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# 1. Objective

The objective of this document is to set out the framework that ARA Consultants Limited (ARA) has adopted for meeting the regulatory requirements and internal better practice expectations relating to the continuing professional development (CPD) of representatives involved in providing financial advice to clients.

## 2. Regulatory Context

ARA is the holder of AFS Licence Number 224150. As an AFS Licence holder, ARA has general obligations under section 912A(1) of the Corporations Act 2001 (the Act), including obligations to:

- Take reasonable steps to ensure its representatives<sup>1</sup> comply with the financial services laws<sup>2</sup>;
- Have and maintain the competence to provide the financial services covered by its licence;<sup>3</sup> and
- Ensure that its representatives are adequately trained and competent to provide financial services.<sup>4</sup>

ASIC Regulatory Guide 104 sets out ASIC's approach to meeting these obligations.

Under section 921B(5) of the Act, ARA is also required to comply with the requirements of the relevant standards body, being the Financial Advisor Standards and Education Authority (FASEA). With effect from 1 March 2019, ARA is required to publish its CPD Policy on its website and have approved CPD plans in place for all of its representatives, in accordance with FASEA Policy Statement 004 Continuity Professional Development (FPS004). Compliance with these requirements enable ARA to meet the relevant provider status standards for financial advice providers in respect of training and education requirements.

ARA must also ensure that its representatives adhere to:

- The obligations arising from Tax Practitioners Board registrations;
- The principles of membership bodies to which its representatives belong; and
- ARA's internal policies and procedures.

## 3. Part A - Continuing Professional Development (CPD) Policy

### 3.1 AFS Licensee Responsibilities

FASEA defines CPD as the range of learning activities which professionals maintain and develop throughout their career intended to ensure they retain their capacity to practice professionally.

As an AFS Licensee, ARA is required to support its Relevant Providers in their undertaking of CPD to maintain competence at a level appropriate for the professional services (including financial product advice) that the Relevant Provider provides.

A 'Relevant Provider' is defined as:

- An AFS Licensee, an authorised representative, employee or director of an AFS licensee, or an employee or director of a related body corporate of an AFS licensee; and
- Is authorised to provide personal advice to retail clients, as the AFS Licensee or on behalf of the AFS Licensee, in relation to relevant financial products.

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<sup>1</sup> A representative is any person who acts on ARA's behalf and includes employees, directors, authorised representatives and any third party service providers ARA uses to provide functions relating to its AFS Licence.

<sup>2</sup> Section 912A(1)(ca) of the Corporations Act.

<sup>3</sup> Section 912A(1)(e) of the Corporations Act.

<sup>4</sup> Section 912A(1)(f) of the Corporations Act.

'Relevant financial products' means financial products other than:

- Basic banking products;
- General insurance products;
- Consumer credit insurance; and
- A combination of any of those products.

ARA is required to ensure that they are satisfied that their Relevant Provider's knowledge and skills are up to date.

ARA is also required to set the requirement for those returning after a two year or more career break to ensure they will upskill with the latest regulatory and licensee requirements as soon as possible once they return.

### **3.2 CPD Policy Provisions**

ARA's overall approach to CPD involves:

- Observing the requirements of ASIC in respect of the ongoing training and oversight of Authorised Representatives / Financial Advisers; and
- Observing the requirements of FASEA in respect of the CPD of Authorised Representatives / Financial Advisers.

ARA's process for approving CPD activities and the mechanism for allocating hours to these involves:

- Authorised Representatives / Financial Advisers maintaining training registers and evidence of the training completed; and
- The Financial Services Manager approving at least 70% of training completed against the minimum CPD requirements each year. The Risk and Compliance Manager is responsible for approving the same for the Financial Services Manager.

ARA's approach to developing and approving CPD plans for Relevant Providers involves:

- The Financial Services Manager approving the CPD plans for all Authorised Representatives / Financial Advisers. The Risk and Compliance Manager is responsible for approving the CPD plan for the Financial Services Manager.

Given ARA's current scale of business operations and limited number of Authorised Representatives / Financial Advisers, the following processes are based on ad-hoc consideration and approval by the ARA Board on recommendation from the Financial Services Manager and Risk and Compliance Manager:

- Relevant Providers affected by extenuating circumstances such as medical, disability or parental leave (subject to the individual meeting the existing adviser education qualification requirements and undertaking appropriate CPD to ensure they upskill with the latest regulatory and licensee requirements, particularly where the period of leave is two years or more);
- Relevant Providers moving licensee;
- Relevant Providers that have recently completed their Professional Year; and
- Relevant Providers that are working part-time (subject to a minimum of 36 hours being completed in any CPD year, with 70% being approved by the AFS Licensee).

ARA's process for ensuring CPD activities are provided by persons and/or entities that are appropriate (with accredited standing, expertise and academic qualifications and practical expertise as appropriate) involves:

- Utilising Kaplan and the FPA for the completion of online technical training courses;
- Utilising Salt Compliance provided by GRC Solutions for the completion of online compliance training courses;
- In-house face-to-face technical training being provided by the Financial Services Manager;
- In-house face-to-face compliance training being provided by the Risk and Compliance Manager;
- All external CPD activities being reviewed to ensure the appropriateness of the associated provider as part of the approval of CPD plans and additional CPD activities as relevant.

ARA's approach to evidencing outcomes of CPD involves:

- Ensuring that there is an appropriate basis for evidencing the completion and effectiveness of CPD activities, such as:
  - The inclusion of testing procedures and scoring outcomes;
  - The provision of certificates of attendance / completion; and
  - The arrangements for assessment of on-the-job implementation of intended learning outcomes; and
- Evaluating the evidentiary outcomes of proposed CPD activities as part of the review and approval of CPD plans by the Financial Services Manager, or the Risk and Compliance Manager in respect of the Financial Services Manager.

ARA's approach to record keeping involves:

- Approved CPD plans being stored within the G-drive and the Kaplan CPD tool.
- Authorised Representatives / Financial Advisers being required to maintain training registers and evidence of the training completed within the Kaplan CPD tool, including the number of hours spent completing each CPD activity.
- The accuracy and completeness of training entries and evidence of completion being subject to periodic review and confirmation by the Financial Services Manager, or the Risk and Compliance Manager in respect of the Financial Services Manager.
- All records pertaining to CPD plans and CPD activities being retained for 7 years in soft copy format.

ARA's approach to auditing compliance with the CPD policy involves:

- The Risk and Compliance Manager undertaking a periodic sample review of the appropriateness of classification and the adequacy of evidence maintained in respect of training completed against the minimum CPD requirements each year.

## 4. Part B - CPD Requirements

### 4.1 CPD Hours

Under the FASEA requirements, an hours system of CPD training requirements applies, which encourages a wide variety of education activities within the required competencies and areas of professionalism.

A minimum of 40 hours of training activities must be completed per year. As ARA's CPD year is aligned with the financial year and the FASEA requirements apply from 1 January 2019, a transitional period of 1 January 2019 to 30 June 2020 will take place, in which a total of 60 CPD hours must be completed.

As part of the 40 hours of training activities required to be completed, the following core educational areas must be addressed with the following minimum training hours.

CPD Category	Description	Minimum CPD Hours Per Year
Technical Competence	Acting as a technically proficient professional	5 hours (7.5 hours in the transitional period)
Client Care and Practice	Acting as a client centric practitioner	5 hours (7.5 hours in the transitional period)
Regulatory Compliance and Consumer Protection	Acting as a legally compliant practitioner	5 hours (7.5 hours in the transitional period)
Professionalism and Ethics	Acting as an ethical professional	9 hours (7.5 hours in the transitional period)

The balance of the 40 hours must consist of qualifying CPD hours from the training categories above or other training areas as selected by the Licensee.

### 4.2 CPD Planning

As an AFS Licensee, ARA must develop and maintain a CPD Plan for each Relevant Provider. The allocation of activities to proposed other qualifying CPD (as defined in section 4.3 below) may address the relevant needs for the AFS Licensee or the Relevant Provider, such as specialty areas or additional technical requirements.

### 4.3 Types of CPD

The following types of learning are options that may be considered by an AFS Licensee in terms of the CPD that Relevant Providers may undertake:

- 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 approved degree studies) and any formal study towards other qualifications and designations relative to the practice of the Relevant Provider, to a maximum of 30 CPD hours per year;
- Non-formal education including:
  - Education for the purposes of achieving a relevant professional designation (e.g CFP, FChFP, etc.);
  - Education for the purposes of meeting requirements in specific financial advice provisions (e.g. Stockbroking, SMSF, Aged Care, etc.); and
  - Education for the purposes of accreditation in specific forms of financial products relevant to licensing arrangements (e.g. Credit); and
- Other CPD, as approved by the Licensee, including:
  - Sessions / workshops such as conferences, professional development days, and update sessions, which are relevant to financial advice – approved CPD; and
  - Professional or technical reading to a maximum of 4 hours per year – approved CPD.

ARA adopts the FASEA policy stance that education that is measurable, appropriately assessed and leads to further qualification outcomes for participants is preferred as it more likely provides structured and independent results for the participant's work and training needs.

### 4.4 CPD Approval

In accordance with FASEA requirements, a self-assessment approach is adopted by ARA in respect of CPD accreditation. ARA considers the following factors when reviewing the adequacy of CPD activities undertaken for the purposes of minimum FASEA CPD compliance:

- The level of expertise of the CPD provider;
- Expertise of facilitators and/or those delivering the CPD;
- The level of learning undertaken;
- The stated learning outcomes for the CPD activity;
- The volume of time in undertaking the CPD activity; and
- The approach for verification of the learning outcomes achieved.

The Financial Services Manager is required to approve at least 70% of CPD activities to ensure that the provisions of the ARA CPD Policy and FPS004 are complied with for all Authorised Representatives that are appointed as Financial Advisers.

The Risk and Compliance Manager is required to approve at least 70% of the CPD activities completed by the Financial Services Manager, as an Authorised Representative that is appointed as a Financial Adviser.

## 5. Policy Review

The content of this policy will be reviewed periodically to ensure it remains relevant with legislative and regulatory requirements and in alignment with ARA's business operations.

A review may also be triggered if there is a significant change to the regulatory requirements or there is a material change in ARA's business operations.