



Financial Planners and Advisers Code of Ethics 2019

Financial Adviser Standards and Ethics Authority Ltd, the standards body for Part 7.6 of the *Corporations Act 2001*, makes the following code of ethics.

Dated 8th February 2019

The common seal of Financial) [SEALED]
Adviser Standards and Ethics)
Authority Ltd, affixed by authority)
of its directors in the presence of:)

C WALTER

.....
Signature of director

CATHERINE WALTER AM

.....
Name of director (block letters)

S LONGSTAFF

.....
Signature of director

DR SIMON LONGSTAFF AO

.....
Name of director (block letters)

1 Name

This is the *Financial Planners and Advisers Code of Ethics 2019*.

Note: All relevant providers must comply with this Code under section 921E of the *Corporations Act 2001*.

2 Commencement

This Code commences at the end of 30 days after it is registered.

3 Authority

This Code is made under paragraph 921U(2)(b) of the *Corporations Act 2001*.

4 Interpretation

Note: The *Corporations Act 2001* defines **financial product**, **financial services licensee**, **monitoring body**, **personal advice**, **relevant provider** and **retail client**.

(1) In this Code:

benefits includes both monetary and non-monetary benefits, but not any fixed component of remuneration.

Note: Variable components of remuneration (for example, performance bonuses) are benefits under this definition.

client, in relation to a relevant provider, includes a retail client of the principal of the relevant provider.

Principal: the principal of a relevant provider is the financial services licensee who has authorised the provider to provide, on its behalf, personal advice to retail clients.

Note: Your employer may be your principal. If you are a financial services licensee, you will not have a principal.

(2) Unless this Code expressly says otherwise, do not read down any of the provisions of this Code by reference to any other provision of this Code.

5 The Values and the Standards

Introduction

In 2017 the Commonwealth Parliament amended the *Corporations Act 2001* to raise the education, training and ethical standards of financial advisers and financial planners, promote enhanced consumer trust and confidence in financial planners and financial advisers and refocus them from providing commercial services to acting as professionals.

While the ethos of “the market” legitimises the pursuit of self-interest through the satisfaction of others’ wants, the ethos of “the professions” aims to secure the public good through the subordination of self-interest in favour of serving the interests of others.

In return for renouncing the pursuit of self-interest, society often provides members of the professions with a range of formal and informal privileges (such as a “monopoly” right to undertake certain types of work).

Appropriate financial advice can significantly improve people’s financial well-being. In a time of increasing volatility, it is in the public interest that the profession enjoy the trust and confidence of its clients and the wider community. In turn, this requires that members of the profession develop the knowledge, skills and dispositions required to earn that trust.

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.

This Code imposes ethical duties that go above the requirements in the law. It is designed to encourage higher standards of behaviour and professionalism in the financial services industry.

The Values

You must always act in a way that demonstrates, realises and promotes the following values:

- (a) trustworthiness;
- (b) competence;
- (c) honesty;
- (d) fairness;
- (e) diligence.

Trustworthiness:

Acting to demonstrate, realise and promote the value of **trustworthiness** requires that you act in good faith in your relationships with other people. Trust is earned by good conduct. It is easily broken by unethical conduct. Trust requires you act with integrity and honesty in all your professional dealings, and these values are interrelated.

Acting ethically, with trustworthiness, promotes trust in the profession of financial advice by consumers, enabling the community to feel confidence in accessing and utilising professional financial services

Competence:

Acting to demonstrate, realise and promote the value of **competence** requires you to have regard to the knowledge, skills and experience necessary to perform your professional obligations to each of your clients. It requires you to assess the professional services required by each client with regard to their individual needs, priorities, circumstances and preferences, expressed or implicitly identified as the subject matter of the financial advisory engagement. While it may be possible to supplement your professional competence by accessing the expertise of others, the duty of competence is ultimately personal and cannot be outsourced to others.

Honesty:

Acting to demonstrate, realise and promote the value of **honesty** requires that you conduct yourself with complete integrity in all your professional dealings with your clients and with all others that you engage with in a professional setting. It requires transparency, frankness and fairness to each of your clients, even where this may cause you personal detriment.

Fairness:

Acting to demonstrate, realise and promote the value of **fairness** requires that you bring professional objectivity to the task of engaging with clients professionally, and when recommending financial products and professional services. It requires you to properly investigate, evaluate and diagnose a client's need for professional services, and to self-reflect on the limits of your professional competency.

Diligence

Acting to demonstrate, realise and promote the value of **diligence** requires that you perform all professional engagements with due care and skill. It requires you to manage your time and resources to deliver professional services in a timely, efficient and cost effective way to each client.

Values paramount

These values are paramount. All the other provisions of this Code must be read and applied in a way that promotes the values.

Ethical behaviour

Standard 1:

You must act in accordance with all applicable laws, including this Code, and not try to avoid or circumvent their intent.

Standard 2:

You must act with integrity and in the best interests of each of your clients.

Standard 3:

You must not advise, refer or act in any other manner where you have a conflict of interest or duty.

Client care

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 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 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.

Quality process

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 8:

You must ensure that your records of clients, including former clients, are kept in a form that is complete and accurate.

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.

Professional commitment

Standard 10

You must develop, maintain and apply a high level of relevant knowledge and skills.

Standard 11:

You must cooperate with ASIC and monitoring bodies in any investigation of a breach or potential breach of this Code.

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.