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Australian Financial Risk Management Pty Limited

ABN: 21 001 696 868
AFS Licence Number: 237186

POLICY DOCUMENT

AFRM CPD Policy

Version 2.1 – 29 July 2024

Audience

The intended audience for this policy is anyone who is “current” on the ASIC Register of Relevant Providers (Financial Adviser Register – FAR). That is, Representatives of Australian Financial Risk Management Pty Ltd (The Licensee) who provide personal advice to retail clients.

Policy summary

Continuing Professional Development (CPD) is an essential component of all professions and mandated by s921B(5) of the *Corporations Act 2001* (Cth) (**the Act**).

As a Representative, you have an obligation to participate in development programs and activities that ensure you maintain competence and extend your professional capabilities, knowledge and skills including keeping up to date with all regulatory, technical and other developments relevant to your professional practice to ensure you remain a client-centric practitioner.

Your licensee requires you to undertake a minimum of 40 CPD hours per calendar year, 70% of which **must** be approved by the licensee - these are referred to as “qualifying CPD activities” as well as meet the minimum hours/CPD category. In addition, you must maintain a continuous up-to-date, and accurate, record of your CPD activities.

Evidence of completion of CPD activities must be kept for 7 years post completion of the CPD year. The same CPD standard applies whether you work part-time or full-time.

The Treasury (Australian Government department) oversees Financial Adviser Standards including standards in relation to Continuing Professional Development.

The following excerpt is from The Treasury’s guidance on Continuing Professional Development:

“All financial advisers are required to participate in development programs and activities that ensure they maintain and extend their professional capabilities, knowledge and skills including keeping up to date with all regulatory, technical and other developments relevant to professional financial advice.”

As such, the main purpose of participating in CPD is to maintain, develop and update your knowledge and skills so that you are able to:

- Offer clients up-to-date, professional and complaint high quality advice.
- Meet all regulatory requirements and ethical standards, including Standard 10 in the FASEA Code of Ethics which states: “*You must develop, maintain and apply a high level of relevant knowledge and skills*”.

This policy has been developed to align with the requirements found in the Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018 and the **Corporations (Relevant Providers—Education and Training Standards) Determination 2021**.

This policy addresses the following areas regarding CPD:

1. Your CPD requirements.
2. Due date for CPD requirements.
3. Maintaining your CPD records.
4. Extended leave and your CPD requirement.
5. Types of CPD opportunities
6. Mandatory training and assessment obligations
7. Requirement to provide your own work
8. Licensee approach to approving qualifying CPD activities
9. Approach to auditing compliance with this CPD policy and CPD plan
10. Consequences of not meeting your CPD requirements.

Your obligation to comply with this policy commences on the date your authorisation is granted by the licensee.

Provisional Relevant Providers who are undertaking training and education activities as part of their professional year, are not required to comply with the CPD requirements (see, section 921D(2) of the Act) because it is recognised they will be actively engaged in training and education activities as part of their professional year activities in order to obtain their Representative status.

If you are registered with ASIC as a Tax (financial) Adviser, you must comply with additional CPD requirements of Division 5 of Part 3 of the **Corporations (Relevant Providers—Education and Training Standards) Determination 2021**. These additional requirements are outlined in the CPD Knowledge Area table on the following page.

If you are a member of a professional association (e.g. FAAA), you will also need to meet their specific CPD requirements. It is your responsibility to ensure you are familiar with the CPD requirements of any professional body of which you are a member.

1. Your CPD requirements

As a Representative, you are required to participate in development programs and activities that ensure that you maintain competence and extend your professional capabilities, knowledge and skills including keeping up to date with all regulatory, technical and other developments relevant to your professional practice to ensure you remain a client-centric practitioner.

You are required to undertake a minimum of 40 CPD hours per calendar year, 70% of which (i.e. 28 hours) **must** be “qualifying CPD activities” approved by the licensee. See Section 5 below for more information about “qualifying CPD activities.”

We have set out the minimum hours required for each CPD category in the below table:

| CPD Knowledge Area Category | Minimum Qualifying Hours Per CPD Year |
|---|---------------------------------------|
| Technical Competence: <ul style="list-style-type: none"> • activities designed to enhance 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 | 5 |
| Client Care and Practice <ul style="list-style-type: none"> • activities designed to enhance participants’ ability to act as a client-centric practitioner in advising retail clients | 5 |
| Regulatory compliance and consumer protection <ul style="list-style-type: none"> • activities designed to enhance participants’ understanding of applicable legal obligations and how to comply with them | 5 |
| Professionalism and ethics <ul style="list-style-type: none"> • activities designed to enhance participants’ capacity to act as an ethical professional | 9 |
| Tax (financial) advice* <ul style="list-style-type: none"> • activities 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. | 5 |
| General <ul style="list-style-type: none"> • any activity designed to maintain and extend participants’ professional capabilities, knowledge and skills which is not referred to in another item in this table | 0 |

* The Tax (financial) advice CPD requirements are for Advisers registered with ASIC as Tax (financial) Advisers.

The same CPD standard applies whether you work part-time or full-time.

For existing Representatives appointed during the CPD year, the full annual CPD requirement will be required to be met, however any CPD undertaken whilst you were a representative of another Australian Financial Services Licensees (AFSL) can contribute to meeting the annual CPD target and will need to be recorded in your CPD register.

AFRM recommends a best practice method whereby you aim to attain 10 hours per quarter of qualifying CPD activity to ensure you can take advantage of the variety of opportunities available throughout the year and that your learning is continuous in nature.

CPD is categorised into three categories:

1. Formal relevant education – (see Section 5 below)
2. Non-formal education – (see Section 5 below)
3. Other CPD – (see Section 5 below).

CPD records must be kept in accordance with the guidelines outlined in the "Maintaining your CPD records" section of this policy.

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|--------------------------------|---|
| Employee Representative | All Representatives must undertake a minimum total of 40 CPD hours per calendar year in accordance with the table and paragraphs outlined above. |
| Tax (financial) adviser | <p>A Representative who is also registered with ASIC as a "Tax (financial) Adviser" must also ensure they meet the additional standards applied under Division 5 of Part 3 of the Corporations (Relevant Providers—Education and Training Standards) Determination 2021. the additional requirement is highlighted in the "CPD Knowledge Area Category" table on the previous page and requires:</p> <ul style="list-style-type: none"> • A minimum of 5 hours in the CPD area of tax (financial) advice. |

2. Due date for CPD requirements

AFRM operates its CPD year on a calendar year basis. As such, each CPD year begins on 1 January and the due date for all Representatives CPD requirements to be met is **31 December** each year. You must complete, and provide evidence of your CPD activities (your register) on or before **31 December** each year.

3. Maintaining your CPD records

You are required to maintain a register of completed CPD activities. You must keep records evidencing your CPD activities for 7 years from the end of each CPD year.

Each CPD year, you must maintain a complete record of:

- Qualifying CPD activities and when they were undertaken;
- Other CPD activities and when they were undertaken;
- Number of hours spent on each activity;
- Evidence of completion of an activity and outcomes of the activity; and
- Progress and implementation of your annual CPD plan.

When you attend an AFRM PD Day, your qualifying CPD hours will be automatically recorded in your AFRM CPD Register. If you obtain qualifying CPD hours external to AFRM, you need to manually advise the AFRM General Manager - Services to record this in your CPD Register..

Evidence

You will be required to keep evidence of completed CPD for both qualifying and non-qualifying CPD activities. Appropriate evidence is to be determined at the time of accreditation of CPD. For an external conference this evidence could include such items as:

- Receipts
- Confirmation letters or emails
- Program overview or session/workshop learning outcomes
- Certificate with CPD allocation noted.

AFRM will maintain a register and record of CPD activities that are provided to the General Manager – Services.

4. Extended leave and your CPD requirement

There may be instances where you take extended leave, including long service leave, career breaks, parental or personal leave.

Where you take extended leave for a period of three months or more in any given calendar year, licensee endorsement is required prior to the leave being taken and your authorisation status is generally kept “current” on FAR. As such, your full year CPD requirement must still be met (i.e. there is no provision for pro-rata of CPD targets at AFRM).

You should also notify relevant professional associations of any changes to your authorisation status.

5. Types of CPD opportunities

Qualifying CPD activities

Your licensee will provide you with various qualifying CPD opportunities to maintain, update and develop your knowledge and skills throughout the year. They include but are not limited to:

- PD Days
- Staff Retreats
- Summits and seminars
- Workshops
- Regional education events
- Online courses and webinars

Any activity offered by AFRM which has been formally CPD assessed will be added to your CPD Register as a “qualifying CPD activity”.

An activity is a “qualifying CPD activity” if the activity:

- falls into one of the CPD categories in the table in Section 1 above; and
- has sufficient intellectual or practical content; and
- primarily deals with matters related to the provision of financial product advice, financial advice services and financial advice business; and
- is led or conducted by 1 or more persons who have appropriate and sufficient standing, expertise, academic qualifications and/or practical experience; and
- is designed to enhance knowledge and skills relevant to the provision of financial product advice and financial advice services.

CPD opportunities completed through or assessed by the FAAA can count towards your qualifying CPD activities.

Formal Relevant Education

Undertaking **formal relevant education** (provided by an education provider) may contribute to the CPD requirement including degree equivalent study to meet legislative requirements (such as bridging courses and/or qualification/designation studies) to a maximum of 30 CPD hours per year. An education provider includes entities registered by the Tertiary Education Quality and Standards Agency, registered training organisations under the National Vocational Education and Training Regulator Act 2011 (and corresponding State legislation) and professional associations.

Non-Formal Relevant Education

Non-formal education has no cap applied to it and would include learning activities such as:

- education for the purposes of meeting requirements in specific financial advice provisions (e.g. Stockbroking, SMSF, Aged Care etc) or
- education for the purposes of accreditation in specific forms of financial products relevant to licensing arrangements (e.g. credit).

Other CPD

Other CPD generally has no cap applied to it and could include approved learning activities such as conferences, professional development days and update sessions which are relevant to financial advice. Professional and technical reading is also considered “other CPD” but has a cap applied – see below for further information.

Non-qualifying CPD opportunities

CPD hours can be claimed for CPD activities that have not been assessed but these do not contribute to the annual total of 40 CPD hours. Rather, these activities count towards your **non-qualifying** CPD total and are additional to your annual CPD requirement (i.e. they are added to your total CPD in order to provide a complete record of your training activities).

These activities can be self-assessed. Self-assessed CPD can be calculated as 1 hour of CPD per hour of activity. CPD hours must be allocated to one or more of the CPD knowledge areas, using your own professional judgement. Record keeping must be maintained in line with Section 3 of this policy. Activities will be able to be counted across multiple CPD knowledge areas as long as there is no double counting,

Professional and technical reading

Only 4 hours of professional and technical reading can count towards your annual qualifying CPD activity total. This reading must relate to financial advice provision. AFRM allows you to use your professional judgement when deciding if any CPD hours should be assigned to this category. However, any professional and technical reading in excess of 4 hours per CPD year will be assigned to non-qualifying CPD and will be added to your CPD total hours once the annual 40 hour CPD requirement is reached.

Professional and technical reading can be self-assessed and can be calculated at 1 CPD hour per hour of reading. You can allocate CPD hours to one or more of the CPD knowledge areas using your own professional judgement, however if counted across multiple CPD knowledge areas then no double counting is allowed.

To claim CPD for professional and technical reading you must record at a minimum:

- author's name
- title of book, journal, newspaper, or publication
- year of publication (if a book) or months journal/newspaper subscribed to and read
- page numbers.

If you obtain CPD hours for professional and technical reading you will need to advise the General Manager – Services to record this in your register.

6. Mandatory training and assessment obligations

You may need to complete additional mandatory training courses or assessments from time to time. This may be as a result of:

- Legal obligations to ensure all Authorised Representatives or Representatives are adequately trained and competent;
- An identified skills gap;
- Legislative requirements; and/ or
- Direction by industry associations, regulators, a code monitoring body and/or licensee.

The completion of any mandatory training and assessment is closely monitored by the licensee. Where you fail to complete a mandatory training or assessment requirement, fail to meet the required standard, or fail to comply with this policy, you will be in breach of your employment contract, and formal consequences will apply including the possibility that the licensee will revoke your authorisation to provide financial services on its behalf.

7. Requirement to provide your own work

When completing any assessment and/or accreditation, you will be expected to ensure the answers to all assessments are your own work. This is regardless of whether the assessment/accreditation is from AFRM or an external education provider such as a university, registered training organisation and/or a professional association.

If you submit another person's work as your own and/or breach an academic integrity policy, it will be considered a breach of your agreement with the licensee and formal consequences will apply including the possibility that the licensee will revoke your authorisation.

8. Licensee approach to approving qualifying CPD activities

AFRM has a structured process for:

- Approving CPD activities and allocating hours to these in line with Treasury standards;
- Confirming CPD activities have sufficient intellectual or practical content which deals primarily with the provision of financial advice;
- Ensuring CPD activities are provided by persons and/or entities who are appropriate and have sufficient standing, expertise, academic qualifications and/or practical experience; and
- Ensuring appropriate evidence of outcomes from CPD activities is obtained for any and all licensee approved CPD (as well as any non-qualifying CPD activities).

An AFRM Responsible Manager will assess each CPD activity submission for the licensee to approve and deem as a “qualifying CPD activity” (i.e. count towards the 70% CPD requirement).

In short, AFRM will allocate CPD hours in direct correlation to the duration of the activity (i.e. a 1 hour activity gets 1 hour CPD). The template for CPD assessment includes among other things a request for:

- a copy of the learning and learning outcomes
- presenter bio (and/or CV details)
- any assessment attached to the CPD activity

- completed records of attendance (if a live session) or a recording of the activity (if not presented live).

AFRM takes successful completion of an assessment as the predominate form of evidence for completion of a CPD activity to approve the activity. Where an assessment is not available for a CPD activity AFRM will determine the appropriate form of evidence at the time of approval. For instance, a professional development day workshop will submit attendance records/certificates as the approved evidence.

Note: The number of hours AFRM assigns a qualifying CPD activity will be the maximum number of hours a Representative is eligible to receive for that activity.

9. Approach to auditing compliance with the CPD policy and CPD Plan

AFRM will make available appropriate resources and CPD opportunities to assist you to meet the annual CPD requirements. It will also track and monitor your CPD progression and compliance in three main ways:

1. Through internal record keeping functionality which gives full visibility to both you and the licensee at all times. Regular reporting will be made available to Management and licensee Directors and appropriate follow up activities are undertaken to maximise the probability of you meeting your annual CPD requirements.

2. When an audit is undertaken the auditor checks for a CPD plan, CPD completion and notes any abnormalities in their report.

10. Consequences of not meeting your CPD requirements

Your licensee is required by law to notify ASIC if you do not meet any aspect of the annual CPD requirements or this CPD Policy. This non-compliance will show on the ASIC Financial Advice Register (FAR).

In addition, your licensee may apply both financial and non-financial consequences to you if you fail to meet the minimum annual FASEA CPD requirements or do not complete mandatory training. Failure to comply with this policy may result in you being issued with a Formal Warning or Show Cause notice or the revocation of your authority to act as a representative of the licensee.

Change Register

| Date | Nature of change | Reasoning |
|-----------------|---|---|
| 21 May 2020 | No material changes except for addition of change register. | Annual Review |
| 4 April 2022 | No changes required | Annual Review |
| 17 January 2023 | Changes to CPD requirements for Tax (financial) Advisers as well as changes to governing bodies of the CPD Standards (e.g. disbandment of FASEA), plus removal of AMP references due to change in shareholding. There are also other general adjustments made due to changes in internal processes. | Changes which came into effect 1 January 2023 |
| 29 July 2024 | Update to policy to remove references to AFA and FPA, instead replacing with the new FAAA Adviser Association. | Annual Review |
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