

FAAA PROFESSIONAL STANDARDS

FAAA PRINCIPLES
OF GOOD PROFESSIONAL
PRACTICE

Foreword

The FAAA Principles of Good Professional Practice should not be viewed as a rulebook or checkbox items. Instead, we have deliberately positioned this material in terms of outcomes, not the specific actions you should take to achieve those outcomes.

As discussed in more detail under “how to use this guidance” (see below), these principles set out principles of good practice as a foundation for achieving best practice in financial advice, but it does not attempt to define “best practice”.

As such, this document should be used as a guide to assist your understanding – it cannot be a replacement for the exercise of your own professional judgement. What best practice looks like in your firm is for you to define, using your professional judgement, with reference to the needs of your clients, and the relevant licensee, regulatory and legal requirements that apply.

In the event that any of the guidance here appears unclear or does not align with the circumstances you encounter, you should feel free to reach out to the FAAA to provide feedback and access support. Contact details are provided at the end of this document.





Origin

The FAAA Principles of Good Professional Practice represent a refinement of our Best Practice Standards (issued in 2023), which in turn grew out of the FPA Code of Practice (issued 2012) and AFA Bylaws (issued in 2020).

The document is grounded in the FPSB’s Global Financial Planning Standard and aligns with the approach to standards of conduct and practice in place throughout the global financial advice community.

Structure

The Principles of Good Financial Advice Practice document consists of:

-  The unifying principles
-  The supporting behaviours
-  The six stages of the financial advice process
-  Regulatory sources

Supporting the Principles of Good Financial Advice Practice are examples and scenarios, and the FAAA's guidance (available on the FAAA website) and the learning material available on FAAA Learn. Together, this material provides a framework for understanding the outcomes that enable good advice delivery.

1. Unifying principles

These are foundational principles that apply across all aspects of financial advice.

2. Supporting behaviours

This section sets out a number of general behaviours that support the delivery of good financial advice outcomes.

3. Financial advice process; stages and outcomes

This section is structured around the six stages of the financial advice process:

1. Engagement
2. Researching the client's circumstances
3. Analysing and assessing the client's situation
4. Identifying suitable strategies and developing recommendations
5. Implementing the financial advice recommendations
6. Reviewing the client's situation

Each stage includes an Overview, briefly describing what happens during that stage in the advice process, and the Outcomes, which lists the matters that should be delivered, achieved, understood or experienced by both you and your client at each stage.

4. Regulatory sources

As an aide to furthering your own enquires, the FAAA has catalogued the main legislative and regulatory sources underpinning key concepts. This material is provided in a separate document, available on the FAAA website and via this link.

Warning

The regulatory sources provided are not intended to be a comprehensive list of relevant guidance, regulations and legislation, and should not be interpreted as covering all the obligations that apply to financial advice. You should use your own professional judgement in applying your knowledge of financial services legislation to providing advice and services to your clients.

How to use this guidance

Good practice vs best practice

As part of the drafting process for this document, extensive feedback was provided by the financial advice community, including advice practitioners, support staff, compliance professionals, academics and students.

Taking that feedback into account the intention of this guidance is to be illustrative of “good practice”, while allowing advice professionals room to exercise their own professional judgement as to what actions may be required or appropriate in a given situation in light of their individual strengths, the business they work within and – most importantly – the needs of their individual clients.

The principles should not be seen as a rigid set of rules defining the “right way” to provide financial advice. Rather they set out “good practice” as a foundation on which advisers should go on to build their own version of “best practice”.

Principles vs standards

Unlike standards, which imply objectively measurable requirements, the principles in this document are illustrative. They are intended to support professionals in identifying the actions which are needed in any given situation.

The principles should be seen as non-exhaustive – they do not attempt to cover every situation or anticipate every event that will require an adviser to use their professional judgement.

“What” & “why”, but not “how”

The principles aim to articulate “what” are the desired outcomes for each stage in the advice process.

However, they do not attempt to specify the “how”—the specific actions a professional should take in a given situation. That remains a matter for professional judgement, which is a key principle that applies across the document and is explored further in the section on unifying principles.

The complexity of human interaction, the variation in client circumstances and needs, and the diversity of strengths and styles among professionals, mean that it is neither possible nor desirable for this document to prescribe exact actions.

Moreover, licensees may have their own processes and requirements that do specify the “how” particular outcomes must be achieved. These principles are deliberately designed to avoid conflict with such standards. Instead, they focus on “what” outcomes must be achieved and “why”.

Who is this document for?

This document is intended for:

- » financial advisers at all stages of their career—from those just entering the profession to experienced practitioners seeking to refine or reflect on their approach.
- » Support staff, managers, and compliance and audit professionals who contribute to the delivery and oversight of financial advice.
- » Academics, students, clients, and institutions who wish to gain a deeper understanding of what good financial advice practice involves.

By offering a shared language and framework, the document supports a more consistent, ethical, and client-focused approach across the profession and its broader ecosystem.

How this document can be used

- » As guidance for practicing advisers
- » As a reference tool to check how your approach aligns with the broader advice community.
- » As a resource for when you need to challenge or provide feedback – either to colleagues, employers, clients – where you are being asked to take actions which you feel to be inappropriate or unethical.
- » To support those with less experience in financial advice – such as new entrants to the profession, clients, allied professionals and others – who wish to develop their understanding of what good financial advice outcomes look like.

What this document should not be used for

This document does not set out requirements or absolute standards, and it cannot be used in isolation to evaluate whether an adviser's actions have met an appropriate standard.

This document does not seek to be comprehensive or exhaustive. It should not be used as a list of checkbox items.

At all times financial advisers must use their professional judgement when assessing how this guidance should be applied in relation to their services to their clients.

Section One

Unifying Principles

The unifying Principles set out the fundamental underpinning of good financial advice practice. The principles identified here are:

- The exercise of professional judgement
- Appropriate scope of advice
- Complete and accurate record keeping
- Client Communication
- Managing conflicts of interest
- Applying the best interest duty
- Acting only where it is appropriate to do so

These principles apply across all advice contexts and client relationships, regardless of the specific advice scenario, and are key to fulfilling your obligations to clients and other counterparties. Each principle includes a clear definition, followed by a brief explanation of what the principle entails.

Warning

The principles presented here should not be taken as an exhaustive list. As with all aspects of financial advice, you should use your own professional judgement to establish what actions are required to reach the standard described by each of the Unifying Principles, and use those principles as a foundation to develop your own best practice approach to providing financial advice for your clients.

The exercise of professional judgement

Principle

In all situations a professional must use their own judgement to assess how an outcomes should be delivered, and what actions are needed to achieve those outcomes.

Explanation

Professional judgement is paramount. It is the cornerstone of ethical and effective financial advice. Each adviser has a personal and professional duty to assess what is appropriate in a given situation, based on the client's circumstances, needs, and the broader ethical, regulatory and legislative context. This responsibility cannot be delegated or outsourced.

While guidance (including this document), client instructions or licensee and employer requirements may inform the adviser's thinking, they should not be followed blindly. The adviser must critically evaluate these factors and determine whether they align with the client's best interests and the adviser's professional obligations. The exercise of judgement must be thoughtful, ethical, and defensible.

Professional judgement is not optional - it is a core obligation. It enables the adviser to navigate complexity, balance competing priorities, and deliver advice that is both appropriate and principled.

Selecting the appropriate scope of advice

Principle

Financial advisers must clearly define and document the scope of advice, ensuring it aligns with the client's needs, complies with legal and ethical standards, and that the client understands its limitations and implications. In doing so, advisers must assess whether the scoped advice will meet the client's best interests—even if this requires challenging or refining the client's articulated priorities.

Explanation

Defining the scope of financial advice is a foundational step in the adviser-client relationship, as it is key to the agreement between the adviser and the client as to what is being provided as part of their relationship.

It is crucial that the scope of advice meets the clients' needs and aligns with their best interests.

This scope must be documented and communicated clearly, ensuring that, where there is an intention to provide scaled advice, the client understands that some matters will not be included in the advice, what will be included and excluded, and the potential implications of not addressing the excluded matters.

Importantly, advisers must not simply accept the client's stated priorities at face value. They are obliged to assess whether limiting the scope of advice will genuinely serve the client's best interests, which may involve challenging the client's assumptions or preferences.

It is the adviser's obligation to inform the client of the relevant considerations and significant risks of excluding an area or areas of advice and ensure that the client has sufficient understanding to provide their informed consent.

Advisers should keep the scope of advice under review as the advice process progresses. If new information comes to light or circumstances change, advisers should be ready to adapt the scope of the advice they are providing.

Even when advice is limited in scope, advisers must still meet all regulatory obligations, including the best interest duty and the ethical standards set by the [Financial Planners and Advisers Code of Ethics 2019](#). This means the advice must be appropriate, not misleading, and based on a reasonable investigation of the client's circumstances. Advisers must also disclose any limitations that could materially affect the client's decisions, ensuring transparency and accountability throughout the advice process.

Complete and accurate record keeping

Principle

Financial advisers must maintain complete and accurate records of how an Outcome has been achieved, including the actions taken to achieve it, setting out their reasoning as appropriate.

Explanation

Record keeping is fundamental to good practice. In addition to being a regulated outcome, accurate records provide the evidence base for the professional's decisions and support transparency, accountability, and continuity of care.

Good records demonstrate how professional judgement was applied and enable the adviser to show the rationale behind specific actions. This is especially important when advice is reviewed, challenged, or audited. Quality record keeping also supports collaboration and protects both the client and the adviser by diminishing the risk of any misunderstandings.

Just as professional judgement is key to applying the principles, understanding how that judgement was exercised in a given situation is crucial to evaluating whether a particular action was appropriate.

Client communication

Principle

Financial Advisers must communicate with clients in a manner that is appropriate, tailored, and sufficient to enable informed decision-making.

Explanation

Effective communication is central to building trust and achieving good outcomes.

As well as setting out the advice, advisers must inform and educate their clients, manage client expectations, keep clients adequately informed and ensure that clients understand the roles that both adviser and client will fulfill. However advisers must balance this with ensuring that they do not over-communicate, obscure or confuse relevant matters or overwhelm the client's capacity to engage and comprehend.

An adviser must be aware of the factors which may impact on how they communicate with their clients, including cultural background, language, financial literacy, prior experience with advice, personal values, health or disability, vulnerability etc, and must tailor their communication accordingly. Additionally, advisers must take into account the client's preferences as to the medium by which communication takes place.

Communication should be ongoing and responsive to changes in the client's situation.

Crucially, advisers must communicate in a way that enables the client to sufficiently understand what services and advice is being provided, and what that advice entails, so that they can give their informed consent to proceed.

Managing conflicts of interest

Principle

Financial Advisers must identify situations that involve a conflict of interest or duty, and approach these in a way that meets the obligation to act in a client's best interest, but also the obligation to act within the law and regulation, declining to act where it is not possible to do so.

Explanation

The [Financial Planners and Advisers Code of Ethics 2019](#) (often referred to as the "FASEA Code") Standard 3 states that "You must not advise, refer or act in any manner where you have a conflict of interest or duty".

[ASICs Regulatory Guide 181 – AFS licensing: managing conflicts of interest](#) provides important context and guidance for AFS licensees and their representatives. Financial advisers must be able to identify whether a situation places them in a conflict of interest or duty and exercise professional judgement appropriately to decide what action needs to be taken. As part of their assessment process, financial advisers must be able to identify whether a situation is such as to create a "real and sensible possibility that the conflict will sway" their judgement or actions¹, taking a "common sense approach"² to conflict identification.

There is an inconsistency between the position taken by the Financial Planners and Advisers Code of Ethics and the position taken by RG 181 in terms of the capacity to manage conflicts of interest and duty. It is the FAAA's view that it is not possible to advise whilst avoiding all conflicts. Therefore, it is the FAAA's view that where a conflict is identified financial advisers should go on to establish whether the conflict is one that can be managed – and if so how – or if it is one which must be avoided.

The best interests duty

Principle

Financial Advisers must act in the best interests of their client, their community and the profession.

Explanation

The Corporations Act 2001 defines an advisers best interest duty to their client under [section 961B](#). This section also sets out a number of steps (known as the safe harbour steps) that – if followed – should enable an adviser to demonstrate that they have fulfilled their legal duty to act in a client's best interest. ASIC provides explanatory guidance regarding its interpretation of the legislated duty under [Regulatory Guide 175 AFS licensing: Financial Product Advisers, Conduct and Disclosure](#).

However, the duty to act in a client's best interest does not just originate from the law. It is a fundamental aspect of a professional's duty to their clients.

It requires that the adviser form a proper understanding of their client and their client's circumstances, needs and goals, considers how best to meet these needs and advises accordingly; and uses their understanding of the client to give due consideration to the clients' wider circumstances and the potential downstream impacts of any advice.

¹ See RG 181.29

² See RG 181.31

When advising the client, the adviser should reasonably believe that implementing the advice will result in the client being in a better position than if they had not been advised. The advice provided should be appropriate for the client based on their needs and circumstances.

The Corporations Act 2001 [section 961G](#) codifies the requirement that the advice be appropriate to the client.

The nature of a client's needs, and the advice that should be given to satisfy those needs, are necessarily subjective. Depending on the circumstances, it is entirely possible for two different advisers to recommend different strategies for meeting a client's needs, and for both to satisfy their duty to act in the client's best interest.

The best test to determine if a client's needs have been properly identified and whether the advice provided is appropriate to meet those needs is whether a hypothetical adviser, with appropriate levels of knowledge and skills, and exercising due care, would agree that the client's needs have been appropriately identified and that the advice is appropriate to meet those needs. This "reasonable adviser" test is also codified by the Corporations Act 2001, section 961E. However, as with the other legislated concepts highlighted in this section, the test's origin lies in financial advisers' status as professionals, as well as in legislation.

There is also a duty to prioritise the client's interest over that of the adviser, their employer, licensee, or any other related entity. This is addressed in the Corporations Act 2001 under section 961J and in legislation it is treated as distinct from the legislative best interest duty defined by section 961B. However, both duties are part of the wider duty to the client that originate from an adviser's status as a professional.

Certain circumstances may mean that, were the adviser to provide advice, it would not be possible to do so in a way that fulfilled the best interest of their client. These circumstances may include (but are not limited to) the nature of the instructions provided by the client, issues in obtaining the relevant information needed to form a proper understanding of the client and their circumstances, a lack of relevant knowledge or expertise on the part of the adviser, or inhibiting factors arising from the adviser's employment or authorisation. Notwithstanding the nature of the circumstances preventing the adviser from acting in their client's best interest, where it is not possible for the adviser to act in their client's best interest, the adviser should decline the engagement to act for the client.

Acting only where it is appropriate to do so

Principle

An adviser should apply their professional judgement and identify situations where it is not possible to act in a manner that is ethical, or in line with regulatory or legislative requirements. In those situations, the adviser should refuse to act.

Explanation

There are circumstances where an adviser may encounter conflicts between ethical obligations, regulatory requirements, or legislative standards. In such cases, it is not enough to simply attempt to manage or mitigate these conflicts; the adviser must critically assess whether it is possible to act in a way that is both ethical and compliant. If, after careful consideration, the adviser determines that any

action would compromise ethical standards or breach regulatory or legislative requirements, the only responsible course is to refuse to act.

Advisers should also consider their own strengths and limitations in serving a client's unique needs. There may be situations where an adviser determines that they are not the right fit for a client – perhaps due to the nature or complexity of the client's circumstances, specific vulnerabilities, the adviser's own expertise and capacity, or simply because of a clash of values or personalities.

This approach protects the integrity of the profession, ensures that clients are not exposed to inappropriate or unlawful advice, and upholds public trust in financial advice. Refusing to act in such situations is not a failure of service, but rather a demonstration of professional responsibility and commitment to the highest standards of practice. Advisers should document their reasoning and communicate transparently with clients about the limitations and rationale for their decision, ensuring that all parties understand the importance of ethical boundaries.

Advisers can only act for a client where it is ethical to do so. If it would not be ethical to act, the adviser should not act.

Section Two

Supporting Behaviours

This section sets out behaviours that support the delivery of good financial advice outcomes. The behaviours differ from the unifying principles in the previous section in so far as they are tools that assist the financial adviser to achieve high standards, not ethical principles in themselves.

As with all aspects of this guidance, the extent to which these behaviours would apply in any given scenario is a matter to which the individual adviser should apply their own professional judgement:

1. Establishing rapport

Building trust and connection with the client creates a safe environment for open dialogue, leading to a greater level of disclosure, stronger understanding and ultimately, better advice.

2. Asking open questions

Using open ended questions that encourage clients to provide detail around their answers supports them to share deeper insights into their goals, values, concerns and circumstances.

3. Encouraging client questions

Creating an environment where clients are empowered to ask questions and clarify uncertainty fosters engagement and clarity, reduces misunderstandings and allows for greater expectation management, allowing both client and adviser to have greater confidence in the suitability of the advice for the client's circumstances.

4. Checking in frequently and keeping the client informed

During the stages of the advice process giving the client visibility of where things stand, what the next milestone will be and verifying client understanding on the process and matters discussed fosters a greater sense of ownership for the client.

5. Tailoring explanations to the client

Assessing what level of detail will best enable a particular client to understand and be able to provide informed consent for the advice provided is a key skill. Advisers should assess how far they need to educate their clients regarding the products and strategies that are being proposed.

6. Tailoring language to the client

Using language in a way that works for the client and meets them at their individual level is again a key skill for delivering good advice

7. Demonstrate empathy and patience

Recognising and validating the emotional and behavioural aspects of financial decision-making fosters greater rapport and openness.

8. Set realistic expectations

Being transparent about outcomes, risks and timelines builds a greater level of trust and reduces the potential for future dissatisfaction.

Section Three

The stages of the financial planning process

Whereas the preceding sections of this document speak to financial advice generally, the stages of the advice process break the advice journey down into individual stages. Each stage below provides an introductory section, explaining the purpose of the stage in meeting the client's needs, and how it fits into the wider advice process. This is followed by a list of the outcomes that should be achieved during that stage.

The outcomes identified below are not intended to be a comprehensive list or to be used as such. As always, financial advisers must apply their professional judgement when assessing what actions need to be taken in a given situation.



Stage 1 Engagement

Introduction

Stage 1 of the financial advice process – Engagement – is all about setting the foundation for a strong, ethical client relationship. At this stage, financial advisers explain what financial advice involves, what services they offer, and how they work, making sure the client understands their role and responsibilities³. They assess whether they're the right fit for the client's needs, identify any potential conflicts of interest, and agree on the scope of the engagement.

This agreement is documented clearly and includes details like fees, responsibilities, and how the relationship can be ended. The goal is to build trust and ensure both parties are on the same page before moving forward.

Outcomes

1. Identify the client⁴, including:

- a. In whose beneficial interest advice should be provided.
- b. If there is more than one client.
- c. Any conflicts between the interests of parties seeking advice.
- d. Whether there are any vulnerabilities or like factors that would influence advice delivery.

2. Be satisfied you understand⁵:

- a. The motivation of the client in seeking financial advice.
- b. The client's expectations.
- c. The client's level of financial literacy.
- d. The client's previous experience of financial advice (if any) and the outcome of that experience.

3. Be satisfied the client understands⁶:

- a. The outline of the financial advice process, the adviser's approach to this, and what will be required from the client at each stage.
- b. The fees and other costs that may be incurred and how these are paid.
- c. Any tax implications associated with the provision of advice.

4. Identify, highlight and resolve any client misunderstanding, and any unrealistic expectations.⁷

5. Identify any conflicts of interest between adviser and client, and be satisfied⁸:

³ FPSB Standards 1, 2, 3

⁴ Div 2 of Pt7.7A(a),(c) of the Corporations Act; s961J(1); AML/CTF Act 2006

⁵ s961B(2)(b)(i); RG 244.65; FPSB Standard 6

⁶ FPSB Standard 3

⁷ FPSB Standard 6, 11

⁸ s961J(1); RG 181

- a. These can be managed in line with your ethical and regulatory obligations.
- b. The client understands the conflict and how it will be managed.

6. Identify, highlight and resolve any other matters that may limit or impede delivery of advice in the clients best interests, and be satisfied the client understands what the limitations are, how they will be resolved and any client obligations in relation to this.⁹

7. Decline to proceed with engagement and (where appropriate) refer the client to another adviser if¹⁰:

- a. There is an identified unmanageable conflict.
- b. The adviser is not able to meet the client's needs.
- c. There are other reasons that advising the client would be unethical.

8. Identify a provisional scope of advice and be satisfied the client understands¹¹:

- a. Any limitations to the advice provided.
- b. If relevant, why providing limited scope advice is compatible with client best interest.
- c. That the initial scope of advice may need to be adapted and amended as the adviser learns more about the client's needs.

9. Provide client with a record of the agreed terms of engagement, including:

- a. Services to be provided.
- b. Applicable fees and how these will be paid.
- c. Circumstances in which the engagement may be terminated by either party.

10. Obtain the client's consent to proceed.¹²

⁹ RG 244.68; RG 244.81

¹⁰ s961B(2)(d)

¹¹ RG 244D

¹² FASEA Code of Ethics Standards 4, 5c, 7

Stage 2

Researching the client's circumstances

Introduction

Stage 2 of the financial advice process – Researching the client's circumstances – is about ensuring you have a full picture of the client's situation. At this stage, financial advisers work with the client to identify their personal and financial goals, gather accurate and complete factual data (like income, assets, liabilities), and collect qualitative insights (like values, attitudes toward money, and financial literacy)¹³.

The aim is to build a solid understanding of the client's needs and priorities so that any advice or recommendations are relevant and well-informed. It is possible that the scope of advice will need to be revisited at this stage, and – with the client's informed consent – may need to be amended. The adviser should ensure that the client understands the importance of providing all the relevant information about their personal circumstances and needs.

Outcomes

1. Working with the client, define their financial situation, their needs and their objectives, and based on these agree the client's goals.

2. Help the client prioritise these with reference to:

- a. Need
- b. Time frames
- c. Client preference.

3. Obtain the information relevant to the agreed scope of advice.

- a. This should include sufficient supporting or corroborative information to allow the adviser to safely conclude that the scope of advice is appropriate.

4. Review the information provided and work with the client to identify and resolve any:

- a. Inconsistencies
- b. Omissions
- c. Unrealistic client expectations

5. Be satisfied the client understands the correlation between the quality of the information provided and the quality of the advice provided.¹⁴

6. Assist the client to be able to make an informed decision by providing the necessary information and education in relation to the subject matter of the advice.

¹³ FPSB Standards 4,5,6

¹⁴ s961B(2) (a) –(c); RG 175.288(c)

7. For each financial need and objective:

- a. Identify your client's
 - i. Capacity for risk (including but not limited to investment risk)
 - ii. Attitude to risk (including but not limited to investment risk)
- b. Be sure your client understands
 - i. The difference between attitude to risk and capacity for risk
 - ii. How this will be reflected in your advice.

Stage 3

Analysing and assessing the client's financial situation

Introduction

Stage 3 of the financial advice process – Analyse and assess the client's financial situation – is where financial advisers dig into the information gathered from the client to understand their current financial situation.¹⁵ This involves:

- reviewing both the client's goals and their actual and prospective financial resources;
- identifying any gaps, risks, or conflicts between objectives; and
- evaluating whether the client's current path is likely to meet their needs.

Advisers use this analysis to confirm priorities and assumptions, helping shape the strategies and recommendations that follow. It's about turning raw data into meaningful insights that guide the rest of the advice journey. Again, it may be necessary to revisit the scope of advice or the service provided and obtain the client's informed consent to amend this, if the analysis shows that the originally agreed scope is narrower than what is in the client's best interest.

Outcomes**1. Analyse the client's financial situation.¹⁶**

- a. Review all relevant client data within the scope of the engagement.
- b. Consider both client-stated objectives and broader financial factors (e.g. retirement age, income needs, risk tolerance)

2. Assess alignment with client goals.

- a. Compare the client's current financial status to their objectives, needs, and priorities.
- b. Identify gaps, risks, or conflicts between goals.

3. Confirm and document client priorities.

- a. Discuss and resolve any conflicting objectives.
- b. Reach agreement with the client on which goals take precedence.

4. Evaluate feasibility and assumptions.

- a. Determine whether the client's current course of action is likely to meet their goals.
- b. Use reasonable assumptions based on the client's circumstances.

5. Prepare for strategy development.

- a. Ensure the analysis supports the next stage of advice.
- b. Adjust the scope or seek additional information if needed to proceed responsibly.

¹⁵ FPSB Standards 7, 8, 9, 10

¹⁶ s96B(2)(b)(i), (2)(g)

Stage 4

Identifying suitable strategies and developing recommendations

Introduction

Stage 4 of the financial advice process – Identify suitable strategies and develop recommendations – is where advisers turn analysis into action. At this stage, you explore different strategies that could help the client meet their goals, evaluate which ones are most appropriate, and then build tailored recommendations based on those strategies¹⁷. You use your professional judgement to identify products or services that support the plan, making sure they align with the client’s needs. Finally, you present your recommendations clearly, explaining the reasoning, risks, and how they fit the client’s situation—so the client can make informed decisions with confidence.

Outcomes**1. Identify and evaluate financial advice strategies**

- a. Identify viable strategies that could reasonably meet the client’s confirmed objectives, including making no changes to the client’s existing financial strategy or situation.
- b. Assess each strategy’s suitability based on client needs, priorities, and circumstances.

2. Develop financial advice recommendations

- a. Build recommendations from selected strategies that align with the client’s goals.
- b. Consider if changes to existing strategies are required to achieve client’s goals. Only recommend changes if the benefits of changing outweigh the costs of doing so.¹⁸

3. Identify appropriate products and services

- a. Select products/services that support the recommended strategies.
- b. Be satisfied that you fully understand their features, risks, and benefits before recommending, including the risks of recommending a new product generally.

4. Present recommendations clearly

- a. Explain rationale, assumptions, and risks in a way the client can understand.
- b. Help the client make informed decisions and disclose any conflicts of interest.

5. Document and disclose

- a. Provide recommendations in writing or durable format.
- b. Include all relevant details such as objectives, strategies, products, risks, fees, and any third-party benefits.

¹⁷ FPSB Standards 10, 11, 12, 13, 14, 15

¹⁸ RG175.282(b)

Stage 5

Implementing the advice
recommendations

Introduction

Stage 5 of the financial advice process – Implement the client's advice recommendations – is where advisers put the agreed plan into action. At this stage, you confirm with the client what's being implemented, who's responsible for each part, and make sure you have their consent before moving forward.¹⁹ You coordinate with other professionals if needed, handle documentation, and ensure any products or services are selected and secured appropriately. If circumstances change or a recommendation becomes outdated, you reassess before proceeding. The goal is to carry out the plan diligently, transparently, and in the client's best interest.

Outcomes

1. Agree on implementation responsibilities

- a. Define who is responsible for each part of the plan – adviser, client, or other professionals.
- b. Document any changes to the original scope based on client agreement.

2. Meet legal requirements before implementation

- a. Review to ensure all necessary documentation and authorisations are in place.

3. Avoid implementing expired recommendations

- a. Be satisfied the client knows how long they have to consider and respond to your recommendations.
- b. Decline to act on any advice that is no longer current or appropriate.

4. Obtain client's informed consent

- a. Be satisfied the client understands your recommendations and the likely benefits and costs of proceeding
- b. Get clear approval in writing before implementing any recommendations.
- c. Do not provide or charge for services without prior consent.
- d. Where appropriate, offer an ongoing review service
- e. Agree the dates for any review activities that form part of the agreement
- f. If part of the agreement, define the ad-hoc events which will trigger action and what those actions will be.
- g. Provide the terms for any ongoing review service in writing.

5. Implement diligently and ethically

- a. Act promptly and thoroughly on agreed recommendations. Ensure the recommendations remain current and relevant before implementation.

¹⁹ FPSB Standards 17, 18

- b. Ensure the client is aware that the recommendations are time limited and should not be implemented if there have been changes to relevant circumstances.²⁰
- c. Notify the client in writing if a recommendation is not implemented and explain why.

6. Handle client requested variations in line with your ethical and regulatory obligations, ensuring:

- a. If a client requests changes that may impact their goals, inform them in writing of the risks and consequences.
- b. Fully document the reasons for any variation.
- c. Where the requested changes are a significant departure from the recommendations, consider whether it is necessary to provide an updated statement or record of advice.
- d. Do not action changes which do not align with the client's best interests.

7. Maintain a client asset register (if applicable)

- a. Ensure secure and accessible record-keeping.

²⁰ RG175.96 Note: "...set out a period of time during which the recommended course of action remains current."

Stage 6 Reviewing the client's situation

Introduction

Stage 6 of the financial advice process – Review the client's situation – is about keeping the plan relevant and on track over time. Properly conceived, this is less a “stage”, and more a description of an ongoing relationship that may exist for a lifetime.²¹ At this stage, financial advisers continue to work with the client to agree on how and when reviews will happen, and what they'll cover. The review looks at whether the client's goals, circumstances, or the regulatory and economic environments have changed since the previous recommendations were implemented, and whether the current plan still makes sense. If needed, advisers update the recommendations and clearly communicate any changes. The role of the adviser is to ensure the advice stays aligned with the client's evolving needs and priorities.

However ongoing service or periodic reviews should only be provided where there is a need or benefit to the client for doing so. The adviser must clearly communicate the services they will provide, ensuring that these are not vague or difficult to measure objectively, and ensure that these services are then provided.

Outcomes

1. Identify whether the client would benefit from ongoing service

- a. Only propose where there is a clear benefit or value add.
- b. Ensure the client fully understands what this will be, and also the risks of not proceeding.

2. Agree on review responsibilities and terms

- a. Define how and when reviews will occur.
- b. Define what specific actions the adviser will perform.
- c. Clarify roles and expectations for both adviser and client.
- d. If no review service is agreed, clearly outline that no review will be undertaken unless subsequently requested by the client.

3. Conduct the review

- a. Assess progress toward the client's goals.
- b. Identify any changes in the client's circumstances or objectives.
- c. Identify any changes in the client's circumstances and objectives.
- d. Confirm whether current recommendations are still appropriate.

4. Update recommendations if needed

- a. Modify or replace recommendations based on new information.

²¹ FPSB Standards 16, 19, 20

- b. Follow the same process as initial advice (stage 2–5) when making changes.

5. Communicate outcomes

- a. Provide written confirmation of any updates, continued recommendations, or new advice.

6. Portfolio monitoring (if applicable)

- a. Implement agreed monitoring services diligently.
- b. Ensure transparency around costs and service scope.

The principles should be used as a starting point for you to develop best practice in a form that aligns with the needs of your clients. We also encourage you to use the principles to inform your conversations with colleagues and clients around the advice you deliver.

If you encounter a situation you are uncertain about and would like to discuss how the principles might apply, please feel free to contact the FAAA Professional Standards Team at the following email – professional.standards@faaa.au.



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