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## CONTINUING PROFESSIONAL DEVELOPMENT STANDARDS

### Interpreting Corporations CPD Standard for qualifying CPD – 2022 Update

As organisations involved in the delivery and accreditation of Continuing Professional Development learning activities within the Financial Planning sector we came together in 2019 to agree a shared interpretation of the Corporations CPD legislative instrument.

We did this in order to provide clarity and consistency in the treatment of CPD across the sector and to ensure that licensees and their relevant providers are able to easily identify and consume high quality CPD.

In 2019 we focused on the definition of Qualifying CPD as this was the area where the greatest inconsistency in application amongst providers, licensees, and associations was seen.

Continuing professional development (CPD) standards are an important component of the financial planning profession. Well developed and qualifying CPD education activities ensure, relevant providers are equipped with the technical competence, up-to-date knowledge and skills, regulatory and professional standards to develop strategic solutions to achieve their clients' goals and needs.

Legislated CPD areas support industry associations' historic CPD policies to encourage broader professional development and recognition of education activities that provide the holistic skills and knowledge required to be a well-rounded professional who can think critically and respond to a client's goals and needs.

In developing this interpretation in 2019 we aimed for simplicity and to broadly address the core issues at the heart of CPD provision, without creating additional complexities or compliance burdens.

Coming together in 2021 and 2022 to revisit this interpretation, the shared definition was updated and providing a robust framework under which organisations have been managing their CPD.

This consensus in approach allowed the organisations present to focus on the future of CPD. While the sector has taken strides in its management of CPD there was concern expressed that for many planners the sheer weight of compliance in the industry at present meant that CPD was often a box ticking exercise without the opportunity for targeted skill development. We agree that the future of CPD is one where planners are strategically planning their CPD every year, identifying and filling in skill gaps, and working to grow professionally in a manner that will best support their clients. Our future aspirations for CPD are:

- Carefully crafted CPD plans that identify and fill key skill gaps
  - Reflective learning in CPD logs that highlights key takeaways advisers will apply to their work
  - Increased use of assessment by CPD providers to test learning outcomes and ensure that learning activities are delivering against planner expectations
  - Increasing rigour in content and quality of CPD delivery
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## Is the learning activity Qualifying CPD?

Our understanding of the legislation is that there are five areas that must be addressed when determining whether a learning activity falls within the qualifying CPD definition of the [Corporations CPD Standard](#) i.e. Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018 {see 7(1)(a-e)}:

1. Does the activity have sufficient intellectual or practical content?
2. Is it led or conducted by someone with appropriate standing, expertise, and qualifications / experience?
3. Is the activity suitable?
  - i) is it in one of the CPD Areas?
  - ii) is it primarily related to the provision of financial product advice, financial advice services and financial advice business?
  - iii) does it enhance practitioner knowledge and skills in areas relevant to the provision of financial product advice and financial advice services?

CPD activities need to have clearly stated learning outcomes (whether a purpose statement, learning outcome(s), or participant outcomes) that can be used to guide this determination.

Generally we would expect to see CPD in the sector delivered at a level that builds on existing advisor knowledge. A possible framework for deciding whether CPD is at an appropriate level is to assess whether CPD meets the higher order thinking skills outlined in Blooms taxonomy - CPD should move beyond understanding and recall to application, analysis, and evaluation of the information being taught. There are some exceptions to this - especially where an advisor is taking on introductory training in a new area of expertise - however, this is subject to the specific learning needs of an individual. When identifying whether training is at an appropriate level look for the language used in the outcomes and any assessments.

We would also expect CPD to have an educational focus, to be evidenced based, and without bias. Activities that are primarily marketing, promotional, and sales presentations are not considered to be CPD.

The phrase “led or conducted by” has caused confusion – for example with relation to the distinction between professional reading and online CPD delivery. Based on clarification from Treasury we do not interpret this as limiting qualifying CPD to face to face training. Online reading, podcasts, or static modes of content delivery can be considered to be “led or conducted” when they are developed in order to meet specific outcomes, and have a robust and independent assessment to confirm participant achievement against these outcomes. The same criteria that would be applied to determine the appropriateness of presenter qualifications and subject matter expertise for face to face training would apply to the individual who developed the online / reading based learning activity.

When identifying whether the subject matter is suitable, it is our opinion that the training or learning outcomes can be used as a guide. If these will ensure that client outcomes are ultimately enhanced

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then it is likely that the subject matter meets this criteria, however, there may be some qualifying CPD topics that do not directly benefit client outcomes. Further discussion around what is included within each of the Legislated CPD Areas is provided below.

An industry consensus appears to have been arrived at with regard to the parameters under which to award CPD. 80% or more of a session such as a webinar or face to face session must have been attended for CPD to be granted. Where attendance cannot be verified a short assessment of learning outcomes is required (this usually takes the form of a multiple choice assessment).

It should be noted that without appropriate records captured by the individual to validate training, a determination of achievement against CPD targets will not be able to be made by the licensee on their behalf.

## Corporations CPD Standard: Legislated CPD Areas -

### 1. Technical competence – Minimum five hours per CPD year

#### PURPOSE STATEMENT

The Purpose of this section of the standard is to reflect the professional development requirement that individuals must demonstrate with respect to how they maintain:

- technical competence in the areas they provide advice or intend to provide advice
- current knowledge of developments in the relevant areas in the table below.

Technical competence is the foundation CPD area. It is the minimum requirement for capable participation in the financial planning profession. Typically ASIC's RG146 Knowledge Requirements would fall within this CPD area, if the activity enhances technical proficiency. A CPD plan should include qualifying education activities covering technical subjects to assist relevant providers to competently perform their role.

The Corporations Act (Relevant Providers Continuing Professional Development Standard)

Determination 2018, states:

*The activity is designed to enhance participants' technical proficiency and ability to develop and provide advice strategies that are appropriate to the objectives, financial situations, and needs of different classes of retail clients.*

To act as a technically proficient practitioner, activity areas include, but are not limited to:

Any investment, product, or facility on which an adviser is authorised to provide advice	Cash flow management and advice on debt instruments	Specific product and fund manager knowledge
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All or any of the ASIC RG 146 Generic and Specialist Knowledge areas that enhance technical competence	Aged care	Estate planning
Philanthropy	Product analysis and selection	Performance reporting
Economic variables that can affect investments and markets	Characteristics and impact of economic and business cycles	Departments of Social Services and Veteran Affairs
Life insurance / Risk Advice	Behavioural finance theory	Knowledge of the six step financial planning process
Government Budget / monetary and fiscal policy	Understanding SMSF Trustees / SMSF Trust Deeds	Portfolio management and construction, asset allocation theory
Self-Managed Superannuation Funds and SMSF specialist technical knowledge areas	SMSF strategies	Investment Risk analysis
Structure and inter-relationships within the financial markets	Interest, exchange, inflation rates	Transaction execution and settlement
The role of intermediaries and issuers		

## 2. Client care and practice – Minimum five hours per CPD year

### PURPOSE STATEMENT

The Purpose of this section of the standard is to reflect the professional development requirement that individuals must demonstrate how they maintain:

- their expertise as a client-centric practitioner
- their ability to manage / lead a practice from a client-centric perspective
- current knowledge of developments in the relevant areas outlined in the table below.

For example, the Client care and practice CPD area, is about providing a proper and respectful standard of service. It includes providing clients with the information they need to make informed decisions, how your services will be delivered and how much they will cost. Client care ensures you and your client understand each other's expectations and responsibilities. Client care is also about

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managing the relationship fairly and promptly if a client is not happy with the service they have received.

Client care and practice also encompasses the specialist knowledge and cognitive skills of decision making and reflective problem solving when developing strategies to achieve your clients' goals.

This CPD area focuses on the development and application of interpersonal, social, and emotional skills necessary to form successful professional relationships with clients, colleagues, other professionals, and the broader community.

The Corporations Act (Relevant Providers Continuing Professional Development Standard) Determination 2018, states:

*The activity is designed to enhance participants' ability to act as a client-centric practitioner in advising retail clients*

To act as a client centric practitioner, activity areas include, but are not limited to:

Positioning yourself and your services	Goals-based advice/goals discovery	Wealth management/generational transfer conversations
Active listening	Behavioural finance application	Client data collection techniques
Building resilience	Interview skills	Research techniques
Dealing with client concerns	Interpersonal skills	Problem solving
Building rapport	Verbal and written communication skills	Practice management technology and software tools
Building trust	Decision making skills	Dealing with ambiguity
Analysis and articulation of advantages, disadvantages, and risks of each strategy	Identification and analysis of clients' objectives, goals, financial situation and risk profile	Considering and developing strategy alternatives that link to client goals
Managing ongoing client service	Forming recommendations	Leadership

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Financial literacy initiatives	Coordinating and implementing a financial plan	Establishing relationships with the client
Examining evidence	Mentoring	Analysing bias and assumptions
Understanding your client, their needs and goals	Value propositions for clients	Well trained support staff
Practice management in relation to client care	Practice pricing/business revenue models	Succession Planning (business owner, investor, adviser)
Information security management for your practice (cybersecurity)	Marketing based activities inc social media	Influencing Skills
Negotiation Skills	Dealing with difficult people/difficult conversations	Time Management Skills
Coaching skills	Client capacity and well-being	Informed Client Consent
Objection handling	Client disability and mental health	

### 3. Regulatory compliance and consumer protection – Minimum five hours per CPD year

#### PURPOSE STATEMENT

The Purpose of this section of the standard is to reflect the professional development requirement that individuals must demonstrate how they maintain:

- Understanding of, and compliance with, applicable legal obligations.

The Regulatory compliance and consumer protection CPD area, covers the relevant laws, policies and regulations that protect or impact your clients, the financial health of practices and the reputation of the financial services profession and relevant providers.

The goal of this CPD area is to ensure relevant providers are aware of and take steps to comply with the relevant laws, policies and regulations, and any amendments to these.

The Corporations Act (Relevant Providers Continuing Professional Development Standard) Determination 2018, states:

*The activity is designed to enhance participants' understanding of applicable legal obligations and how to comply with them.*

To act as a legally compliant practitioner, activity areas include, but are not limited to:

Advice compliance standards	Corporations Act (Best Interest Duty) Section 961	Superannuation Industry Supervision Act 1993 (SIS Act) and Superannuation Industry (Supervision) Regulations 1994 (Cth)
Responsible manager obligations	Due Diligence	The Australian Discrimination Laws
Corporations Act (Work and Training Professional Year Standard) Determination 2018	Corporations Act (Relevant Providers Continuing Professional Development Standard) Determination 2018	Corporations (Relevant Providers— Education and Training Standards) Determination 2021
Information Security Management Regs (Cyber Security)	Documented risk management systems/processes	The Competition and Consumer Act 2010
Anti-Money Laundering and Counter-Terrorism Financing Act 2006	The Equal Opportunity Act 2010	The Work, Health and Safety Acts
The Privacy Act 1988	Tax Agent Services Act 2009	ASIC Regulatory Guides 146 and 175
Australian Financial Complaints Authority	Case Law relevant to Financial Planning	Australian Prudential Regulatory Authority
FPS004 – Continuing Professional Development Policy 2019	FPA Rules of Professional Conduct	Disclosure requirements (FSG, SoA and PDS)
SoA regulatory requirements	Effective fact finds, file notes and record keeping	Elder Abuse and protecting the elderly consumer
Understanding audit and compliance within an SMSF	Corporations Act 2001 and Corporations Regulations 2001;	Superannuation Guarantee (Administration) Act 1992 and Superannuation Guarantee Administration Regulations 1993;

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Family Law Act 1975 and Family Law (Superannuation) Regulations 2001	Social Security Act 1991 and Social Security (Administration) Act 1999; and Trustee Acts in each State.	
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#### 4. Professionalism and Ethics – Minimum nine hours per CPD year

##### PURPOSE STATEMENT

The Purpose of this section of the standard is to reflect the professional development requirement that individuals must demonstrate how they maintain :

- Their capacity to act as an ethical individual

The professionalism and ethics CPD area covers the skills, capacity and clarity of purpose, values and principles to ensure ethical behaviour as the core of how relevant providers conduct a practice, serve the interests of clients and make better decisions.

This CPD area reinforces the ethical competencies (ethical behaviour, client care, quality process, and, professional commitment) and the values (trustworthiness, competence, honesty, fairness, and diligence) and principles. A CPD plan should include qualifying education activities that focus on building the skills and capacity to act according to these values and principles, as the core of professional and personal behaviour.

The Corporations Act (Relevant Providers Continuing Professional Development Standard) Determination 2018, states:

*The activity is designed to enhance participants' capacity to act as an ethical professional.*

To act as an ethical professional, activity areas include, but are not limited to:

Professional and ethical standards of conduct	Sound and effective corporate governance framework	Fairness and transparency of transactions
Effective identification of confidential information and appropriately limit access	Professional codes of practice and conduct	TPB Code of Professional Conduct
Honesty, fairness, equality, dignity, diversity and individual rights	Treasury Code of Ethics (previously FASEA)	Ethical theory
Ethical practices	Ethical crisis management	Building trust and legitimacy



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Good decision making pathways	Serving interests rather than wants	Making better decisions
Ethical leadership	Managing ethical dilemmas	Overcoming biases and stereotypes
Conducting open, clear and honest conversations/interviews	Professional and ethical conduct and behaviour	

## 5. General

### PURPOSE STATEMENT

The Purpose of this section of the standard is to allow advisers to undertake learning activities that will enhance Individual professional capabilities in the areas of financial advice, and financial advice services and financial advice business, but are not captured in the other CPD areas.

**The General CPD area is purposefully broad and covers the range and variation of education activities that provide up-to-date knowledge, technical and developmental skills required by relevant providers to effectively operate.**

The Corporations Act (Relevant Providers Continuing Professional Development Standard) Determination 2018, states:

*The activity is designed to maintain and extend participants' professional capabilities, knowledge, and skills, including keeping up to date with regulatory, technical and other relevant developments, but is not in an area referred to in another item of this table.*

For the general category, activity areas include, but are not limited to:

Specialisations that do not fall under technical	Fintech/big data/technology	Demographics
Adviser wellbeing and crisis management	General economic market updates	Business management

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**6. Tax (financial) advice** – Minimum five hours per CPD year (required only for relevant providers who provide tax financial advice)

**PURPOSE STATEMENT**

The Purpose of this section of the standard is to allow advisers to undertake learning activities that will enhance Individual tax (financial) advice capabilities.

[The Corporations Act \(Relevant Providers Education and Training Standards\) Determination 2021](#), supplements The Corporations Act (Relevant Providers Continuing Professional Development Standard) Determination 2018. The additional requirements refer to a relevant provider who provides or will provide a tax (financial advice) service, must complete continuing professional development by maintaining and extending their knowledge and skills in Australian commercial and taxation law, as is relevant to providing a tax (financial) advice service.

The CPD requirements for tax (financial) advice of the Instrument commence for the financial services licensee's CPD year that begins on or after 1 January 2023. If a financial adviser's financial services licensee's CPD year begins on 1 July 2023, the adviser must complete the new CPD requirements of the Instrument by 30 June 2024 (and during every subsequent 12 month period). This ensures that, in the first year, all financial advisers have the full 12-months to complete the new CPD requirements, regardless of when their licensee's CPD year begins.

The Corporations Act (Relevant Providers Education and Training Standards) Determination 2021, states:

*The activity is designed to maintain, extend or enhance a participants' professional or technical capabilities, knowledge and skills, including keeping up to date with regulatory, technical and other developments, relevant to providing tax (financial) advice services.*

To act as a tax financial practitioner, activity areas include, but are not limited to:

Taxation treatment of any investment, financial product, platform or structure, i.e. Trusts, Superannuation/SMSFs	Taxation (gearing, salary packaging, small business, partnership, company, unit trust, joint ventures, CGT, PAYG)	Australian Taxation Office – rulings and guidance from ATO
<i>Income Tax Assessment Act 1997</i> (Cth) and Income Tax Assessment Regulations 1997 (Cth)	<i>Income Tax Assessment Act 1936</i> (Cth) and Income Tax Assessment Regulations 1936 (Cth)	Taxation Case Law
Income tax	Effects of taxation on a client's financial strategies	Providing tax financial advice services