



GET IN SHAPE

WEBINAR SERIES



Navigating the education obligations

Choosing a solution that's right for you

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Agenda

- Recap: The basics
- Competency transitional relief
- Qualification or equivalency
- Qualification pathways
- CPD: What is required and how to achieve



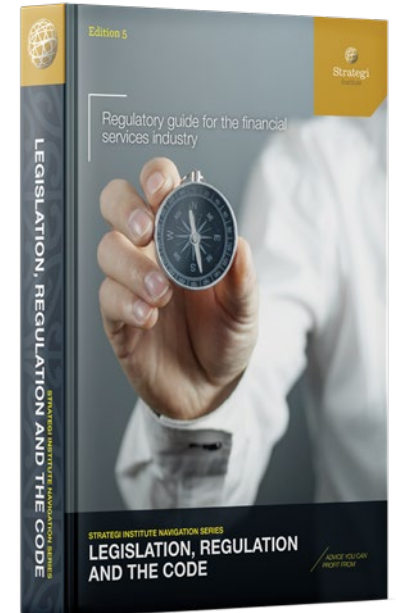
Recap: The basic requirements

The law: FMCA 2013:

- Duty to meet standards of competence, knowledge, and skill (s431I)
- Duty to exercise care, diligence, and skill (s431L)
- Duty to comply with code of conduct (s431M)

Code of Professional Conduct for Financial Advice Services:

- Standards 6-9



Recap: The Code

PART 1: ETHICAL BEHAVIOUR, CONDUCT, AND CLIENT CARE

1. Treat clients fairly
2. Act with integrity
3. Give financial advice that is suitable
4. Ensure that the client understands the financial advice
5. Protect client information

PART 2: COMPETENCE, KNOWLEDGE, AND SKILL

6. Have general competence, knowledge, and skill
7. Have particular competence, knowledge, and skill for designing an investment plan
8. Have particular competence, knowledge, and skill for product advice
9. Keep competence, knowledge, and skill up-to-date

Competency transitional relief

Applies to:

- Those on FSPR before 15 March
- The type of advice being provided BEFORE 15 March

How does it work?

Must be compliant with legs, regs, and Part 1 of the Code from 15 March 2021

Qualification or equivalency

Qualification

- Stays with the adviser (a pro AND a con)
- Provides certainty of education standard
- Cheaper option for most FAPs
- Easy to bolt on competencies as you expand your advice services
- Easier for onboarding new advisers
- Provides the base for future higher quals
- New staff may need to start from scratch

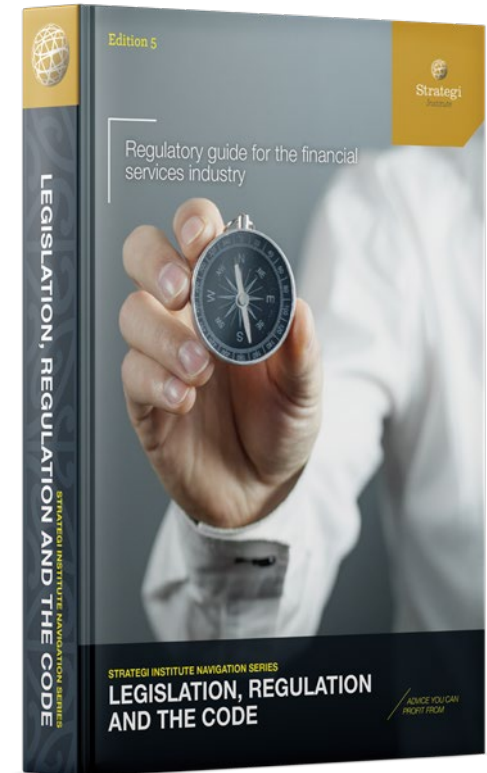
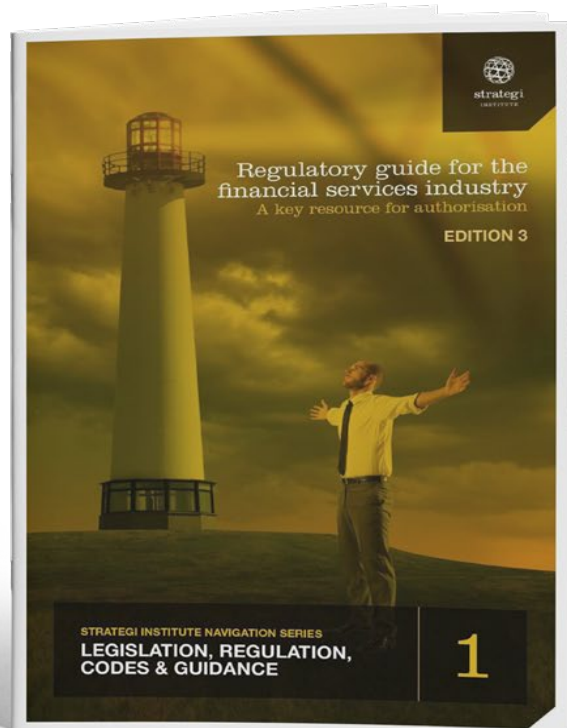
Key takeout's

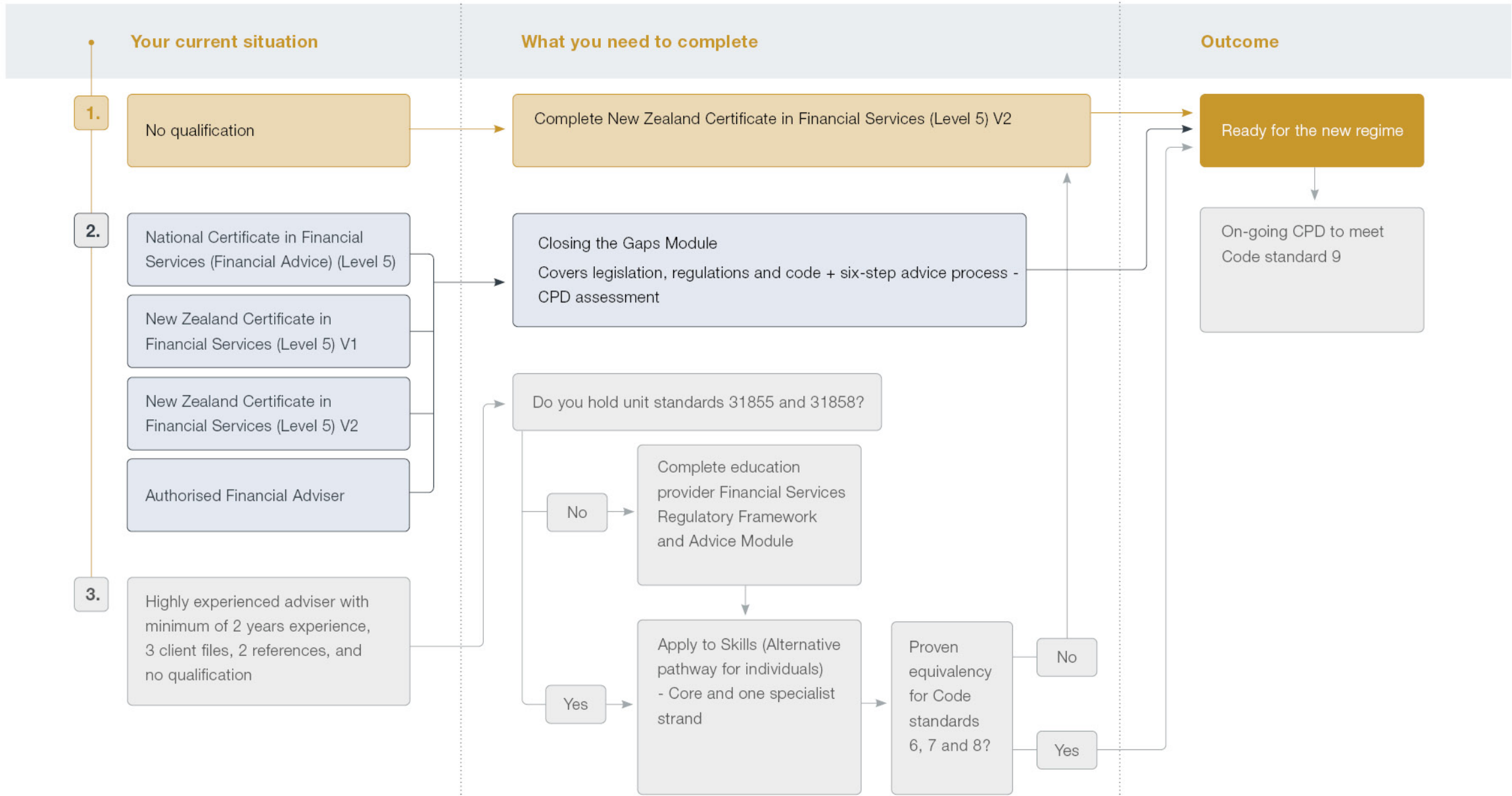
- Getting NZCFS5(V2) is the most straightforward solution for most FAPs and FAs
- Equivalency works for large FAPs with robust processes
- Quality of education provider and/or equivalency verifier is important
- Don't forget FAP-level competency

Equivalency

- Role specific - not transportable, but supports better targeting of training
- Reduces breadth of study
- Training more focussed on the role
- Cheaper if have large number of advisers
- Difficult if only onboarding small numbers during the year
- Need to keep content up to date

Qualification pathways





What do new advisers need to do?

- Get NZCFS5(V2) BEFORE providing regulated financial advice (Core strand and relevant speciality)
- Get investment strand if designing an investment plan
- Get additional specialist strands if providing advice in additional fields
- Build and maintain a professional development plan and undertake relevant CPD

How new advisers can generate revenue before obtaining the NZCFS5(V2) - introducing the 'supervision plan'

The above will also apply to those on the FSPR before 15 March 2021 and were not an AFA, do not have a relevant level 5 qualification, and are not in a FAP that has built capabilities equivalent to the qualification outcomes of NZCFS5(V2)

CPD requirements

- Code standard 9
- Applies at a FAP, FA & NR level
- Annual Professional Development Plan & CPD log
- Should be holistic
- Forward looking
- Transitional relief?
- Closing the Gaps is a logical course right now



Proof of CPD

Tips

- Draft Professional Development Plan (PDP) same time each year, locate and book training in your diary
- Identify what makes sense to go into your PDP – make sure your PDP is relevant to what you do
- Your PDP must consider both financial advice competency and regulatory framework
- Maintain a CPD log, and focus on CPD that matches your PDP
- If courses don't provide certificates - take notes and enter into your CPD log, and make sure what you have done is verifiable
- Capture reflections on what you have learned in your CPD log to maximise value
- Build checking of CPD log into your compliance plan (record you have checked it)
- Regularly check your CPD log against your PDP
- Refresh and update your PDP as soon as you identify a learning need
- Use an industry wide online solution eg: Radar- one stop shop

Summary

- For most people, NZCFS5(V2) is the cheapest and easiest way to go
- Transition period does not apply to compliance with legs, regs, and Part 1 of the Code
- Need to close any gap between current qualification outcomes and those of the new level 5
- Closing the gaps course is a logical first step for many
- CPD is an essential component of care, diligence and skill
- Document all CPD

