



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 179

Applying for a limited AFS licence

This information sheet is for anyone intending to apply for a 'limited' Australian financial services (AFS) licence. It covers:

- what a 'limited' AFS licence is, including how the law and ASIC guidance applies to you if you hold a limited AFS licence (you will need to meet the requirements of the Corporations Act 2001 (Corporations Act)), including the conduct and disclosure obligations that apply, when you give financial product advice)
- determining the scope of your limited AFS licence
- the information required in your application for a limited AFS licence
- how to apply for a limited AFS licence
- how we assess your organisational competence, including the transitional arrangements that apply to recognised accountants who apply between 1 July 2013 and 30 June 2016
- the requirement to lodge an annual compliance certificate if you are a limited AFS licensee
- training requirements for limited AFS licensees, and
- converting your limited AFS licence to an AFS licence with broader authorisations.

What is a 'limited' AFS licence?

As part of the Future of Financial Advice (FOFA) reforms, the existing exemption under reg 7.1.29A of the Corporations Regulations 2001 (Corporations Regulations) which allows recognised accountants to give advice about self-managed superannuation funds (SMSFs) without holding an AFS licence will be repealed on 1 July 2016. This means that accountants who wish to continue giving advice to their clients about SMSFs will need to obtain an AFS licence.

In order to facilitate accountants moving into the AFS licensing regime, the Government has amended the Corporations Regulations to create a new form of AFS licence, which is referred to as a 'limited' AFS licence. Any person can apply for a limited AFS licence (i.e. not only recognised accountants).

A limited AFS licensee can be authorised to give advice about:

- SMSFs

Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

- a client’s existing superannuation holdings in certain circumstances and
- ‘class of product’ advice about a range of products (see [Determining the scope of your limited AFS licence](#) below for details about the scope of the limited AFS licence).

A limited AFS licensee can also be authorised to arrange to deal in an interest in an SMSF.

A limited AFS licensee:

- does not need to lodge an auditor’s report annually – instead they can lodge an annual compliance certificate: see [Lodging an annual compliance certificate](#) below, and
- must meet the relevant requirements of the Corporations Act, including the conduct and disclosure obligations, and their licensing conditions: see [What Corporations Act and licensing requirements apply to holders of a limited AFS licence?](#) below.

Although anyone can apply for a limited AFS licence, applicants whose responsible managers are recognised accountants and who apply between 1 July 2013 and 30 June 2016 can take advantage of the transitional arrangements for entry into the AFS licensing system. Under the transitional arrangements, different organisational competence requirements will apply where the responsible managers of the applicant are recognised accountants: see [Applicants who apply before 30 June 2016 and whose responsible managers are recognised accountants](#) below.

Note: If you are applying for a limited AFS licence as an individual, you must nominate yourself as the sole responsible manager.

Determining the scope of your limited AFS licence

Your limited AFS licence will cover the range of financial services you provide for specific types of financial products. It will also specify the types of clients to whom you can provide these services.

Scope and possible authorisations

The final authorisations on your limited AFS licence may include one or more of the combinations set out in [Table 1](#) below: see also the definition of ‘limited financial services’ in regs 7.6.01BA(3), 7.6.04(3), 7.8.12A(4) and 7.8.14B(3). You can specify in your licence application which of the financial services and products you want to be covered by your licence. For detailed guidance about choosing your authorisations, see Section A of Regulatory Guide 2 *AFS Licensing Kit: Part 2—Preparing your AFS licence or variation application* ([RG 2](#)).

Table 1: Possible authorisations on your limited AFS licence

Services	Products	Clients
Provide financial product advice	Interest in an SMSF Superannuation products in relation to a client’s existing holding to the extent required	Wholesale and/or retail

for:

- making a recommendation to establish an SMSF, or
- providing advice to a client on contributions or pensions under a superannuation product

Provide financial product advice that is 'class of product' advice

Superannuation products, securities, general insurance, life risk insurance and basic deposit products (as defined in the Corporations Act)

Wholesale and/or retail

Simple managed investment schemes (as defined in the Corporations Regulations, reg 1.0.02)

Arrange for a person to deal in a financial product, including applying for, acquiring, varying issuing or disposing of financial products on behalf of another

Interest in an SMSF

Wholesale and/or retail

What does 'providing financial product advice' mean?

Financial product advice means a recommendation or statement of opinion that is provided with the intention of influencing a person's decision on a financial product, or could reasonably be regarded as intending to have such an influence: s766B of the Corporations Act. There are two types of financial product advice:

- personal advice, and
- general advice.

Personal advice is where the provider of the advice has considered one or more of the client's objectives, financial situation and needs (or a reasonable person might expect the provider to have considered one or more of those matters): s766B(3). All other financial product advice is general advice: s766B(4).

For more information on financial product advice and the distinction between personal and general advice, see Regulatory Guide 36 *Licensing: Financial product advice and dealing* ([RG 36](#)), Regulatory Guide 175 *Licensing: Financial product advisers—Conduct and disclosure* ([RG 175](#)) and Regulatory Guide 244 *Giving information, general advice and scaled advice* ([RG 244](#)).

What is 'class of product' advice?

Class of product advice is defined as financial product advice about a class of products, but does not include a recommendation about a specific product in the class: see the definition in regs 7.6.01BA(3), 7.6.04(3), 7.8.12A(4) and 7.8.14B(3). Applicants for a limited AFS licence can choose to be authorised to give class of product advice about the following financial products:

- superannuation
- securities
- general insurance
- life risk insurance
- basic deposit products, and
- simple managed investment schemes.

The Corporations Regulations above include the following example of what constitutes class of product advice: 'A financial services licensee may give a recommendation about term deposit products but must not make a specific recommendation that a person deposit their money into a term deposit product offered by a particular bank or building society.'

What is 'arranging to deal'?

Under a limited AFS licence, you can apply to be authorised to arrange to deal on behalf of another in an interest in an SMSF.

Arranging to deal is defined under s766C(2) of the Corporations Act, and includes doing the following, on behalf of another person:

- applying for or acquiring a financial product
- issuing a financial product
- varying a financial product, and
- disposing of a financial product.

If these activities amount to providing financial product advice to a client, the activity is excluded from the definition of 'arranging to deal': s766C(2). For further guidance about arranging to deal, see [RG 36](#).

What Corporations Act and licensing requirements apply to holders of a limited AFS licence?

The Corporations Act requires that AFS licensees, including limited AFS licensees:

- comply with the conditions on the licence, and
- comply with the financial services laws.

Complying with the financial services laws

If you apply for a limited AFS licence, you will need to meet the requirements of the

Corporations Act that apply to you, including the conduct and disclosure obligations that apply when you give financial product advice: see [What does ‘providing financial product advice’ mean?](#) above for more detail about this. For example, this includes complying with the best interests duty and related obligations, and providing clients with a Statement of Advice, where required. You will also need to comply with the general licensing obligations in s912A.

Because of this, much of ASIC’s existing guidance will be relevant to you: see [More information](#) below.

What you will need to do to meet your obligations under the Corporations Act may change depending on factors such as the nature of your business, the service you provide to clients and the products you are advising on. For example:

- at the licensing level, what you need to do to meet the general conduct obligations will depend on the nature scale and complexity of your business: see Regulatory Guide 104 *Licensing: Meeting the general obligations* ([RG 104](#)) at RG 104.21–RG 104.22, and
- in relation to the conduct and disclosure obligations, what you need to do will depend on the service you are providing. For example, if you give personal advice to retail clients on securities, superannuation or simple managed investment schemes, you will need to give a Statement of Advice (SOA), but this is not required for personal advice on basic banking and some general insurance products.

Complying with the conditions on your licence

If you are granted a limited AFS licence, you will need to comply with all the conditions on your licence. The conditions on your licence include:

- the conditions set out in your licence certificate, and in Pro Forma 209 *Australian financial services licence conditions* ([PF 209](#)): see [Step 1: Read ASIC’s guidance](#) below, and
- the conditions set out in reg 7.6.04, which are also imposed on AFS licensees.

For more information see the ASIC webpage [Complying with your AFS licence and the law](#).

If you do not currently hold an AFS licence, and you will be providing financial services in relation to the areas set out in [Table 1](#), you will need to apply for a limited AFS licence with one or more of the authorisations set out in Table 1.

An application for a limited AFS licence consists of the application form itself ([Form FS01](#)) and the accompanying ‘core proofs’ – the statements in which you explain to us how you meet particular aspects of the licensing requirements. All applicants for a limited AFS licence, including those who are eligible to take advantage of the transitional arrangements (which means that different organisational competence requirements apply to them), must submit this information. [Table 2](#) and [Table 3](#) below provide an overview of the information required.

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Table 2: Information required on the application form

Section of the	Information required
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application form

<p>Details about you and your business: see Parts A and B of application form</p>	<p>Your details as the applicant and a basic description of your business.</p> <p>The selection of the financial services and products you want to be authorised to provide under the limited AFS licence.</p> <p>Information about your ability to meet your obligations as an AFS licensee through your responsible managers, resources, systems and processes.</p> <p>Note: If you will be providing services to retail clients, this must include information about your arrangements for internal and external dispute resolution, compensation and insurance.</p>
<p>Declarations and certifications: see Part C of application form</p>	<p>Declarations and certifications relevant to your application.</p>

Table 3: Information required for your core proofs in Part E of the application form

Core proof	Information required
<p>A5 Business Description</p>	<p>This is a more detailed description of your business, and includes your:</p> <ul style="list-style-type: none"> • financial services and products • sources of business income and growth expectations • typical client types and their use of financial products and services • service delivery models and methods, and • your organisational chart. <p>Note: We have specified in Table 4 the particular information that you should include here that is relevant to applying for a limited AFS licence. This is the key information that is required.</p>
<p>People proofs for each responsible manager</p>	<p>This is a series of documents that provides us with information on the competence and good fame and character of your nominated responsible managers, and includes:</p> <ul style="list-style-type: none"> • a statement of personal information • copies of qualifications and professional accreditation certificates • copies of a national criminal history check and a bankruptcy check, which are not more than 12 months old, and <p>Note: Criminal history and bankruptcy checks may take some time to obtain.</p> <ul style="list-style-type: none"> • copies of two business references (one of which must be a referee external to the applicant). <p>Note: Business references are not required if you are applying for a limited AFS licence between 1 July 2013</p>

and 30 June 2016 and your nominated responsible manager(s) are recognised accountants.

B1 Organisational Competence You must provide enough information in this core proof for us to assess whether you meet the organisational competence requirements for the financial services and products for which you are applying.

This core proof includes a ‘Table of Organisational Competence’. See [How we assess your organisational competence](#) below for more information about how this requirement applies.

Note: Different organisational competence requirements apply to you depending on whether or not you are eligible for the transitional arrangements.

B5 Financial Statements and Financial Resources There are various financial statements that must be submitted, depending on the financial requirements that apply to your financial services and products:

- for all applicants, except those regulated by the Australian Prudential Regulation Authority (APRA) – you must submit recent statements of income, cash flows and a balance sheet, and a cash flow projection to meet the cash needs requirement, and
- for all applicants, except those regulated by APRA – you must submit a description of your processes for ensuring ongoing compliance with your financial requirements.

Note: These financial statements must be prepared in the name of the individual, body corporate or partner or trustee who is lodging the application for a limited AFS licence: see Section B of Regulatory Guide 166 *Licensing: Financial requirements* ([RG 166](#)).

How to apply for a limited AFS licence

Before you apply for a limited AFS licence, make sure you have read our detailed guidance and have prepared the documents you will need to lodge with your application.

Step 1: Read ASIC’s guidance

Our regulatory guides, pro forma licence conditions and sample application will help you comply with the requirements:

- Regulatory Guide 1 *AFS Licensing Kit: Part 1 – Applying for and varying an AFS licence* ([RG 1](#))
- Regulatory Guide 2 *AFS Licensing Kit: Part 2 – Preparing your AFS licence or variation application* ([RG 2](#))
- Regulatory Guide 3 *AFS Licensing Kit: Part 3 – Preparing your additional proofs* ([RG 3](#))
- Pro Forma 209 *Australian financial services licence conditions* ([PF 209](#)), and
- the [sample application](#).

For other regulatory guides on meeting your licensing, conduct and disclosure obligations, see [What Corporations Act and licensing requirements apply to holders of a limited AFS licence?](#) above and [More information](#) below.

Step 2: Decide on the authorisation(s) you need

You need to select the authorisations that relate to the types of financial services you will be providing under your limited AFS licence. You can select from the authorisations listed in [Table 1](#). See also [Table 4](#) for specific information that must be included in your A5 Business Description core proof.

Step 3: Ensure you have responsible managers who can demonstrate the required competencies

You must nominate responsible managers who have the relevant knowledge, experience and skills necessary to be directly responsible for significant day-to-day decisions about the ongoing provision of your financial services under your limited AFS licence.

Different organisational competence requirements apply depending on whether or not your responsible managers are recognised accountants: see [How we assess your organisational competence](#) below.

Step 4: Ensure you have compensation and dispute resolution arrangements

As a limited AFS licensee, you will in most cases provide financial services to retail clients. You must ensure that you have in place adequate compensation and dispute resolution arrangements: see [RG 104](#).

This means:

- holding professional indemnity insurance that meets the requirements of Regulatory Guide 126 *Compensation and insurance arrangements for AFS licensees* ([RG 126](#)), and covers all the financial services in all the financial products that you will provide under the limited AFS licence, and
- having in place internal and external dispute resolution (EDR) procedures, including membership of an EDR scheme that is approved by ASIC for that purpose and is able to hear complaints relating to the types of financial services you provide.

The EDR scheme membership and the professional indemnity insurance policy must both be held in the name of the applicant.

The coverage of the professional indemnity insurance must not include any exclusions or non-endorsements relating to the provision of financial services to retail clients. As a part of the limited AFS licensing application assessment process, you will be required to:

- provide a copy of the certificate of currency of professional indemnity insurance covering the financial services in all the financial products that you will provide; and
- complete a Professional Indemnity Insurance Questionnaire which confirms details of the professional indemnity insurance coverage that you hold.

If you already hold professional indemnity insurance (e.g. in relation to your accountancy practice) you will need to check that the policy covers any new financial services you will be providing under your limited AFS licence, and update the policy as required. You may need to consult with your insurance company or broker in relation to the adequacy of your coverage.

Step 5: Prepare your application and proofs

Before lodging your application for a limited AFS licence, read [RG 2](#), which explains how to submit your application and accompanying proofs. RG 2 describes the core proofs you must submit with your application and any additional non-core proofs we may request as part of our assessment: see Section E of [RG 2](#).

A5 Business Description core proof

[Table 4](#) lists the information that you must provide as part of your A5 Business Description core proof. This core proof helps us understand how your business will work and the relevance of the licence authorisations you have selected. RG 2 provides guidance about the matters you should cover in your business description, including details about the financial services and products you will provide, and who your typical client(s) will be: see Section E of [RG 2](#).

Table 4: Information required for your A5 Business Description core proof

Section of the A5 Business Description	Information required
Details of the financial services and products you will provide: see 'Overview of your business' in Section E of RG 2	<p>You should provide details of the particular products and types of transactions this involves.</p> <p>If your responsible managers are not recognised accountants, you should select 'the authorisation 'Provide Class of Product Advice' at A3.2.7. You should also:</p> <ul style="list-style-type: none"> specify which products they want to provide class of product advice about (at A4.1.4), and state what other authorisations in Table 1 they would like to apply for, such as 'Provide financial product advice' on 'self-managed superannuation funds' and 'a person's existing holding in a superannuation product'.
Details of who your typical client(s) will be for each type of financial service and product you will provide: see 'Overview of your business' in Section E of RG 2	<p>You should describe:</p> <ul style="list-style-type: none"> who your typical client(s) will be for each type of financial service and product you will provide; whether your clients will typically be retail and/or wholesale clients; what your clients' typical financial goal(s) in using your service(s) or product(s) will be (e.g. ensuring that they have enough funds in retirement), and the typical strategies they will use towards achieving those goals; and the typical strategies or strategy options that you will advise your clients about.
All other items listed under 'Overview of your	At a minimum, your A5 Business Description core proof should cover all other relevant items listed under 'Overview of your

business' in Section E of business' in Section E of [RG 2](#).
[RG 2](#)

B5 Financial Statements and Financial Resources core proof

Unless you are a body regulated by APRA, the B5 core proof requires you to demonstrate that you have sufficient financial, human and technological resources available to you to:

- provide the financial services you are applying for under your limited AFS licence, and
- carry out supervisory arrangements: see s912A(1)(d).

Section E and Appendix 3 of [RG 2](#) provide detailed explanatory guidance about completing the B5 Financial Resources Statements and Financial Resources core proof. This proof must be prepared in the name of the individual, body corporate, trustee or partner that is lodging the application for the limited AFS licence.

[RG 166](#) provides guidance about the financial requirements that you must meet as an AFS licensee. These requirements vary in their application depending on the nature, scale and complexity of your financial services business.

Step 6: Lodge your application and pay the lodgement fee

You can apply online for a limited AFS licence. Applicants for a limited AFS licence will be asked fewer questions than applicants for a standard AFS licence.

After submitting your application online you need to email all required core proofs to licensing.afslproofs@asic.gov.au. If you don't provide all your core proofs in time, or they are incomplete, your application will be rejected at the pre-lodgement stage. For more information about completing the lodgement of your application, see Section C of [RG 1](#).

How we assess your organisational competence

Your organisational competence obligation

You must maintain the competence to provide the financial services covered by your AFS licence: s912A(1)(e). We refer to this obligation as the 'organisational competence obligation' because it requires you to be competent at the organisational level.

The Corporations Amendment Regulations 2013 (No. 3) modifies this obligation for applicants whose responsible managers are recognised accountants if they apply for a limited AFS licence during the transition period from 1 July 2013 to 30 June 2016.

This means that our policy in Regulatory Guide 105 Licensing: Organisational competence ([RG 105](#)) will also be applied differently: see Applicants who apply before 1 July 2016 and whose responsible managers are recognised accountants below.

RG 105 describes what we look for when we assess your compliance with the organisational competence obligation. We assess your organisational competence by looking at the knowledge (i.e. training and relevant qualifications) and skills (i.e. experience) of the people who manage your financial services business. We refer to these people as your 'responsible managers'.

We will apply the policy principles set out in [RG 105](#) when assessing your responsible managers. Key aspects of our policy are that:

- your responsible managers are directly responsible for significant day-to-day decisions about the ongoing provision of your financial services
- together, your responsible managers must have appropriate knowledge and skills for all of your financial services and products, and
- your responsible managers are of good fame and character.

Section B of [RG 2](#) includes detailed information about how to complete the organisational competence section of your AFS licence application.

Applicants who apply before 1 July 2016 and whose responsible managers are recognised accountants

A ‘recognised accountant’ is defined in regs 7.6.01BA(3) and 7.6.04(3) as a person who:

- holds a Certificate of Public Practice issued by the Institute of Chartered Accountants in Australia, or
- holds a Public Practice Certificate issued by:
 - CPA Australia Ltd, or
 - the Institute of Public Accountants.

Although any person can apply for a limited AFS licence, applicants whose responsible managers are recognised accountants and who apply between 1 July 2013 and 30 June 2016 will be able to take advantage of the transitional arrangements for entry into the AFS licensing regime. This means that recognised accountants will only need to satisfy the knowledge (i.e. training or qualifications) requirements in [RG 105](#); they will not need to demonstrate experience: see reg 7.6.01BA(2).

Applicants who take advantage of the transitional arrangements for entry into the AFS licensing regime in this way will have to comply with an additional condition that states that within three years from the date on which the licence is granted, the licensee must demonstrate to ASIC, if requested in writing by ASIC, to the satisfaction of ASIC, that the licensee (or each recognised accountant) who has responsibility for the provision of financial services covered by the licence has:

- knowledge of the licensee’s obligations under the Corporations Act and the Corporations Regulations, and
- the competence to provide the financial services covered by the licence: reg 7.6.04(1)(k).

For more information about how ASIC will assess the knowledge (training) of your responsible managers, see [Demonstrating appropriate knowledge](#) below.

Applicants whose responsible managers are not recognised accountants and all applicants from 1 July 2016

Applicants whose responsible managers are not recognised accountants (and all applicants from 1 July 2016) must demonstrate that their responsible managers have knowledge (i.e. training and qualifications) and skills (i.e. experience) in order to meet the organisational

competence requirements: see [Demonstrating appropriate knowledge](#) and [Demonstrating appropriate experience](#) below.

Who can be a responsible manager?

Your responsible managers must be in a position to be directly responsible for significant day-to-day decisions, and guide the development of new financial services businesses.

In [RG 105](#), we explain that responsible managers need to be:

- organisationally close to the provision of financial services, and
- able to undertake the time commitment to exercise their responsibility.

In practice, your nominated responsible managers are less likely to be able to undertake their role successfully the further removed they are from the point of delivery of financial services, or the more AFS licensees they act for. In some cases, you may need to provide us with more details about how your nominated responsible managers will be in a position to be directly responsible for significant day-to-day decisions.

How many responsible managers should be nominated?

The appropriate number of responsible managers will depend on the nature, scale and complexity of your business. In the case of a large business, we expect that there will be several responsible managers. In the case of a small business, we recognise that there may only be one responsible manager, but generally we expect that an AFS licensee will have at least two responsible managers.

If you are nominating only one responsible manager, you will need to be able to demonstrate that you have a documented risk management strategy in place to ensure you will continue to meet your organisational competence obligations if your responsible manager is unavailable at any time. For example, you will need to have procedures in place to ensure that your business could continue operating even if the sole responsible manager is unexpectedly unavailable.

If you are applying for a limited AFS licence as an individual, you must nominate yourself as the sole responsible manager.

If we are satisfied with your organisational competence, but we think you are heavily dependent on the knowledge and experience of one or two responsible managers, we will generally impose a ‘key person condition’ on your limited AFS licence. The key person condition will name those responsible managers whose competence we think you depend on heavily, and you will need to inform us if any of those key people leave the business, and lodge Form [FS03](#) *Application to vary the authorisation conditions and other conditions of an Australian financial services licence*: see [RG 105](#) at RG 105.83.

Options for demonstrating knowledge and experience

In [RG 105](#), we have provided five options for responsible managers to demonstrate they have appropriate knowledge and skills, generally involving various combinations of experience and qualifications or training (Options 1–4), or a written submission (Option 5) demonstrating that your nominated responsible managers have the appropriate experience and skills.

Responsible managers who are recognised accountants are only required to show that they can meet the ‘knowledge component’ of the options: see [Demonstrating appropriate](#)

[knowledge](#) below.

Demonstrating appropriate knowledge

All applicants for a limited AFS licence (including those whose responsible managers are recognised accountants) must ensure that their responsible managers have appropriate knowledge for their role in your business.

For provision of services under a limited AFS licence, this will include knowledge about:

- the financial products and services for which you will be authorised under your licence, and
- general competence in the responsibilities of a responsible manager (e.g. an understanding of AFS licensee obligations).

We do not expect that each individual responsible manager will necessarily be able to demonstrate that they have appropriate knowledge in all of the areas listed above. It is possible to have responsible managers who collectively satisfy all areas of knowledge relevant to your business, but not necessarily on an individual basis: see [RG 105](#) at RG 105.35–RG 105.36.

[Table 5](#) summarises the information required in your B1 Organisational Competence core proof to demonstrate appropriate knowledge.

Table 5: Information required for your B1 Organisational Competence core proof

Element of responsible manager submission	Information required
Nature of responsible manager's role	Describe the role and responsibilities your nominated responsible manager will have in your financial services business. Describe how you will ensure that your nominated responsible manager will be directly responsible for significant day-to-day decisions about the ongoing provision of your financial services.
Relevant qualifications or courses completed	Describe tertiary education courses, training courses, seminars or any other training, if any, that your nominated responsible manager has completed and highlight any content related to the financial services that will be provided under the limited AFS licence.
Relevant credentials	Detail any relevant credentials, including association membership or affiliation (e.g. membership of one of the accounting bodies), and skills or knowledge recognised by an industry association, a regulatory body such as APRA, or some relevant overseas body. Note: Applicants who are recognised accountants should provide copies of the relevant certificate (i.e. Certificate of Public Practice issued by the Institute of Chartered Accountants in Australia, or Public Practice Certificate issued by CPA Australia Ltd or the Institute of Public Accountants).
Appropriate knowledge for the financial services and products their role	For the financial services that you will provide, explain your responsible manager's understanding of the nature of the relevant types of financial services and products.

relates to

Demonstrating appropriate experience

If you are applying for a limited AFS licence and your responsible managers are recognised accountants, you do not need to set out their experience in the Table of Organisational Competence you prepare as part of your B1 Organisational Competence core proof.

If you are applying for a limited AFS licence and your responsible managers are not recognised accountants (or you are applying for a limited AFS licence after 30 June 2016), you must demonstrate that your responsible managers have appropriate experience in providing the financial services authorised under the licence. You must demonstrate that your responsible managers have appropriate experience:

- in the types of financial products authorised under the licence and financial services that are to be provided, and
- if services will be provided to retail clients, previous experience in working with retail clients.

You must describe in detail the specific relevant experience and expertise of your nominated responsible manager in your B1 Organisational Competence core proof: see Appendix 2 of [RG 2](#) for an example of how this should be done. This means that for each responsible manager, you must set out their experience in relation to each financial service and product authorisation you are applying for under your limited AFS licence. This description should be specific and include:

- dates on which the relevant experience was obtained by each responsible manager, and
- details of the employer entity for whom the responsible manager carried out the work, and gained the relevant experience.

Lodging an annual compliance certificate

Limited AFS licensees will be able to lodge an annual compliance certificate [FS76](#) rather than undertake an annual audit: see regs 7.8.12A and 7.8.13A. This will be available to any person who holds a limited AFS licence (i.e. meets the definition of limited AFS licensee in reg 7.8.12A) and does not handle any client money in connection with the provision of financial advice or services. If you are only a limited AFS licensee for part of the year, and you have a licence with other authorisations in addition to the limited AFS licence authorisations for the remainder of the year (i.e. you do not meet the definition of limited AFS licensee in reg 7.8.12A for part of the year), you will need to lodge an audit report for that part of the year where you have authorisations in addition to the limited AFS licence authorisations: see reg 7.8.12A.

Limited AFS licensees who lodge annual compliance certificates will still need to lodge financial statements (as required by s989B(1) and 989B(2) of the Corporations Act) and comply with our financial resource requirements in [RG 166](#). This means that once you are licensed, you will need to lodge ASIC Form [FS70](#) *Australian financial services licensee profit and loss statement and balance sheet* within the required timeframe.

Complying with your training requirements

Training is relevant for limited AFS licensees in two key areas.

The first area relates to the training or qualifications needed to satisfy our organisational competence requirements: see Demonstrating appropriate knowledge above and Table 1 in [RG 105](#). We consider the qualifications of your responsible manager(s) when we assess your licence application.

The second area is the specific training requirements that apply to those who give financial product advice to retail clients. These requirements are set out in Regulatory Guide 146 *Licensing: Training of financial product providers* ([RG 146](#)).

Accountants who act as responsible managers and also provide financial product advice to retail clients will need to meet both sets of training requirements.

Converting your limited AFS licence to an AFS licence with broader authorisations

If you hold a limited AFS licence and decide you would like to vary it to include broader authorisations, you will need to apply to ASIC and meet all our licensing requirements. This will include demonstrating the necessary experience and knowledge for the broader authorisations in [RG 105](#). It is also important to note that the exemption from the audit requirement will not apply if a limited AFS licence is varied to include broader authorisations.

More information

- For more guidance on your obligations see the following regulatory guides:
 - [RG 1](#) *AFS Licensing Kit: Part 1 – Applying for and varying an AFS licence*
 - [RG 2](#) *AFS Licensing Kit: Part 2 – Preparing your AFS licence or variation application*
 - [RG 3](#) *AFS Licensing Kit: Part 3 – Preparing your additional proofs*
 - [RG 36](#) *Licensing: Financial product advice and dealing*
 - [RG 78](#) *Breach reporting by AFS licensees*
 - [RG 104](#) *Licensing: Meeting the general obligations*
 - [RG 105](#) *Licensing: Organisational competence*
 - [RG 126](#) *Compensation and insurance arrangements for AFS licensees*
 - [RG 146](#) *Licensing: Training of financial product advisers*
 - [RG 165](#) *Licensing: Internal and external dispute resolution*
 - [RG 166](#) *Licensing: Financial requirements*
 - [RG 175](#) *Licensing: Financial product advisers – Conduct and disclosure*
 - [RG 181](#) *Licensing: Managing conflicts of interest*
 - [RG 244](#) *Giving information, general advice and scaled advice*
 - [RG 246](#) *Conflicted remuneration*
- Contact ASIC by [asking a question online](#).
- Go to ASIC's [Licensing webpage](#).

Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice.

You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases, your particular circumstances must be taken into account when determining how the law applies to you.