



## FAQ - FAA Legislative Framework Examination

### FAA Legislative Framework examination

**NOTICE:** The Government has passed new legislation that changes how financial advice is regulated in New Zealand. The new Code of Professional Conduct for Financial Advice Services comes into effect on 15<sup>th</sup> March 2021.

Until that time, under the current regime, the Code of Professional Conduct for Authorised Financial Advisers remains in place and the New Zealand Certificate in Financial Services (Level 5) Version 1 is the minimum competency standard required for those seeking AFA authorisation.

Individuals currently completing the New Zealand Certificate in Financial Services (Level 5) Version 2 will meet all the requirements of version 1 EXCEPT understanding of the Legislative Framework for AFAs. Those seeking Authorised Financial Adviser status under the current regime must pass the examination to demonstrate they have this understanding.

### Important information about the of the FAA Legislative Framework examination.

The FAA Legislative Framework examination is 60 minutes long. It contains 30 multi-choice and multi-select questions which candidates answer online at supervised centres throughout the country. The questions are randomly selected from a larger pool to ensure examinations vary between candidates and examination re-sits can be accommodated.

For multiple choice questions, candidates need to select the correct answer from a range of options. For multi-select questions, candidates need to select all correct options within that question for their answer to be correct. The questions are presented on the computer screen in three blocks of 10 questions. Note: these question blocks are **not** the sections candidates are required to pass but appear as blocks to make the examination easier for candidates to navigate.

### What do I need to get to pass the examination?

To pass the examination candidates must achieve:

- 70% as an overall pass mark

and

- a pre-set pass mark for each section/topic area of the examination. Section/topic area pass marks will vary. Some will require 50% to pass and others a higher pass mark e.g. 60%. In the specific topic areas, the requirement varies depending on the level of knowledge required in that topic area. More information is available on the table provided below.



To pass the FAA Legislative Framework examination candidates must meet the following criteria:

To demonstrate depth of understanding and the ability to repeat performance across unit standard 26360		<b>21/30 (70%)</b>
<b>AND</b>		
To demonstrate understanding across unit standard 26360 advisers are required to achieve at least		
<b>Outcome from Unit Standard 26360</b>	<b>Critical topic areas that form sections</b>	<b>Minimum correct answers</b>
1 Demonstrate understanding of participants and terms in the legislative framework for financial advisers, and the registration and reporting requirements of financial advisers.	Terms used in FAA, reporting requirements of AFAs, registration and disputes resolution requirements of FSPR	3 out of 5 questions answered correctly
	Types of adviser and the services they can provide	1 out of 2
2 Demonstrate understanding of disclosure and conduct obligations of financial advisers, and financial services compliance legislation.	Disclosure obligations	1 out of 2
	Conduct obligations	1 out of 2
	Financial Markets Conducts Act	1 out of 2
	Anti-Money Laundering and Countering Financing of Terrorism Act	1 out of 2
3 Demonstrate understanding of the Code of Professional Conduct for Authorised Financial Advisers.	Standards of ethical behaviour, standards of client care, standards of competence, knowledge and skill and continuing professional training	5 out of 7
4 Demonstrate understanding of the requirements of consumer legislation and disputes resolution as an Authorised Financial Adviser	Roles and responsibilities of participants in disputes resolution, Fair Trading Act, Consumer Guarantees Act	4 out of 6
	Privacy Act	1 out of 2
The three additional answers required to meet the overall pass requirement are taken from any section		

**Notes:**

Candidates are required to pass both the examination overall and each section because of the nature of standards-based assessment. The New Zealand Qualifications Authority (NZQA) requires there is evidence provided across the whole unit standard, and that there is enough evidence to show that the person being assessed is able to repeat the activity; that is, they are able to perform what's required, consistently.

The requirement to pass the individual sections is to ensure that there is evidence across the whole of the unit standard, while the overall pass mark of 70% is to show that the adviser has the ability to perform an activity correctly more than once.



The examination sections that require a pass mark are based on the four elements set out in the unit standard. The elements have been divided into critical topic areas. It is these critical topic areas that form the sections requiring pass marks. To pass the FAA Legislative Framework examination candidates must meet the following criteria: The examination sections that require a pass mark are based on the four elements set out in the unit standard. The elements have been divided into critical topic areas. It is these critical topic areas that form the sections requiring pass marks.

The questions in the examination cover all performance criteria which you can find detailed in the unit standard. The unit standard is available [here](#)

The performance criteria will be assessed either in standalone topics or across several areas where an overall level of competency is more relevant.

### **How and when do I know the results?**

You can find out your results by logging in to your Skills account. Click on ‘Exam for Legislative Framework – Book Session or View Results’ and you will find the assessment result. Results are usually available within 24 hours of the exam finishing.

### **What if I don't pass?**

You will need to book and pay for a resit of the full exam. If you do not pass on your second attempt, you can try once more, then you will not be able to sit again for three months. It is recommended that advisers use this time as a training period. After the three months you will then have another three opportunities to pass.

### **What can I do to prepare for my re-sit?**

Feedback will be provided to candidates who have been unsuccessful in passing the examination. It will provide information on the questions answered incorrectly and the performance criteria they relate to. The feedback can be accessed by clicking on the ‘Examination feedback’ button next to your result. An example of examination feedback is shown below:

The following feedback lists the areas in unit standard 26360 which you answered incorrectly during your examination:

#### **Examination Feedback**

- 2.1 (b) AFA
- 4.3 (c) Provision of service or product ‘reasonably fit for purpose’

In the example above:

- 2.1(b)

Shows that a question related to performance criteria 2.1(b) was answered incorrectly – specifically the range statement item related to AFA

- 4.3(c)

Shows that a question related to performance criteria 4.3 was answered incorrectly – there is no range statement so no further detail [also applies if there is only one range statement item]



Advisers should use this feedback as a guide to study in preparation for a re-sit. Advisers may choose to undertake formal study through a training provider or review their own material.

### **Can I appeal the result of my FAA Legislative Framework examination?**

Yes. Candidates can appeal the result of their examination if they are not satisfied with the outcome. The appeal will be considered by an adjudicator appointed by The Skills Organisation. The adjudicators have recognised expertise and they have sat and passed the FAA Legislative Framework examination however they were not involved in writing the examination questions.

An appeal will focus on the examination questions, not the structure. Adjudicators will use set criteria to review each question the candidate answered incorrectly, and they will also consider any additional comments the candidate has made about specific questions.

Appeal applications must be received by the Skills Organisation no later than one calendar month after the date of sitting. To initiate the appeal process click on 'Exam for Legislative Framework – Book Session or View Results'. Then Click "Appeal" and you will be taken to a page that explains the process and costs.

Appeal outcomes will be communicated to the appellant at the earliest opportunity by telephone and by formal written response.