

Submission: Code Committee review of the Code of Professional Conduct for Authorised Financial Advisers Consultation Paper

Submission by:

Person:	Dr Teresa Schwellnus, Head of Department of Business
Company or entity:	Christchurch Polytechnic Institute of Technology (CPIT)
Organisation type:	Education Institute
Contact person:	Dr Teresa Schwellnus
Email:	teresa.schwellnus@cpit.ac.nz
Phone:	(03) 940 7502
Total pages:	10
Date:	

Submission:

Question number	Submission	Suggestion for improvement
1.	No comment	
2.	No comment	
3. Do you agree with the proposed changes to Code Standards 15 and 16 to recognise the New Zealand Certificate and updated Units as the new minimum standard?	<p>Agreed in principle, but CPIT can show that the expanded course design deliver the content of Unit 26360 within our Bachelor of Applied Management (Personal Financial Planning) as well as the Graduate Diploma in Personal Financial Planning</p> <p>It seems therefore confusing that after completing the content within a degree or graduate diploma course that a student still need to seek completion for this one Unit</p>	<p>As a compulsory course of CPIT Graduate Diploma in Personal Financial Planning and Bachelor of Applied Management with major in Personal Financial Planning, the current course descriptor of AMPP700 – Personal Financial Planning Project has been expanded to now explicitly show coverage of the learning outcomes of Unit 26360. . A legal module will be added to cover all the learning outcomes of Unit Standard 26360. This is NOT to deliver this particular unit standard but to embed all the learning outcomes in this module. Subsequently, we submit to the Code Committee that CPIT <u>Graduate Diploma in Personal Financial Planning</u> and <u>Bachelor of Applied Management with major in Personal Financial Planning</u> to be recognised as an alternative qualification to unit standard 26360 – currently no alternative qualification has been recognised.</p> <p>Please also see our submission to question 6.</p>

	<p>Standard from Skills Organisation.</p> <p>For students following an academic qualification mapped course content of the unit should be sufficient to show the knowledge and skills required for Unit Standard 26360.</p>	<p>In due course CPIT has included the New Zealand Certificates in Financial Services (Level 5) as well as Unit Standard 26360 to be part of the mix of provision – and an application will be made to NZQA for accreditation to award that qualification during 2016.</p>
4.	No Comment	
5.	No Comment	
6. Do you agree with the proposed changes to the Competence Alternatives Schedule?	<p>CPIT Graduate Diploma in Personal Financial Planning is not currently recognised as an alternative for the Investment and Financial Advice strands. We have expanded our current course design to make sure that our Graduate Diploma meets the graduate outcomes of these two strands.</p>	<p>As a compulsory course of CPIT Graduate Diploma in Personal Financial Planning, the current course descriptor of <u>AMPP700 – Personal Financial Planning Project</u> has been expanded as follows:</p> <ol style="list-style-type: none"> 1) A legal module will be added to cover all the learning outcomes of Unit Standard 26360 (see our submission to question 3). In achieving this, we also submit to the Code Committee that our CPIT <u>Graduate Diploma in Personal Financial Planning</u> be recognised as an alternative for the <u>Financial Advice Strand</u>. 2) A research methodology module tailored for Personal Financial Planning Project will also be added. This module will cover the learning outcomes of the investment strand that are currently identified as a gap in our CPIT Graduate Diploma in Personal Financial Planning. We therefore submit to the Code Committee that <u>CPIT Graduate Diploma in Personal Financial Planning</u> be recognised as an alternative qualification for <u>Investment Strand</u>. <p>Attached please find the following appendices for your consideration:</p> <ol style="list-style-type: none"> A. Mapping document suggesting that the learning outcomes of CPIT existing courses meet the learning outcomes of Unit Standard 26360; B. Mapping document suggesting that the learning outcomes of CPIT existing courses meet the learning outcomes of: <ul style="list-style-type: none"> • Financial Advise Strand of the New Zealand Certificate in Financial

		<p>Service; and</p> <ul style="list-style-type: none"> Investment Strand of the New Zealand Certificate in Financial Service <p>C. Updated course descriptor of AMPP700 – learning outcomes 2 and 3 with related indicative curriculum reflect the additions of the legislation and research methodology module.</p>
7.	No Comment	
8.	No Comment	
9.	No Comment	
10.	No Comment	

Changes not covered in the consultation paper:

The formal qualification abbreviation for Bachelor of Applied Management with major in Personal Financial Planning is ‘B App Mgt (PFP)’

Submission summary:

We submit to the Code Committee that:

- CPIT Graduate Diploma in Personal Financial Planning **and** Bachelor of Applied Management with major in Personal Financial Planning to be recognised as an alternative qualification to unit standard 26360.
- CPIT Graduate Diploma in Personal Financial Planning be recognised as an alternative for the Financial Advice Strand and the Investment Strand of the New Zealand Certificate in Financial Services (Level 5).

Appendix A

NZQA Registered Unit Standard 26360 Demonstrate Understanding of the Legislative Framework for Authorised Financial Advisers

Outcome 1 Demonstrate understanding of participants and terms in the legislative framework for financial advisers, and the registration and reporting requirements of financial advisers.

- 1.1 Interpret terms used in the Financial Advisers Act in accordance with the Act.
- 1.2 Explain types of financial service intermediary in terms of the type of financial service they are permitted to provide in accordance with the Financial Advisers Act.
- 1.3 Explain the reporting requirements of the Financial Advisers Act that apply to AFAs.
- 1.4 Explain the Financial Service Providers (Registration and Disputes Resolution) Act in terms of who must be registered and who must be a member of an approved Disputes Resolution Scheme.

Outcome 2: Demonstrate understanding of disclosure and conduct obligations of financial advisers, and financial services compliance legislation.

- 2.1 Explain disclosure obligations in accordance with the Financial Advisers Act and the Financial Advisers (Disclosure) Regulations.
- 2.2 Explain conduct obligations in accordance with the Financial Advisers Act.
- 2.3 Explain the requirements of the Financial Markets Conduct Act and its enforcement with reference to a given financial advice situation.
- 2.4 Explain the requirements of the Anti-Money Laundering and Countering Financing of Terrorism Act and its enforcement with reference to a given financial advice situation.

Outcome 3 Demonstrate understanding of the Code of Professional Conduct for Authorised Financial Advisers.

- 3.1 Explain standards of ethical behaviour described in the Code in terms of the requirements for authorised financial advisers, and apply them to a given financial advice situation.
- 3.2 Explain standards of client care described in the Code in terms of the requirements for authorised financial advisers and apply them to a given financial advice situation.
- 3.3 Explain standards of competence, knowledge and skills, and continuing professional training in terms of the requirements for authorised financial advisers.

Outcome 4 Demonstrate understanding of the requirements of consumer legislation and disputes resolution as an Authorised Financial Adviser.

- 4.1 Describe participant roles and responsibilities in resolving complaints.
- 4.2 Explain requirements of the Fair Trading Act and its enforcement with reference to a given financial advice situation.
- 4.3 Explain requirements of the Consumer Guarantees Act and its enforcement with reference to a given financial advice situation.
- 4.4 Explain the requirements of the Privacy Act and its enforcement with reference to a given financial advice situation.

CPIT Course	Learning outcome: On successful completion of this course the student will be able to:	Indicative Curriculum (selected)
<p>AMPP700 Personal Financial Planning Project Improved [Level 7, 45 credits]</p> <ul style="list-style-type: none"> • B App Mgt • GradDip <p>Compulsory</p>	<ol style="list-style-type: none"> 1. Critically analyse and reflect upon the work experience in relation to relevant theories, concepts, models and current industry practice. 2. Examine the relevant legislative and regulatory requirements of the personal financial planning industry and relate it to an industry-specific case study. (Learning outcomes 1 - 4) 3. Collect, evaluate and analyse qualitative and quantitative data appropriate to an industry-specific case study. 4. Develop a range of strategies and financial options to meet the client's needs. 5. Produce a comprehensive personal financial plan and communicate this plan for a client. 	<ul style="list-style-type: none"> • Legal and regulatory environment including, but not limited to (Learning outcomes 1 - 4) <ul style="list-style-type: none"> ○ Case law ○ Fiduciary duty of financial advisers ○ Anti-Money Laundering and Countering Financing of Terrorism Act 2009; (LO2.4) ○ Code of Professional Conduct for Authorised Financial Advisers 2014; (LO3.1, 3.2, 3.3) ○ Consumer Guarantees Act 1993; (LO4.1, 4.3) ○ Fair Trading Act 1986; (LO4.1, 4.2) ○ Financial Advisers Act 2008; (LO1.1, 1.2, 1.3, 2.1, 2.2) ○ Financial Advisers (Disclosure) Regulations 2010; (LO2.1) ○ Financial Markets Authority Act 2011; ○ Financial Markets Conduct Act 2013; (LO2.3) ○ Financial Service Providers (Registration and Dispute Resolution) Act 2008; (LO1.4) ○ Privacy Act 1993; (LO4.1 and 4.4) ○ and all subsequent amendments and replacements • Research methodology for personal financial planning, including: <ul style="list-style-type: none"> ○ Literature searching and critiquing ○ Data types, selection and analysis ○ Application of qualitative and quantitative methods • Personal financial planning strategies, including: <ul style="list-style-type: none"> ○ Budgeting ○ Retirement planning ○ Estate planning ○ Tax planning ○ Investment planning ○ Insurance planning ○ Implementation and evaluation • Personal communication skills as relating to: <ul style="list-style-type: none"> ○ Client interaction ○ Presentation skills • Broad range of generic business skills

Appendix B

New Zealand Certificates in Financial Service (Level 5) Set B and C – Financial Advice Strand

Qualification outcome 5: Apply fiduciary responsibilities, legislation, regulations, and professional codes that are of particular relevance to the provision of financial advice, to provide professional client service (Ref: LO5).

[10 Credits]

Programme and assessment will include the following knowledge and skills:

- Relevant legislation, case law, regulations and codes of practice that are of particular relevance to the provision of financial advice, including the Code of Professional Conduct for Authorised Financial Advisers (Ref: LO5 - a).
- How, when, and which codes of practice and professional conduct apply in a specific situation (Ref: LO5 - b).
- Applying relevant legislation, case law, regulations and codes of practice in a specific situation (Ref: LO5 - c).
- How, when, and what fiduciary issues arise in providing financial advice and the appropriate actions to be taken to ensure fiduciary responsibilities are met – in this context, fiduciary means the obligation to act solely on behalf of the person to whom advice is provided and in good faith (Ref: LO5 – d).

CPIT Course	Learning outcome: On successful completion of this course the student will be able to:	Indicative Curriculum (selected)
<p>AMPF600 Personal Financial Planning [Level 6, 15 credits]</p> <ul style="list-style-type: none"> • B App Mgt • GradDip <p>Compulsory</p>	<ol style="list-style-type: none"> 1 Discuss the compliance requirements related to retirement income and planning in New Zealand (Ref: LO5 – a and b). 2 Discuss the importance of professional ethics in the financial planning industry (Ref: LO5 – a and b). 3 Apply personal budgeting tools to the evaluation of financial management problems 4 Apply quantitative analyses in the evaluation of a range of investments 5 Articulate the overall process of personal financial planning considering the behavioural aspect of clients' needs 	<p>(Ref: LO5 – a and b)</p> <ul style="list-style-type: none"> • Legal environment and professional ethics <ul style="list-style-type: none"> ○ Financial planning industry regulation ○ Professional ethics and standards
<p>AMPP700 Personal Financial Planning Project Improved [Level 7, 45 credits]</p>	<ol style="list-style-type: none"> 1. Critically analyse and reflect upon the work experience in relation to relevant theories, concepts, models and current industry practice. 2. Examine the relevant legislative and regulatory 	<ul style="list-style-type: none"> • Legal and regulatory environment including, but not limited to (Ref: LO5 – a, b, c and d) <ul style="list-style-type: none"> ○ Case law ○ Fiduciary duty of financial advisers ○ Anti-Money Laundering and Countering Financing of

CPIT Course	Learning outcome: On successful completion of this course the student will be able to:	Indicative Curriculum (selected)
<ul style="list-style-type: none"> • B App Mgt • GradDip <p>Compulsory</p>	<p>requirements of the personal financial planning industry and relate it to an industry-specific case study. (Ref: LO5 – a, b, c and d)</p> <ol style="list-style-type: none"> 3. Collect, evaluate and analyse qualitative and quantitative data appropriate to an industry-specific case study. 4. Develop a range of strategies and financial options to meet the client’s needs. 5. Produce a comprehensive personal financial plan and communicate this plan for a client. 	<ul style="list-style-type: none"> ○ Terrorism Act 2009; ○ Code of Professional Conduct for Authorised Financial Advisers 2014; ○ Consumer Guarantees Act 1993; ○ Fair Trading Act 1986; ○ Financial Advisers Act 2008; ○ Financial Advisers (Disclosure) Regulations 2010; ○ Financial Markets Authority Act 2011; ○ Financial Markets Conduct Act 2013; ○ Financial Service Providers (Registration and Dispute Resolution) Act 2008; ○ Privacy Act 1993; ○ and all subsequent amendments and replacements • Research methodology for personal financial planning, including: <ul style="list-style-type: none"> ○ Literature searching and critiquing ○ Data types, selection and analysis ○ Application of qualitative and quantitative methods • Personal financial planning strategies, including: <ul style="list-style-type: none"> ○ Budgeting ○ Retirement planning ○ Estate planning ○ Tax planning ○ Investment planning ○ Insurance planning ○ Implementation and evaluation • Personal communication skills as relating to: <ul style="list-style-type: none"> ○ Client interaction ○ Presentation skills • Broad range of generic business skills

New Zealand Certificates in Financial Service (Level 5) Set D – Investment Strand

Qualification outcome 9: Apply the principles of investment analysis to provide appropriate solutions to investment needs (Ref: LO9).

[10 Credits]

Programme and assessment will include the following knowledge and skills:

- Published research, performance statistics, expenses, and expense ratios relevant to each of the different classes of financial and non-financial asset, and the services through which they are offered (Ref: LO9 - a).
- The proper application of research and analysis and the implications of the outcome of the analysis on a range of investment options (Ref: LO9 - b).
- Applying the result to determine whether the analysed options meet the predetermined requirements for which the research and analysis was undertaken (Ref: LO9 - c).
- The implications of a range of qualitative factors to be considered when analysing investments (Ref: LO9 - d).

CPIT Course	Learning outcome: On successful completion of this course the student will be able to:	Indicative Curriculum (selected)
<p>AMPP700 Personal Financial Planning Project Improved [Level 7, 45 credits]</p> <ul style="list-style-type: none"> • B App Mgt • GradDip <p>Compulsory</p>	<ol style="list-style-type: none"> 1. Critically analyse and reflect upon the work experience in relation to relevant theories, concepts, models and current industry practice. 2. Examine the relevant legislative and regulatory requirements of the personal financial planning industry and relate it to an industry-specific case study. 3. Collect, evaluate and analyse qualitative and quantitative data appropriate to an industry-specific case study. (Ref: LO9 – a, b, c and d) 4. Develop a range of strategies and financial options to meet the client’s needs. (Ref: LO9 – a, b, c and d) 5. Produce a comprehensive personal financial plan and communicate this plan for a client (Ref: LO9 – a, b, c and d) . 	<ul style="list-style-type: none"> • Legal and regulatory environment including, but not limited to <ul style="list-style-type: none"> ○ Case law ○ Fiduciary duty of financial advisers ○ Anti-Money Laundering and Countering Financing of Terrorism Act 2009; ○ Code of Professional Conduct for Authorised Financial Advisers 2014; ○ Consumer Guarantees Act 1993; ○ Fair Trading Act 1986; ○ Financial Advisers Act 2008; ○ Financial Advisers (Disclosure) Regulations 2010; ○ Financial Markets Authority Act 2011; ○ Financial Markets Conduct Act 2013; ○ Financial Service Providers (Registration and Dispute Resolution) Act 2008; ○ Privacy Act 1993; ○ and all subsequent amendments and replacements • Research methodology for personal financial planning, including(Ref: LO9 – a, b, c and d): <ul style="list-style-type: none"> ○ Literature searching and critiquing ○ Data types, selection and analysis

CPIT Course	Learning outcome: On successful completion of this course the student will be able to:	Indicative Curriculum (selected)
		<ul style="list-style-type: none"> ○ Application of qualitative and quantitative methods ● Personal financial planning strategies, including: (Ref: LO9 – a, b, c and d) <ul style="list-style-type: none"> ○ Budgeting ○ Retirement planning ○ Estate planning ○ Tax planning ○ Investment planning ○ Insurance planning ○ Implementation and evaluation ● Personal communication skills as relating to: <ul style="list-style-type: none"> ○ Client interaction ○ Presentation skills ● Broad range of generic business skills

Other information of AMPP700, see appendix C

Appendix C

Course Descriptor AMPP700 Personal Financial Planning Projectⁱ

Newly Developed

<i>Credits</i>	45	<i>Level</i>	7
<i>EFTS</i>		<i>Grade Scale</i>	G29aa
<i>Notional Learning Hours</i>	450	<i>Work Integrated Learning</i>	200 ⁱⁱ
<i>Effective from</i>	January 2016	<i>Date of this version</i>	May 2015
<i>Pre-requisites</i>	AMPF600 Personal Financial Planning		
<i>Co-requisites</i>	None		

Aim

To enable students to gain the knowledge, skills and personal attributes required of an employment-ready professional in the personal financial planning industry.

Learning outcomes

On successful completion of this course the student will be able to:

1. Critically analyse and reflect upon the work experience in relation to relevant theories, concepts, models and current industry practice.
2. Examine the relevant legislative and regulatory requirements of the personal financial planning industry and relate it to an industry-specific case study.
3. Collect, evaluate and analyse qualitative and quantitative data appropriate to an industry-specific case study.
4. Develop a range of strategies and financial options to meet the client's needs.
5. Produce a comprehensive personal financial plan and communicate this plan for a client.

Indicative curriculum

- Legal and regulatory environment including, but not limited to:
 - Case law
 - Fiduciary duty of financial advisers
 - Anti-Money Laundering and Countering Financing of Terrorism Act 2009;
 - Code of Professional Conduct for Authorised Financial Advisers 2014;
 - Consumer Guarantees Act 1993;
 - Fair Trading Act 1986;
 - Financial Advisers Act 2008;
 - Financial Advisers (Disclosure) Regulations 2010;
 - Financial Markets Authority Act 2011;
 - Financial Markets Conduct Act 2013;
 - Financial Service Providers (Registration and Dispute Resolution) Act 2008;

- Privacy Act 1993;
- and all subsequent amendments and replacements
- Research methodology for personal financial planning, including:
 - Literature searching and critiquing
 - Data types, selection and analysis
 - Application of qualitative and quantitative methods
- Personal financial planning strategies, including:
 - Budgeting
 - Retirement planning
 - Estate planning
 - Tax planning
 - Investment planning
 - Insurance planning
 - Implementation and evaluation
- Personal communication skills as relating to:
 - Client interaction
 - Presentation skills
- Broad range of generic business skills

Assessment

No	Assessment Type	Pass Criteria	Weighting	Outcomes Assessed
1	Assignment 1 – Foundation assignment ⁱⁱⁱ	50% overall	25%	2,3
2	Assignment 1 – Case study ^{iv} <ul style="list-style-type: none"> • Understand client needs • Comprehensive financial plan • Oral Presentation 		50%	3,4,5
3	Assignment 2 – Reflective journal ^v		25%	1

ⁱ The project can be completed over a year (i.e. 2 semesters)

ⁱⁱ The 200 hours of work integrated learning may include but is not limited to:

- a. Working hours of an internship placement or the students' current employment;
- b. Supervisor hours required by IFA Membership Bylaws; and
- c. Continuing professional development (CPD) activities required by IFA Membership Bylaws, for instance attending IFA branch meetings.

ⁱⁱⁱ This assignment will act as a preparation activity to ensure that the student understands and acknowledges the legal environment pertaining to the provision of personal financial planning advice (equivalent to unit standard 26360). It will also include tasks designed to ensure that the student possesses the necessary research methodology skills required to carry out the subsequent case study.

^{iv} The case study (or stimulus) will be developed by CPIT staff members based on previously assessed case studies by IFA. This case study assessment is designed to assist students (CFP candidates) to complete the final step (a case study issued by the Certification Committee) for full membership of CFP. This case study assessment is for students to prepare a comprehensive financial plan based on the stimulus information provided in the case study. Students will be required to demonstrate an understanding of client needs. Supervision and guidance will be provided by a CPIT staff member for each individual student. The final outcome of the project is a comprehensive financial plan in written format, and an oral presentation to a panel. It is hoped that the resulting financial plans will be of a professional

standard reflecting the international standing and recognition of IFA as well as to fulfil the academic requirements of CPIT.

∨ The reflective journal is a common assessment shared by all Graduate Diploma students. In this assessment students are required to complete up to ten (10) tasks (including compulsory and elective tasks) to reflect on their work related experience with respect to generic business skills. This experience may include, but not be limited to their current day job, internship, interactions with academic supervisors and interactions with professionals within the 30 CPD hours in note (ii). The aim of this assessment is to prepare students to be employment ready.