL-6-clean.pdf>.

Financial Adviser Standards and Ethics Authority Ltd (FASEA) 2019c, *FPS004 Continuing Professional Development Policy*, January 2019, viewed April 13 2020, < https://www.fasea.gov.au/wp-content/uploads/2019/04/FPS004-CPD-Policy-revised-vFINAL.pdf >.

Financial Adviser Standards and Ethics Authority Ltd (FASEA) 2020a, *Financial Adviser Standards and Ethics Authority*, viewed 13 April 2020, < https://www.fasea.gov.au/>.

Financial Adviser Standards and Ethics Authority Ltd (FASEA) 2020b, *FPS002 Program and Provider Accreditation Policy*, viewed 13 April 2020, < https://www.fasea.gov.au/wp-content/uploads/2020/03/FPS002-FASEA-Policy-Statement-PPAP-Accredtiatin-Policy-FINAL-20200303.pdf>.

Financial Conduct Authority (FCA) 2014, *Post-implementation review of the Retail Distribution Review – Phase 1*, December 2014, viewed 12 April 2020, < https://www.fca.org.uk/publication/research/post-implementation-review-rdr-phase-1.pdf>.

Financial Conduct Authority (FCA) 2014, *Supervising retail investment firms: being clear about adviser charges and services*, Thematic Review TR14/6, April 2014, viewed 12 April 2020, < https://www.fca.org.uk/publication/thematic-reviews/tr14-06.pdf>.

Financial Conduct Authority (FCA) 2016a, *Assessing suitability: Research and due diligence of products and services*, Thematic Review TR16/1, February 2016, viewed 12 April 2020, < https://www.fca.org.uk/publication/thematic-reviews/tr16-01.pdf>.

Financial Conduct Authority (FCA) 2016b, *Financial Advice Market Review: Final report*, March 2016, viewed 12 April 2020, < https://www.fca.org.uk/publication/corporate/famr-final-report.pdf>.

Financial Conduct Authority (FCA) 2016c, *Professional standards: advisers*, viewed 12 April 2020, < https://www.fca.org.uk/firms/professional-standards-advisers>.

Financial Conduct Authority (FCA) 2018, *FCA Handbook*, Conduct of Business Sourcebook [COBS, 6 2 B.33], viewed 12 April, < https://www.handbook.fca.org.uk/handbook/COBS/6/2B.html>.

Financial Conduct Authority (FCA) 2019, *FCA Handbook*, Glossary, viewed 12 April, < https://www.handbook.fca.org.uk/handbook/glossary/G2763.html>.

Financial Planning Association 2018, *FPA Awards - P. Kemp Fain, Jr. Award*, viewed 12 December 2018, <https://www.onefpa.org/about/Pages/FPA%20Awards.aspx>.

Financial Planning Association of Australia Limited 2020, *Financial Planning Education Council (FPEC)*, viewed 13 April 2020, <https://fpa.com.au/education/financial-planning-education-council-fpec/>.

Financial Planning Standards Board Limited 2015, *Financial Planning Education Framework*, viewed 23 January 2019, <https://www.fpsb.org/wp-content/uploads/2016/01/151027_doc_EducationFramework_FINAL.pdf>.

Financial Planning Standards Board Limited 2020, *About Financial Planning: Helping People Take Control of their Financial Lives*, viewed 16 April 2020, < https://www.fpsb.org/about-financial-planning/>.

Financial Services Act 1986, United Kingdom, viewed 7April 2020, < http://www.legislation.gov.uk/ukpga/1986/60/pdfs/ukpga_19860060_en.pdf>
Financial Services and Market Act 2000, United Kingdom, viewed 7 April 2020, < http://www.legislation.gov.uk/ukpga/2000/8/contents>.

Financial Services Authority 2010, *Distribution of retail investments: Delivering the RDR - feedback to CP09/18 and final rules*, Policy Statement 10/06, viewed 12 April 2020, <https://www.fca.org.uk/publication/policy/fsa-ps10-06.pdf>.

Financial Services Authority 2012, *Retail Distribution Review: Independent and restricted advice*, Guidance Consultation, February 2012, viewed 12 April 2020, < https://www.fca.org.uk/publication/guidance-consultation/gc12_03.pdf>.

Financial Services Authority 2013, *Assessing the quality of investment advice in the retail banking sector*, 13 February 2013, viewed 8 April 2020, < https://www.fca.org.uk/publication/thematic-reviews/thematic-assessing-retail-banking.pdf>.

Finke, M & Langdon, T 2012, 'The Impact of the Broker-Dealer Fiduciary Standard on Financial Advice', *Journal of Financial Planning*, vol. 25, no. 7, pp. 28-37.

Foerster, S, Linnainmaa, J, Melzer, B and Previtero, A 2017, 'Retail Financial Advice: Does One Size Fit All?', *The Journal of Finance,* Vol 72, Iss 4, April 2017.

FP Canada 2020, CFP® Certification, viewed 7 April 2020, <https://fpcanada.ca/certifications/cfp-certification>.

Grable, J 2005, 'The Future of Financial Planning Academic Programs: Does the Future Look Bleak?', *Journal of Personal Finance*, vol. 4, no. 4, pp. 91-8.

Grable, J 2006 ‘Personal Finance, Financial Planning and Financial Counselling Publication Rankings’, *Journal of Personal Finance,* Vol. 5, no. 1, pp 68-78.

Grable, J & Ruiz-Menjivar, J 2014, ‘Household and Personal Finance Journal Rankings Using Patterns of Authorship and the Author Affiliation Index', June 1, 2014. Viewed 13 April 2020, <http://dx.doi.org/10.2139/ssrn.2570891>.

Guerriero, E 2017, 'Fiduciary Responsibility, 1974 to 2017', *Journal of Financial Service Professionals*, vol. 71, no. 2, p. 89.

Hanratty, P 1997, 'The Wallis Report on the Australian Financial System: Summary and Critique', *Research Paper 16 1996-97*, Economics, Commerce and Industrial Relations Group, 23 June 1997, Parliament of Australia, viewed 1 April 2020 < https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/RP9697/97rp16#INTRO>.

Hansard, S & Hoffman, D 2006, 'FPA Tests broker-dealer exclusion rule in court', *Investment News*, 5 June 2006, viewed 12 December 2018, <https://www.investmentnews.com/article/20060605/SUB/606050704/fpa-tests-broker-dealer-exclusion-rule-in-court>.

Harris, B 2017, 'Stop Questioning Your Profession's Status', *Journal of Financial Planning*, vol. 30, no. 12, pp. 12-3.

Harwood 2012, 'Finalised guidance on independent and restricted advice under the RDR', *Lexology*, June 7 2012, viewed 12 April 2020, <https://www.lexology.com/library/detail.aspx?g=a9393a85-06fd-4bfe-b956-b9657fa2042b>.

Holliday, C 2012, 'Universities, Key to Prosperity', *Science*, vol. 336, no. 6088, p. 1482, DOI 10.1126/science.1225457.

House of Commons – Treasury Committee 2011, Retail Distribution Review, Fifteenth Report of Session 2010–12, 16 July 2011, The Stationery Office Limited, London, viewed 7 April 2020, < https://publications.parliament.uk/pa/cm201012/cmselect/cmtreasy/857/857.pdf>.

IBIS World 2018, Provincial Economic Profile: Ontario, viewed 20 Februrary 2020, <https://www.ibisworld.com/industry-insider/white-papers/ontario-economic-profile/registration/>.

Innovative Research Group Inc. 2012, *2012 CSA Investor Index*, viewed 7 April 2020, <https://www.securities-administrators.ca/uploadedFiles/General/pdfs/2012%20CSA%20Investor%20Index%20-%20Exec%20Summary%20-%20FINAL%20_EN_.pdf>.

Investor Education Fund 2012, *Investor behaviour and beliefs: Advisor relationships and investor decision-making study*, viewed 19 February 2020, <https://www.getsmarteraboutmoney.ca/wp-content/uploads/2017/06/Adviser-relationships-and-investor-decision-making-study-2012.pdf>.

Institut québécois de planification financière (IQPF) 2016, *Becoming a Financial Planner*, viewed 22 February 2020, <https://www.iqpf.org/en/becoming-a-financial-planner>.

Investment Executive 2018, *Survey results underscore the need for title protection for financial advisors*, 28 October 2018, viewed 2 February 2020, <https://www.investmentexecutive.com/news/industry-news/survey-results-underscore-the-need-for-title-protection-for-financial-advisors/>.

Investment Executive 2019, What to make of the CSA's revised client-focused reforms, October 2019, viewed 7 April 2020, <https://www.investmentexecutive.com/news/industry-news/what-to-make-of-the-csas-revised-client-focused-reforms/>.

Investment Industry Regulatory Organization of Canada (IIROC) 2012, 'IIROC begins implementation of Client Relationship Model reforms to enhance investor protection', viewed 15 January 2020, <https://www.iiroc.ca/Documents/2012/14ed3ebb-e13d-4818-9840-d5e109639c35_en.pdf>.

Investment Industry Regulatory Organization of Canada (IIROC) 2017, Client Relationship Model Phase 2, viewed December 15, 2020, <https://www.iiroc.ca/Documents/2017/db078e70-74e9-4b62-b5f8-0c694f7568ef_en.pdf>.

Kitces, M 2012, 'One Profession, One [Minimum] Designation', *Nerd's Eye View*, 29 October 2012, viewed 11 December 2018, <https://www.kitces.com/blog/one-profession-one-minimum-designation/>.

Kitces, M 2014, 'The Rise of the Financial Planning Academic', *Nerds Eye View*, 28 April 2014, viewed 16 January 2019, <https://www.kitces.com/blog/the-rise-of-the-financial-planning-academic/>.

Kitces, M 2015, 'Is the SEC Failing To Enforce The "Solely Incidental" Advice Exemption For Broker-Dealers Under the Investment Advisers Act of 1940?', *Nerd's Eye View*, 12 January 2015, Kitces.com, viewed 12 December 2018, <https://www.kitces.com/blog/is-the-sec-failing-to-enforce-the-solely-incidental-advice-exemption-for-broker-dealers-under-the-investment-advisers-act-of-1940/>.

Kitces, M 2017, 'The 4 Different Types of Fiduciary Financial Advisors', *Nerd's Eye View*, vol. 2019, 2 January 2017, United States of America, viewed 2 January 2019, <https://www.kitces.com/blog/the-4-different-types-of-financial-advisor-fiduciaries/>.

Kitces, M 2018, '#FASuccess Ep 082: Insights From The History Of Financial Planning Since The First CFP Class with Ben Coombs', *Financial Advisor Success*, 24 July 2018, podcast, viewed 28 December 2019, <https://www.kitces.com/blog/ben-coombs-podcast-history-financial-planning-first-cfp-class/

Kitces, M 2019a, 'Is it Better To Skip The CFP Exam And Get the ChFC Designation First?', *Nerd's Eye View*, 17 January 2019, viewed 20 January 2019, <https://www.kitces.com/blog/chfc-vs-cfp-designation-skip-exam-which-is-better-easier-to-pursue-first/?qp_ins_crm_id=9af899bddddfd92ae104dd7083b96a5b36a919a3812d4bacd038eacc8871dd25&email=chills1978@hotmail.com&utm_source=Nerd%E2%80%99s+Eye+View+%7C+Kitces.com&utm_campaign=af17e87a7e-NEV_MAILCHIMP_LIST&utm_medium=email&utm_term=0_4c81298299-af17e87a7e-57190801>.

Kitces, M 2019b, ' Financial Planning Research Highlights From The 2019 CFP Board Academic Research Colloquium', *Nerd's Eye View*, 27 March 2019, viewed 13 April 2020, < https://www.kitces.com/blog/cfp-board-center-academic-research-colloquium-2019-recap-financial-planning-review-launch/>.

Legisquebec 1998, *Act respecting the distribution of financial products and services*, viewed 22 February 2020, http://legisquebec.gouv.qc.ca/en/showdoc/cs/D-9.2>.

Leow, J & Murphy, S 2019, *Australian Master Superannuation Guide*, 23 edn, Wolters Kluwer, Australia.

Leung, P & Cooper, B 2003, 'Mad hatter's corporate tea party', *Managerial Auditing Journal*, vol. 18, no. 6/7, pp. 505-516.

List, C 2019, ' A welcome new regulatory era in Ontario', Investment Executive, June 28, 2019, viewed 7 April 2020, < https://www.investmentexecutive.com/inside-track_/cary-list/a-welcome-new-regulatory-era-in-ontario/>

Loss, CP 2012, 'Why the Morrill Act Still Matters', *The Chronicle of Higher Education*, vol. 58, no. 41.

Marotta, S 2019a ‘Subscription-based financial advice begins to take hold in Canada', *The Globe and Mail*, viewed 7 April 2020, <https://www.theglobeandmail.com/investing/globe-advisor/advisor-news/article-subscription-based-financial-advice-begins-to-take-hold-in-canada/>.

Marotta, S 2019b, 'Sentiment split on new degree requirement for financial planners', The Globe and Mail, October 22 2019, viewed 7 April 2020, < https://www.theglobeandmail.com/investing/globe-advisor/advisor-news/article-sentiment-split-on-new-degree-requirement-for-financial-planners/>.

McClure, JW 2014, *Profession and the Practice of Personal Financial Planning*, United States of America, College of Financial Planning.

Melnick, A 2013, 'What's in a name: the battle over a uniform fiduciary standard for investment advisers and broker-dealers. (Revolution in the Regulation of Financial Advice: The U.S., the U.K. and Australia)', *St. John's Law Review*, vol. 87, no. 2-3, pp. 415-35.

Money Marketing 2006, *40% Of advisers failing to disclose*, 6th April 2006, Emap Publishing Ltd, viewed 12 April 2020, < https://www.moneymarketing.co.uk/news/40-of-advisers-failing-to-disclose/>.

Morningstar Inc. 2019, Global Investor Experience Study: Fees and Expenses', viewed 7 April 2020, < https://www.morningstar.com/lp/global-fund-investor-experience?con=18780?utm_source=corp_comm&utm_medium=referral>

Newlin, N 2017, 'Are You Ready for the DOL Fiduciary Rule?', *Journal of Financial Planning*, vol. 30, no. 2, pp. 21-3, viewed 24 January 2019, EBSCOhost, <http://ezproxy.uws.edu.au/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=121100547&site=ehost-live&scope=site>.

Niehoff, S 2017, 'A Procrastinator's Guide to the DOL Fiduciary Rule', *Journal of Financial Planning*, vol. 30, no. 8, pp. 20-2,4-5.

Office of the Press Secretary 2015, 'FACT SHEET: Middle Class Economics: Strengthening Retirement Security by cracking Down on Backdoor Payments and Hidden Fees', 23 February 2015, The White House, President Obama, Office of the Press Secretary, United States of America, viewed 2 January 2019, <https://obamawhitehouse.archives.gov/the-press-office/2015/02/23/fact-sheet-middle-class-economics-strengthening-retirement-security-crac>.

Ontario Government 2019, *Financial Professionals Title Protection Act*, viewed 21 February 2020, <https://www.ontario.ca/laws/statute/19f07b>.

Ontario Ministry of Finance 2016, *Final report of the expert committee to consider financial advisory and financial planning policy alternatives*, viewed 20 February 2020, <https://www.fin.gov.on.ca/en/consultations/fpfa/fpfa-final-report.html>.

Ontario Securities Commission (OSC) 2015, Mystery shopping for investment advice, viewed 18 February 2020, <https://www.osc.gov.on.ca/documents/en/Securities-Category3/20150917-mystery-shopping-for-investment-advice.pdf>.

Ontario Securities Commission 2017, Amendments to national instrument 31-103 registration requirements, exemptions, and ongoing registrant obligations and related instruments, <https://www.osc.gov.on.ca/documents/en/Securities-Category3/20170727_31-103_supp-proposed-amendments.pdf>

Ontario Securities Commission 2019a, Annual information about your investment fees, viewed 19 February 2020, <https://www.getsmarteraboutmoney.ca/protect-your-money/investor-protection/regulation-in-canada/report-on-charges-and-other-compensation>.

Ontario Securities Commission 2019b, Annual information about your investment performance, viewed 19 February 2020, <https://www.getsmarteraboutmoney.ca/protect-your-money/investor-protection/regulation-in-canada/report-on-investment-performance/>

Ontario Securities Commission 2019c, Reforms to enhance the client-registrant relationship, Notice of amendments to national instrument 31-103 and companion policy 31-103CP, Supplement to the OSC Bulletin, viewed 7 April 2020, <https://www.osc.gov.on.ca/documents/en/Securities-Category3/ni_20191003_31-103_reforms-enhance-client-registrant-relationship.pdf>

Overton, RH 2008, 'Theories of the Financial Planning Profession', *Journal of Personal Finance*, vol. 7, no. 1, pp. 13-41, ProQuest Central, <https://search.proquest.com/docview/198976311?accountid=36155 https://ap01.alma.exlibrisgroup.com/view/uresolver/61UWSTSYD_INST/openurl?frbrVersion=2&ctx_enc=info:ofi/enc:UTF-8&ctx_id=10_1&ctx_ver=Z39.88-2004&url_ctx_fmt=info:ofi/fmt:kev:mtx:ctx&url_ver=Z39.88-2004&rfr_id=info:sid/primo.exlibrisgroup.com&req_id=&rft_val_fmt=info:ofi/fmt:kev:mtx:&rft.genre=article&rft_val_fmt=info%3Aofi%2Ffmt%3Akev%3Amtx%3Ajournalrft.issn=15406717&rft.title=

Journal+of+Personal+Finance&rft.atitle=THEORIES+OF+THE+FINANCIAL+PLANNING+PROFESSION&rft.volume=7&rft.issue=1&rft.spage=13&rft.date=2008>.

Parliament of Australia 2010, *Chronology of superannuation and retirement income in Australia*, viewed 23 January 2019, <https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/0910/ChronSuperannuation>.

Prosakauer 2018, 'Fith Circuit Vacates DOL Fiduciary Rule', *Employee Benefits & Executive Compensation Blog*, 16 March 2018, viewed 3 January 2018, <https://www.proskauer.com/blog/fifth-circuit-vacates-dol-fiduciary-rule>.

Schriver, M 2019a, 'What to expect as title regulation extends to Ontario', *Advisor's Edge*, 20 September 2019, Newcom Media Inc., viewed 7 April 2020, <https://www.advisor.ca/news/industry-news/what-to-expect-as-title-regulation-extends-to-ontario/>.

Schriver, M 2019b, 'Ontario regulator provides update on title regulation', *Advisor's Edge*, 20 November 13 2019, Newcom Media Inc., viewed 7 April 2020, <https://www.advisor.ca/news/industry-news/ontario-regulator-provides-update-on-title-regulation/>.

Scriven, D 2013, *Guide to Life risk Protection and Planning*, 3rd edition, CCH Australia Ltd.

Sharpe, T 2018, 'Influential US adviser has praise, critism for Australia', *Professional Planner*, 28 February 2018, viewed 11 December 2018, <https://www.professionalplanner.com.au/2018/02/influential-us-adviser-has-praise-criticism-for-australia/>.

Staff of the U.S Securities and Exchange Commission 2011, *Study on Investment Advisers and Broker-Dealers As Required by Section 913 of the Dodd-Frank Wall Street Reform and Consumer Protection Act*, United States of America, viewed 31 December 2018, <https://www.sec.gov/news/studies/2011/913studyfinal.pdf>.

Statman, M 2009, 'Regulating Financial Markets: Protecting Us from Ourselves and Others', *Financial Analysts Journal*, vol. 65, no. 3, pp. 22-31,1, DOI 10.2469/faj.v65.n3.1.

Tax Practitioners Board (TPB) 2019, *Code of Professional Conduct for tax (financial) advisers*, viewed 4 April 2020 < https://www.tpb.gov.au/code-professional-conduct-tax-financial-advisers>

Teale, J 2016, *Insurance and Risk Management*, 3rd edition. Australia

Tharp, D 2017, 'Can We Trust Research On The Use And Benefits Of Financial Advisers?', 4 October 2017, viewed 20 December 2019, <kitces.com/blog/trust-research-advisor-planner-use-benefits-value-vanguard-alpha-morningstar-gamma>.

The Investment Funds Institute of Canada (IFIC) 2017, *Canadian investors' perceptions of mutual funds and the mutual funds industry*, viewed 19 February 2020, <https://www.ific.ca/wp-content/uploads/2017/11/Pollara-Investor-Survey-Final-Report-English.pdf/18460/>.

The Investment Funds Institute of Canada 2020, *Who oversees the investment funds industry?*, viewed 2 February 2020, <https://investorcentre.ific.ca/oversees-investment-funds-industry/>

United States Code 1862, *Morrill Act, Public Law 37-108*, United States, viewed 10 January 2020, <https://memory.loc.gov/cgi-bin/ampage?collId=llsl&fileName=012/llsl012.db&recNum=534>.

United States Code 1933, *Securities Act of 1933 [As Amended Through P.L. 115-174, Enacted May 24,2018]*, United States of America, viewed 1 February 2019, <https://legcounsel.house.gov/Comps/Securities%20Act%20Of%201933.pdf>.

United States Code 1934, *Securities Exchange Act of 1934 [As Amended Through P.L. 115-141, Enacted March 23, 2018]*, United States Of America, viewed 1 February 2019, <https://legcounsel.house.gov/Comps/Securities%20Exchange%20Act%20Of%201934.pdf>.

United States Code 1940, *The Investment Advisers Act of 1940 [As Amended Through P.L 115-141]*, United States of America, viewed 15 December 2018, <http://legcounsel.house.gov/Comps/Investment%20Advisers%20Act%20Of%201940.pdf>.

United States Code 1974, *Employee Retirement Income Security Act of 1974 [Public Law 93-406] [As Amended Through P.L. 114–255, Enacted December 13, 2016]*, United States of America, viewed 31 December 2018, <https://legcounsel.house.gov/Comps/Employee%20Retirement%20Income%20Security%20Act%20Of%201974.pdf>.

United States Code 2010, *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Pub. L No. 111-203*, United States of America, viewed 1 February 2019, <http://legcounsel.house.gov/Comps/Dodd-Frank%20Wall%20Street%20Reform%20and%20Consumer%20Protection%20Act.pdf>.

United States Court of Appeals 2nd DC Circuit 2002, *De Kwiatkowski v. Bear, Stearns & Co., Inc. 306 F.3d 1293, 1302 (2nd D.C. Cir,2002)*, viewed 31 December 2018, <https://h2o.law.harvard.edu/cases/5046>.

United States Court of Appeals 5th ND TX Circuit 2018, *U.S. Chamber of Commerce V. DOL No. 17-10238 (5th ND TX Cir, 2018)*, United States Court of Appeals 5th Circuit, Texas, viewed 10 January 2019, <https://www.ca5.uscourts.gov/opinions/pub/17/17-10238-CV0.pdf>.

US Department of Labor n.d., *Employee Retirement Income Security Act (ERISA)*, US Department of Labor, viewed 29 December 2018, <https://www.dol.gov/general/topic/retirement/erisa>.

Vanguard n.d., *Size up the Basic IRA types*, Vanguard, viewed 2 January 2018, <https://investor.vanguard.com/ira/types>.

Wagner, R 2004, 'To Think...Like a CFP', *Journal of Financial Planning*, vol. 17, no. 2, pp. 64-70.

Walker, L 2018, 'The Profession of Financial Planning: Past, Present, and the Next 45 Years', *Journal of Financial Planning*, vol. 31, no. 3, pp. 20-6.

White House Council of Economic Advisers 2015, *The Effects of Conflicted Investment Advice on Retirement Savings*, Executive Office Of The President Of The United States, viewed 2 January 2019, <https://obamawhitehouse.archives.gov/sites/default/files/docs/cea_coi_report_final.pdf>.

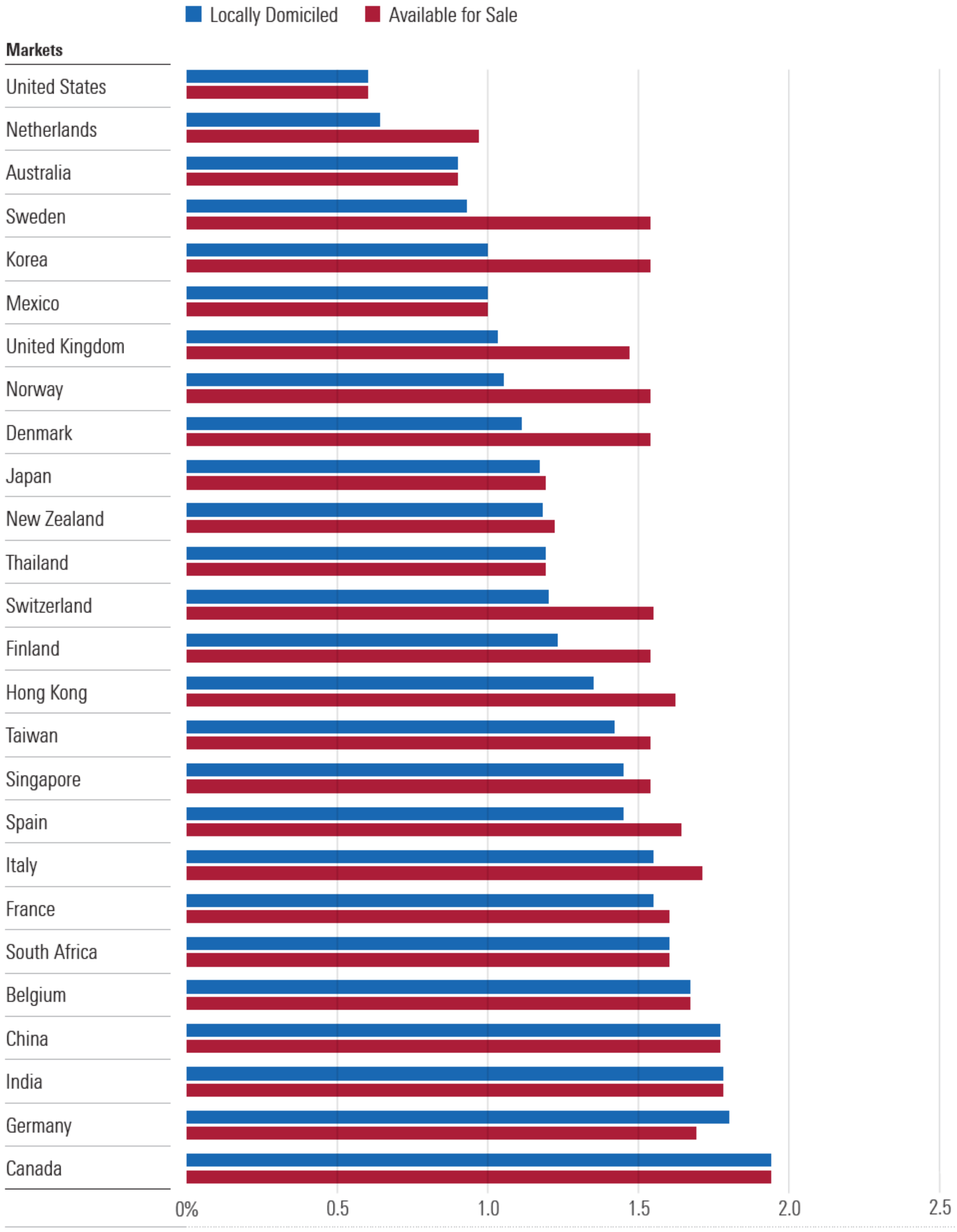
Yeske, D 2016, 'A Concise History of the Financial Planning Profession', *Journal of Financial Planning*, vol. 29, no. 9, pp. 10-3.

.

8. Appendices

Appendix 1

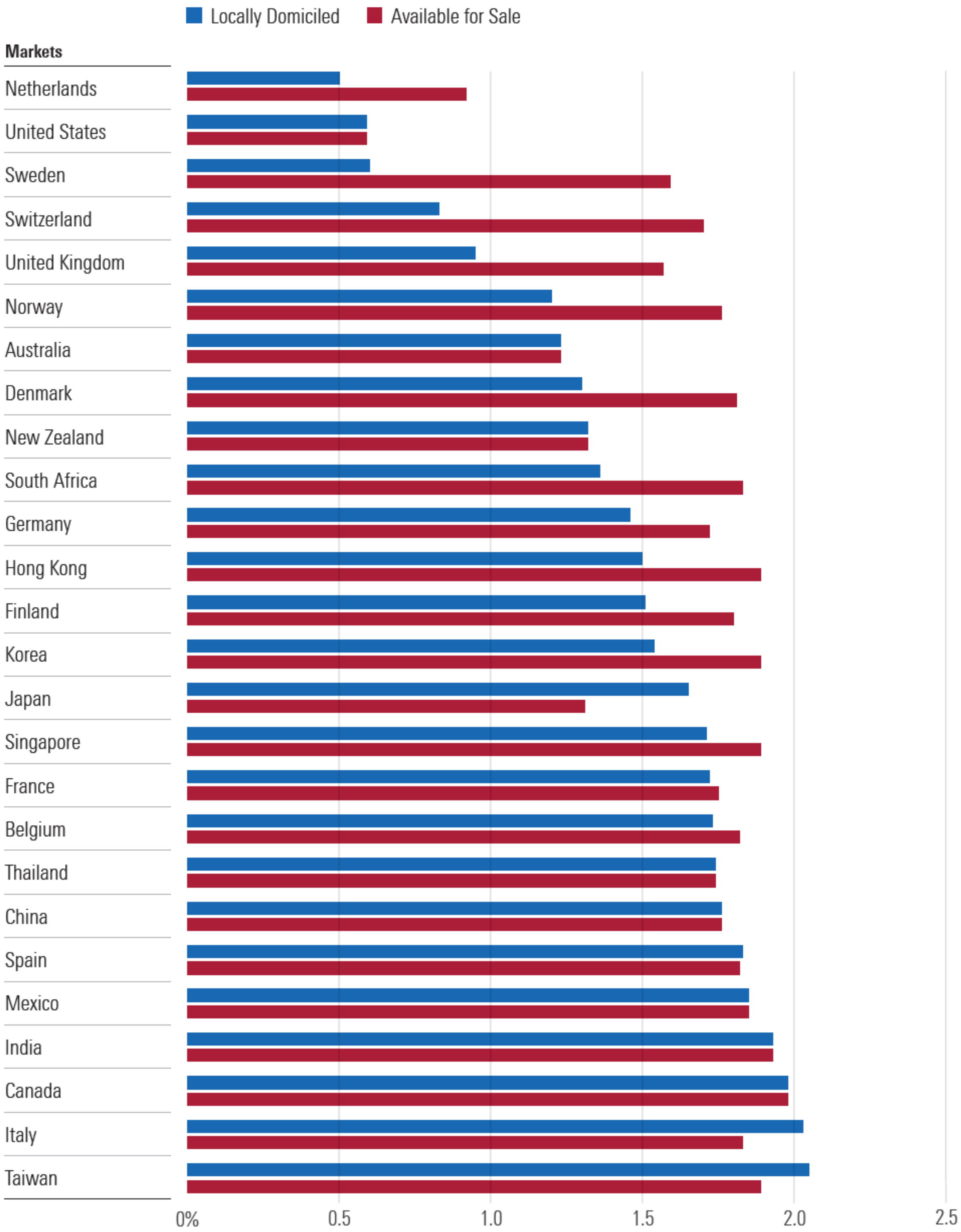
Asset-Weighted Median Expense Ratios for Allocation Funds



Source: Morningstar Inc., 2019

Appendix 2

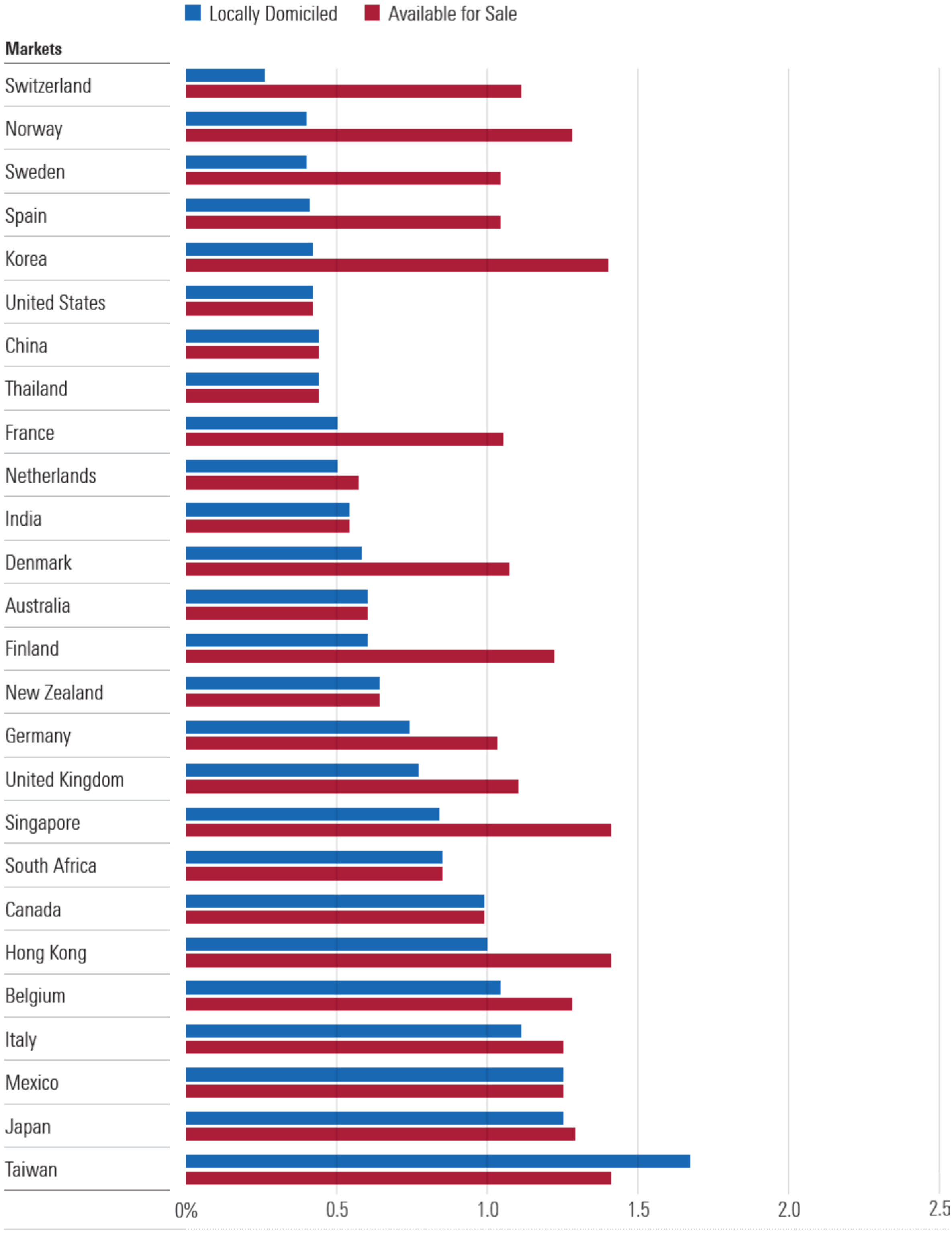
Asset-Weighted Median Expense Ratios for Equity Funds



Source: Morningstar Inc., 2019

Appendix 3

Asset-Weighted Median Expense Ratios for Fixed Income Funds



Source: Morningstar Inc., 2019

Appendix 4

Key Learning Outcomes and Indicative Content: Core and Specialist Standards to meet FCA Accreditation RequirementsAPEX24 RDR Core – Retail Investment Advice – Financial Services, Regulation and Ethics

Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The UK financial services industry and its European and global context	U1.1 Purpose and structure of the UK and international markets, key participants U1.2 Impact of the EU on UK regulation U1.3 Role of government – economic and industrial policy, regulation, taxation and social welfare U1.4 Function and operation of financial services within the wider economy U1.5 Main types and impact of financial crime
	U2. How the retail consumer is served by the financial services industry	U2.1 Obligations towards consumers and their perception of financial services U2.2 Consumers' main financial needs and how they are prioritised U2.3 How these needs are met
	U3. Legal concepts and considerations relevant to financial	U3.1 Legal persons and powers of attorney U3.2 Basic law of contract and agency U3.3 Ownership of property U3.4 Insolvency and bankruptcy U3.5 Wills and intestacy U3.6 Use of trusts: U3.6.1 Main types of trusts and their uses U3.6.2 How to create and administer for holding life policies and investments
	U4. The regulation of financial services	U4.1 Financial Services and Market Act (FSMA) 2000, other relevant legislation U4.2 The role of EU legislation and Directives U4.3 Roles of the Financial Conduct Authority (FCA)/Prudential Regulation Authority (PRA), HM Treasury and the Bank of England – market regulation U4.4 Roles of other regulating bodies such as the Competition and Markets Authority (CMA), the Pensions Regulator, the Information Commissioner's Office, Payment Systems Regulator (PSR) U4.5 Additional oversight – senior management, trustees, auditors, external compliance support services

	U5. The FCA/PRA's responsibilities and approach to regulation	U5.1 Statutory objectives of the regulators and how FCA is structured to achieve these: U5.1.1 Powers, activities operational objectives of the FCA and the PRA U5.1.2 Financial stability, conduct and prudential regulation U5.1.3 Powers to deal with financial crime U5.1.4 Consumer protection U5.2 The FCA handbook – the main principles and rules: U5.2.1 High level standards U5.2.1a Training and competence and qualifications U5.2.2 Prudential standards
U Demonstrate an understanding of:		U5.2.3 Business standards U5.2.3a Conduct of Business (COBS) U5.2.3b Rules for dealing with client assets (CASS) U5.2.3c Market conduct code (MAR) U5.2.3d Business promotions U5.2.4 Regulatory processes: Authorisation, supervision, appointed representatives and senior managers/certificated persons under the approved persons (APER) or Code of Conduct (COCON), as appropriate U5.3 Risk based supervision, discipline and enforcement, sanctions to deal with criminal activities, rules, guidance and communications
	U6. The range of skills required when advising clients	U6.1 Communicating clearly, assessing and adapting to the differing capabilities of clients U6.2 Gathering information, assessment and analysis of client's needs, goals and circumstances, reaching conclusions and making appropriate recommendations U6.3 Dealing with insistent clients
	U7. The FCA's use of principles and outcomes based regulation to promote ethical and fair outcomes	U7.1 The principles for businesses and the obligations these place on firms U7.2 Corporate culture and leadership U7.3 The responsibilities that rest with approved persons and the need for integrity, competence and fair outcomes for clients, including dealing with conflicts of interest
	U8. The fundamental principles of ethical behaviour and professional ethics	U8.1 Core ethical theories, principles and values U8.2 The nature of professionalism U8.3 The relationship between ethical principles, the development of regulatory standards and professional codes of conduct

A Demonstrate an ability to apply:	A1. The principles and rules as set out in the regulatory framework	A1.1 Regulated activities and authorisation requirements A1.2 Approved persons and controlled function responsibilities A1.3 Record keeping, reporting and notification requirements A1.4 Professionalism and the training and competence requirements A1.5 Anti-money laundering and proceeds of crime obligations A1.6 Data protection including data security A1.7 Complaints procedures and responsibilities to customers A1.8 The Financial Ombudsman Service (FOS) A1.9 The Financial Services Compensation Scheme (FSCS) A1.10 Treating Customers Fairly and conduct risk
	A2. The regulatory advice framework in practice for the consumer	A2.1 Client relationships and adviser responsibilities: A2.1.1 Types of clients A2.1.2 Fiduciary relationship – duty of care, confidentiality, primacy of clients' interests A2.1.3 Clarity of service provision and charges, status disclosure including terms of business and client agreements, execution only, insistent clients A2.1.4 Adviser charging rules A2.1.5 Limitations to adviser's own authority or expertise, referrals to and relationships with relevant specialists A2.1.6 Clients' cancellation rights A2.1.7 Vulnerable clients A2.2 Regulated advice standards A2.3 Monitoring and reviewing client's plans, circumstances and taking account of relevant changes A2.4 Due diligence on products/tools
A Demonstrate an ability to apply:	A3. Professional values and ethical judgements in all aspects of working life	A3.1 An over-arching Code of Ethics or conduct, and act in accordance with (A3.2) the professional principles and values on which the Code is based A3.3 Identifying ethical dilemmas A3.4 The steps involved in managing and resolving ethical dilemmas, including the application of behaviours that reflect professional integrity

As Demonstrate an ability to evaluate	As1. The outcomes that distinguish between ethical and compliance driven behaviours, and the impact of ethics on a firm's culture	As1.1 The differences between ethical values, qualities and behaviours in professional practice contrasted with unethical or unprofessional practice. As1.2 The outcomes which may result from behaving ethically and unethically – for the industry, the firm, individual advisors and consumers As1.3 The outcomes which may result from limiting behaviour to compliance with the rules – for the industry, firm, individual advisors and consumers As1.4 The impact on the culture of a firm when applying an ethical approach and acting with integrity within an organisation or team environment
APEX25 RDR Core – Retail Investment Advice – Investment Principles and Risk		
Attainment Level	**Outcome**	**Indicative Content**
U Demonstrate an understanding of:	U1. The macro-economic environment and its impact on asset classes	U1.1 Main long term UK and global socio-economic trends U1.2 Overview of world economies and globalisation of markets U1.3 Economic and financial cycles – predictability, regional economy differences U1.4 The key economic indicators –and their interpretation U1.5 Impact of monetary and fiscal policy U1.6 Relevance of money, inflation, deflation, disinflation, interest rates and exchange rates U1.7 Balance of payments and international capital flows U1.8 The role of financial investment in the economy
	U2. The merits and limitations of the main investment theories	U2.1 Key features of the main investment theories: U2.1.1 Modern portfolio theory U2.1.2 Multi factor model for equity and fixed income U2.1.3 Efficient market hypothesis U2.1.4 Capital asset pricing model (CAPM) U2.2 Portfolio theory, diversification and hedging U2.2.1 Correlation between asset classes U2.2.2 Total return and an awareness of beta and alpha U2.2.3 Risk adjusted returns U2.3 Behavioural finance – market and individual behaviours

	U3. The principles of investment planning	U3.1 Asset allocation U3.1.1 Stochastic modelling U3.1.2 Strategic and tactical asset allocation U3.2 Portfolio construction: U3.2.1 Asset classes U3.2.2 Stock and fund selection U3.2.3 Diversification by sector, geographical area and currency U3.2.4 Main fund management strategies and styles U3.2.5 Costs, charges, their impact on portfolio performance and how they are calculated – annual management charge (AMC), total expense ratios (TERs) and on-going charges for funds (OCF) U3.2.6 Selection of products, tax wrapper and services U3.2.7 Socially responsible investments and ethical investment selection U3.2.8 Provider selection and due diligence U3.2.9 Recommendations and suitability U3.2.10 Active and passive management U3.2.11 Advisory and discretionary management issues, bespoke and centralised investment propositions
An Demonstrate an ability to analyse:	An1. The main features and costs, inherent risks, behaviour	An1.1 Cash and cash equivalents: An1.1.1 Main types, costs and charges An1.2 Debt securities An1.3 Equities
	and correlation of asset classes	An1.4 Property An1.5 Alternative investments An1.6 Pricing, liquidity, fair value and non-mainstream investments An1.7 Correlation of asset classes and its – relevance to asset allocation
	An2. The characteristics, inherent risks, behaviours and relevant tax treatments of investment products	An2.1 Advantages and disadvantages of direct investment in securities and assets compared to indirect investment through collectives and other products and their tax treatment An2.2 Main types and use of indirect investment products and the taxation of investments: An2.2.1 Investment tax wrappers, structures and types: An2.2.2 Derivatives: An2.2.2a Basic structure, main types and uses An2.2.3 Investment strategy based products: An2.2.3a Hedge funds and funds of hedge funds An2.2.3b Absolute return funds An2.2.3c Structured products – income and capital growth, structure and analysis An2.2.3d With profit funds – main principles An2.2.4 Structured deposit

	An3. The performance of investments	An3.1 Portfolio performance: An3.1.1 Methods of evaluating portfolio performance An3.1.2 Selection and use of benchmarks An3.1.3 New money and timing factors An3.2 Portfolio review and administration: An3.2.1 Changes in client circumstances An3.2.2 Changes in financial environment An3.2.3 Review of risk adjusted portfolio performance objectives An3.2.4 Availability of new products and services An3.2.5 Maintenance of products and services An3.2.6 Use of external services/benchmarking An3.2.7 Rebalancing
An Demonstrate an ability to analyse and explain:	An4. The nature and impact of the main types of risk on investment performance	An4.1 Liquidity and access An4.2 Income and capital growth, including shortfall risk An4.3 Short term volatility and its impact on performance An4.4 Long term performance, drawdown, sequencing risk An4.5 Gearing/leverage An4.6 Currency An4.7 Inflation An4.8 Interest rates An4.9 Systematic and non-systematic risk
A Demonstrate an ability to apply:	A1. The principles of the time value of money	A1.1 Compound interest and discounting A1.2 Real returns and nominal returns
	A2. The investment advice process	A2.1 Know your client requirements: A2.1.1 Explain the investment advice process A2.1.2 Establish client relationships, capability and
		circumstances including assets and debts A2.1.3 Agree and prioritise needs, objectives and wants A2.1.4 Agree investment objectives, growth, income, time horizons, debt and credit management and repayment A2.1.5 Assess and agree risk profile – objective and subjective factors, capacity for loss and risk tolerance A2.1.6 Assess affordability and other suitability considerations, ethical, social responsibility and religious preferences A2.1.7 Agree strategy and rationale to achieve the objectives A2.1.8 Agree benchmark/performance measures and review process A2.1.9 Treatment of vulnerable persons A2.2 Asset allocation: A2.2.1 Alignment with client risk profile and requirements A2.2.2 Diversification and correlation benefits A2.2.3 Accumulation and decumulation

APEX26 RDR Core – Retail Investment Advice – Financial Protection		
Attainment Level	**Outcome**	**Indicative Content**
Demonstrate an understanding of:	U1. The consumer and retail market factors and trends relevant to financial protection	U1.1 The role of insurance and assurance in mitigating personal financial risk U1.2 Consumer attitudes and behaviours to protection needs planning U1.3 Trends: U1.3.1 Health and morbidity U1.3.2 Longevity and mortality U1.3.3 Employment U1.3.4 Product design and development U1.3.5 Access to advice and/or insurance cover U1.4 Identifying the priorities, risks and choices U1.4.1 Consequences of inadequate protection
	U2. The areas of need for protection planning and the main sources of financial protection	U2.1 Personal and family income and capital protection needs: U2.1.1 Health, incapacity, accident U2.1.2 Income, mortgage and other debt U2.1.3 Death, asset protection U2.2 The relationship between insurance and assets and liabilities U2.3 Business protection needs – Small & Medium Enterprises (SMEs) U2.4 Sources of financial protection: U2.4.1 State U2.4.2 Employer – individual, group schemes U2.4.3 Life assurance and pension policies U2.4.4 Health and other insurance products U2.4.5 Asset protection – general insurance
	U3. The role and limitations of State Benefits and state/local authority funded solutions for financial protection	U3.1 Range and limitations of benefits U3.2 Mortgage repayment support U3.3 Considerations and impact on financial planning
	U4. The range, structure and application of life assurance and pension based policies to meet financial protection needs	U4.1 Types of policies, comparative costs, benefits and disadvantages U4.2 Cost and premium calculation factors U4.3 Legal requirements, ownership, uses and relevance of trusts U4.4 Underwriting U4.5 Terminal illness benefit and other additional benefits U4.6 Assignments, surrenders, paid-up policies, claims
	U5. The taxation treatment of life assurance and pension based protection policies	U5.1 Qualifying and non-qualifying policies, offshore policies U5.2 Taxation of life funds, onshore and offshore U5.3 Capital Gains Tax (CGT) and life assurance policies U5.4 Inheritance Tax (IHT) and life assurance

	U6. The range, structure and application of income protection insurance and options to meet financial protection needs	U6.1 Types of policies, features and uses, comparative costs, benefits and disadvantages U6.2 Definitions, exclusions, premium calculation factors U6.3 Underwriting U6.4 Claims U6.5 Taxation treatment U6.6 Group policies
	U7. The range, structure and application of critical illness insurance to meet financial protection needs	U7.1 Types of policies, structure, comparative costs, benefits and disadvantages U7.2 Market developments for critical illness insurance U7.3 Definitions, conditions, exclusions U7.4 Term and amount of cover – factors, assessment U7.5 Premium calculation factors U7.6 Underwriting U7.7 Claims U7.8 Taxation treatment, use of trusts U7.9 Group policies
	U8. The range, structure and application of long term care insurance to meet financial protection needs	U8.1 Regulatory considerations U8.2 Political environment, social care policy, national factors U8.3 Main product types and features U8.4 Long term care planning: U8.4.1 Cost and other factors, options and choices U8.4.2 Available resources, impact and consequences U8.4.3 Immediate needs provision U8.4.4 Future needs planning U8.4.5 Legal considerations, power of attorney U8.5 Vulnerable clients
	U9. The main features of other insurance based protection policies	U9.1 Personal accident, sickness insurance, accident sickness and unemployment U9.2 Private medical insurance, hospital plans, dental insurance U9.3 Payment protection insurance – mortgages, credit

As Demonstrate an ability to evaluate	As1. The key considerations for financial protection and the relevant factors in selecting appropriate solutions	As1.1 Identifying the priorities, risks and choices As1.1.1 Consequences of inadequate protection As1.2 Assessing and quantifying current and future capital and income needs in real terms As1.2.1 Family and personal protection As1.2.2 SME business protection needs – business loans, keyperson and shareholder protection As1.2.3 Existing arrangements As1.3 Determining suitability of product types and options As1.3.1 Comparing similar types of products As1.3.2 Identifying and matching suitable product solutions to needs As1.3.3 Combinations of products As1.3.4 Current and future affordability As1.4 Other planning considerations: As1.4.1 Co-habitation, marriage, civil partnerships, birth of child
		As1.4.2 Property purchase As1.4.3 Separation and divorce As1.4.4 Work, going overseas, retirement As1.4.5 The suitability of trusts As1.4.6 Wills As1.5 Importance of regular reviews

APEX27 RDR Core - Retail Investment Advice – Personal Taxation		
Attainment Level	**Outcome**	**Indicative Content**
U Demonstrate an understanding of:	U1. The UK tax system as relevant to the needs and circumstances of individuals and trusts	U1.1 Income tax – types of income, liability, allowances, reliefs, rates, priorities for taxing income, income of trusts and beneficiaries U1.2 National Insurance Contributions (NICs) – liability for employers, employees, self- employed contribution levels, voluntary NICs U1.3 Capital Gains Tax (CGT) – liability, rates, disposals, gains and losses, reliefs and exemptions, capital gains of trusts U1.4 Inheritance Tax (IHT) – liability, transfers, nil rate bands, rates, reliefs and exemptions, assets held in trusts, transfers to and from trusts U1.5 Residence and domicile – main rules, impact on liability to income tax, CGT and IHT U1.6 UK tax compliance – self assessment, Pay As You Earn (PAYE), reporting and tax returns, tax payments, tax evasion and avoidance issues U1.7 Property and securities transaction taxes – transactions subject to tax, rates of tax, main reliefs U1.8 Outline of Value Added Tax (VAT) and Corporation Tax

An Demonstrate an ability to analyse:	An1. The taxation of investments as relevant to the needs and circumstances of individuals and trusts	An1.1 Direct investments – cash and cash equivalents, fixed interest securities, dividend income from equity investment and rental income from property An1.2 Indirect investments: An1.2.1 Pension schemes An1.2.2 Individual Savings Accounts (ISAs) An1.2.3 Onshore and offshore collectives and investment companies An1.2.4 Onshore and offshore life assurance policies An1.2.5 Real Estate Investment Trusts (REITs) and other investment funds An1.2.6 Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EISs)/ Seed Enterprise Investment Schemes (SEISs), Business Property Relief Investment, Social Impact Tax Relief investments – basic outline
	An2. The role and relevance of tax in the financial affairs of individuals and trusts	An2.1 The impact of taxes on investments of individuals and trusts An2.2 Key principles of income and capital gains tax planning – use of income tax reliefs and basic rate bands, planning for spouses, civil partners, children and other family members, pension contributions, ISA allowances, use of the main CGT exemptions and reliefs An2.3 The main uses of lifetime gifts and trusts in basic IHT mitigation An2.4 Wills, will trusts and intestacy
A Demonstrate an ability to apply:	A1. The knowledge of personal taxation to the provision of investment advice	A1.1 To carry out computations on the most common elements of income tax and NICs; CGT; IHT including the impact of lifetime transfers and transfers at death A1.2 To make fundamental tax planning recommendations in the context of investment advice

APEX28 RDR Specialist Standards (Application Standards – Retail Investment Products)		
Attainment Level	**Outcome**	**Assessment**
Candidates should be able to:	U1. Obtain and provide relevant client information and understand clients' needs, wants, values and risk profile essential to the financial planning process	A1 Identify and use relevant understanding, methods and skills to address problems that are complex and non- routine while normally fairly well defined A2 Take responsibility for overall courses of action as well as exercise autonomy and judgement Initiate and use appropriate investigation to inform actions A3 Analyse, interpret and evaluate relevant information and ideas A4 Review the effectiveness and appropriateness of methods, actions and results A5

APEX29 RDR Specialist Standards - Retail Investment Products (Pensions and Retirement Planning)

Attainment Level	**Outcome**	**Indicative Content**	
U Demonstrate an understanding of:	U1. The political, economic and social environment factors which provide the context for pensions planning	U1.1 U1.2 U1.3 U1.4	Role of government, policy directions, challenges Demographic trends, longevity and ageing population Registered pensions, main types of pension provision Incentives, disincentives, attitudes to saving and financial and economic factors and influences
	U2 The fundamental principles of auto enrolment	U2.1 U2.2 U2.3 U2.4	Employers' duties with respect to auto-enrolment Assessing and enrolling staff, and opting out issues Contributions and payroll issues Default and deferring issues
	U3. How the HMRC tax regime applies to pensions planning	U3.1 U3.2 U3.3 U3.4 U3.5 U3.6	Contributions to registered pension schemes, tax relief Tax treatment of pension scheme investment funds Tax treatment of death benefits Choices about drawing retirement benefits Outline of the annual allowances, lifetime allowance, transitional protections, money purchase annual allowance, and other limitations on tax relief Tax treatment of non-registered pensions in outline
	U4. The relevant aspects of pensions law and regulation to pensions planning and disclosure requirements	U4.1 U4.2 U4.3 U4.4 U4.5 U4.6 U4.7 U4.8	The Pensions Regulator's compliance requirements Pension protection schemes Legal bases of contract based and trust based DC pension Role and duties of trustees, administrators and other professional advisors of DC/DB pensions Pensions, divorce and breakdown of family relationships Employment law relevant to pensions Bankruptcy law and pension assets Scams and mis-selling issues

	U5. The structure, relevance and application of the State schemes to an individual's pension planning	U5.1 State retirement benefits: structures, state retirement ages (SRA), levels of benefit, link to national insurance contribution records and SRA U5.2 Pension Credit framework U5.3 Other relevant state benefits entitlements
	U6. The structure, characteristics	U6.1 Main attributes and benefits of DB pension provision U6.2 Main types, variations and hybrid arrangements
U Demonstrate an understanding of:	and application of defined benefit schemes to an individual's pension planning	U6.3 Rules and operation of DB schemes U6.4 Funding methods and issues U6.5 The impact of employer covenants U6.6 Roles of trustees and other parties, and scheme reporting U6.7 Factors to consider and benefits on leaving, transfers DB to DB and DB to DC, early and normal retirement U6.8 Benefits on ill health and death U6.9 Membership eligibility criteria and top-up options U6.10 Transfer issues, considerations and safeguarding rights U6.11 Private and public sector schemes
An Demonstrate an ability to analyse:	An1. Understand the main DC pension accumulation options	An1.1 Main types of DC pensions An1.2 main differences between contract-based and trust- based DC pension arrangements An1.3 Main features, costs and benefits of DC pensions arrangements An1.4 Employer, employee and other individual pension contributions - the main methods and issues An1.5 Switching between DC pension arrangements, safeguarded benefits and pension consolidation An1.6 Death and sickness benefits - options and procedures An1.7 Investment choices and restrictions
	An2. Understand the main DC pension decumulation rules and options	An2.1 Rules for drawing income and lump sums death benefits and survivor benefits for: An2.1.1 Annuity purchase An2.1.2 Flexi-access drawdown An2.1.3 Uncrystallised funds pension lump sum (UFPLS) An2.1.4 Drawing the whole pension fund as cash An2.1.5 Small Pots/Trivial commutation rules An2.1.6 Deferral of drawing pension benefits
A Demonstrate an ability to evaluate:	A1. Analyse the main accumulation and decumulation choices using DC pensions	These standards build on the content outlined in the Investment Principles and Risk core unit and assume achievement of the learning outcomes. A1.1 Assessing and quantifying clients' aims and objectives for accumulation A1.1.1 Quantifying future retirement needs and wants

		in relation to savings priorities and Investment risks and returns A1.1.2 Affordability and prioritisation of savings for retirement for clients at different life stages A1.1.3 Time horizons in planning accumulation and their implications A1.1.4 Limits on tax relieved contributions and their impact on accumulation methods A1.1.5 Pensions as part of retirement savings A1.2 Investments available for accumulation for retirement A1.2.1 Suitability and risk issues A1.2.2 Level of funds and rates of return assumed and needed A1.2.3 The impact of costs on long term returns A1.2.4 The relationship between pension and non-pension investments A1.2.5 Investment strategies for accumulation at different life stages A1.3 Key factors in assessing decumulation options: A1.3.1 Patterns of stopping work A1.3.2 Longevity assumptions in financial planning A1.3.3 Spending patterns at different stages of retirement and the use of long term cash flow analysis A1.3.4 The impact of health and long term care issues A1.3.5 Pensions and estate planning issues A1.4 Key considerations on pension investments available for drawdown: A1.4.1 Immediate and long term income needs for investors, their families and dependants A1.4.2 Investment strategies and issues in relation to clients' goals and risk profiles A1.4.3 Importance of both pension and non-pension investments available to fund retirement and later life planning A1.4.4 Suitability and risk issues: sequencing risk and reverse pound cost averaging A1.4.5 Rates of investment return and costs

APEX30 Specialist Standards – Retail Investment Advice (Derivatives including Application Standards)		
Attainment Level	**Outcome**	**Indicative Content**
U Demonstrate an understanding of:	U1. The derivatives market structure, features, regulatory and trading environment	U1.1 Role, structure and regulation of global derivatives markets: U1.1.1 Role of regulators, other supervisory bodies U1.2 Range of derivative instruments and typical risks: U1.2.1 Financial derivatives U1.2.2 Commodity derivatives U1.2.3 Property derivatives U1.2.4 Exotic derivatives U1.3 Market terminology U1.4 Key market participants and roles U1.5 Exchange trading and over-the-counter (OTC) trading – main features U1.5.1 Standard and bespoke U1.5.2 Maturity, expiry, margin, collateral, liquidity U1.5.3 Transparency and confidentiality U1.5.4 Trading mechanisms U1.5.5 Counterparties U1.5.6 Documentation U1.6 Central counterparty (CCP) clearing of OTC transactions, clearing and settlement
	U2. The principles, components, characteristics and risks of derivatives	U2.1 Relationships to underlying U2.2 Physically settled versus cash settled U2.3 General pricing principles – futures, options U2.4 Risks of derivatives U2.4.1 Legal U2.4.2 Counterparty U2.4.3 Settlement and dealing risks U2.4.4 Market and other risks associated with derivative investing
	U3. The market environment, product types and characteristics of exchange traded derivatives	U3.1 Main products: U3.1.1 Futures U3.1.2 Options U3.1.3 ETFs U3.2 Main UK and international exchanges U3.3 Trading platforms: U3.3.1 Mechanisms and procedures U3.4 Wholesale trading facilities: U3.4.1 Significance and uses U3.5 Clearing mechanisms and processes

	U4. The pricing, trading and market practice of exchange traded derivatives	U4.1 Calculation of profit/loss on delivery or expiry – futures and options U4.2 Mechanisms for future pricing: U4.2.1 Factors influencing pricing U4.2.2 Bases for calculation U4.3 Mechanisms of options pricing U4.3.1 Factors influencing pricing and premiums U4.3.2 Bases for calculation U4.4 Price discovery for commodities U4.5 Market transparency, reporting and monitoring U4.6 Order/instruction flow and order type U4.7 Input and matching, trade registration processes
	U5. The main	U5.1 Forwards and forward rate agreements (FRAs)
	types and characteristics of OTC traded derivatives	U5.2 OTC option products U5.3 Contracts for difference U5.4 Swaps: U5.5 Credit derivatives U5.6 Structured products U5.7 OTC trade capture, confirmation and clearing mechanisms
	U6. Clearing, margin, settlement, exercise and delivery of both exchange traded and OTC derivatives	U6.1 Definition and purpose of clearing: U6.1.1 Roles and relationships U6.1.2 Risks and guarantees U6.1.3 Central counterparty clearing U6.2 Purpose, types and application of margin: U6.2.1 Parties involved U6.2.2 Processing, collection and payment U6.2.3 Pricing factors and calculation U6.3 Purpose, types and application of collateral U6.4 Delivery and settlement U6.5 Exercise of options, assignment of obligations, abandonment and expiry
A Demonstrate an ability to evaluate:	A1. The purpose, merits, limitations and risks of the main derivatives strategies for trading, hedging and investment relevant to client investment activity	A1.1 Trading and speculation A1.2 Hedging: A1.2.1 Options strategies A1.2.2 Futures strategies A1.3 Using derivatives, including use of synthetics: A1.3.1 Portfolio hedging A1.3.2 Portfolio yield enhancement A1.3.3 Structured products, funds, ETPs and ETFs

An Demonstrate an ability to apply:	An1. The relevant factors and considerations to provide suitable investment advice	These standards include the requirement to COMBINE and APPLY the learning content from all units of the Appropriate Exam. An1.1 Obtain the range of client information and subjective factors to understand their needs, wants, values and risk profile essential to planning An1.2 Synthesise client and relevant market information to provide the basis for assumptions and decisions An1.3 Analyse the advantages and disadvantages of the appropriate strategies An1.4 Select, recommend, explain and justify, and transact: An1.4.1 Sources and use of research and other information An1.5 Holding derivatives within an investment portfolio: An1.5.1 Direct holdings, indirect holdings and combinations, collective investments and structured products An1.5.2 Rationale, advantages and disadvantages An1.5.3 Impact on overall client objectives and priorities An1.5.4 Main factors to consider when holding both
		securities and derivatives within the portfolio A1.5.5 Asset allocation factors and relationship to overall portfolio A1.5.6 Matching to client risk appetite and trade-offs A1.7 Comply with advice and dealing regulations specific to derivatives – COBS A1.8 Client reporting requirements A1.9 Communication, monitoring, review and maintenance of the portfolio to achieve the client's objectives, deal with change and respond to setbacks

APEX31 RDR Specialist Standards – Retail Investment Advice (Securities including Application Standards)		
Attainment Level	**Outcome**	**Indicative Content**
U Demonstrate an understanding of:	U1. The securities market structure, features, regulatory and trading environment	U1.1 Role, structure and regulation of global securities markets: U1.1.1 Primary, secondary and dual listing U1.1.2 Exchange trading and over-the-counter (OTC) trading U1.1.3 Role of regulators, other supervisory bodies U1.2 Market participants and roles U1.3 Domestic markets: U1.3.1 Issuing, listing, quotation, admission to market: U1.3.1a UK Listing Authority U1.3.1b ICAP Securities and Derivatives Exchange (ISDX) U1.3.1c AIM market U1.3.1d Issuing securities without a prospectus U1.3.2 Markets for trading: U1.3.2a Equities U1.3.2b Government bonds U1.3.2c Corporate bonds U1.3.3 Other trading venues: U1.3.3a Multilateral Trading Facilities (MTFs) and Organised Trading Facilities (OTFs) U1.3.3b Systematic internalisers U1.3.3c Dark pools U1.4 International markets: U1.4.1 Developed markets U1.4.2 Emerging markets U1.4.3 Foreign exchange market U1.4.4 Structure and access considerations
	U2. Clearing, settlement and custody principles and practice relevant to client investment activity	U2.1 Clearing and central counterparty – RSP model – UK process, duties, risks U2.2 Settlement: U2.2.1 UK process U2.2.2 International Central Securities Depositories (CSDs) U2.2.3 CREST – stock lending U2.3 Custody of assets, client money and stock lending U2.4 Relevance and impact of corporate actions
As Demonstrate an ability to assess:	As1. The key factors that influence market behaviour relevant to investment securities markets	As1.1 Factors that influence market and individual security movements in the short and long term: As1.2 Information and disclosure: As1.2.1 Issuer reporting and announcements, corporate Actions As1.2.2 Transparency obligations – transaction reporting, share ownership and disclosure, short selling As1.2.3 Impact on securities pricing As1.2.4 Market data convention

An Demonstrate an ability to analyse:	An1. The characteristics, features, behaviours and risks of securities in the context of the market for these products	An1.1 Equities: An1.1.1 Share classes An1.1.2 American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) An1.1.3 Comparative valuation measures and relevance An1.2 Debt securities: An1.2.1 Domestic and international government securities An1.2.2 Corporate debt securities An1.2.3 Duration, interest rate movements, price/yield Relationship An1.2.4 Credit ratings, creditor rankings An1.3 Derivative An1.4 Collectives An1.4.1 Open and closed ended An1.4.2 Asset value, pricing and gearing An1.4.3 Asset cover, redemption yields An1.4.4 Investment management styles and funded selection An1.4.5 Passported products An1.5 Exchange traded products, regulated and unregulated products and structured products An1.6 Cash and cash equivalents An1.7 Foreign exchange
A Demonstrate an ability to apply:	A1. Dealing principles and practice relevant to client investment activity	A1.1 Dealing – markets, rules and principles and market abuse A1.2 International markets principles and practice
	A2. The relevant factors and considerations to decide applicable to suitable investment advice	These standards include the requirement to COMBINE and APPLY the learning content from all units of the Appropriate Exam. A2.1 Obtain the range of client information and subjective factors to understand their needs, wants, values and risk profile essential to planning A2.2 Synthesise client and relevant market information to provide the basis for assumptions and decisions A2.3 Analyse the advantages and disadvantages of the appropriate options A2.4 Select, recommend, explain and justify, and transact A2.4.1 Sources and use of research and other information A2.5 Holding securities within an investment portfolio: A2.5. Direct holdings, indirect holdings and combinations A2.5.2 Role of derivative substitutes A2.5.3 Rationale, advantages and disadvantages A2.5.4 Impact on overall client objectives and priorities A2.5.5 Asset allocation factors and relationship to overall portfolio

		A2.5.6 Matching to client risk appetite A2.6 Take account of relevant tax and costs considerations A2.7 Comply with advice and dealing regulations specific to securities – COBS A2.8 Client reporting requirements A2.9 Communication, monitoring, review and maintenance of the portfolio to achieve the client's objectives, deal with change and respond to setbacks

Extracted from:
FCA, PS17/11* Review of the FCA's appropriate qualification exam standards, 9 May 2017, https://www.fca.org.uk/publication/policy/ps17-11.pdf

Appendix 5

Senior Designations Table (as at 2013) – United States of America

Designation		Required coursework	Accreditation	Online methods to check any designee's status and submit complaints	Website discloses disciplinary procedures for designee misconduct
Accredited Estate Planner	AEP	Two graduate level courses as components of masters of doctorate program	Regionally accredited curriculum	Online	Yes
Accredited Pension Administrator	APA	Four self-study courses	Not accredited	No	No
Accredited Pension Representative	APR	Four self-study courses	Not accredited	No	No
Accredited Retirement Advisor	ARA	None (Optional online study guide is available)	Not accredited	No	No
Accredited Retirement Plan Consultant	ARPC	None (Optional online study guide is available)	Nationally accredited (NCCA)	No	No
Accredited Retirement Plan Specialist	ARPS	None (Optional online study guide available)	Not accredited	No	No
Board Certified in Estate Planning	BCE	Now the "CES" designation, but still honoured by conferring organisation			
Certified 401(k) Professional	C(k)P	Three levels of coursework with online and classroom options	Curriculum offered at regionally accredited institution	No	No
Certified Asset	CAPP	24 hours of classroom or	Not accredited	No	No

Protection Planner		online study			
Certified Estate and Trust Specialist (formerly Board Certified in Estate Planning)	CES	Six self-study modules	Not accredited	No	No
Certified Estate Planning	CEP	Five to six-month average combine study of eight modules (Online and classroom)	Not accredited	Online	Yes
Certified Financial Gerontologist	CFG	Self-study program of six courses	Not accredited	No	No
Certified Financial Planner	CFP	21 semester hours in financial planning topics	Nationally accredited	Online	Yes
Certified Healthcare Financial Professional	CHFP	None (Optional online study guide is available)	Not accredited	No	No
Certified Income Specialist	CIS	Six module self-study program to be completed within 15 weeks	Not accredited	No	No
Certified Pension Consultant	CPC	None (Candidates must pass eight exams)	Not accredited	Online	Yes
Certified Retirement Counselor	CRC	None (Self-study with optional study guides available for purchase)	Nationally accredited (NCCA)	Online	Yes
Certified Retirement Financial Advisors	CRFA	Optional four-day classroom course or self-study course	Nationally accredited (NCCA)	Online	Yes
Certified Retirement Planner	CRP	Seven units of CRP preliminary and advanced coursework and five retirement planning techniques seminars	Not accredited	No *(Online search function does not specific if it verifies total universe of*	No

				members or merely searches for listed members. Does not indicate whether members are identified as in good standing)	
Certified Retirement Services Professional	CRSP	Institute of Certified Bankers – approved employee benefit/retirement services training program (This condition is waived if the candidate has five or more years of experience in ERISA and IRS code/Regulations)	Not accredited	No	No
Certified Senior Advisor	CSA	CSA Training course, plus one class from approved list of pre-requisites	Nationally accredited (NCCA)	Online	Yes
Certified Specialist in Estate Planning	CSEP	Six core and two elective self-study courses	Not accredited	No	Yes
Certified Specialist in Retirement Planning	CSRP	Five Core and two elective courses	Not accredited	No	Yes
Certified Wealth Preservation Planner	CWPP	2 hours of classroom or online study	Not accredited	No	No
Chartered Advisor for Senior Living	CASL	15 semester hours of specified coursework related to senior clients and financial planning	Regionally accredited	Online	Yes
Chartered Estate Planning Practitioner	CEPP	Three segments of self-study	Not accredited	No	No
Chartered Healthcare Consultant	CHC	Six courses, 18 semster hours	Regionally accredited	Online	Yes
Chartered Life Underwriter	CLU	Five courses, 15 semester credit hours	Regionally accredited	Online	Yes
Chartered Retirement	CRPC	Online instructor led or	Regionally	Online	Yes

Planning Counselor		self-study course. Course is equivalent of up to three undergraduate credit hours	accredited		
Chartered Retirement Plans Specialist	CRPS	Online instructor led or self-study course. Course I equivalent of up to three undergraduate credit hours	Regionally accredited	Online	Yes
Chartered Senior Financial Planner	CSFP	Three-day in-person course	Not accredited	Online and mail-in	Yes
Chartered Trust and Estate Planner	CTEP	None (Designation awarded for previously completed education)	Accredited by the Accreditation Council for Business Schools and Programs	Online	Yes
Graduate Certificate in Retirement Planning		Four self-study courses equivalent to 12 semester credit hours	Regionally accredited	Online	Yes
Master Certified Estate Planner	MCEP	Classroom or self-study course (Eight modules)	Not accredited	Online	Yes
Personal Retirement Planning Specialist	PRPS	Si weeks of self-study with 24 hours of web case recorded lectures	Not accredited	Online	Yes
PLANSPONSOR Retirement Professional	PRP	Online coursework, two-day onsite seminar and attendance at a multi-day, instructor-led training session	Not accredited	No *(Online search function does not specific if it verifies total universe of members or merely searches for listed members. Does not indicate whether members are identified as*	Yes

				in good standing)	
Professional Plan Consultant	PPC	16 hours 401 (k) training program	Instruction offered through regionally accredited Robert Morris University	No *(Online search function does not specific if it verifies total universe of members or merely searches for listed members. Does not indicate whether members are identified as in good standing)*	No
Qualified 401 (k) Administrator	QKA	None (Candidates must pass four exams)	Not accredited	Online	Yes
Qualified Financial Planner	QFP	None (Meta designation intended to reduce confusion by qualifying financial planning designations according to standards)	Not accredited	Online and mail-in	Yes
Qualified Pension Administrator	QPA	None (Candidates must pass six exams)	Not accredited	Online	Yes
Qualified Plan Financial Consultant	QPFC	None (Candidates must pass two exams)	Not accredited	Online	Yes
Registered Employee Benefits Consultant	REBC	Three required courses related to retirement planning and group benefits	Regionally accredited	Online	Yes
Registered Financial Consultant	RFC	Two self-study courses	Not accredited	No *(Online search function does not specific if it*	Yes

				verifies total universe of members or merely searches for listed members. Does not indicate whether members are identified as in good standing)	
Registered Financial Planning	RFP	None	Not accredited	No *(Online search function does not specific if it verifies total universe of members or merely searches for listed members. Does not indicate whether members are identified as in good standing)*	Yes
Registered Paraplanner	RP	Completion of an internship and 10-module course (Self-study or instructor-led)	Regionally accredited	Online	Yes
Retirement Income Certified Professional	RICP	Three courses, none semester credit hours	Regionally accredited	Online	Yes
Retirement Management Analyst	RMA	Pass a Retirement Income Industry Association Approved Education Program	Not accredited	Online	Yes
Retirement Plans Associate	RPA	Two retirement planning courses and one elective	Not accredited	No	No

* *Online search function does not specify if it verifies total universe of members or merely searches for listed members. Does not indicate whether members are identified as in good standing.*

Source: (Consumer Financial Protection Bureau 2013, pp. 58-63)