



ASIC

Australian Securities & Investments Commission

---

# Appendix 2 to Report 515: Checklist—Background checking of advisers

March 2017

## Disclaimer

This document is a reproduction of Appendix 2 to [Report 515](#) *Financial advice: Review of how large institutions oversee their advisers* (REP 515).

REP 515 does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in REP 515 are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

## Appendix 2: Checklist—Background checking of advisers

295 Table 11 sets out a checklist of issues for advice licensees to consider when conducting background checks on advisers.

**Table 11: Issues for advice licensees to consider when conducting background checks on advisers**

Issue	Considerations
Regulatory status and history	<p>Licensees should check whether the adviser is listed on:</p> <ul style="list-style-type: none"> <li>• ASIC’s financial advisers register;</li> <li>• ASIC’s banned and disqualified register, or enforceable undertakings register;</li> <li>• the professional registers on ASIC Connect; and</li> <li>• the Australian Prudential Regulation Authority’s (APRA) disqualification register.</li> </ul> <p>Note: Advisers who were banned or disqualified, or who entered into an enforceable undertaking, before 31 March 2015—and who have not re-entered the advice industry—will appear on our banned and disqualified register or enforceable undertakings register, but will not be listed on ASIC’s financial advisers register.</p>
Other background checks	<p>Licensees should carry out the following checks:</p> <ul style="list-style-type: none"> <li>• criminal history (in Australia or overseas if the adviser has been resident overseas);</li> <li>• bankruptcy;</li> <li>• directorship and significant shareholdings history (for companies in external administration);</li> <li>• 100 point identification; and</li> <li>• Anti-Money Laundering, Counter Terrorism Financing Rules and Global Official List (Sanctions).</li> </ul> <p>Note: See page 12 of <a href="#">Standards Australia’s Handbook HB 322-2007</a> (PDF 1 MB).</p>
Disclosure, verification and consent from the adviser	<p>The appointment application form should request:</p> <ul style="list-style-type: none"> <li>• a copy of the adviser’s curriculum vitae, showing their qualifications, professional memberships and work history;</li> <li>• information about the adviser’s compliance history;</li> </ul> <p>Note: See Appendix D of <a href="#">Standards Australia’s Handbook HB 322-2007</a> (PDF 1 MB).</p> <ul style="list-style-type: none"> <li>• information about complaints made against the adviser;</li> <li>• information about the adviser’s conflicts of interest;</li> <li>• information about any high-risk positions the adviser has held (including appointment by a customer as an attorney under power of attorney, an executor of estate, a trustee, a guarantor or an authorised signatory on a customer account);</li> <li>• information about any related businesses the adviser carries on (e.g. providing credit, accounting or real estate services);</li> <li>• a list of the adviser’s directorships and significant shareholdings (past and current);</li> <li>• a character questionnaire;</li> <li>• confirmation about whether the adviser has been known by any other name (e.g. alias or by marriage);</li> <li>• acknowledgments and declarations of the truth and accuracy of the information provided; and</li> <li>• the adviser’s consent for background checks to be conducted, and direction to the adviser’s recent former licensees requiring them to provide the necessary information to the recruiting licensee.</li> </ul> <p>Note: See Appendices B and C of <a href="#">Standards Australia’s Handbook HB 322-2007</a> (PDF 1 MB).</p>

Issue	Considerations
Compliance history	<p>Licensees should request:</p> <ul style="list-style-type: none"> <li>• the findings of the adviser's most recent audit reports; and</li> <li>• references from designated compliance managers—or an appropriately qualified and authorised person within the adviser's recent former licensees—who can provide objective, relevant and factual compliance information about the adviser.</li> </ul> <p style="text-align: right;">Note: See Part B and Appendix C of <a href="#">Standards Australia's Handbook HB 322-2007</a> (PDF 1 MB).</p>
Qualifications and training	<p>Licensees should verify whether the adviser:</p> <ul style="list-style-type: none"> <li>• has appropriate qualifications; and</li> </ul> <p style="text-align: right;">Note: The minimum level of training and competence required to provide personal advice is set out in <a href="#">Regulatory Guide 146 Training of financial product advisers</a> (RG 146) and, in some cases, more specialised training may be required by licensees. The <i>Corporations Amendment (Professional Standards of Financial Advisers) Act 2017</i> commenced on 15 March 2017. This seeks to raise the professional, ethical and education standards of financial advisers. There is a transitional period which means that most of the new provisions relating to professional standards have staggered commencement dates from 1 January 2019.</p> <ul style="list-style-type: none"> <li>• has undertaken appropriate continuing professional development.</li> </ul>
Online media	<p>Licensees should carry out a general internet search—for example, by reviewing the adviser's website(s) and any mention of them in published media, social media and on professional networking sites.</p>
Assessment of information	<p>The officer responsible for auditing should assess the adviser's recent audit reports.</p> <p>The officer responsible for training should assess the adviser's qualifications and training.</p> <p>An appropriate compliance officer should carry out an overall assessment of all the collated information, including responses and feedback from specialist teams and any outsourced checking or verification service providers.</p> <p>Issues or concerns should be escalated to appropriate designated decision makers (e.g. a compliance committee or compliance manager).</p>
Process management	<p>Senior management should commit to an effective process of conducting and responding to background checks.</p> <p>Licensees should:</p> <ul style="list-style-type: none"> <li>• have in place written policies and procedures on conducting and responding to background checks;</li> <li>• use an appointment form and checklist; and</li> <li>• retain an organised and accessible record of checks conducted, information and documents received, and assessments undertaken.</li> </ul> <p>The extent of process management will vary depending on the nature, size and complexity of the licensee.</p>