



# ASIC

Australian Securities &  
Investments Commission

## REGULATORY GUIDE 2

# AFS Licensing Kit: Part 2— Preparing your AFS licence or variation application

June 2022

### About this guide

This is a guide for applicants applying for an AFS licence or to vary their licence, including foreign financial services providers relying on [ASIC Corporations \(Foreign Financial Services Providers—Foreign AFS Licensees\) Instrument 2020/198](#). This guide forms Part 2 of the *AFS Licensing Kit* and outlines how to:

- complete the online [Form FS01 Application for AFS licence](#) and [Form FS03 Application for variation of authorisation and other conditions](#); and
- prepare core proof documents.

An application for an AFS licence or a licence variation comprises the relevant application form and supporting core proof documents, with all of these documents provided to us at the same time.

**Note:** It is an offence under s1308 of the Corporations Act to provide false or misleading information to ASIC. ASIC must not grant an AFS licence if an applicant provides materially false or misleading information in its application (including by omission). ASIC may also cancel an AFS licence granted based on the application that contained materially false or misleading information (including by omission).

Applicants should also read Part 1 of the *AFS Licensing Kit* ([RG 1](#)), which explains the process of applying for and varying an AFS licence. Applicants will need to read Part 3 of the *AFS Licensing Kit* ([RG 3](#)) if they are asked to send us 'additional' proof documents.

### About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

**Consultation papers:** seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

**Regulatory guides:** give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

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

**Reports:** describe ASIC compliance or relief activity or the results of a research project.

### Document history

This guide was issued in June 2022 and is based on legislation and regulations as at the date of issue. In December 2022 we amended RG 2.30, RG 2.208, RG 2.294, RG 2.306–RG 2.308 and RG 2.331 to include references to the ASIC MOVEit portal.

Previous versions:

- Superseded Regulatory Guide 2, reissued November 2007, January 2008, December 2009, May 2010, June 2012, June 2013, July 2014, July 2015, August 2016, November 2016, September 2017, April 2020, January 2021 and December 2021
- Superseded AFS Licensing Kit Part 2, issued February 2002 (version 1), updated October 2002 (version 2), April 2003 (version 3), October 2003 (version 4), March 2004 (version 5) and September and December 2004 (version 6), revised November 2005 (version 7), rebadged as a regulatory guide July 2007

### Disclaimer

This guide 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 this guide are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

# Contents

<b>Overview</b> .....	<b>4</b>
Who this guide is for .....	4
Starting your online application.....	4
How Form FS01 is structured .....	6
How Form FS03 is structured .....	6
Using the eLicensing system.....	7
<b>A Part A of the application: Applicant and AFS licence details</b> .....	<b>9</b>
Overview of Part A of the application .....	9
A1 and A2: Applicant and contact details .....	9
A3 and A4: AFS licence authorisations .....	12
A5: Business description .....	33
A6: Adding responsible managers (for variation applications) .....	36
<b>B Part B of the application: AFS licensee requirements</b> .....	<b>37</b>
Overview of Part B of the application .....	37
B1 and B2: Organisational competence .....	38
B3: Compliance arrangements .....	42
B4: Representatives .....	44
B5: Adequacy of resources.....	46
B6: Dispute resolution.....	46
B7: Risk management .....	48
B8: Compensation and insurance arrangements .....	48
B9: Research and benefits .....	50
<b>C Part C of the application: Certain complex services or products</b> .	<b>52</b>
Capacity to provide complex services or products .....	52
<b>D Part D of the application: Making declarations and certifications</b>	<b>53</b>
Your declarations and certifications.....	53
<b>E Part E of the application: Core proofs</b> .....	<b>55</b>
Submitting core proof documents .....	55
What are the core proofs? .....	56
A5 Business Description core proof .....	58
People Proofs .....	61
B1 Organisational Competence core proof .....	70
B5 Financial Statements and Financial Resources core proof.....	71
<b>Appendix 1: Sample proof—Business reference for a responsible manager (part of People Proofs)</b> .....	<b>77</b>
<b>Appendix 2: Sample proof—B1 Table of Organisational Competence</b> . 84	
<b>Appendix 3: Sample proof—Cash needs requirement (part of B5 Financial Statements and Financial Resources)</b> .....	<b>95</b>
Option 1: Reasonable estimate projection plus cash buffer .....	95
Option 2: Contingency-based projections.....	98
Things to remember about cash flow projections for both options .....	100
<b>Key terms</b> .....	<b>101</b>
<b>Related information</b> .....	<b>106</b>

# Overview

## Key points

The online Australian financial services (AFS) licence application form (Form FS01) is available from the ASIC website at [www.asic.gov.au/afsl](http://www.asic.gov.au/afsl): see RG 2.2 and RG 2.18. All applicants can use this form to apply for a licence.

The online licence variation application form (Form FS03) is available from the [AFS licensees portal](#) on our website.

You will need to select a username and password when you start your online application: see RG 2.4–RG 2.13 and RG 2.19–RG 2.20.

The form automatically tailors itself to your business so that you are only asked questions that might be relevant to you: see RG 2.14–RG 2.17.

Once you've started your online application you can save and resume it as many times as you like before you finalise and submit it to us. You can also print off a copy of your draft application at any time: see RG 2.3 and RG 2.22–RG 2.29.

## Who this guide is for

- RG 2.1 This guide is for applicants applying for an AFS licence or to vary their licence, including foreign financial services providers (FFSPs) applying for a foreign AFS licence.

## Starting your online application

- RG 2.2 To apply for an AFS licence, go to [www.asic.gov.au/afsl](http://www.asic.gov.au/afsl) and click on 'Start, resume or check the progress of an application'. To apply for a variation to your AFS licence, go to the [AFS licensees portal](#) on our website. Before you start completing your online application you must read ASIC's [Electronic Lodgement Protocol](#) and agree to be bound by its terms and conditions. This protocol covers your responsibilities and ours when you lodge documents with us electronically.

Note: The online AFS licence application form (Form FS01) is for all AFS licence applicants, including foreign AFS licence applicants.

- RG 2.3 One of the benefits of applying online is that you can start your application, save it as a draft and resume it as many times as you like before you finalise and submit it to us. You can also print off a copy of your draft application at any time.

## ABN, ACN or ARBN

- RG 2.4 The eLicensing system will ask you to enter your Australian Business Number (ABN), Australian Company Number (ACN) or Australian Registered Body Number (ARBN). Make sure you enter this number correctly.
- RG 2.5 You should enter your ABN if you are applying as an individual, partnership, company or any other valid ABN entity type. If you need to get an ABN you can:
- (a) apply electronically via [www.business.gov.au](http://www.business.gov.au);
  - (b) phone the Business Infoline on 13 28 66 to ask for a registration package; or
  - (c) speak to your tax agent.
- RG 2.6 If you are a corporate trustee of superannuation funds you should enter your ACN or ABN, even if the individual funds have ABNs attached to them.
- RG 2.7 If you are a foreign company operating in Australia and you don't have an ABN or ACN, you should enter your ARBN.
- RG 2.8 If you are the trustee(s) of a trust, see RG 2.38–RG 2.43 for information about the ABN to use. An AFS licence cannot be held by a trust, so you cannot use the trust's ABN.
- RG 2.9 If you don't have an ABN, ACN or ARBN, you won't be able to apply for an AFS licence online. You will need to complete the paper pre-application [Form FS05 Preliminary application for an Australian financial services licence](#).
- RG 2.10 If you have an ABN, it must be included in your application.

## Controlling access to your application

- RG 2.11 The eLicensing system will ask you to select a username and password so that you can control access to your online application. Your username must have a minimum of six characters (all letters) and your password a minimum of six characters (including at least one numeric character). Both your username and password are case-sensitive, so remember whether you have used upper or lower case.
- RG 2.12 The eLicensing system will also generate a reference number for your online application and ask you to make a note of it. The security of your online application reference number, username and password is your responsibility.
- RG 2.13 You will need your username, password and reference number to resume your online application at a later time. If you forget your password you can get a new one from the system using your reference number and username. However, if you forget your username or reference number you won't be able to resume your online application—you will need to start again.

## How Form FS01 is structured

- RG 2.14 The online application form for an AFS licence, Form FS01, has five parts:
- (a) Part A is where you enter your details as the applicant and the details of a contact person, select the financial services you want to be authorised to provide and answer questions that give us a basic description of your business.
  - (b) Part B is where you will be asked questions that relate to the obligations you will have as an AFS licensee and your ability to meet them.
  - (c) If you have selected complex financial services or products in Part A, the eLicensing system will require responses to more detailed questions about those services or products in Part C.
  - (d) In Part D, the eLicensing system will generate declarations and certifications based on your answers in Parts A and B (and C, if relevant). You will be signing these declarations when you sign a print-out of your application form.
  - (e) Part E is where the system lists the core proof documents you need to provide as part of your application, as well as listing some other proof documents. If we later ask you to provide additional proof documents, these will generally be one or more of the other documents listed in Part E.
- RG 2.15 The system tailors the application form to your business so that you are only asked questions about the financial services and products you are applying for. If you feel that any of the questions do not exactly fit your circumstances, you should still answer them as best you can.
- RG 2.16 If you want to see all of the possible questions in Form FS01, [download the sample application](#) on our website or click on a link to it when you are in your online application. Looking at the sample application is particularly useful if someone else is filling out your application for you.
- RG 2.17 The guidance in this guide (RG 2) generally follows the structure of Form FS01 to make it easier for you to work your way through your online application. However, Section E of this guide only covers the core proof documents you need to send us as part of your application. For guidance on the additional proofs you may be asked to provide later, you need to refer to Part 3 of the *AFS Licensing Kit*, which is [Regulatory Guide 3 AFS Licensing Kit: Part 3—Preparing your additional proofs](#) (RG 3).

## How Form FS03 is structured

- RG 2.18 The online variation application form, Form FS03, follows the same five-part structure as Form FS01. To access it, go to the [AFS licensees portal](#) on

our website. Before you use the portal you should read the information on our [AFS licensees](#) webpage.

- RG 2.19 To enter the AFS licensees portal you will need your licence number and the username and password you used when you applied for your licence. If you have forgotten these or you need extra ones for staff, apply for them online via the AFS licensees portal.
- RG 2.20 When you start your variation application the eLicensing system will fill in the details of your current AFS licence authorisations. You will need to work your way through the various parts of Form FS03 that relate to the variation you are asking for. When you apply to vary your licence you will also make declarations and certifications and be asked to provide core proof documents as part of your application.
- RG 2.21 For more information about the process of applying to vary your AFS licence, read Section F of Part 1 of the *AFS Licensing Kit*: see [Regulatory Guide 1 AFS Licensing Kit: Part 1—Applying for and varying an AFS licence](#) (RG 1). To find out more about the various financial service and product authorisations you may want to add to your licence or the proofs you may need to provide, see the relevant sections of this guide (RG 2).

## Using the eLicensing system

- RG 2.22 Form FS01 and Form FS03 are both designed so that you can't progress to the next screen until you have completed the screen you are on, although you can go back to a completed screen to amend it. Your application is automatically saved to the ASIC server every time you hit 'Next'. If you are disconnected from the internet or you close out of the application, you will have saved all information up until the question you were last entering.
- RG 2.23 If you want to know more about how the application works onscreen, including screen layout and browser requirements, go to [FAQ for online services](#).
- RG 2.24 If you experience technical problems when using the eLicensing system, read the [FAQ for online services](#) page. You can also click on a link to them when you are working on your online application. If you are still having problems after reading the [FAQ for online services](#), call ASIC on 1300 300 630.

### How to resume your online application

- RG 2.25 To resume your application for an AFS licence (Form FS01), go to [www.asic.gov.au/afsl](http://www.asic.gov.au/afsl) and click on 'Start, resume or check the progress of an application'.

- RG 2.26 To resume your application to vary your AFS licence, enter the [AFS licensees portal](#) and select your Form FS03 application from your 'Work in progress' list.

### **How to reapply using a copy of your original application**

- RG 2.27 If your application for an AFS licence is rejected at the completeness check stage, we will send you a letter explaining why we've rejected your application for lodgement. You can then reapply for a licence. We will hold your fee payment for your next application unless you write to us for a refund.
- RG 2.28 You can reapply using a copy of your original Form FS01 so that you won't have to start again from scratch. You can make a copy by going to [www.asic.gov.au/afsl](http://www.asic.gov.au/afsl) and clicking on 'Start or resume AFS licence application'. You will need your application reference number, username and password to resume your initial application. Select 'Copy Application' from the left-hand menu and data from your original application form will be copied to a new application with a new reference number.
- RG 2.29 If your application to vary your AFS licence is rejected at the completeness check stage, we will follow the same process and you will also be able to reapply using a copy of your original Form FS03. To do this, go to the [AFS licensees portal](#) (you will need your licence number, username and password to do this) and select your original Form FS03 from the 'Forms Submitted' section. Select 'Copy Application' from the left-hand menu and data from your original variation application form will be copied to a new variation application with a new application number.
- RG 2.30 If you reapply for an AFS licence or to vary your licence, we won't use any previously provided copies of your core proofs to assess your application. You will need to send us new core proof documents as part of your new application. Please ensure that you rectify any deficiencies we identified in your original core proof documents before you reapply.



## A Part A of the application: Applicant and AFS licence details

### Key points

All applicants for an AFS licence must complete Part A of the application: see RG 2.31–RG 2.32.

Part A asks questions about you, your business and the financial services and products you want to provide: see RG 2.34–RG 2.199.

### Overview of Part A of the application

- RG 2.31 All applicants for an AFS licence must complete Part A of the online application. You will need to provide:
- your details as the applicant for the licence; and
  - the details of a person we can contact during the application process and afterwards.
- RG 2.32 In Part A you will also be asked questions about:
- the financial services and products you want to be authorised to provide under your AFS licence; and
  - your proposed business and how it will operate.
- RG 2.33 Throughout this guide we refer to particular sections of the *Corporations Act 2001* (Corporations Act). All section references are to the Corporations Act, unless otherwise stated. You can find a copy of the Corporations Act on the [Federal Register of Legislation](#).

### A1 and A2: Applicant and contact details

#### Applicant details

- RG 2.34 You will need to select whether you are applying for an AFS licence as an individual, partnership, company, trustees of a trust or ‘other’ entity and fill in your entity name and details. If someone else is filling out the application for you, they need to fill in your entity name and the details that will appear on your licence.
- RG 2.35 If you are an individual with a registered business name, you must apply as an individual at A1.1—you cannot apply for an AFS licence using your business name. Your licence will be in your name as an individual. You should provide your business name at A1.5; however, it will not appear on your licence.

RG 2.36 If you are a company, the name and details of your directors and secretary will be pre-filled from our public database when you enter your ABN or ACN.

Note 1: It is a requirement that an AFS licence application by a body corporate contain the name and address of each director and secretary: see reg 7.6.03(a) of the *Corporations Regulations 2001* (Corporations Regulations). If the pre-filled details are incorrect you must include the correct information in your application form. As the pre-filled information is extracted from the ASIC public database, you must also update the details of your current directors and secretary using ASIC's online portal: see [changes to your company](#) on our website for information about how to update your company details online.

Note 2: In this guide, references to regulations (reg) are to the Corporations Regulations, unless otherwise specified. You can find a copy of the Corporations Regulations on the [Federal Register of Legislation](#).

RG 2.37 If you are applying as an 'other' type of entity, we may ask you to provide more information in an A1 additional proof (Entity Details). The additional proofs are explained in [RG 3](#).

RG 2.38 An AFS licence cannot be held by a trust, so if you are the trustee(s) of a trust (e.g. a family, business or private trust), you must apply in your own name(s) and not in the name of the trust. For example, you should apply in the name of 'John Smith' or 'ABC Pty Ltd', or (where there is more than one trustee) 'The Trustees of ABC Trust' and not as 'ABC Trust'. For more information see RG 2.39–RG 2.43.

#### **Sole trustee of a trust**

RG 2.39 If you are the sole trustee of a trust, when prompted in the application form to select whether you are applying for an AFS licence as an individual, partnership, company, trustees of a trust or 'other' entity, you should select the type of entity that you are (e.g. company or individual).

RG 2.40 If you are a company, you should enter the ACN or ABN of the company on the application form at A0.2 and select 'company' at A1.1.

RG 2.41 If you are an individual, you should enter your ABN on the application form at A0.2 and select 'individual' at A1.1. If you do not already hold an ABN in your own name, you will need to obtain one and apply using the new ABN. The ABN cannot be held in the name of 'The Trustee of ABC Trust'.

#### **Multiple trustees of a trust**

RG 2.42 Where a trust has two or more trustees, the trustees of the trust are together a notional person that can apply for an AFS licence. This notional person must have an ABN in order to apply (e.g. the ABN might be held in the name 'The Trustees of ABC Trust'). In this case you should enter the ABN held by the group of trustees on the application form at A0.2. The entity type you should select at A1.1 is 'trustees of a trust—a collection of persons who act together as trustee of a trust'. (In this context the term 'persons' includes individuals and companies.)

### Partnership of trustees of more than one trust

- RG 2.43 A partnership made up of the trustees of two or more trusts can apply for an AFS licence (e.g. ‘The Trustee of ABC Trust and The Trustee for DEF Trust’). In this case you should enter the ABN of the partnership on the application form at A0.2. The entity type you should select at A1.1 is ‘partnership’.

### If you operate under a business name

- RG 2.44 Your business name must be registered on ASIC’s Business Names Register. For more information on how to register your business name, see [Regulatory Guide 235](#) *Registering your business name* (RG 235).
- RG 2.45 You are responsible for ensuring that your business name is not misleading and that it complies with the restrictions under the Corporations Act on using certain terms such as ‘stockbroker’, ‘futures broker’ and ‘insurance broker’. For more information on these restricted terms, see RG 2.158–RG 2.166.
- RG 2.46 If you will be using more than one registered business name, you must provide details for each business name you will be using.

### Applicant’s contact person

#### During the application process

- RG 2.47 During the application process we will direct any questions and correspondence about your application to the contact person you nominate at A2.1. The contact person can be you (as the applicant), one of your officers or employees, or another person who is preparing the application on your behalf, such as your lawyer, accountant or licensing consultant.

#### On an ongoing basis

- RG 2.48 At A2.3 you will also need to nominate a person we can contact after your AFS licence is granted. For example, we might contact you to tell you about prospective changes that could affect your licence and business. This ongoing contact person can be the same person you nominate at A2.1.
- RG 2.49 As an AFS licensee you must keep the details of your ongoing contact person (including their email address) up-to-date by notifying us of any changes using [Form FS20](#) *Change of details for an Australian financial services licence*, available via the [AFS licensees portal](#).

### If you are applying to vary your AFS licence

- RG 2.50 The questions you will be asked at A1 and A2 are different on the variation application.

- RG 2.51 At A1 you will be asked to select whether you are applying to vary:
- (a) the ‘authorisation conditions’ on your AFS licence (i.e. your financial service and/or product authorisations);
  - (b) the ‘other conditions’ on your licence (e.g. key person or standard AFS licence conditions); or
  - (c) both.
- RG 2.52 If you are varying the ‘other conditions’ on your AFS licence, at A2 the system will provide a free-text box to type in so that you can explain to us which conditions you want to vary and why you should be allowed to do this.
- RG 2.53 If you are varying your ‘authorisation conditions’, the system will fill in the current authorisations on your AFS licence. You need to add any new services and/or products by clicking on them. If you want to remove any services or products, click on them to de-select them. For help with answering the questions at A3 and A4, see RG 2.54–RG 2.172.

## A3 and A4: AFS licence authorisations

- RG 2.54 At A3 and A4 you will be asked to select the financial services and products you want to be authorised to provide under your AFS licence. Choosing your licence authorisations is one of the most important steps in applying for a licence. Your authorisations affect:
- (a) the financial services you can provide under your licence and any financial products those services may relate to;
  - (b) the obligations you will have as a licensee; and
  - (c) whether you can use certain restricted terms (e.g. ‘stockbroker’, ‘insurance broker’).
- RG 2.55 The rest of the questions you will be asked in your application will be triggered by your answers in this section of your application, as well as the answers you give at A5 to describe your business. You will need to provide core proofs to demonstrate that you have the competence, resources and processes in place to be able to provide the services and products you have selected. The core proofs are explained in Section E. We may also ask you to provide additional proofs before we can complete our assessment of your application. The additional proofs are explained in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).
- RG 2.56 You should read RG 2.61–RG 2.169 and work out which authorisations you will need before you answer the questions at A3 and A4. If you don’t choose the right authorisations, you may not be authorised to provide the financial services and products you want to provide.

- RG 2.57 You may find it useful to:
- (a) first, identify which financial services you will provide (e.g. ‘Provide financial product advice’, ‘Deal in a financial product’); then
  - (b) identify each financial product those financial services may cover (e.g. superannuation, general insurance, derivatives).
- RG 2.58 You will not necessarily want, or need to be authorised to provide, the same financial services for each financial product. For example, you can choose to provide advice relating to superannuation, securities and derivatives, and provide dealing services in relation to superannuation only.
- RG 2.59 If you are applying to vary your AFS licence by varying your service and/or product authorisations, make sure all of the services and products you want to be authorised for have been selected, not just the new ones.
- RG 2.60 At A3.1 you will be asked whether you are applying for an AFS licence that will allow you to provide ‘limited financial services’ as defined in reg 7.8.14B(3) of the Corporations Regulations:
- (a) If you answer ‘no’, you will go to A3.2 and will be asked about whether you are an FFSP applying for a licence. You will then go to A3.3 and you will be asked to select the type(s) of financial service(s) that you want ASIC to authorise under your licence (see RG 2.61–RG 2.116).
  - (b) If you answer ‘yes’, you will go to A4.9 and you will be asked a series of questions about the limited financial services and products that you wish to be authorised for (see RG 2.65–RG 2.76).

### **Financial services**

- RG 2.61 If you selected ‘no’ at A3.1, at A3.3 you will be asked to select one or more financial services from the following list:
- (a) Provide Financial Product Advice (commonly referred to as ‘advising’);
  - (b) Deal in a Financial Product (commonly referred to as ‘dealing’);
  - (c) Make a Market for a Financial Product;
  - (d) Operate a Registered Scheme;
  - (e) Provide a Custodial or Depository Service;
  - (f) Provide Traditional Trustee Company Services;
  - (g) Provide a Crowd-Funding Service;
  - (h) Provide a Claims Handling and Settling Service;
  - (i) Provide a Superannuation Trustee Service; and
  - (j) Operate the Business and Conduct the Affairs of a CCIV.

- RG 2.62 If you are an FFSP applying for a foreign AFS licence (see [Regulatory Guide 176](#) *Foreign financial services providers* (RG 176)), you can only apply for a licence to provide financial services if:
- (a) the financial services are provided only to wholesale clients; and
  - (b) the financial services only involve financial products that have been assessed as sufficiently equivalent for the relevant overseas regulatory regime referred to in [ASIC Corporations \(Foreign Financial Services Providers—Foreign AFS Licensees\) Instrument 2020/198](#).

### Provide Financial Product Advice

#### *Types of financial product advice*

- RG 2.63 Financial product advice may be:
- (a) *personal advice*—this is defined in s766B(3). Generally, you will be giving personal advice if you have considered, or a reasonable person might expect you to have considered, one or more of the client’s objectives, financial situation and needs;
  - (b) *general advice*—this is defined in s766B(4). It covers all financial product advice that is not personal advice; or
  - (c) *class of product advice*—this is defined in regs 7.6.01BA(3), 7.6.04(3), 7.8.12A(2) and 7.8.14B(3) as financial product advice about a class of products that does not include a recommendation about a specific product in the class.
- RG 2.64 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) and [Regulatory Guide 175](#) *Licensing: Financial product advisers—Conduct and disclosure* (RG 175).
- RG 2.65 At A4.1.1 you will be asked to select your financial product advice authorisation(s) from the following list:
- (a) Provide Financial Product Advice—this authorisation will cover both personal and general advice to both wholesale and retail clients; **or**
  - (b) Provide General Financial Product Advice Only—this authorisation will cover general advice to both wholesale and retail clients (i.e. it does not cover personal advice); **or**
  - (c) Provide General Financial Product Advice Only To Wholesale Clients—this authorisation will only cover general advice to wholesale clients (i.e. it does not cover personal advice or general advice to retail clients).

Note: If you choose to seek to be authorised for limited financial services at A3.1, you may select (a) in relation to self-managed superannuation funds and a holder’s existing interest in a superannuation product, and you may also select to be authorised to

Provide Class of Product Advice—this authorisation will only cover financial product advice about the product classes listed in the definition of ‘limited financial services’ in regs 7.6.01BA(3), 7.6.04(3), 7.8.12A(2) and 7.8.14B(3) that you select at A4.9.

RG 2.66 The terms *retail clients* and *wholesale clients* are defined in s761G.

#### *Choosing your financial products*

RG 2.67 You will then be asked at A4.1.2 to select the financial product(s) that you want to advise on.

RG 2.68 The range of financial products regulated under the financial services regime is relatively broad. To help you select your authorisations, see the broad financial product categories and the product tips in RG 2.146.

#### *Advising on CCIV securities*

RG 2.69 If you wish to advise on CCIV securities you must hold an AFS licence authorisation to advise on ‘securities’ (this is a broad authorisation covering all types of securities, including CCIV securities).

Note: If you already hold an authorisation to advise on ‘securities’ as at 30 June 2022, you are able to advise on CCIV securities and will not be required to vary your AFS licence.

#### **Deal in a Financial Product**

RG 2.70 *Dealing* in a financial product is defined in s766C. You will be dealing if you do any of the following, either as principal or as an agent of another person:

- (a) apply for, acquire, issue, vary or dispose of a financial product; or
- (b) in relation to securities or managed investment interests, underwrite the securities or interests.

The terms *acquire*, *dispose* and *issue* are defined in s761A and 761E.

RG 2.71 Dealing also includes ‘arranging’ for another person to do any of the above activities (this is commonly referred to as ‘arranging’). For example, if you have the authority to bind your client when applying for a product, you will generally be ‘dealing’ and not ‘arranging’. However, if you merely display brochures and provide no other services to bring about a transaction, you will generally only be arranging. For more information on dealing and arranging, see [RG 36](#).

#### *Types of dealing services*

RG 2.72 At A4.2.1 you will be asked to select **either**:

- (a) Deal in a financial product (i.e. dealing)—select this authorisation if you will be dealing, or dealing and arranging; **or**

- (b) Arrange for a person to deal in a financial product (i.e. arranging)—select this authorisation if you will only be arranging. If you choose arranging you will not be able to deal as principal or as an agent of another person.

In the application you can only choose dealing or arranging because dealing includes arranging.

RG 2.73 At A4.2.2 you will be asked to select the particular types of dealing or arranging services that you want to be authorised for. You can choose **one or more** of the following:

- (a) Issue, apply for, acquire, vary or dispose of a financial product—this authorisation generally applies to product issuers, such as responsible entities, life companies, fund managers and general insurers. However, it can apply to anyone who wants to provide any of these types of dealing or arranging services as principal or as an agent; and/or
- (b) Apply for, acquire, vary or dispose of a financial product on behalf of another—select this authorisation if you intend to provide any of these types of dealing or arranging services on behalf of another person; and/or
- (c) Underwrite an issue of securities (including CCIV securities) or interests in managed investment schemes—this includes interests in both unregistered and registered managed investment schemes.

RG 2.74 If you want to be authorised for dealing on behalf of another person and arranging for another person to issue financial products, the application won't let you select these as separate authorisations because it assumes that your dealing authorisation will include arranging for another person to deal. You need to select A4.2.1.1 (dealing) and then A4.2.2.1 (Issue, apply for, acquire, vary or dispose of a financial product). This authorisation will cover both dealing on behalf of another person and arranging for another person to issue financial products.

#### *Choosing your financial products*

RG 2.75 You will then be asked at A4.2.3 to select the financial products that you want to deal in.

RG 2.76 The range of financial products regulated under the financial services regime is relatively broad. To help you select your authorisations, see the broad financial product categories and the product tips in RG 2.146.



- RG 2.77 The dealing authorisations available on an AFS licence for the provision of limited financial services are:
- (a) ‘Arrange for a person to deal in a financial product—Issue, apply for, acquire, vary or dispose of a financial product—Self-managed superannuation fund’; and/or
  - (b) ‘Arrange for a person to deal in a financial product—Apply for, acquire, vary or dispose of a financial product on behalf of another—Self-managed superannuation fund’.

*Dealing in CCIV securities*

- RG 2.78 If you wish to deal in CCIV securities you must hold an AFS licence authorisation to deal in ‘securities’ (this is a broad authorisation covering all types of securities, including CCIV securities).

Note: If you already hold an authorisation to deal in ‘securities’ as at 30 June 2022, you are able to deal in CCIV securities and will not be required to vary your AFS licence.

**Make a Market for a Financial Product**

- RG 2.79 *Makes a market* is defined in s766D. You will be making a market if you regularly quote prices at which you will buy or sell financial products, and other persons could reasonably expect to be able to regularly sell to you, or buy from you, financial products at the prices you have quoted.
- RG 2.80 If you select this financial service authorisation at A3.3, you will be asked at A4.3.1 what financial products you want to be authorised to make a market for. The options include foreign exchange contracts, derivatives, bonds and debentures, carbon credits and ‘other financial products’. If you select the ‘other financial products’ category at A4.3.1, we may ask you for further information about the financial products you intend to make a market for. If you make a market for securities, you need to select ‘other financial products’.
- RG 2.81 Selecting ‘Make a Market for a Financial Product’ at A3.3 will also trigger further questions in Part C of your application.

*Other related authorisations you may need*

- RG 2.82 If you are making a market, you are likely to also be providing other financial services. For example, you will typically also be dealing in a financial product (e.g. issuing and acquiring a financial product). If so, you will need to select the dealing authorisation at A3.3.
- RG 2.83 If you are making a market for over-the-counter (OTC) products (e.g. OTC derivatives), you should also consider whether you need to be authorised to provide financial product advice (e.g. if you will be advising the counterparty to the contract). If so, you will need to select the advising authorisation at A3.3.

### Operate a Registered Scheme

- RG 2.84 If you will be the responsible entity of a registered scheme, you will be *operating a registered scheme*. A registered scheme is a managed investment scheme that is registered with ASIC under s601EB.
- RG 2.85 To operate a registered scheme, you must be a public company that holds an AFS licence authorising you to do so: see s601FA.

#### *Unregistered schemes*

- RG 2.86 You don't need the 'Operate a Registered Scheme' authorisation if you will operate a managed investment scheme that is not, and does not need to be, registered with ASIC. You will generally need an AFS licence authorising dealing in financial products (to issue interests in the scheme and deal in scheme assets that are financial products), providing a custodial or depository service and, if relevant, advising on financial products.

Note: For further information, see [Information Sheet 251](#) *AFS licensing requirement for trustees of unregistered managed investment schemes* (INFO 251).

- RG 2.87 Unregistered schemes include investor directed portfolio services (IDPSs) and managed discretionary account (MDA) services covered by ASIC relief. To provide IDPS and MDA services, you will still need the financial service authorisation for dealing and, if relevant, for advising and/or providing a custodial or depository service. You will need to select these at A3.3. For more information on IDPS and MDA services, see [Regulatory Guide 148](#) *Platforms that are managed investment schemes and nominee and custody services* (RG 148) and [Regulatory Guide 179](#) *Managed discretionary accounts* (RG 179).

#### *Choosing what type of registered scheme you will operate*

- RG 2.88 At A4.4.1 you will be asked to select whether you want to be licensed to operate:
- (a) Named scheme(s)—these are specific schemes that will be named on your licence; and/or
  - (b) Scheme(s) of a particular asset kind(s)—if you select this authorisation, what will appear on your AFS licence is not the individual scheme name(s) but the particular kind(s) of asset or business they invest in. You can be authorised to operate more than one kind of scheme.
- RG 2.89 If you select scheme(s) of a particular asset kind you won't have to apply to vary your AFS licence every time you want to register a scheme of that kind. However, you should only apply for this authorisation if you can demonstrate that you have the organisational competence and the capacity (e.g. systems and resources) to operate schemes with assets or businesses of that type: see Section D of [Regulatory Guide 105](#) *AFS licensing: Organisational competence* ([RG 105](#)). Otherwise, you should apply to operate a named scheme.

*Kinds of registered scheme*

- RG 2.90 At A4.4.2 you will be asked to select what kind(s) of scheme you want to operate. Even if you apply to operate a named scheme, you still need to select what kind of scheme that named scheme is.
- RG 2.91 Where you intend to operate a scheme that is made up of more than one asset kind, you need to select each particular asset kind that is relevant to the scheme. However, if you hold assets that are only ‘incidental property’ (as defined in [Pro Forma 209 Australian financial services licence conditions \(PF 209\)](#)), you don’t need to select an asset kind for these assets. ‘Incidental property’ covers certain assets necessary or incidental to the effective operation of your registered scheme that are a small proportion of assets of the scheme, as well as certain liquid financial assets held for a short period, and derivatives for certain limited purposes.
- RG 2.92 The following are the kinds of scheme you can apply for authorisation to operate:
- (a) Derivatives—this covers schemes that hold derivatives for hedging or other purposes, other than as incidental property;
  - (b) Direct real property—this includes listed property trusts, serviced strata schemes and stable property trusts or syndicates;
  - (c) Film schemes—this covers schemes with the sole purpose of producing and/or exploiting a cinematograph film (as defined in the *Copyright Act 1968*);
  - (d) Financial assets—this covers schemes that hold cash, cheques, orders for payment of money, bills of exchange, promissory notes, securities, deposit products and interests in managed investment schemes, but does not include derivatives;
  - (e) IDPS-like—this covers IDPS-like services provided through a registered scheme under Ch 5C of the Corporations Act. For more information see [RG 148](#);
  - (f) Mortgages—this covers both pooled mortgage schemes and contributory mortgage schemes. For more information see [Regulatory Guide 144 Mortgage investment schemes](#) (RG 144);
  - (g) Primary production—this covers aquaculture, cattle breeding, forestry, horse breeding, horticulture, livestock grown for fleece, ratites (ostriches/emus), tea trees, viticulture or other specialised schemes;
  - (h) Time-sharing schemes—for more information see [Regulatory Guide 160 Time-sharing schemes](#) (RG 160);
  - (i) Commodities—this covers schemes that hold raw materials, metals (including precious metals), agricultural products and energy products,

but does not include financial assets, derivatives, crypto-assets or primary production schemes;

- (j) Crypto-assets—this covers schemes that invest in, or provide direct exposure to, crypto-assets that are not financial products. For more information see [Information Sheet 225](#) *Crypto-assets* (INFO 225);

Note 1: For the definition of crypto-asset see ‘Key terms’.

Note 2: As outlined in INFO 225, we expect that, for crypto-assets that are not financial products, you will select the asset kind ‘crypto-asset’ when seeking authorisation to operate a registered managed investment scheme.

- (k) Litigation funding schemes—this covers schemes under reg 7.1.04N(3) of the *Corporations Regulations 2001*; and
- (l) Other—other specialised schemes.

Note: If the nature of the asset kind(s) is novel (and does not fit within these categories), we may grant a tailored authorisation.

#### *Other authorisations that you may need*

RG 2.93 When you operate a registered scheme, you will generally also be carrying on dealing activities (e.g. issuing interests in the scheme and perhaps dealing in scheme assets that are financial products). Most applicants who apply to operate a registered scheme will also need the dealing authorisation. For example, if you operate a registered scheme that holds derivatives to hedge your scheme asset holdings, you will generally need an authorisation to deal in derivatives.

RG 2.94 You may also need to be authorised to provide financial product advice, depending on how you distribute interests in your scheme.

RG 2.95 If you need the advising or dealing authorisations, you will need to select these at A3.3.

#### *When to register your scheme(s)*

RG 2.96 Before you can register your scheme(s), you need to:

- (a) as a new applicant—lodge an AFS licence application and be assessed as having the organisational competence and capacity to operate the scheme(s) (as a named scheme or kind scheme); or
- (b) as an existing AFS licensee—ensure that your current AFS licence authorises you to operate the relevant scheme(s). If it does not, you will need to lodge an application to vary your AFS licence.

RG 2.97 If you have submitted an application for an AFS licence or variation, you should not lodge your scheme documents with us before you receive a draft licence. After you receive your draft licence, you have up to four months to register your scheme(s) with us.

RG 2.98 We will not register the scheme(s) unless you have an AFS licence authorisation for the operation of the scheme(s). For a named scheme authorisation, if you have met the licensing requirements and agreed to the draft licence conditions, we will generally grant your licence and register the scheme(s) on the same day.

RG 2.99 For more information about [registering schemes](#), see our website.

### **Provide a Custodial or Depository Service**

RG 2.100 *Custodial or depository service* is defined in s766E. You generally don't need an authorisation to provide custodial or depository services if you only operate a registered scheme or a CCIV or a regulated superannuation fund, or if you only hold a basic deposit product or client money under Pt 7.8 of the Corporations Act: see s766E(3) and reg 7.1.40.

RG 2.101 At A4.5.1 you will be asked whether your custodial or depository service will be operated as either:

- (a) an IDPS; or
- (b) a custodial or depository service that is not an IDPS.

#### *IDPSs*

RG 2.102 You should only select this authorisation if you will be an IDPS operator under [Class Order \[CO 13/763\]](#) *Investor directed portfolio services*. If you will be a badged or dual IDPS operator who will not be responsible for performing the custody functions for the IDPS (i.e. you will only provide reporting and transaction services), generally you won't need the 'Provide a Custodial or Depository Service' authorisation. See [RG 148](#) for the definition of an IDPS and our policy and licensing requirements in relation to IDPSs.

#### *Custodial or depository services that are not an IDPS*

RG 2.103 This authorisation covers all other types of custodial or depository service, including those provided by:

- (a) professional custodians;
- (b) incidental providers; or
- (c) MDA operators or external MDA custodians.

Note: For more information on our policy and licensing requirements for MDA services, see [RG 179](#).

#### *Incidental providers of custodial or depository services*

RG 2.104 Even if you are only an incidental provider of custodial or depository services (see 'Key terms'), you still need the 'Provide a Custodial or

Depository Service' authorisation. While we impose different financial requirements for incidental providers, this doesn't change the need for you to be authorised to provide those services. For more information on the financial requirements for incidental providers, see Appendix 4 of [Regulatory Guide 166](#) *AFS licensing: Financial requirements* (RG 166).

*Other authorisations you may need*

RG 2.105 If you provide a custodial or depository service, you are also likely to be dealing (e.g. applying for, or acquiring a financial product on behalf of another person). If so, you will need to select the dealing authorisation at A3.3.

**Provide Traditional Trustee Company Services**

RG 2.106 *Traditional trustee company services* is defined in s601RAC(1).

RG 2.107 Only a trustee company listed in the Corporations Regulations can provide traditional trustee company services. A trustee company must be a body corporate and be prescribed as a trustee company under the Corporations Regulations. At A4.8 you will be asked whether you are prescribed by the Corporations Regulations as a trustee company for the purposes of the Corporations Act. If you are not prescribed under the Corporations Regulations as a trustee company, and wish to be so, you will need to apply to the Minister.

RG 2.108 Traditional trustee company services include:

- (a) preparing wills, trust instruments and powers of attorney;
- (b) applying for probate of a will;
- (c) establishing and operating common funds; and
- (d) acting as a trustee of any kind, or as an executor or administrator of an estate.

**Provide a Crowd-Funding Service**

RG 2.109 The crowd-sourced funding (CSF) regime is dealt with in Pt 6D.3A and Ch 7 of the Corporations Act.

RG 2.110 An AFS licensee who is authorised to provide a crowd-funding service is a CSF intermediary: see s738C.

RG 2.111 A CSF intermediary provides a crowd-funding service if:

- (a) the CSF intermediary operates a platform for hosting CSF offers (see s738L(6)), which includes a website or other electronic facility;
- (b) the platform is used to publish a CSF offer document (see s738J(1)), for a CSF offer of fully-paid ordinary shares (see s738B and reg 6D.3A.01) by an eligible CSF company (which must be an unlisted public company with a principal place of business in Australia—see s738H); and

- (c) applications may be made to the CSF intermediary for the issue, by the eligible CSF company, of shares under the CSF offer.
- RG 2.112 The financial service of providing a crowd-funding service also includes performing all other aspects of the role of a CSF intermediary under Pt 6D.3A.
- RG 2.113 A CSF intermediary provides a crowd-funding service to:
- (a) a person who uses the application facility on the CSF intermediary's platform to apply for shares under the CSF offer; and/or
  - (b) the eligible CSF company making the CSF offer.
- RG 2.114 If you select the authorisation to provide a crowd-funding service at question A3.3.7, you will be asked specific questions at Part C and you will need to submit the C11 additional proof document (Crowd-Funding Service Statement) (see [RG 3](#) at RG 3.64).
- RG 2.115 While assessing your application for the authorisation to provide a crowd-funding service, we may also ask you for one or more of the following additional proof documents (see RG 3):
- (a) B3 additional proofs (Compliance Arrangements, Arrangements for Managing Conflicts of Interests and/or Outsourcing Statement);
  - (b) B5 additional proofs (Human Resources Capacity Statement and/or Information Technology Capacity Statement); and
  - (c) B7 additional proof (Risk Management System Statement).
- RG 2.116 For more information see [Regulatory Guide 262](#) *Crowd-sourced funding: Guide for intermediaries* (RG 262) and [Regulatory Guide 261](#) *Crowd-sourced funding: Guide for companies* (RG 261).

### **Provide a Superannuation Trustee Service**

- RG 2.117 Providing a superannuation trustee service is defined in s766H. A person provides a superannuation trustee service if they operate a registrable superannuation entity (RSE) as trustee of the entity.
- RG 2.118 The provision of a superannuation trustee service covers all activities involved in operating an RSE, at all stages of your interactions and transactions with your members and others.
- RG 2.119 From 1 January 2021, RSE licensees that meet certain conditions are deemed, by law, to be authorised to provide a superannuation trustee service for the purpose of their AFS licence: see s1676A–1676C.
- RG 2.120 If the authorisation is deemed on your AFS licence, we can use the powers ASIC would ordinarily have to vary or revoke the authorisation. We can

exercise this power as though we had granted the authorisation in the first instance. We can also vary, suspend or cancel your AFS licence.

RG 2.121 From 1 July 2021, all superannuation trustees that are RSE licensees regulated by the Australian Prudential Regulation Authority (APRA) must hold an AFS licence to provide a superannuation trustee service.

### **Provide a Claims Handling and Settling Service**

RG 2.122 The claims handling and settling service is dealt with in Ch 7 of the Corporations Act.

RG 2.123 From 1 January 2022, if you provide claims handling and settling services and you belong to certain prescribed categories, you must hold an AFS licence authorising you to provide such services (a ‘claims handling authorisation’), or be authorised by a person who holds a claims handling authorisation (unless an exemption applies).

RG 2.124 You will be providing a claims handling and settling service if you undertake one or more of the following activities in relation to an insurance product:

- (a) making a recommendation or stating an opinion in response to an inquiry about a claim or potential claim;
- (b) making a recommendation or stating an opinion that could influence a decision about making or continuing with a claim;
- (c) representing someone in pursuing a claim;
- (d) assisting another person to make a claim;
- (e) assessing whether an insurer is liable under an insurance product;
- (f) making a decision to accept or reject all or part of a claim;
- (g) quantifying an insurer’s liability under an insurance product;
- (h) offering to settle all or part of a claim; or
- (i) satisfying a liability of an insurer under a claim.

RG 2.125 Table 1 lists the categories of industry participants who must hold an AFS licence with a claims handling authorisation.



**Table 1: Who must hold an AFS licence with a claims handling authorisation**

Category	Description
Insurer	You are the issuer of the insurance product.
Insurance fulfilment provider	You carry on a business of providing goods or services to satisfy an insurer's liability to its insured and have authority from an insurer to reject all or part of a claim.
Insurance claims manager	You provide a claims handling and settling service on behalf of one or more insurers and do so as a business or as a primary part of your business.
Claimant intermediary	You carry on a business of representing insured people in pursuing a claim and do so in return for any benefit (monetary or otherwise) which is given to you or a person nominated by you.
Insurance broker	You carry on a business of arranging contracts of insurance for intending insureds and provide a claims handling and settling service on behalf of the insurer.
Financial adviser	You provide financial product advice to an insured person (including one who is a third-party beneficiary) and provide a claims handling and settling service on behalf of the insurer.

RG 2.126 If you select the authorisation to provide a claims handling and settling service at question A3.3.9, you will be asked specific questions at Part C and you will need to submit the C12 additional proof document (Insurance Claims Handling and Settling Service Statement): see [RG 3](#).

### **Operate the Business and Conduct the Affairs of a CCIV**

RG 2.127 If you are a corporate director, you will be operating the business and conducting the affairs of a CCIV. A CCIV is a company that is registered as a corporate collective investment vehicle under the Corporations Act.

RG 2.128 To operate the business and conduct the affairs of a CCIV, you must be a public company that holds an AFS licence authorising you to do so: see s1224F. This requirement applies whether the CCIV is a retail CCIV or a wholesale CCIV.

#### *Choosing what type of CCIV you will operate*

RG 2.129 At A4.13.1 you will be asked to select whether you wish to be licensed to operate the business and conduct the affairs of a:

- (a) retail CCIV; and/or
- (b) wholesale CCIV.

*Limit on operations of retail CCIVs*

RG 2.130 If you select to operate the business and conduct the affairs of a retail CCIV, at A4.13.2 you will be asked to select whether you wish to be subject to a condition that limits your operations to one retail CCIV with a single sub-fund (limiting condition). The limiting condition will apply only to retail CCIVs.

RG 2.131 You should only choose to be authorised without the limiting condition if you can demonstrate that you have the organisational competence and the capacity to operate multiple CCIVs and multiple sub-funds.

Note: For more information, see Section D of [RG 105](#).

RG 2.132 We will also assess your application and may, at our discretion, impose the limiting condition on your AFS licence.

RG 2.133 We will impose the limiting condition in circumstances where your application does not demonstrate that you are able to undertake broader operations.

RG 2.134 When exercising our discretion, we will take into account your:

(a) organisational competence; and

Note: For more information, see Section D of RG 105.

(b) capacity (i.e. the compliance systems and available financial, technological and human resources).

RG 2.135 If you are granted an AFS licence to operate the business and conduct the affairs of a retail CCIV with the limiting condition imposed and you subsequently wish to operate multiple CCIVs and multiple sub-funds, you will need to lodge an application to vary your AFS licence to remove the condition.

*CCIV asset types*

RG 2.136 All CCIV assets must be allocated to a sub-fund, which must be operated as a separate business. Although we authorise the operation of a CCIV, we do so on the basis that each sub-fund has assets that are within the asset type(s) you are authorised to hold as a CCIV. You must ensure that at all times the CCIV will not hold any assets that are not permitted by the authorisations of your AFS licence.

Note: If you hold assets that are only ‘incidental property’, you do not need to select an asset type for such assets.

RG 2.137 At A4.13.3 or A4.13.6 you will be asked to select what type(s) of assets the CCIV will hold. Following are the types of assets you can apply for an authorisation to hold:

(a) Commodities—this covers sub-funds of a CCIV that hold raw materials, metals (including precious metals), agricultural products and

energy products, but does not include financial assets, derivatives, crypto-assets or primary production sub-funds;

- (b) Crypto-assets—this covers sub-funds of a CCIV that invests in, or provides exposure to, crypto-assets which are not financial products;

Note 1: For the definition of crypto-asset see ‘Key terms’.

Note 2: We expect that, for crypto-assets that are not financial products, you will select the ‘crypto-asset’ asset type when seeking authorisation to operate the business and conduct the affairs of a CCIV.

- (c) Derivatives—this covers sub-funds of a CCIV that hold derivatives for hedging or other purposes, other than as incidental property;
- (d) Direct real property—this covers sub-funds of a CCIV that hold physical real property assets;
- (e) Films—this covers sub-funds of a CCIV with the sole purpose of producing and/or exploiting a cinematograph film (as defined in the *Copyright Act 1968*);
- (f) Financial assets—this covers sub-funds of a CCIV that hold cash, cheques, orders for payment of money, bills of exchange, promissory notes, securities, deposit products and interests in managed investment schemes, but does not include derivatives;
- (g) Mortgages—this covers sub-funds of a CCIV that hold mortgage assets;
- (h) Primary production—this covers aquaculture, cattle breeding, forestry, horse breeding, horticulture, livestock grown for fleece, ratites (ostriches/emus), tea trees, viticulture or other specialised sub-funds of CCIVs;
- (i) Other—other specialised sub-funds of a CCIV.

Note: If the nature of the asset type(s) is novel (and does not fit within these categories), we may grant a tailored authorisation.

#### *Other authorisations that you may need*

- RG 2.138 When you operate the business and conduct the affairs of a CCIV, you may also be carrying on dealing activities (e.g. dealing in CCIV assets that are financial products such as financial assets or derivatives) and require a dealing authorisation.

Note: A corporate director will not require a dealing authorisation to issue, vary or dispose of the ‘securities’ in the CCIVs that they operate: see s766C(4)(c).

- RG 2.139 You may also need to be authorised to provide financial product advice, depending on how you distribute your CCIV and sub-fund(s).

- RG 2.140 If you need the advising or dealing authorisations, you need to select these at A3.3.

*When to register your CCIV(s) and sub-fund(s)*

- RG 2.141 A CCIV is required to be registered and must have at least one sub-fund which is also registered at the same time. We may register additional sub-funds of the CCIV upon receiving an application from the corporate director.
- RG 2.142 Before you can register your CCIV(s) and/or sub-fund(s), you need to:
- (a) as a new applicant—lodge an AFS licence application and be assessed as having the organisational competence and capacity to operate the CCIV(s) and asset kind of the sub-fund(s); or
  - (b) as an existing AFS licensee—ensure that your current AFS licence authorises you to operate the relevant CCIV and asset type of the sub-fund(s) assets. If it does not, you will need to lodge an application to vary your AFS licence.
- RG 2.143 If you have submitted an application for an AFS licence or variation, you must not lodge your application to register the CCIV or sub-fund with us before you receive your final licence.
- RG 2.144 For more information about registering a CCIV and/or sub-fund, see [Information Sheet 272](#) *How to register a CCIV and each CCIV sub-fund* (INFO 272).

**Financial products**

- RG 2.145 In the application, the financial product authorisations are grouped under 12 broad categories based on the definitions in s761A and 764A. Before you select your product authorisations, you need to think about each particular product you will be providing and what category it fits under. We encourage you to carefully check the definitions.
- RG 2.146 The following broad categories are designed to cover all types of financial products:
- (a) deposit and payment products—this includes basic deposit, non-basic deposit and non-cash payment products;
  - (b) derivatives;
  - (c) foreign exchange contracts;
  - (d) general insurance;
  - (e) government debentures, stocks or bonds;
  - (f) life products—this includes any products issued by a registered life insurance company that are backed by one or more of its statutory funds;

- (g) managed investment schemes (including simple managed investment schemes as defined in reg 1.0.02)—this includes interests in both registered and unregistered schemes;
- (h) retirement savings accounts;
- (i) securities (which includes securities of CCIVs);
- (j) superannuation—this includes self-managed superannuation funds and a client’s existing superannuation holding;
- (k) margin lending facilities—this includes standard margin lending facilities and non-standard margin lending facilities; and
- (l) miscellaneous financial facilities.

RG 2.147 If you are a foreign financial services provider applying for a foreign AFS licence (see [RG 176](#)), you can only apply for a licence to provide financial services if:

- (a) the financial services are provided only to wholesale clients; and
- (b) the financial services only involve financial products that have been assessed as sufficiently equivalent for the relevant overseas regulatory regime referred to in [ASIC Corporations \(Foreign Financial Services Providers—Foreign AFS Licensees\) Instrument 2020/198](#).

### **Tips on some products and the categories they fit under**

#### *Consumer credit insurance*

RG 2.148 Some consumer credit insurance products are underwritten by both a general insurance company and a life insurance company. If you want to provide services in relation to these products, you will need authorisations for both ‘general insurance’ and ‘life products’. You can limit your authorisations to only these products (i.e. you can be authorised to deal in general insurance and life products limited to consumer credit insurance).

#### *Derivatives and foreign exchange contracts*

RG 2.149 In some cases, a product can be both a ‘derivative’ and a ‘foreign exchange contract’ (as defined in s761A and 761D). However, for the purposes of AFS licence authorisations, we have redefined ‘derivative’ so that it no longer includes derivatives that are foreign exchange contracts. For more information, see the definitions in [PF 209](#).

RG 2.150 If you want to provide derivatives that are foreign exchange contracts you need to select the ‘foreign exchange contracts’ product authorisation, not the ‘derivatives’ authorisation (unless you want to provide other types of derivative as well).

### *MDA services*

- RG 2.151 MDA services generally fit under both the ‘managed investment schemes’ and ‘miscellaneous financial facility’ categories. Depending on the nature of your business, you can select to be authorised under either or both of these categories.

### *Warrants*

- RG 2.152 Warrants, depending on their type, can fit under the ‘securities’, ‘derivatives’ or ‘miscellaneous financial facility’ categories. If you want to provide warrants, you need to look at the features of the particular product in question to work out which product authorisation you need to select.
- RG 2.153 Managed investments warrants are generally covered by the ‘derivatives’ category.

### *Margin lending facilities*

- RG 2.154 A margin lending facility is defined in s761EA to include a standard margin lending facility and a non-standard margin lending facility.
- RG 2.155 If you want to provide a financial service in relation to margin lending facilities, you will need to look at the features of the facility and work out whether you need to select a standard margin lending facility authorisation or a non-standard margin lending facility authorisation. Where you provide financial services in relation to both standard margin lending facilities and non-standard margin lending facilities, you will need to select both categories.

### *Miscellaneous financial facilities*

- RG 2.156 This is not a ‘catch-all’ category. It only covers products that don’t fit into categories (a)–(l) in RG 2.146.
- RG 2.157 We expect that applicants will only select ‘miscellaneous financial facility’ in rare situations. If you select this category, we may ask you for an A4 additional proof (Miscellaneous Financial Facility Statement) explaining why the particular product you want to provide does not fall under any of the other product categories. The additional proofs are explained in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).

## **Authorisation to use certain terms**

- RG 2.158 Under s923B, AFS licensees are restricted from using certain terms to describe their financial services business unless they are expressly authorised to do so under a condition on their licence.

- RG 2.159 These restrictions apply to the following (or similar) terms:
- (a) ‘stockbroker’ or ‘share broker’;
  - (b) ‘futures broker’;
  - (c) ‘insurance broker’ or ‘insurance broking’;
  - (d) ‘general insurance broker’; and
  - (e) ‘life insurance broker’.
- RG 2.160 At A3.5 you will be asked if you want to use any of these terms. You can only be authorised to use them (or similar terms) if you select the dealing service authorisation at A3.3 and then the appropriate dealing activities and products at A4.2. Depending on the particular term, other eligibility criteria may also apply.
- RG 2.161 You don’t have to use them, even if you meet the eligibility criteria in RG 2.163–RG 2.166. For example, if you intend to be a financial planner authorised to advise and deal in general insurance, you don’t have to use the term ‘general insurance broker’ if you don’t want to.
- RG 2.162 If you have said ‘yes’ at A3.5, you will be asked at A4.6 which of the terms (or similar terms) you want to use.

**‘Stockbroker’ or ‘sharebroker’**

- RG 2.163 To be eligible to use these terms, you must be:
- (a) applying to provide financial services in securities; and
  - (b) a member participant of a licensed market that covers dealings in securities (e.g. Australian Securities Exchange, SIM Venture Securities Exchange, National Stock Exchange of Australia, Asia Pacific Exchange).

**‘Futures broker’**

- RG 2.164 To be eligible to use this term, you must be:
- (a) applying to provide financial services in derivatives; and
  - (b) a member participant of a licensed market that covers dealings in derivatives (e.g. Australian Securities Exchange).

**‘Insurance broker’, ‘insurance broking’, ‘general insurance broker’ and ‘life insurance broker’**

- RG 2.165 To be eligible to use these terms, you must be applying to deal in:
- (a) general and/or life insurance products (for ‘insurance broker’ and ‘insurance broking’);
  - (b) general insurance products (for ‘general insurance broker’); or

(c) life insurance products (for ‘life insurance broker’).

RG 2.166 You must also act on behalf of the intending insured (i.e. the client), as opposed to acting on behalf of the insurance company.

### Other issues for market participants

RG 2.167 At A3.4.1 you will be asked whether you want to provide financial services under your AFS licence as a Principal Trader only. This term is defined in [PF 209](#) and refers to a participant in the ASX market or Cboe market whose right to participate in the relevant market is limited to trading on its own behalf. To be a principal trader, you need both:

- (a) an AFS licence; and
- (b) to be admitted as a participant by ASX Limited or Cboe Australia Pty Ltd (formerly Chi-X Australia Pty Ltd).

RG 2.168 If your business is solely as a principal trader, you are likely to need the financial service authorisations for making a market and dealing. You can select these authorisations at A3.3.

RG 2.169 At A3.4.2 you will be asked whether you want to be subject to the AFS licence condition requiring a market participant (e.g. stockbroker) to assume responsibility for the acts or omissions of a nominee company subsidiary. This condition allows your nominee company (which must be a wholly-owned subsidiary) to take advantage of the exemption under reg 7.6.01(1)(v).

### Trans-Tasman mutual recognition

RG 2.170 Under the *Trans-Tasman Mutual Recognition Act 1997* (TTMR Act), an ‘Authorised Financial Adviser’ or ‘Registered Financial Adviser’ may apply for an AFS licence following submission of a notice under s18 of the TTMR Act.

RG 2.171 At A3.6 you will be asked whether you will be making a declaration to ASIC for recognition under the TTMR Act. Once ASIC determines whether the notice complies with the TTMR Act, you will be able to submit an application for an AFS licence requesting authorisations similar to those held under your New Zealand licence.

RG 2.172 If you are applying under s18 of the TTMR Act, your education and your experience will be taken to meet the requirements of [RG 105](#). However, you will still have to submit a full AFS licence application.



## A5: Business description

- RG 2.173 At A5 you will be asked about your proposed business activities so that we can understand how your business will work and the relevance of the AFS licence authorisations you have selected. Your answers will trigger questions in Part B of the application and may trigger further questions in Part C.
- RG 2.174 You must provide an A5 Business Description core proof to support this part of your application, whether you are applying for your initial AFS licence or applying to vary either the ‘authorisation conditions’ or ‘other conditions’ on your licence. This core proof must be specific to your business: see RG 2.309–RG 2.318 for more detail.

### Your clients

- RG 2.175 You will need to identify whether your clients are *retail clients* and/or *wholesale clients*. These terms are defined in s761G.
- RG 2.176 In some cases ‘professional investors’ (previously known as ‘sophisticated investors’ under the old Corporations Act) will fall under the definition of wholesale clients: see s761G(7)(d).
- RG 2.177 If you identify that you will have retail clients, we expect that you will have a greater focus on consumer protection through, for example, your dispute resolution procedures and your compensation arrangements. The types of clients you have can also affect the conditions we put on your AFS licence.
- RG 2.178 Some applicants, such as principal traders, have told us that they do not have clients. If you believe that you do not have clients, you should select ‘wholesale clients’ in your application.

### Bodies regulated by APRA

- RG 2.179 At A5.3 you will be asked whether you are, or have applied to be, a body regulated by APRA. APRA is responsible for the prudential regulation of banks, life insurers, general insurers, the superannuation industry, building societies, credit unions and friendly societies.
- RG 2.180 If you are a subsidiary or a related body corporate of a body regulated by APRA, you should answer ‘no’.
- RG 2.181 If you have applied to become a body regulated by APRA but your application has not yet been approved, you should answer ‘yes’. You should also answer ‘yes’ if you have applied to vary your existing APRA authorisation (e.g. you are a trustee of a superannuation fund who has applied to be authorised to operate a public offer superannuation fund), but your application has not yet been approved. In both cases we will assess your AFS licence application and

send you a draft licence, but we won't grant your final licence until your APRA application has been approved.

### **Activities that may trigger financial requirements**

RG 2.182 Your AFS licence will include conditions that you meet certain minimum financial requirements. The financial requirements that will apply to you will depend on the nature, scale and complexity of your business.

Note: If you are an FFSP applying for a foreign AFS licence, you are not required to demonstrate that you have sufficient resources.

RG 2.183 These financial requirements will not apply if you are a body regulated by APRA.

RG 2.184 At A5.2 you will be asked about how you will transact with clients under your AFS licence. These questions are designed to help us identify which financial requirements will apply to you. To find out which financial requirements apply to various types of activities, see [RG 166](#).

RG 2.185 For the final wording of the conditions that may be imposed on your licence, see [PF 209](#).

### **If you transact with clients as principal**

RG 2.186 If you are likely to have liabilities or contingent liabilities to clients of \$100,000 or more (in total) from transactions you enter into with them as principal, you should answer 'yes' at A5.2.1. For example, you are likely to be in this position if you are a market maker or underwriting securities or managed investment products. You are also likely to be in this situation if you are an issuer of non-standard margin lending facilities.

RG 2.187 In this case you will generally need to meet the adjusted surplus liquid funds (ASLF) financial requirements in Section D of [RG 166](#). However, if your only liabilities to clients are under debentures you issue under Ch 2L, you won't need to meet the ASLF requirements.

### **If you hold client money or property in excess of \$100,000**

RG 2.188 If you will be holding client money or other client property to a total value of more than \$100,000 in a trust account, or you will have the power to dispose of client money or property to a total value of more than \$100,000, you should answer 'yes' at A5.2.3.2. In this case you will generally need to meet the surplus liquid funds (SLF) financial requirements in Section C of [RG 166](#).

RG 2.189 When calculating whether you will be holding \$100,000 or more, you can exclude certain insurance premiums you will receive from clients: see Section C of RG 166.

**If you provide certain financial services**

- RG 2.190 If you will be operating a registered scheme, a retail CCIV or an IDPS, issuing margin lending facilities or retail OTC derivatives or providing a traditional trustee or custodial or depository services, you will need to meet the tangible assets (NTA) financial requirements: see Section E and Appendix 2, 3, 4, 5, 6, 8 or 10 of [RG 166](#).

**General insurance underwriting agent or broker acting under a binder**

- RG 2.191 At A5.4 you will be asked whether you will be acting as a general insurance underwriting agent, or a general insurance broker acting under a binder. This includes acting under an agency agreement, binder or any other arrangement under which you can act on behalf of an insurer in accepting risks. If you will be conducting this type of business, you will be asked additional questions in Part C about these activities.

**Description and size of your business**

- RG 2.192 At A5.5 you will be asked to select up to four activities that best describe the type of business you will be operating. For example, you might select ‘Financial Planner’, ‘General Insurance Multi Agent’ and ‘Superannuation Service Provider’ to describe your financial planning business. You need to make sure that you order your selections so that the activity you will spend most of your time doing is first and the activity you will spend least time on is last.
- RG 2.193 If you select activities such as ‘Stockbroker/Sharebroker’ or ‘Futures Broker’ at A5.5, this does not automatically entitle you to use these terms to describe your business. The use of these and other similar terms is restricted under s923B. For more information on applying to be authorised to use these and other similar restricted terms, see RG 2.158–RG 2.166.
- RG 2.194 At A5.6 you will be asked about the size of your business. These questions are designed to help us determine what arrangements you should have in place to meet your AFS licensee obligations under s912A. Your answers at A5.6 are not binding. However, if you are not sure what the size of your business will be, you should either estimate the size or rely on forecasted estimates for your first year of operation.
- RG 2.195 If you are a responsible entity or superannuation trustee, when estimating the size of your business don’t include the assets and revenue of your managed investment scheme(s) or superannuation fund(s).

## A6: Adding responsible managers (for variation applications)

- RG 2.196 If you are completing a variation application (Form FS03) and you are applying to vary your financial services and/or product authorisations, you will be asked at A6 whether you are adding any new responsible managers for the variation you are applying for.
- RG 2.197 If you answer ‘yes’, you must complete and submit Form FS20, as well as Form FS03. Form FS20, which is available via the [AFS licensees portal](#), is used to notify ASIC of changes to details of an AFS licence. When you complete Form FS20 you will be asked questions at B and C about your responsible managers. For help with answering these questions, see RG 2.210–RG 2.224.
- RG 2.198 You must also provide People Proofs for each new responsible manager with your Form FS20. For a brief explanation of the People Proofs, see RG 2.208–RG 2.209. For more detailed information, see Section E.
- RG 2.199 If you are applying to vary only the ‘other conditions’ on your AFS licence, you won’t be asked anything at A6.

## B Part B of the application: AFS licensee requirements

### Key points

In Part B of the application you will be asked questions about the obligations you will have as an AFS licensee: see RG 2.200.

The questions you are asked will depend on the answers you provided in Part A: see RG 2.201.

You will need to support some of your Part B answers with core proof documents: see RG 2.202 and Section E.

If you are an FFSP applying for a foreign AFS licence, you will not be required to answer questions B2, B5 and B6 of the application.

### Overview of Part B of the application

- RG 2.200 The questions in Part B of the application cover the obligations you will have as an AFS licensee. In Part B you may be asked about:
- (a) your organisational competence and the processes you have in place to maintain it;
  - (b) your compliance arrangements;
  - (c) the training, supervision and monitoring of your representatives;
  - (d) the adequacy of your financial, human and information technology resources;
  - (e) your dispute resolution system;
  - (f) your risk management procedures;
  - (g) your compensation and insurance arrangements; and
  - (h) your product and market research and any benefits your representatives will receive.
- RG 2.201 The questions you are asked will depend on the answers you provided about your business in Part A. For example, if you are a body regulated by APRA, you won't be asked questions about the adequacy of your resources (at B5) or your risk management systems (at B7).
- RG 2.202 You will need to support some of your Part B answers with core proof documents. These are explained in Section E. We may also ask you to send us additional Part B proofs before we can complete our assessment of your application. Additional proof documents are explained in detail in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).

## B1 and B2: Organisational competence

Note: If you are an FFSP applying for a foreign AFS licence, you are required to answer question B1; you are not required to answer question B2. FFSP applicants are not assessed for organisational competence; however, we will consider whether the nominated responsible managers are fit and proper for their role.

- RG 2.203 Before we can grant you an AFS licence, you need to demonstrate that you have the organisational competence for the financial services and products you are asking to be authorised for under your licence. To do this, you need to nominate in your application the people you will depend on for your organisational competence. These people are your responsible managers and you will be asked at B1 about their role, qualifications, training and experience.
- RG 2.204 Your responsible managers must have the necessary knowledge and skills to carry out their roles. The five options for demonstrating appropriate knowledge and skills are explained in Section C of [RG 105](#).
- RG 2.205 To support your answers in this part of your application you will need to provide a B1 Organisational Competence core proof indicating which of the five options in RG 105 each responsible manager meets and detailing their experience and qualifications relevant to each authorisation you've selected. This core proof is explained in detail in Section E. If you are completing a variation application that involves varying your service or product authorisations, or key person condition, you will also need to provide this core proof.
- RG 2.206 You must also have processes in place for maintaining your organisational competence, as well as measures to ensure your responsible managers are fit and proper to undertake their roles. You will be asked about this at B2.

Note: At B2.1 the eLicensing system will ask you about your process for ensuring that your responsible managers are of 'good fame and character'. The 'good fame and character' test was replaced with the 'fit and proper' test when the Corporations Act was amended on 18 February 2020 by the *Financial Sector Reform (Hayne Royal Commission Response—Stronger Regulators (2019 Measures)) Act 2020* (Stronger Regulators Act). We will be updating our forms to reflect this change.

- RG 2.207 We expect that you will have documented your processes in some form: see Section A of [RG 105](#). Using a documented process can help you show that you know whether or not you are complying with your obligations. How often you review your compliance will depend on how often your business changes and on staff turnover.
- RG 2.208 To support your answers in this part of your application you will need to provide the People Proofs for each responsible manager. Shortly after you submit your application online, we will send you instructions on how to more securely submit your People Proofs via the [ASIC MOVEit portal](#). The ASIC MOVEit portal is a secure file transfer service that ASIC uses to exchange data and files with external entities. The instructions will set out

the document names we ask you to use when naming each of the core proofs. Using these names will enable our internal allocation processes to operate efficiently and avoid manual administrative processing of these proof documents which would result in additional assessment time.

Note: The previous 10 MB size limitation for proofs no longer applies.

RG 2.209 These proofs include:

- (a) a scanned, signed copy of the Statement of Personal Information;
- (b) scanned copies of qualification certificates;
- (c) a scanned copy of a bankruptcy check;
- (d) a scanned copy of a national criminal history check; and
- (e) scanned copies of two business references (at least one of these should be from someone external to your organisation).

Note 1: This core proof is explained in detail in Section E.

Note 2: An FFSP that is applying for a foreign AFS licence is not assessed for competence in relation to their proposed financial services and/or financial products. If you are applying for a foreign AFS licence, you will be required to provide a scanned copy of a bankruptcy check, a national criminal history check and a Statement of Personal Information for each of your responsible managers and fit and proper people.

## Answering the questions at B1

### Nominating your responsible managers

RG 2.210 The people you nominate in your application must have the knowledge and skills to ensure that you discharge your obligations as an AFS licensee.

RG 2.211 You should only nominate someone as a responsible manager if they are directly responsible for significant day-to-day decisions about the ongoing provision of financial services under your AFS licence.

RG 2.212 For more information on nominating your responsible managers, see Section B of [RG 105](#).

#### *Number of responsible managers*

RG 2.213 You can nominate up to 20 responsible managers. 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.

*Nominating only one responsible manager*

- RG 2.214 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.
- RG 2.215 If you are applying for an AFS licence as an individual you must nominate yourself as the sole responsible manager.

*Key person AFS licence condition*

- RG 2.216 If an AFS licensee is heavily dependent on the expertise of one or more responsible managers, we refer to these people as ‘key persons’ and will usually name them on the AFS licence in a ‘key person condition’.
- RG 2.217 If we put a key person condition on your AFS licence, you will have additional obligations. These will include:
- (a) notifying us if your key person leaves or is about to leave your business; and
  - (b) nominating another suitably qualified person to take over from them.

For more information on key person conditions see Section D of [RG 105](#) and condition 3 of [PF 209](#).

*Responsible managers acting on behalf of multiple AFS licensees*

- RG 2.218 If you nominate a person who is already a responsible manager for another AFS licensee, you will need to be able to demonstrate in your B1 Organisational Competence core proof that this person will actually be able to spend enough time fulfilling their duties as your responsible manager. This core proof is explained in Section E.

**Role of responsible managers**

- RG 2.219 You will be asked at B1.4 to select the role that best describes each responsible manager’s duties in your organisation. When you are asked at B1.5.1 how much time a responsible manager will spend on ‘duties related to the provision of financial services’, you should include in your estimation the time that the responsible manager will spend on all of the activities that they may undertake in connection with your financial services business, including the day-to-day administration of your business.



## Experience

RG 2.220 You will be asked at B1.7 to select a category for each responsible manager that best describes their overall experience. We generally classify a ‘small entity’ as meeting two or more of the following requirements at the end of the last financial year:

- (a) net assets of less than \$5 million;
- (b) gross revenue of less than \$5 million; and
- (c) less than 20 current employees.

Otherwise, we consider the entity to be a ‘medium to large entity’.

## Five options for demonstrating appropriate knowledge and skills

RG 2.221 At B1.9 you will be asked to select which of the five options for demonstrating knowledge and skills each responsible manager meets. The five options are explained in Section C of [RG 105](#). Each option includes a skills component (which considers the responsible manager’s past experience) and a knowledge component (which generally requires completion of a relevant qualification and/or training).

RG 2.222 If you select ‘Other demonstration of knowledge and skills’ (i.e. Option 5), you will need to provide a submission on the responsible manager’s experience in your B1 Organisational Competence core proof. This core proof is explained in Section E.

## Answering the questions at B2

### Processes for ensuring competence of responsible managers

RG 2.223 At B2.1 you will be asked about your processes for ensuring that your responsible managers continue to be of good fame and character. We will also consider whether your responsible managers are fit and proper for their roles.

Note: The ‘good fame and character’ test was replaced with the ‘fit and proper’ test when the Corporations Act was amended on 18 February 2020 by the Stronger Regulators Act. We will be updating our forms to reflect this consideration.

RG 2.224 Factors that may indicate that a person is no longer fit and proper for their role include:

- (a) whether the person has had an AFS or credit licence suspended or cancelled;
- (b) whether a banning or disqualification order has been made by a court against the person under Pt 7.6, Div 8, Subdiv B of the Corporations Act or Pt 2-4 of the *National Consumer Credit Protection Act 2009*;

- (c) whether the person has been disqualified from managing corporations under Pt 2D.6 of the Corporations Act;
- (d) whether the person has been banned from engaging in any credit activity under a state or territory law;
- (e) whether the person has ever been linked to a refusal or failure to give effect to a determination made by the Australian Financial Complaints Authority (AFCA); and
- (f) whether the person has been convicted of an offence in the last 10 years.

Note 1: In addition to the requirement for ASIC to have no reason to believe that certain persons, including officers and controllers of a body corporate applicant are not fit and proper as required under the Corporations Act, we will also assess whether responsible managers are also fit and proper for their roles (in addition to assessing whether responsible managers nominated on the application are competent under [RG 105](#)).

Note 2: Either on lodgement of your application, or shortly after, you will be required to identify all people who are required under the Corporations Act to be ‘fit and proper persons’ that have not previously been identified to ASIC as responsible managers. We refer to the people who we must have no reason to believe are not ‘fit and proper persons’ as your ‘fit and proper people’—see [RG 1](#) for information about who your fit and proper people are. You will be required to provide ASIC with People Proofs—a Statement of Personal Information as well as a criminal history and bankruptcy checks that are less than 12 months old—for each of your fit and proper people. To avoid delays in the processing of your application, you should send the People Proofs as soon as possible after lodging your application. If you don’t send them to us, we will contact you to request them.

## B3: Compliance arrangements

### Compliance and conflicts management arrangements

- RG 2.225 You must have compliance measures in place to meet the AFS licensee obligations: see Section C of [Regulatory Guide 104](#) *AFS licensing: Meeting the general obligations* (RG 104). You must also have adequate arrangements for managing conflicts of interest that may arise in relation to your financial services business: see s912A(1)(aa). Our policy on managing conflicts of interest is set out in [Regulatory Guide 181](#) *Licensing: Managing conflicts of interest* (RG 181).
- RG 2.226 We expect you to establish and maintain compliance measures and conflicts management arrangements that are appropriate to the nature, scale and complexity of your business. In many cases there may be a number of possible ways for you to comply with these obligations. We expect that you will have documented your processes and procedures in some form: see Section B of RG 104 and Section B of RG 181.

RG 2.227 We may ask you to provide more information in a B3 additional proof (Compliance Arrangements and/or Managing Conflicts of Interest). The additional proofs are explained in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).

### Outsourcing

RG 2.228 At B3.2 you will be asked whether you will outsource any substantial activities under your AFS licence. You should only answer ‘yes’ if you will be outsourcing any parts of your financial services business (e.g. training of representatives or part of your compliance function). Don’t answer ‘yes’ if the activities you will be outsourcing are not related to your financial services business (e.g. professional advice outsourced to lawyers).

RG 2.229 If you outsource activities under your AFS licence, under the Corporations Act you will still be responsible for complying with all of your licensee obligations in relation to them: see s769B and Section B of [RG 104](#). For example, if you outsource the training of your representatives, you will still be responsible for ensuring that your representatives are competent and adequately trained.

RG 2.230 If you are going to outsource any of your activities under your AFS licence (whether or not within your corporate group), we expect that you will have appropriate processes in place to ensure that you:

- (a) have taken due skill and care in choosing a suitable service provider;
- (b) will monitor their ongoing performance; and
- (c) can deal effectively with any breaches of the outsourcing agreement or actions that lead, or might lead, to a breach of your licensee obligations.

RG 2.231 We may ask you to provide more information in a B3 additional proof (Outsourcing Statement). The additional proofs are explained in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).

### ASIC-registered auditor

RG 2.232 At B3.3 you will be asked whether you have appointed an ASIC-registered auditor or firm of auditors. You will generally need to appoint an ASIC-registered auditor within one month of being granted an AFS licence: see s990B(1).

RG 2.233 If you have already appointed an auditor because you are a public company, you don’t need to reappoint the auditor—just provide your auditor’s details at B3.3.1.

- RG 2.234 If you have not appointed an auditor and you are not a public company, you must:
- (a) appoint an ASIC-registered auditor within a month of being granted your licence; and
  - (b) notify us of the appointment within 14 days by completing [Form FS06 Appointment of an auditor of an Australian financial services licensee](#), available from the [AFS licensees portal](#).
- RG 2.235 If you have provided the name of your auditor at B3.3.1, you don't need to notify us using Form FS06.
- RG 2.236 You can check whether your auditor is registered with us by [searching our professional registers](#) or asking your auditor for their ASIC registration details. A registered company auditor is also an ASIC-registered auditor.
- RG 2.237 If you are granted an AFS licence with authorisations to provide limited financial services, the audit requirements will not apply to you if you do not deal with money to which Div 2 of Pt 7.8 of the Corporations Act applies: see reg 7.8.12A. You will be able to lodge a compliance certificate rather than have to undertake an annual audit.

## B4: Representatives

- RG 2.238 Your 'representatives' are the people who act on your behalf. They can include people who are:
- (a) internal to your organisation (i.e. employees and directors); and/or
  - (b) external to your organisation (i.e. authorised representatives authorised to act on your behalf).
- RG 2.239 Don't confuse the term 'representatives' with 'responsible managers'. Your responsible managers are the people you nominated at B1 as directly responsible for the significant day-to-day decisions about your financial services business. Your representatives are the people who provide financial services or otherwise act on your behalf.

### Monitoring, supervision and training

- RG 2.240 You must monitor and supervise the activities of your representatives (including authorised representatives) to ensure that they are complying with the financial services laws. You must also ensure that they are properly trained and competent to provide the financial services you are applying to be authorised for, and will continue to be so: see s912A(1)(ca) and (f) and Section E of [RG 104](#).
- RG 2.241 The questions you will be asked at B4 are designed to show us whether you have adequate arrangements in place to comply with these obligations. We

expect that you will have documented your processes and procedures in some form: see Section B of RG 104. We may ask you to provide a B4 additional proof (Program for Monitoring, Supervision and Training of Representatives). The additional proofs are explained in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).

- RG 2.242 If your representatives (including authorised representatives) provide financial product advice to retail clients, we have set minimum training standards: see Section E of RG 104 and [Regulatory Guide 146 Licensing: Training of financial product advisers](#) (RG 146).

Note 1: Sections D and E of RG 146 are currently under review.

Note 2: As a result of the financial adviser professional standards reforms, the training standards in RG 146 no longer apply to relevant providers who provide personal advice to retail clients on relevant financial products. See our website for more information on [how the reforms affect you](#).

- RG 2.243 We have not specified minimum training standards for other financial services. It is your responsibility to determine the appropriate knowledge and skills your representatives (including authorised representatives) need to have in order to competently perform their tasks and functions: see Section E of RG 104.
- RG 2.244 You must keep up-to-date and accurate records of the training undertaken by each of your representatives: see reg 7.6.04(1)(d).

### Authorised representatives

- RG 2.245 At B4.2 you will be asked about your authorised representatives. For a person to be your authorised representative, they must be authorised under s916A or 916B to provide financial services on your behalf.
- RG 2.246 After you receive your AFS licence you will generally need to notify us of the appointment of your authorised representatives within 15 business days: see s916F. You can appoint an authorised representative or financial adviser through ASIC Connect. [ASIC Connect](#) is our online service for interacting with ASIC's registers. You will need to create an account with a username and password to access our services. To sign up for an ASIC Connect account see [How to sign up for an ASIC Connect account](#).

Note: You do not need an [AUSkey](#) to access our services. AUSkey was decommissioned as of 28 March 2020.

### Financial advisers

- RG 2.247 After you receive your AFS licence you will generally need to notify us of the appointment of your financial advisers within 30 business days: see s922L(2). You can appoint a financial adviser through [ASIC Connect](#): see RG 2.246.

## B5: Adequacy of resources

Note: If you are an FFSP applying for a foreign AFS licence, you will not be required to answer the questions at B5. The information in RG 2.248–RG 2.254 is for applicants other than FFSPs.

- RG 2.248 You must be able to demonstrate that you have sufficient financial, human and technological resources available to you to:
- (a) provide the financial services you are applying for under your AFS licence; and
  - (b) carry out supervisory arrangements (see s912A(1)(d)).

Note: If you are an FFSP applying for a foreign AFS licence, you are not required to demonstrate that you have sufficient resources.

RG 2.249 If you anticipate growth in your business, you must be able to demonstrate how your capacity will grow to match business growth.

RG 2.250 If you are regulated by APRA you do not need to demonstrate that you have sufficient financial, human and technological resources.

### Financial resources

RG 2.251 Our policy on financial requirements is set out in [RG 166](#). The financial requirements that will apply to you will depend on the nature, scale and complexity of your business. To help you work out which requirements apply, see RG 2.182–RG 2.190. You should also see Table 2 in RG 166.

RG 2.252 To support this part of your application, you must provide the B5 Financial Statements and Financial Resources core proof. This is explained in detail in Section E.

### Human and technological resources

RG 2.253 Our policy on the non-financial resources you should have available (i.e. the human and technological resources) is set out in Section F of [RG 104](#). What we consider to be adequate resources will vary from one applicant to another and will depend on the nature, scale and complexity of your business.

RG 2.254 You may be asked to provide one or more B5 additional proofs (Human Resources Capacity Statement and/or Information Technology Capacity Statement) before we can complete our assessment of your application. The additional proofs are explained in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).

## B6: Dispute resolution

Note: If you are an FFSP applying for a foreign AFS licence, you are not required to answer the questions at B6. The information in RG 2.255–RG 2.262 is for licence applicants other than FFSPs.

- RG 2.255 If you have applied to provide financial services to retail clients, you must have a dispute resolution system in place: see s912A(1)(g) and s912A(2). Your dispute resolution system must consist of both:
- (a) an internal dispute resolution procedure (IDR) that satisfies the requirements set out in [Regulatory Guide 271](#) *Internal dispute resolution* (RG 271); and
  - (b) membership of the external dispute resolution scheme operated by AFCA.
- RG 2.256 You will be asked questions about your dispute resolution system if you selected at A5.1 that you will have retail clients.
- RG 2.257 We may also ask you to provide a B6 additional proof (Dispute Resolution System Statement) before we can complete our assessment of your application. The additional proofs are explained in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).

### Internal dispute resolution procedure

- RG 2.258 You must comply with our requirements for IDR procedures, as set out in detail in [RG 271](#).
- RG 2.259 You must have a person in your organisation who is responsible for IDR procedures. At B6.1.1 you need to select the role that best describes this person.

Note 1: The eLicensing system at A6.1 refers to our previous regulatory guidance on IDR. Applicants are asked to consider the requirements of RG 271 when answering these questions.

Note 2: See the Standards Australia website for information about how to purchase Australian Standard [AS/NZS 10002:2014](#) *Guidelines for complaint management in organizations*. It is also available through public libraries across Australia.

### External dispute resolution

- RG 2.260 Before we grant you an AFS licence you must join AFCA. This can be done through the AFCA website ([www.afca.org.au](http://www.afca.org.au)).

Note: For further information about the requirement to join AFCA, see Section B of [Regulatory Guide 267](#) *Oversight of the Australian Financial Complaints Authority* (RG 267).

- RG 2.261 You must have a person in your organisation who is responsible for liaising with AFCA. At B6.2.1 you need to select the role that best describes this person.
- RG 2.262 At B6.2.2 you will be asked to enter details (e.g. membership number and commencement date) of your AFCA membership. Your commencement date will be the date on which you became a member of AFCA.

## B7: Risk management

- RG 2.263 You must be able to demonstrate that you have adequate processes for managing risks associated with your business: see s912A(1)(h). Our policy on risk management systems is set out in Section D of [RG 104](#).
- RG 2.264 We may ask you to provide a B7 additional proof (Risk Management System Statement) before we can complete our assessment of your application. The additional proofs are explained in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).
- RG 2.265 If you are a body regulated by APRA, you do not need to demonstrate that you have adequate processes.

### Establishing adequate risk management systems

- RG 2.266 A risk management system is not necessarily a computer system. Some applicants have misunderstood this and answered ‘no’ at B7.1 when in fact they did have risk management processes in place.
- RG 2.267 We expect your risk management processes to be tailored to your financial services business. You will need to identify and address the risks associated with your particular business. For example, if you are a small business with only one responsible manager, your risk management processes should address what will occur if that person is unexpectedly unavailable. Or if you operate a managed investment scheme or CCIV, your risk management processes should identify and address operational risks related to the loss of, or damage to:
- (a) for a managed investment scheme—scheme property; or
  - (b) for a CCIV—the CCIV assets.

Note: For further guidance on risk management systems, see RG 104 and [Regulatory Guide 259](#) *Risk management systems of responsible entities* (RG 259).

## B8: Compensation and insurance arrangements

- RG 2.268 If you have applied to provide financial services to retail clients, you will need to have arrangements in place for compensating those clients for loss they suffer if you breach your obligations under the Corporations Act.
- RG 2.269 The primary way to comply with this obligation is to have professional indemnity insurance: see s912B, reg 7.6.02AAA, [PF 209](#) (for responsible entities of registered schemes and corporate directors of CCIVs), [\[CO 13/763\]](#) (for IDPS operators) and [ASIC Corporations \(Managed Discretionary Account Services\) Instrument 2016/968](#) (for MDA operators).



- RG 2.270 Our policy on compensation and insurance arrangements is set out in [Regulatory Guide 126 Compensation and insurance arrangements for AFS licensees](#) (RG 126).
- RG 2.271 You will be asked questions about your compensation and insurance arrangements if you selected at A5.1 that you will have retail clients.
- RG 2.272 We may also ask you to provide a B8 additional proof (Compensation Capacity Statement) when we send you your draft AFS licence and a ‘requirements letter’ listing any outstanding matters you need to finalise before we can grant your final licence: see [RG 1](#) at RG 1.72. The additional proofs are explained in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).

### Professional indemnity insurance

- RG 2.273 B8.1 asks whether you are required to have adequate professional indemnity insurance. You do not need to have professional indemnity insurance if:
- (a) you have alternative arrangements approved in writing by ASIC (see Section D of [RG 126](#) and RG 2.276–RG 2.279);
  - (b) you are a general insurance company, life insurance company or an authorised deposit-taking institution regulated by APRA (see Section E of RG 126); or
  - (c) you are related to one of the APRA-regulated entities listed in RG 2.273(b) and have a guarantee from the APRA-regulated entity that has been approved by ASIC (see Section E of RG 126 and RG 2.280).
- RG 2.274 B8.1.1 asks if you already have professional indemnity insurance that complies with our policy on compensation and insurance arrangements. Our policy on what we consider to be adequate insurance is set out in Sections C and D of RG 126.
- RG 2.275 It can take several weeks or longer to obtain professional indemnity insurance, so start organising it early. If you need professional indemnity insurance but you don’t have it in place at the time you apply for your AFS licence, we will assess your application but we cannot grant your final licence until you have the necessary arrangements in place. We will ask for details of your insurance policy when we send you your draft licence.

### How to apply for ASIC approval of alternative arrangements

- RG 2.276 You should make and submit your application for an approval of alternative arrangements through the [ASIC Regulatory Portal](#) using the transaction titled ‘Apply for an ASIC approval, consent, statement, nomination, or other’. You will need to pay fees for your application. We have provided details about payment options in the portal: see Section D of [RG 126](#).

- RG 2.277 Applications for approval should address the following issues:
- (a) which licensee(s) will be covered by the arrangements (e.g. do the arrangements cover a group of related licensees or an industry sector?);
  - (b) how the arrangements meet the criteria for assessing adequate professional indemnity insurance under the Corporations Regulations (see Section C of RG 126);
  - (c) any benefits, risks or costs to retail clients arising from the licensee(s) using these arrangements as opposed to professional indemnity insurance; and
  - (d) any circumstances particular to the licensee(s) or the industry sector that make these arrangements more appropriate than professional indemnity insurance.
- RG 2.278 We will generally ask for an expert's report (e.g. actuarial report) to be submitted with the application to assess whether the arrangements give no less protection than professional indemnity insurance.
- RG 2.279 It will take time to assess alternatives submitted to us for approval so start the application process early. If you wish to rely on alternative arrangements but have not obtained ASIC approval at the time you apply for your AFS licence, we will assess your application but we cannot grant your final licence until you have obtained the necessary approval.

### **Applying for ASIC approval of a guarantee from an APRA-regulated entity**

- RG 2.280 You should make and submit your application for an approval of a guarantee through the ASIC Regulatory Portal using the transaction titled 'Apply for an ASIC approval, consent, statement, nomination, or other'. You will need to pay fees for your application. We have provided details about payment options in the portal: see Section E of [RG 126](#).
- RG 2.281 It will take time to assess guarantees submitted to us for approval so start the application process early. If you wish to rely on a guarantee but have not obtained ASIC approval at the time you apply for your licence, we will assess your licence application but we cannot grant your final licence until you have obtained the necessary approval.

## **B9: Research and benefits**

- RG 2.282 If you have applied to be authorised to provide financial product advice to retail clients, you will be asked at B9 about the nature of your product research and your approved or recommended product list. These questions relate to your obligation to provide personal advice that is appropriate to the objectives, financial situation and/or needs of your retail clients.

RG 2.283 We may also ask you to provide a B9 additional proof (Research Statement) before we can complete our assessment of your application. The additional proofs are explained in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).

## C Part C of the application: Certain complex services or products

### Key points

If you selected certain complex financial services or products in Part A of your application, you will be asked further questions about those services or products in Part C: see RG 2.284.

You may also need to provide additional Part C proofs relating to these services or products: see RG 2.285.

### Capacity to provide complex services or products

RG 2.284 If, in Part A of your application, you select one or more of the following services or products, you will be asked further questions in Part C that are aimed at making sure you have the capacity to provide these services or products:

- (a) Provide a Custodial or Depository Service;
- (b) Operate a Registered Managed Investment Scheme;
- (c) Operate the Business and Conduct the Affairs of a Retail CCIV;
- (d) Operate the Business and Conduct the Affairs of a Wholesale CCIV;
- (e) Make a Market;
- (f) Derivatives;
- (g) Foreign exchange contracts;
- (h) Horse racing syndicate;
- (i) Life products;
- (j) Insurance underwriting;
- (k) Managed discretionary account services;
- (l) Margin lending facilities;
- (m) Provide a Crowd-Funding Service; and
- (n) Provide a Claims Handling and Settling Service.

RG 2.285 You may also need to provide additional Part C proofs relating to these services or products. These proofs are explained in detail in Part 3 of the *AFS Licensing Kit* ([RG 3](#)).

## D Part D of the application: Making declarations and certifications

### Key points

Part D of the application generates declarations and certifications based on your answers in Parts A and B (and C, if relevant): see RG 2.286–RG 2.288.

You will be signing these declarations when you sign a print-out of your application: see RG 2.289–RG 2.291.

### Your declarations and certifications

- RG 2.286 The eLicensing system automatically generates declarations and certifications relevant to your application, based on your answers in Parts A, B and C. You will be required to sign these declarations and certifications when you print Form FS01 or Form FS03.
- RG 2.287 The declarations and certifications fall into the following categories:
- (a) general declarations made by all applicants (see RG 2.288);
  - (b) a declaration specific to bodies regulated by APRA; and
  - (c) specific certifications relating to answers given in Parts A, B and C.
- RG 2.288 The general declarations include that:
- (a) you have taken reasonable steps to ensure that, to the best of your knowledge, the information supplied in, and with, your application is complete and accurate;
  - (b) if granted an AFS licence, you will comply with your licence obligations;
  - (c) you acknowledge that we may take action to verify that the statements and certifications you have made in your application are not false or misleading; and
  - (d) you acknowledge that you have read ASIC's [Electronic Lodgement Protocol](#) and agree to be bound by its terms and conditions.
- RG 2.289 Make sure you read all of the declarations and certifications carefully and that they are consistent with your answers in the application before you sign Form FS01 or Form FS03. Making false declarations is a criminal offence and may be grounds for us to refuse to grant you an AFS licence or to later cancel your licence.

RG 2.290 Remember that the declarations and certifications apply at the time you are making your application and not to the time when you might commence business in the future.

RG 2.291 We may conduct surveillances of AFS licensees to verify that certifications and declarations are correct.

## E Part E of the application: Core proofs

### Key points

Part E of Form FS01 and Form FS03 lists the core proof documents you need to submit as part of your application and also lists some other proof documents that we may require: see RG 2.292–RG 2.293 and RG 2.299–RG 2.435.

The core proofs that we require from you will vary depending on whether you are an FFSP: see RG 2.299–RG 2.334.

If we later ask you to provide additional proof documents, these will generally be one or more of the other proofs listed in Part E of your Form FS01 or Form FS03 print-out: see RG 2.298.

### Submitting core proof documents

RG 2.292 You will need to include relevant core proof documents as part of your AFS licence or variation application. Which core proof documents you will need to submit will depend on the complexity of the financial services and products you apply for as well as our analysis of your business and the market you propose to operate in.

RG 2.293 When you submit Form FS01 or Form FS03 online, you must immediately also send us:

- (a) a scanned signed print-out of the relevant form and copies of the core proof documents outlined in Table 2 and Table 3. These should be provided to us via the [ASIC MOVEit portal](#); and
- (b) a cheque by post if you haven't already paid the application fee by BPAY. If you will be paying by cheque, please advise us of this by email to [licensing.afslproofs@asic.gov.au](mailto:licensing.afslproofs@asic.gov.au).

RG 2.294 The core proofs should be provided to us via the [ASIC MOVEit portal](#). Shortly after you submit your application online, we will send you instructions to enable you to securely submit your core proofs via the ASIC MOVEit portal. The instructions will set out the document names we ask you to use when naming each the core proofs. Using these names will enable our internal allocation processes to operate efficiently and avoid manual administrative processing of these proof documents which will result in additional assessment time.

Note: The previous 10 MB size limitation for proofs no longer applies.

RG 2.295 If you don't apply online, you must post the signed paper application form we tailored to you, together with your core proofs and your cheque for payment (if you have not paid the fee by BPAY).

- RG 2.296 We won't begin to assess your application until it is complete—that is, until we receive your scanned signed print-out of Form FS01 or Form FS03, the copies of your core proof documents, and your payment (or email advice that you have sent a cheque). If you do not send us all of these documents at the same time, we will reject your application and you'll need to re-apply.
- RG 2.297 You should keep a copy of your signed print-out of Form FS01 and originals of your core proof documents for your own records.
- RG 2.298 In some cases, we may need to ask you to send us additional proof documents before we can complete our assessment of your application. You'll need to make sure we receive these as promptly as possible after our request. Additional proof documents will generally be one or more of the proof documents listed in Part E of your Form FS01 or Form FS03 print-out. However, we may need to ask you for other proof documents not listed on your print-out if, for example, you haven't selected your authorisations properly. Part 3 of the *AFS Licensing Kit* ([RG 3](#)) explains in detail the specific information your additional proof documents must include.

## What are the core proofs?

### AFS licence application

- RG 2.299 The core proofs for an AFS licence application are listed in Table 2.

**Table 2: Required core proof documents for AFS licence application (Form FS01)**

<b>AFS licence applicant</b>	<p><b>A5 business description</b> (see RG 2.309–RG 2.318)</p> <p><b>People Proofs</b> (see RG 2.319–RG 2.367)</p> <p><b>B1 organisational competence</b>—this includes a Table of Organisational Competence and, if relevant, a Submission on Responsible Manager's Competence (see RG 2.368–RG 2.374)</p> <p><b>B5 Financial Statements and Financial Resources</b> (see RG 2.375–RG 2.411)</p>
<b>FFSP applying for a foreign AFS licence</b>	<p><b>A5 business description</b> (see RG 2.309–RG 2.318)</p> <p><b>People Proofs</b> (see RG 2.319–RG 2.367)</p>

### Variation application

- RG 2.300 The core proofs for a variation application are listed in Table 3.
- RG 2.301 If your variation application involves changes to your responsible managers (Form FS20), you will need to provide the core proofs listed in Table 4. See also RG 2.196–RG 2.199.



**Table 3: Required core proof documents for AFS licence application variation (Form FS03)**

<b>AFS licence applicant</b>	<p>If you are varying your service or product authorisations, or key person condition:</p> <ul style="list-style-type: none"> <li>• <b>A5 business description</b> (see RG 2.309–RG 2.318)</li> <li>• <b>B1 organisational competence</b>—this includes a Table of Organisational Competence and, if relevant, a Submission on Responsible Manager’s Competence (see RG 2.368–RG 2.374)</li> </ul> <p>If you are varying the other conditions on your AFS licence:</p> <ul style="list-style-type: none"> <li>• <b>A5 business description</b> (see RG 2.309–RG 2.318)</li> </ul>
<b>FFSP applying for a foreign AFS licence</b>	<p>If you are varying your service or product authorisations, key person condition or other conditions:</p> <ul style="list-style-type: none"> <li>• <b>A5 business description</b> (see RG 2.309–RG 2.318)</li> </ul>

**Table 4: Required core proof documents for variation to responsible managers (Form FS20)**

<b>AFS licence applicant</b>	<p>If you are adding new responsible managers:</p> <ul style="list-style-type: none"> <li>• <b>A5 business description</b> (see RG 2.309–RG 2.318)</li> <li>• <b>B1 organisational competence</b>—this includes a Table of Organisational Competence and, if relevant, a Submission on Responsible Manager’s Competence (see RG 2.368–RG 2.374)</li> <li>• <b>People Proofs</b> (see RG 2.319–RG 2.367)</li> </ul>
<b>FFSP applying for a foreign AFS licence</b>	<p>If you are adding new, or varying your, responsible managers:</p> <ul style="list-style-type: none"> <li>• <b>A5 business description</b> (see RG 2.309–RG 2.318)</li> <li>• <b>People Proofs</b> (see RG 2.319–RG 2.367)</li> </ul>

### Information required

- RG 2.302 This section of RG 2 (i.e. Section E) explains in detail the specific information your core proof documents must include.
- RG 2.303 If you are applying to vary your AFS licence, your documents should cover all of the services and products that will be provided under your licence, not just the variation you are requesting. Even if you have previously given these core proof documents to us as part of an earlier licence application, you must still provide them as part of your variation application and they must be up to date.
- RG 2.304 The information in your core proof documents must be tailored to your business. For example, if you are part of a corporate group, your core proofs should cover your specific AFS licence obligations, as distinct from being standardised proofs that generally relate to licensees within your corporate group.
- RG 2.305 If you provide generic and/or outdated core proofs, this may delay the processing of your AFS licence application or we may not even accept them.

## How to send your proofs

- RG 2.306 Shortly after you submit your application online, we will send you instructions to enable you to more securely submit your People Proofs to ASIC via the [ASIC MOVEit portal](#).
- RG 2.307 The instructions will set out the document names to use when naming each the core proofs. Using these names will enable our internal allocation processes to operate efficiently and avoid manual administrative processing of these proof documents, which would result in additional assessment time. If you cannot access the [ASIC MOVE it portal](#), you can post the proof documents to us.
- Note: The previous 10 MB size limitation for proofs no longer applies.
- RG 2.308 We'll scan your proof documents into our document imaging system and then destroy them, so if you can't provide the proofs to us electronically, only send us copies of your proofs, not your original documents.

## A5 Business Description core proof

- RG 2.309 You must provide this core proof if you are:
- (a) applying for an AFS licence;
  - (b) varying the financial service and/or product authorisations on your AFS licence; or
  - (c) varying the 'other conditions' on your licence (e.g. key person or standard licence conditions).
- RG 2.310 We need this information so that we can understand how your business will work and the relevance of the AFS licence authorisations you have selected (including any new ones).
- RG 2.311 This core proof includes an overview of your business and an organisational chart.

### Overview of your business

- RG 2.312 At a minimum, the description of your business must include:
- (a) the financial services and products you will provide, including details of the particular types of products involved. For example:
    - (i) if you will be operating a managed investment scheme, the types of asset(s) the scheme services hold (e.g. whether it will issue stapled securities, whether it will operate as a hedge fund); and/or
    - (ii) if you will be dealing in or advising on derivatives or foreign exchange contracts, the particular products this involves (e.g.

exchange traded options, OTC transactions, trading warrants, contracts for difference);

- (b) how you will generate income from providing those financial services and products (e.g. whether you will charge a fee-for-service, receive commissions, use a buy–sell spread);
- (c) the proportion of your total income that you estimate each type of financial service and product will generate;
- (d) how quickly you anticipate your business will grow;
- (e) who your typical client(s) will be for each type of financial service and product you will provide, whether they will typically be retail and/or wholesale clients, and what their typical financial goal(s) in using your services or products will be (e.g. investing in long-term growth assets, hedging risks, speculating);
- (f) if you are a product issuer, the distribution channels you will use to distribute your products (e.g. authorised representatives, other AFS licensees);
- (g) how you will deliver those financial services and products to your clients—that is, who will provide the services and by what means (e.g. through a call centre, face-to-face interviews, internet);
- (h) whether your business will operate from a location other than your principal place of business (e.g. other offices within Australia or within other countries). If so, indicate where the other locations are and describe the services that will be provided and how you will supervise and monitor compliance across these different locations; and
- (i) whether some of your financial service-related functions will be outsourced. If so, describe the functions that will be outsourced, how and who will perform these functions, and in what location.

RG 2.313 If your business involves complex or unusual products, transactions or arrangements, you may want to include a diagram to help explain your business.

### **Organisational chart**

RG 2.314 As part of this core proof you must also provide an organisational chart illustrating the overall structure of your business and clearly identifying:

- (a) the number of employees and authorised representatives in each functional area;
- (b) the position(s) held by each of your responsible managers;
- (c) the person responsible for monitoring ongoing compliance with your AFS licence obligations, and their reporting lines;

- (d) the person responsible for reporting breaches of your AFS licence obligations directly to ASIC (e.g. under s912DAA); and
- (e) if applicable, the relationship between you, as the applicant entity, and any ultimate holding company or other companies in your corporate group.

RG 2.315 If you are applying for an AFS licence as a partnership, in this proof also provide the names of all the partners in the partnership.

RG 2.316 If you are applying for an AFS licence as the trustees of a trust (i.e. where you are a group of individuals and/or companies who act as the trustees of a trust), in this proof also provide a list of the names of all trustees.

### Foreign financial services providers

RG 2.317 For foreign financial service providers (FFSPs) we expect that the description of your business and details of the organisation will provide information that is relevant to the manner in which you will be going about providing the financial services to your clients in Australia.

RG 2.318 In addition to the information contained in the A5 Business Description core proof, applicants for a foreign AFS licence are required to provide us with:

- (a) evidence of incorporation in the relevant overseas regulatory regime;
- (b) evidence of the authorisation issued by the overseas regulator that would result in the financial services to be provided to wholesale clients in Australia being subject to the exemption in [\*ASIC Corporations \(Foreign Financial Services Providers—Foreign AFS Licensees\) Instrument 2020/198\*](#);
- (c) details of any significant exemptions or relief obtained from relevant requirements in the overseas regulatory regime that apply to the financial services the applicant wishes to be authorised to provide in Australia under the foreign AFS licence;
- (d) details of any significant investigation, enforcement or disciplinary action undertaken by the overseas regulatory authority against the applicant in a foreign jurisdiction in relation to the financial services provided by the applicant; and
- (e) consent to notify and engage with the relevant overseas regulatory authority in relation to the application and the applicant's business.

## People Proofs

- RG 2.319 You must provide this core proof if you are:
- (a) applying for an AFS licence; or
  - (b) adding new responsible managers (Form FS20) for a variation to the financial service and/or product authorisations on your AFS licence.
- RG 2.320 For information about the People Proofs that you need to provide:
- (a) if you're applying for an **AFS licence** other than as an FFSP—see RG 2.323–RG 2.327 and RG 2.335–RG 2.367;
  - (b) if you're an FFSP applying for a **foreign AFS licence**—see RG 2.328–RG 2.333 and RG 2.335–RG 2.356; or
  - (c) if you're adding new responsible managers—see RG 2.208–RG 2.209.
- RG 2.321 We have provided a summary of the People Proofs that we require in Table 6 at the end of this subsection.
- RG 2.322 Please note that only documents written in English will be accepted. If your documents are not in English, you must also provide a translation of the document.

### People Proofs and AFS licence applications

- RG 2.323 If you are applying for an AFS licence other than as an FFSP, you need to provide People Proofs for your:
- (a) responsible managers (see RG 2.324–RG 2.325); and
  - (b) fit and proper people (see RG 2.326–RG 2.327).

Note: Your 'fit and proper people' are the people who we must have no reason to believe are not fit and proper persons under the Corporations Act. See [RG 1](#) for details about who your fit and proper people are.

### Responsible managers and AFS licence applications

- RG 2.324 We need People Proofs for your responsible managers to help us assess your organisational competence and whether your responsible managers are fit and proper to undertake their role.

Note: In addition to the requirement for ASIC to have no reason to believe that certain persons, including officers and controllers of a body corporate applicant, are not fit and proper to undertake one or more of their functions, we will also assess whether responsible managers are also fit and proper for their roles (in addition to assessing whether responsible managers nominated on the application are competent under [RG 105](#)).

- RG 2.325 This core proof includes the following information for each responsible manager you have nominated in your application form:
- (a) a scanned and signed copy of the Statement of Personal Information (see RG 2.336–RG 2.340);
  - (b) a scanned copy of a national criminal history check (also called a police check) (see RG 2.341–RG 2.349);
  - (c) a scanned copy of a bankruptcy check (see RG 2.350–RG 2.356);
  - (d) scanned copies of their relevant qualification certificates (see RG 2.358–RG 2.362); and
  - (e) scanned copies of two business references (at least one of these should be from someone external to the nominated responsible manager’s current organisation) (see RG 2.363–RG 2.367).

### **Fit and proper people and AFS licence applications**

- RG 2.326 If you are applying for an AFS licence, you will be required to identify all people who are required under the Corporations Act to be fit and proper people who have not previously been identified to ASIC as responsible managers.

Note: Your ‘fit and proper people’ are the people who we must have no reason to believe are not fit and proper persons under the Corporations Act. See [RG 1](#) for details about who your fit and proper people are.

- RG 2.327 You will need to provide the following People Proofs for each of your fit and proper people:
- (a) a scanned and signed copy of the Statement of Personal Information (see RG 2.336–RG 2.340);
  - (b) a scanned copy of criminal history check (less than 12 months old) (see RG 2.341–RG 2.349); and
  - (c) scanned copy of bankruptcy check (less than 12 months old) (see RG 2.350–RG 2.356).

Note: The eLicensing system will not ask you about People Proofs for your fit and proper people. You will need to send them to ASIC via email after you lodge your application. To avoid delays in the processing of your application, you can send the People Proofs at the same time that you apply, or as soon as possible after lodging your application. If you don’t send them to us, we will contact you to request them.

### **People Proofs and foreign financial services providers**

- RG 2.328 If you are an FFSP applying for a foreign AFS licence, you will need to provide People Proofs for your:
- (a) fit and proper people (see RG 2.329–RG 2.333); and

- (b) responsible managers (see RG 2.334).

Note: Your ‘fit and proper people’ are the people who we must have no reason to believe are not fit and proper persons under the Corporations Act. See [RG 1](#) for details about who your fit and proper people are.

### **Fit and proper people and foreign financial services providers**

- RG 2.329 We need People Proofs for each of your fit and proper people to help us be satisfied that there is no reason to believe that they are not fit and proper to undertake their role: see [RG 1](#).

Note: Your ‘fit and proper people’ are the people who we must have no reason to believe are not fit and proper persons under the Corporations Act. See [RG 1](#) for details about who your fit and proper people are.

- RG 2.330 You need to provide the following People Proofs for each of your fit and proper people:
- (a) a Statement of Personal Information (see RG 2.336–RG 2.340);
  - (b) a scanned copy of a national criminal history check (also called a police check) (see RG 2.341–RG 2.349); and
  - (c) a scanned copy of a bankruptcy check (see RG 2.350–RG 2.356).

Note: The eLicensing system will not ask you about People Proofs for your fit and proper people. You will need to send them to ASIC via email after you lodge your application.

- RG 2.331 To avoid delays in the processing of your application, you should send the People Proofs to via the [ASIC MOVEit portal](#) as soon as possible after lodging your application. We will send you an email containing the account details to use once the application has been submitted.
- RG 2.332 For ASIC’s specific requirements for the Statement of Personal Information, criminal history check and bankruptcy check, see RG 2.336–RG 2.356.
- RG 2.333 Until the eLicensing system is updated, it will not create a Statement of Personal Information for your fit and proper people. A Statement of Personal Information template is available on our website for your fit and proper people to complete: see [Information Sheet 240 AFS licence applications: Providing information for fit and proper people and certain authorisations \(INFO 240\)](#) (or we will provide it after you lodge your application).

### **Responsible managers and foreign financial services providers**

- RG 2.334 You need to provide the following People Proofs for your responsible managers:
- (a) a Statement of Personal Information (see RG 2.336–RG 2.340);
  - (b) a scanned copy of a national criminal history check (also called a police check) (see RG 2.341–RG 2.349); and

- (c) a scanned copy of a bankruptcy check (see RG 2.350–RG 2.356).

Note: We do not assess responsible managers of foreign AFS licence applicants but the eLicensing system currently requires applicants to provide this information.

### Specific information about each People Proof

- RG 2.335 You may not be required to provide all of the People Proofs detailed in RG 2.336–RG 2.367. Please see RG 2.323–RG 2.334 for a list of the People Proofs that you need to provide.

### Statement of Personal Information

- RG 2.336 The eLicensing system will create a Statement of Personal Information for all responsible managers you have nominated at B1 in your online application.
- RG 2.337 All responsible managers must answer all of the questions in the Statement of Personal Information and it must be signed and witnessed.
- RG 2.338 Part B of the Statement of Personal Information requires you to provide, for each responsible manager, details of their educational qualifications that are relevant to the types of financial services and products you are applying for under your AFS licence.
- RG 2.339 Until the eLicensing system is updated, it will not create a Statement of Personal Information for your fit and proper people. You can obtain a Statement of Personal Information template for your fit and proper people to complete from [INFO 240](#) (or ASIC will provide you with a template after you lodge your application).
- RG 2.340 All fit and proper people must answer all of the questions in the Statement of Personal Information and it must be signed and witnessed.

### Copy of national criminal history check

- RG 2.341 You will need to get national criminal history checks on your responsible managers and fit and proper people from one of the following sources:
- (a) the Australian Federal Police;
  - (b) state and territory police services; or
  - (c) brokers accredited by the Australian Criminal Intelligence Commission (ACIC).
- RG 2.342 The national criminal history checks you provide to us must be **no more than 12 months old**. You should send us scanned copies of the national criminal history checks and retain the originals.



*How to apply for a national criminal history check*

The websites listed in Table 5 set out details of how to apply for national criminal history checks. The ACIC website provides a list of accredited brokers, who can then be contacted for details of how to apply.

**Table 5: Where to find information on how to apply for a national criminal history check**

Source	Websites
Australian Federal Police	<a href="http://www.afp.gov.au">www.afp.gov.au</a>
State and territory police services	New South Wales: <a href="http://www.police.nsw.gov.au">www.police.nsw.gov.au</a> Northern Territory: <a href="http://www.pfes.nt.gov.au">www.pfes.nt.gov.au</a> Queensland: <a href="http://www.police.qld.gov.au">www.police.qld.gov.au</a> South Australia: <a href="http://www.police.sa.gov.au">www.police.sa.gov.au</a> Tasmania: <a href="http://www.police.tas.gov.au">www.police.tas.gov.au</a> Victoria: <a href="http://www.police.vic.gov.au">www.police.vic.gov.au</a> Western Australia: <a href="http://www.police.wa.gov.au">www.police.wa.gov.au</a>
Brokers accredited by the ACIC	<a href="http://www.acic.gov.au">www.acic.gov.au</a> This website provides a list of accredited brokers, who can then be contacted for details on how to apply.

Note: Not all organisations that provide employment screening services are brokers accredited by the ACIC. If you arrange a criminal history check through an employment screening organisation that is not an accredited broker, you will need to ensure that you are given a copy of the criminal history check that the organisation obtains for you. The check must be on the letterhead of an accredited broker or a police service listed in Table 5.

*Tips on national criminal history checks*

- RG 2.343 You are not obliged to disclose convictions to us that are ‘spent’ or ‘quashed’: see the definition of ‘spent conviction’ in Pt VIIC of the *Crimes Act 1914*. You must ensure that the national criminal history checks you apply for do not disclose details of spent convictions. We may not accept national criminal history checks that have been conducted for other purposes, such as for applications for a firearms licence, because those checks may include details of spent convictions.
- RG 2.344 You need to pay a fee to the organisation providing the national criminal history checks on your responsible managers and fit and proper people. These fees differ between the organisations listed in Table 5.
- RG 2.345 The time it takes to obtain national criminal history checks also differs between the organisations listed in Table 5. Apply early for the checks on your responsible managers and fit and proper people.
- RG 2.346 If you are applying for national criminal history checks from the Australian Federal Police, insert code number 25 ‘Australian Securities and Investments

Commission (ASIC) Consumer Credit/Financial Services Licensing Requirements’ in the ‘Code Number’ field on the application form.

#### *Overseas criminal history checks*

- RG 2.347 You must also provide us with a criminal history check, no more than 12 months old, from each of the countries in which your responsible managers or any of your fit and proper people have resided for one year or more in the last 10 years. If a responsible manager or any of your fit and proper people have never lived in Australia or arrived in Australia within six months before the application is lodged, an Australian criminal history check will not be needed in addition to the overseas criminal history check(s).
- RG 2.348 The criminal history check must be obtained from a national government authority in the relevant country. If this is not possible, you must provide a criminal history check issued by a state or provincial authority for each state or province where the responsible manager or fit and proper people have lived for one year or more over the last 10 years.
- RG 2.349 If authorities in the relevant country do not provide criminal history checks, you must provide a statutory declaration declaring that the responsible manager or your fit and proper people have no criminal history and detailing the attempts you have made to obtain a criminal history check from the relevant authorities. If the responsible manager or any of your fit and proper people are still overseas at the time you lodge your AFS licence application, the statutory declaration must be notarised and registered at the Australian Consulate of the country where your responsible manager or fit and proper people live. If the responsible manager or your fit and proper people are living in Australia at the time the statutory declaration is made, the declaration must be signed and witnessed by a solicitor, justice of the peace, notary or other equivalently qualified person.

#### **Copy of bankruptcy check**

- RG 2.350 You can get bankruptcy checks on your responsible managers and fit and proper people from the Australian Financial Security Authority (AFSA).
- RG 2.351 AFSA maintains the National Personal Insolvency Index (NPII), which contains information on proceedings and administrations under the *Bankruptcy Act 1966*.
- RG 2.352 You can provide a point in time search from AFSA’s [Bankruptcy Register Search \(BRS\)](#) or from an external provider registered to access the BRS provided the search contains all of the information supplied by the NPII. The [BRS](#) is an online service, available 24 hours a day, seven days a week. A fee is payable to conduct a search. You can choose to conduct a search by name and date of birth or using an AFSA reference number.

RG 2.353 The bankruptcy checks you provide to us must be **no more than 12 months old**. You should send us a scanned copy of the bankruptcy check and retain the original.

*Overseas bankruptcy checks*

RG 2.354 You must also provide us with a bankruptcy check, no more than 12 months old, from each of the countries in which your responsible manager or any of your fit and proper people have resided for one year or more in the last 10 years. If your responsible manager or your fit and proper people have never lived in Australia or arrived in Australia within six months before the application is lodged, an Australian bankruptcy check will not be needed in addition to the overseas bankruptcy check(s).

RG 2.355 The bankruptcy check must be obtained from a national government authority in the relevant country. If this is not possible, you must provide a bankruptcy check issued by a state or provincial authority for each state or province where your responsible manager or fit and proper people have lived for one year or more over the last 10 years.

RG 2.356 If authorities in the relevant country do not provide bankruptcy checks, you must provide a statutory declaration declaring that your responsible manager or fit and proper people have never been bankrupt and detailing the attempts you have made to obtain a bankruptcy check from the relevant authorities.

RG 2.357 If your responsible manager or any of your fit and proper people are:

- (a) still overseas at the time you lodge your AFS licence application, the statutory declaration must be notarised and registered at the Australian Consulate of the country where the responsible manager or fit and proper people live; or
- (b) living in Australia at the time the statutory declaration is made, the declaration must be signed and witnessed by a solicitor, justice of the peace, notary or other equivalently qualified person.

**Copies of qualification certificates**

RG 2.358 You must provide copies of all relevant qualification certificates for each of your responsible managers.

Note: If you are an FFSP applying for a foreign AFS licence, you are not required to provide this proof.

*Overseas qualifications*

RG 2.359 We will generally only accept an overseas qualification where you can show that it is comparable to an Australian qualification that meets one of the five options in [RG 105](#). If a responsible manager has a relevant foreign university

qualification, you will need to provide a submission setting out the responsible manager's relevant overseas qualification and demonstrate:

- (a) the comparability of the overseas qualifications with Australian qualifications; and
- (b) how it is relevant to the option selected under RG 105.

RG 2.360 [International Education Online](#) provides official information and advice on the comparability of overseas qualifications with Australian qualifications. The [International Education Online Country Education Profiles](#) is an online recognition tool to assist in determining the equivalence of qualifications from more than 120 countries with Australian qualifications. Country Education Profiles (CEPs) can be purchased and accessed from International Education Online or by phoning 1300 615 262.

RG 2.361 If there is any doubt about the adequacy of your responsible manager's qualification based on the information from International Education Online, you can apply to International Education Online to make an assessment of the comparability of the individual qualification with Australian qualifications. This process may take up to three months.

RG 2.362 To find out more about CEPs and International Education Online's assessment of qualifications, go to [International Education Online](#).

### Copies of two business references

RG 2.363 The two business references you need to provide for each responsible manager must be in a similar format to the example reference in Appendix 1 of this guide. You should send us a scanned copy of each reference and retain the original.

Note: If you are an FFPS applying for a foreign AFS licence, you are not required to provide this proof.

RG 2.364 The references must:

- (a) be signed and dated and clearly state the full name and title of the referee. References must be **no more than 12 months old** at the time you lodge your application;
- (b) specifically relate to the work the responsible manager has performed in the industry in connection with the types of financial services and products that you are applying for; and
- (c) confirm whether the responsible manager is fit and proper for their role.

RG 2.365 Where the first reference is provided from an internal source (e.g. the human resources branch, chairperson or CEO of the responsible manager's current organisation), the second reference must be from an external source (e.g. previous employer or industry body).

- RG 2.366 We will not accept references where your responsible managers provide references for each other.
- RG 2.367 Referees are reminded that providing false or misleading information to ASIC is an offence.

## Summary of People Proofs required for AFS licence application

**Table 6: Summary of People Proofs required for AFS licence application (Form FS01)**

<b>AFS licence applicant</b>	<p><b>For each responsible manager:</b></p> <ul style="list-style-type: none"> <li>Statement of Personal Information;</li> </ul> <p>Note: The eLicensing system will create a Statement of Personal Information for all responsible managers you have nominated in your online application.</p> <ul style="list-style-type: none"> <li>copy of a bankruptcy check(s) (less than 12 months old);</li> <li>copy of criminal history check(s) (less than 12 months old);</li> <li>copies of qualification certificates; and</li> <li>copies of two business references (at least one of these should be from someone external to the responsible manager's current organisation).</li> </ul> <p><b>For each of your fit and proper people:</b></p> <ul style="list-style-type: none"> <li>Statement of Personal Information;</li> </ul> <p>Note: Until the eLicensing system is updated, it will not create a Statement of Personal Information for your fit and proper people. You can obtain a template from <a href="#">INFO 240</a>.</p> <ul style="list-style-type: none"> <li>copy of bankruptcy check(s) (less than 12 months old); and</li> <li>copy of criminal history check(s) (less than 12 months old).</li> </ul>
<b>FFSP applying for a foreign AFS licence</b>	<p><b>For each responsible manager:</b></p> <ul style="list-style-type: none"> <li>Statement of Personal Information;</li> </ul> <p>Note: The eLicensing system will create a Statement of Personal Information for all responsible managers you have nominated in your online application.</p> <ul style="list-style-type: none"> <li>copy of bankruptcy check(s) (less than 12 months old); and</li> <li>copy of criminal history check(s) (less than 12 months old).</li> </ul> <p><b>For each of your fit and proper people:</b></p> <ul style="list-style-type: none"> <li>Statement of Personal Information;</li> </ul> <p>Note: Until the eLicensing system is updated, it will not create a Statement of Personal Information for your fit and proper people. You can obtain a template from <a href="#">INFO 240</a>.</p> <ul style="list-style-type: none"> <li>copy of bankruptcy check(s) (less than 12 months old); and</li> <li>copy of criminal history check(s) (less than 12 months old).</li> </ul>

Note: The eLicensing system will not ask you about People Proofs for your fit and proper people. The People Proofs will need to be provided via email after you lodge your application.

## B1 Organisational Competence core proof

RG 2.368 You must provide this core proof if you are:

- (a) applying for an AFS licence; or
- (b) varying the financial service and/or product authorisations or key person condition on your AFS licence.

Note: If you are an FFSP applying for a foreign AFS licence, you are not required to provide this core proof.

RG 2.369 We need this information to help us assess whether you meet the organisational competence requirements for the financial services and products you are applying for under your AFS licence.

RG 2.370 This core proof includes a Table of Organisational Competence and, if applicable, a Submission on a Responsible Manager's Competence.

### Table of Organisational Competence

RG 2.371 If you set out your Table of Organisational Competence in the same format as the example provided in Appendix 2 of this guide, it will help us to assess your application efficiently. For each responsible manager you must set out:

- (a) their experience and qualifications in relation to each financial service and product authorisation you are applying for under your AFS licence;
- (b) which of the five options in [RG 105](#) for demonstrating appropriate knowledge and skills they meet; and
- (c) if you will be operating a registered scheme, unregistered scheme (including an IDPS or MDA service), CCIV or custodial service, their knowledge and skills in relation to:
  - (i) the operation of the scheme or CCIV, or provision of a custodial service; and
  - (ii) the assets under management or to be held, or the business operated by the scheme or CCIV.

### Submissions on a Responsible Manager's Competence

#### If a responsible manager is relying on Option 5

RG 2.372 You must provide a submission describing:

- (a) the nature of the role performed by the responsible manager;
- (b) any relevant qualifications or courses completed by the responsible manager and the dates they were completed;
- (c) the responsible manager's relevant experience over the past 10 years (this does not necessarily mean they need 10 years relevant experience);

- (d) any relevant credentials of the responsible manager, including association memberships or affiliations, or skills or knowledge recognised by an industry association, a regulator such as APRA, or some relevant overseas body; and
- (e) why you think the responsible manager has appropriate knowledge and skills for the financial services and products their role relates to.

**If a nominated person will be acting as a responsible manager for multiple AFS licensees**

- RG 2.373 You must provide a submission demonstrating that you will be able to meet your ongoing organisational competence obligations, even though a responsible manager will have responsibilities to other AFS licensees.
- RG 2.374 Your submission must include a description of:
- (a) how the responsible manager will allocate their time to ensure that they can properly perform their role as both your responsible manager and the responsible manager of another AFS licensee; and
  - (b) how you will manage any conflicts of interest that may arise from the responsible manager acting on behalf of multiple AFS licensees.

## B5 Financial Statements and Financial Resources core proof

- RG 2.375 You must provide this core proof if you are applying for an AFS licence, unless you are a body regulated by APRA.
- Note: If you are an FFSP applying for a foreign AFS licence, you are not required to provide this core proof.
- RG 2.376 We need this information to assess whether you have adequate financial resources available to you to comply with your obligations as an AFS licensee.
- RG 2.377 For this core proof you need to:
- (a) identify which financial requirement(s) under [RG 166](#) apply to you and provide financial documents demonstrating that you can comply with these financial requirements; and
  - (b) provide a description of your processes for ensuring that you comply with RG 166, including your processes for:
    - (i) monitoring and reporting on financial obligations, including reporting lines and the frequency of reporting;
    - (ii) ensuring that you have adequate funds to properly carry out your responsibilities under your AFS licence, now and in the future; and
    - (iii) ensuring compliance with all ongoing record-keeping obligations.

- RG 2.378 As an alternative to RG 2.377(a), you can get your accountant to provide a statement that:
- (a) specifies which financial requirements apply to you;
  - (b) confirms that you can comply with these financial requirements; and
  - (c) states/confirms that there are no other financial requirements that apply to you.
- RG 2.379 Your accountant must be a qualified accountant who is external to your organisation. A ‘qualified accountant’ is an accountant who satisfies the requirements in [Regulatory Guide 154](#) *Certificate by a qualified accountant* (RG 154).
- RG 2.380 Your accountant’s statement must also be accompanied by a statutory declaration, signed by you or a person authorised to sign on your behalf, stating that:
- (a) you comply with the RG 166 financial requirements described by the accountant; and
  - (b) no other financial requirements apply to you.
- RG 2.381 You still need to provide the description in RG 2.377(b)—that is, a description of your processes for ensuring that you comply with RG 166. You cannot rely on a statement from a qualified accountant to demonstrate that you have adequate processes in place for ensuring you comply with RG 166.

### **Identifying which financial requirements apply to you**

- RG 2.382 The financial requirements in Appendices 2–10 of [RG 166](#) generally apply to:
- (a) responsible entities of managed investment schemes;
  - (b) IDPS operators;
  - (c) providers of custodial or depository services;
  - (d) trustee companies providing traditional services;
  - (e) issuers of margin lending facilities;
  - (f) retail OTC derivatives issuers;
  - (g) providers of crowd-funding services (CSF intermediaries);
  - (h) foreign exchange dealers; and
  - (i) corporate directors of retail CCIVs.
- RG 2.383 It will help you if you refer back to the information in RG 2.182–RG 2.190. You should also see Table 2 in RG 166.



## Financial documents to show compliance with RG 166 financial requirements

RG 2.384 Any financial documents you give us, except for cash flow projections, must comply with all relevant accounting standards.

### Base level financial requirements

RG 2.385 The base level financial requirements in Section B of [RG 166](#) apply to all applicants except bodies regulated by APRA, and market and clearing participants that are exempt from them under Appendix 1 of RG 166.

#### *Financial statements*

RG 2.386 If Section B of RG 166 applies to you, you must provide financial statements demonstrating that you have positive net assets and solvency. These must include:

- (a) a balance sheet;
- (b) an income statement (if already operating); and
- (c) a statement of cash flows (if already operating).

RG 2.387 Your financial statements must be **no more than three months old**. You should preferably provide audited financial statements. However, if your last audited financial statements are more than three months old, you should provide signed unaudited financial statements that are no more than three months old.

RG 2.388 Unaudited financial statements should be signed by the authorised person(s) and include the printed name and capacity of the signatory and the date of signing. People authorised to sign unaudited financial statements are:

- (a) for an individual—that person;
- (b) for a company—a director or secretary;
- (c) for a partnership—a partner who would perform duties in connection with the holding of the AFS licence; and
- (d) for non-corporate trustees—a trustee.

#### *Cash needs requirement*

RG 2.389 If Section B of [RG 166](#) applies to you, you must also provide documents demonstrating you meet the cash needs requirement by complying with one of Options 1 to 5.

RG 2.390 Your documents must clearly identify which of Options 1 to 5 you are relying on—for example, whether you have chosen Option 1 (reasonable estimate projection plus cash buffer) or Option 2 (contingency-based projection). Options 3 to 5 are generally only available for AFS licensees

within corporate groups or those with financial support from an Australian authorised deposit-taking institution.

RG 2.391 **If you choose Option 1 or Option 2**, you must provide a signed three-month (month-by-month) cash flow projection demonstrating that you have met the cash needs requirement. In preparing your cash flow projection you must document the projections, calculations and your assumptions on which the projected inflow and outflow have been based. You must explain why these assumptions are appropriate, particularly when relying on the conduct of people not under a legal commitment (e.g. sales from repeat business). This helps to show that you will comply with your obligations.

RG 2.392 For a worked example of how to calculate cash flow projections under Option 1 or Option 2, see Appendix 3 of this guide.

RG 2.393 **If you choose Options 3, 4 or 5**, you must provide documents showing that you will satisfy the requirements in Section B of [RG 166](#). You don't need to provide cash flow projections if you choose one of these options.

#### **Net tangible assets requirements**

RG 2.394 If Appendix 2, 3, 4, 5, 6, 8 or 10 of [RG 166](#) applies to you, you must provide:

- (a) a calculation of the amount of net tangible assets (NTA) you are required to hold;
- (b) a calculation of the amount of NTA you actually hold;
- (c) if you are the responsible entity of a registered scheme, an IDPS operator or an issuer of a margin lending facility who uses a third-party custodian, a statement verifying the NTA of the custodian, signed by the auditor or by two directors of the custodian; and
- (d) if you do not provide any custodial or depository services other than as an incidental provider and you do not meet the NTA requirement for custodians (see Appendix 4 of [RG 166](#)), a description of your circumstances and why you believe you satisfy the definition of 'incidental provider' (see 'Key terms'). Your submission should include information about:
  - (i) the nature of the custodial or depository services you will be providing and the relationship of these services to other financial services you will provide;
  - (ii) the estimated proportion of your 'financial services business revenue' that your 'custodial or depository services revenue' will comprise (see 'Key terms');
  - (iii) who will hold the legal title to the client's assets; and
  - (iv) who will undertake physical custody of the client's assets.

RG 2.395 Your NTA calculation must be based on a recent balance sheet (preferably no more than three months old). The balance sheet must be signed and dated by a director and provided to us with your NTA calculation.

#### **Surplus liquid funds requirement**

RG 2.396 If Section C of [RG 166](#) applies to you, you must provide a calculation of the amount of surplus liquid funds (SLF) you actually hold.

RG 2.397 Your SLF calculation must be based on a recent balance sheet (preferably no more than three months old). The balance sheet must be signed and dated by a director and provided to us with your SLF calculation.

#### **Adjusted surplus liquid funds requirement**

RG 2.398 If Section D of [RG 166](#) applies to you, you must provide calculations of:

- (a) the amount of adjusted surplus liquid funds (ASLF) you are required to hold; and
- (b) the amount of ASLF you actually hold.

RG 2.399 Your ASLF calculation must be based on a recent balance sheet (preferably no more than three months old). The balance sheet must be signed and dated by a director and provided to us with your ASLF calculation.

RG 2.400 In calculating ASLF, if you intend to rely on a system for calculating risk exposures rather than the standard adjustments to SLF, you must provide a submission including evidence that the model is substantially the same as a model accepted by regulators with a prudential focus. Your submission must comply with [Regulatory Guide 51 Applications for relief](#) (RG 51). You must include certification from your chief executive and a report by a registered company auditor: see Section E of [RG 166](#).

#### **Tier 1 capital requirements**

RG 2.401 If Appendix 7 of [RG 166](#) applies to you, you must provide an ASLF calculation or a calculation of the amount of Tier 1 capital you actually hold. Foreign exchange dealers can generally choose to comply with either Section E or have \$10 million of Tier 1 capital.

RG 2.402 Your calculation must be based on a recent balance sheet (preferably no more than three months old). The balance sheet must be signed and dated by a director and provided to us with your calculation.

#### **Eligible undertakings and eligible providers**

RG 2.403 If you are relying on an eligible undertaking (i.e. a financial commitment from an eligible provider: see Section E of [RG 166](#)) to meet your financial requirements, you must provide information showing us that the undertaking

and provider meet the requirements described in RG 166. You can usually demonstrate this by providing us with a copy of the eligible undertaking.

RG 2.404 If you want to apply for our approval of an eligible provider or of an eligible undertaking you will need to make a submission to us as described in Section E of RG 166.

RG 2.405 If, after being granted an AFS licence, you want to apply for our consent to cancel the eligible undertaking, you should apply to us in writing.

### Deeds of subordination

RG 2.406 If you need to subordinate debt for the purposes of excluding it from your adjusted liabilities (see Section E of [RG 166](#)), you must provide us with **three original** executed deeds of subordination for **each lender** in the same form as [Pro Forma 63 Deed of subordination](#) (PF 63). The original copies of these documents must be posted to ASIC.

RG 2.407 If, after being granted an AFS licence, you want to release the deed of subordination, you can obtain a pro forma of a deed of mutual release from the ASIC website: see [Pro Forma 225 Deed of mutual release: Information to release a deed of subordination](#) (PF 225).

### Trading trusts

RG 2.408 If you will be conducting your financial services business through a trading trust, you cannot rely on the assets of the trading trust to meet SLF or NTA requirements.

RG 2.409 You may, however, rely on your right to use the assets of a trading trust to meet the cash needs requirement under Option 1 or Option 2 in Section B of [RG 166](#).

RG 2.410 If you are using Option 1, you must include all the cash flows of the trust in your cash flow projections, and any cash flows specifically relating to you.

RG 2.411 If you are using Option 2, one of the contingencies you would need to take into account would be the possible loss of access to the funds of the trust.

## Appendix 1: Sample proof—Business reference for a responsible manager (part of People Proofs)

1. *[Insert date]*
2. Reference for *[insert name of responsible manager]*.
3. I am writing this reference in support of the application for an AFS licence by *[insert name of applicant]*.
4. I confirm that I have known *[insert name of responsible manager]* for *[insert number]* years and *[insert number]* months since *[insert relevant year]*.
5. I know *[insert name of responsible manager]* in my capacity as their *[provide full details (e.g. supervisor at ABC Pty Ltd, AFS licensee, professional adviser at ABC Pty Ltd, or client)]*. I am:
  - the responsible manager’s current employer
  - the responsible manager’s previous employer
  - from within the responsible manager’s organisation *[e.g. from the Human Resources branch]*.
6. I confirm that the responsible manager has experience in the following nominated areas: *[tick the appropriate boxes]*
  - Provide Financial Product Advice to:**
    - retail clients; and/or
    - wholesale clients.

The responsible manager provided the financial product advice in relation to the following *[tick applicable financial products and subcategories]*:

Financial product	Relevant subcategories
Carbon credits:	<input type="checkbox"/> Australian carbon credit units <input type="checkbox"/> Eligible international emissions units
Deposit and payment products:	<input type="checkbox"/> Basic deposit products <input type="checkbox"/> Non-basic deposit products <input type="checkbox"/> Non-cash payment products
<input type="checkbox"/> Derivatives	<i>Not applicable</i>
<input type="checkbox"/> Derivatives—wool only	
<input type="checkbox"/> Derivatives—electricity only	
<input type="checkbox"/> Derivatives—grain only	

Financial product	Relevant subcategories
<input type="checkbox"/> Foreign exchange contracts	<i>Not applicable</i>
General insurance:	<input type="checkbox"/> General insurance products <input type="checkbox"/> Consumer credit insurance
<input type="checkbox"/> Government debentures, stocks or bonds	<i>Not applicable</i>
Life products:	<input type="checkbox"/> Investment life insurance products <input type="checkbox"/> Life risk insurance products <input type="checkbox"/> Consumer credit insurance
Managed investment schemes (registered or unregistered):	<input type="checkbox"/> Managed investment schemes, excluding IDPS <input type="checkbox"/> Managed investment schemes, including IDPS <input type="checkbox"/> IDPS only <input type="checkbox"/> Own managed investment scheme only <input type="checkbox"/> MDA services <input type="checkbox"/> [insert type of scheme (e.g. financial assets, litigation funding)]
<input type="checkbox"/> Retirement savings account products	<i>Not applicable</i>
<input type="checkbox"/> Securities	<i>Not applicable</i>
<input type="checkbox"/> Superannuation	<i>Not applicable</i>
Margin lending facility:	<input type="checkbox"/> Non-standard margin lending facility <input type="checkbox"/> Standard margin lending facility
Miscellaneous financial facility:	<input type="checkbox"/> Miscellaneous financial investment products <input type="checkbox"/> Miscellaneous financial investment products—MDA services <input type="checkbox"/> Miscellaneous financial risk products <input type="checkbox"/> Miscellaneous financial investment products—funeral expenses facilities <input type="checkbox"/> Miscellaneous financial risk products—funeral expenses facilities
<input type="checkbox"/> <b>Provide General Financial Product Advice Only to:</b>	
<input type="checkbox"/> retail clients; and/or	
<input type="checkbox"/> wholesale clients.	

The responsible manager provided the general financial product advice in relation to the following [tick applicable financial products and subcategories]:

Financial product	Relevant subcategories
Carbon credits:	<input type="checkbox"/> Australian carbon credit units <input type="checkbox"/> Eligible international emissions units
Deposit and payment products:	<input type="checkbox"/> Basic deposit products <input type="checkbox"/> Non-basic deposit products <input type="checkbox"/> Non-cash payment products
<input type="checkbox"/> Derivatives <input type="checkbox"/> Derivatives—wool only <input type="checkbox"/> Derivatives—electricity only <input type="checkbox"/> Derivatives—grain only	<i>Not applicable</i>
<input type="checkbox"/> Foreign exchange contracts	<i>Not applicable</i>
General insurance:	<input type="checkbox"/> General insurance products <input type="checkbox"/> Consumer credit insurance
<input type="checkbox"/> Government debentures, stocks or bonds	<i>Not applicable</i>
Life products:	<input type="checkbox"/> Investment life insurance products <input type="checkbox"/> Life risk insurance products <input type="checkbox"/> Consumer credit insurance
Managed investment schemes (registered or unregistered):	<input type="checkbox"/> Managed investment schemes, excluding IDPS <input type="checkbox"/> Managed investment schemes, including IDPS <input type="checkbox"/> IDPS only <input type="checkbox"/> Own managed investment scheme only <input type="checkbox"/> MDA services <input type="checkbox"/> [insert type of scheme (e.g. financial assets, litigation funding)]
<input type="checkbox"/> Retirement savings account products	<i>Not applicable</i>
<input type="checkbox"/> Securities	<i>Not applicable</i>
<input type="checkbox"/> Superannuation	<i>Not applicable</i>

Financial product	Relevant subcategories
Margin lending facility:	<input type="checkbox"/> Non-standard margin lending facility <input type="checkbox"/> Standard margin lending facility

**Provide Class of Product Advice to:**

- retail clients; and/or
- wholesale clients.

The responsible manager provided the class of product advice in relation to the following financial products:

- Basic deposit products
- General insurance products
- Life risk insurance products
- Simple managed investment schemes
- Securities including CCIV securities
- Superannuation

**Underwrite an issue of securities (this includes CCIV securities) or interests in a managed investment scheme**

**Deal in a Financial Product for**

- retail clients; and/or
- wholesale clients

or

**Arrange for a Person to Deal in a Financial Product for:**

- retail clients; and/or
- wholesale clients

in relation to the following [*tick applicable financial products and subcategories*]:

Financial product	Relevant subcategories
Carbon credits:	<input type="checkbox"/> Australian carbon credit units <input type="checkbox"/> Eligible international emissions units
Deposit and payment products:	<input type="checkbox"/> Basic deposit products <input type="checkbox"/> Non-basic deposit products <input type="checkbox"/> Non-cash payment products



Financial product	Relevant subcategories
<input type="checkbox"/> Derivatives	<i>Not applicable</i>
<input type="checkbox"/> Derivatives—wool only	
<input type="checkbox"/> Derivatives—electricity only	
<input type="checkbox"/> Derivatives—grain only	
<input type="checkbox"/> Foreign exchange contracts	<i>Not applicable</i>
General insurance:	<input type="checkbox"/> General insurance products <input type="checkbox"/> Consumer credit insurance
<input type="checkbox"/> Government debentures, stocks or bonds	<i>Not applicable</i>
Life products:	<input type="checkbox"/> Investment life insurance products <input type="checkbox"/> Life risk insurance products <input type="checkbox"/> Consumer credit insurance
Managed investment schemes (registered or unregistered):	<input type="checkbox"/> Managed investment schemes, excluding IDPS <input type="checkbox"/> Managed investment schemes, including IDPS <input type="checkbox"/> IDPS only <input type="checkbox"/> [insert type of scheme (e.g. financial assets, litigation funding)]
<input type="checkbox"/> Retirement savings account products	<i>Not applicable</i>
<input type="checkbox"/> Securities	<i>Not applicable</i>
<input type="checkbox"/> Superannuation	<i>Not applicable</i>
Margin lending facility:	<input type="checkbox"/> Non-standard margin lending facility <input type="checkbox"/> Standard margin lending facility
Miscellaneous financial facility:	<input type="checkbox"/> Miscellaneous financial investment products <input type="checkbox"/> Miscellaneous financial investment products—MDA services <input type="checkbox"/> Miscellaneous financial risk products <input type="checkbox"/> Miscellaneous financial investment products: funeral expenses facilities <input type="checkbox"/> Miscellaneous financial risk products: funeral expenses facilities

- Make a Market for a Financial Product** in relation to the following:
- Bonds and debentures
  - Carbon credits:
    - Australian carbon credit units
    - Eligible international emissions units
  - Derivatives
  - Derivatives—wool only
  - Derivatives—electricity only
  - Derivatives—grain only
  - Foreign exchange contracts
  - Other financial products
- Operate a Registered Scheme or Operate the Business and Conduct the Affairs of a CCIV**, namely [*insert name of scheme(s) or CCIV*]
- Type of registered scheme(s) or sub-fund(s):
- Derivatives
  - Direct real property
  - Film
  - Financial assets
  - IDPS-like (not applicable to sub-funds of CCIVs)
  - Mortgages
  - Primary productions
  - Time-sharing (not applicable to sub-funds of CCIVs)
  - Commodities
  - Crypto-assets
  - Litigation funding (not applicable to sub-funds of CCIVs)
  - Other
- Provide Traditional Trustee Company Services**
- Provide a Custodial or Depository Service** that is:
- an IDPS
  - a non-IDPS
- Provide a Crowd-Funding Service**
- Provide a Superannuation Trustee Service**

- Provide a Claims Handling and Settling Service** that involves:
- making a recommendation or state an opinion in response to an inquiry about a claim or potential claim
  - making a recommendation or state an opinion that could influence a decision about making or continuing with a claim
  - representing someone in pursuing a claim
  - assisting another person to make a claim
  - assessing whether an insurer is liable under an insurance product
  - making a decision to accept or reject all or part of a claim
  - quantifying an insurer's liability under an insurance product
  - offering to settle all or part of a claim
  - satisfying a liability of an insurer under a claim.

7. The responsible manager carried out these duties on:
- a full-time basis
  - a part-time basis.
8. The responsible manager carried out these duties from *[insert date]* to *[insert date]*.
9. The duties occupied *[insert percentage]*% of the responsible manager's time.
10. The responsible manager carried out these duties in their capacity as *[provide details of position held (e.g. an authorised representative of XYZ licensee for X years and Y months)]*.
11. I further confirm that the responsible manager undertook the following duties *[e.g. supervised 10 financial planners, managed funds of \$XX, provided product research, was Compliance Manager for ...]* for *[insert period of time]*.
12. These duties occupied *[specify percentage]*% of the responsible manager's time.
13. I attest that they are fit and proper to undertake their role as a responsible manager, and I am not aware of their involvement in any misconduct.
14. I can be contacted on *[insert phone number and email address]* should you wish to discuss the above further.

Yours faithfully

15. *[Referee's signature]*
16. *[Referee's full name]*
17. *[Title]*
18. *[Firm or self-employed]*

## Appendix 2: Sample proof—B1 Table of Organisational Competence

- RG 2.412 Table 7 is an example of the B1 Table of Organisational Competence outlined in RG 2.371. It illustrates the type of information you need to give us and how to set it out in a table format. Note that the example is not exhaustive.
- RG 2.413 For each responsible manager you must set out which [RG 105](#) option they are relying on and their experience and qualifications in relation to each financial service and product authorisation. When describing their experience, you should describe the roles they perform or have performed that enable them to understand their responsibilities as a responsible manager. The experience that you describe needs to be relevant to the financial services and products you are applying for under your AFS licence.
- RG 2.414 Your table will be easier for us to understand if you include no more than two responsible managers per page.

**Table 7: Table of organisational competence**

<b>Details of Responsible Manager(s)</b>	<b>[Name of Responsible Manager 1] RG 105 option they are relying on</b>	<b>[Name of Responsible Manager 2] RG 105 option they are relying on</b>
<b>Qualifications</b>	<p>[All relevant qualifications (e.g. a university degree in business, law, commerce or finance, or another relevant degree) and memberships, including dates completed, institution details and full title of awards]</p> <p>[Qualifications relevant to providing a claims handling and settling service include a qualification equivalent to a diploma (or higher) from a relevant professional body (e.g. the Australian and New Zealand Institute of Insurance and Finance or the Australasian Life Underwriting and Claims Association)]</p>	[Same as for Responsible Manager 1]

Details of Responsible Manager(s)	[Name of Responsible Manager 1] RG 105 option they are relying on	[Name of Responsible Manager 2] RG 105 option they are relying on
<p><b>Experience in providing:</b></p> <p><b>Advice</b></p> <p>[Specify whether General and/or Personal Advice]</p> <p>[Specify whether to retail and/or wholesale clients]</p> <p>[Specify the financial products the advice relates to (e.g. Superannuation, Derivatives, General Insurance, Deposit Products)]</p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Clients:</u> [Are the clients wholesale, retail or both?]</p> <p><u>Financial Products:</u> [List the financial products their experience relates to] (e.g. Superannuation, Derivatives)</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. providing financial planning advice to retail clients)</p> <p><u>Advice Experience:</u> [Provide a description of the type of advice experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to the financial services and products applied for], for example:</p> <p>Superannuation: [Describe how advice experience in this product was attained] (e.g. preparation of written advice to retail clients, sign-off of junior financial planner’s advice, monitoring client investments)</p> <p>Derivatives: [Describe how advice experience in this product was attained; explain what types of derivatives the advice relates to; describe the purpose of the advice (e.g. hedging, speculation); give an estimate of the estimated time spend advising in this service]</p> <p>[Insert other relevant product experience]</p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Clients:</u> [Are the clients wholesale, retail or both?]</p> <p><u>Financial Products:</u> [List the financial products their experience relates to] (e.g. General Insurance, Deposit Products)</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. providing specialist insurance advice to retail clients)</p> <p><u>Advice Experience:</u> [Provide a description of the type of advice experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to the financial products applied for], for example:</p> <p>General Insurance: [Describe how advice experience in this product was attained; explain what types of insurance products the advice relates to (e.g. household, motor vehicle, travel insurance); give an estimate of the proportion of time spent in relation to this service]</p> <p>Deposit Products: [Describe how advice experience in this product was attained; explain what types of deposit products advice relates to; give an estimate of the proportion of time spent in relation to this service]</p> <p>[Insert other relevant product experience]</p>

<b>Details of Responsible Manager(s)</b>	<b>[Name of Responsible Manager 1] RG 105 option they are relying on</b>	<b>[Name of Responsible Manager 2] RG 105 option they are relying on</b>
<p><b>Experience in providing:</b></p> <p><b>Dealing services</b></p> <p>[Specify whether Dealing or Arranging in relation to ‘Issuing’, ‘Applying for’ or ‘Underwriting’]</p> <p>[Specify whether to retail and/or wholesale clients]</p> <p>[Specify the financial products the dealing services relate to (e.g. Managed Investment Products, Foreign Exchange, Securities)]</p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Clients:</u> [Are the clients wholesale, retail or both?]</p> <p><u>Financial Products:</u> [List the financial products that their experience relates to] (e.g. Managed Investment Products, Foreign Exchange, Securities)</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. arranging client investments in selected schemes, entering to foreign exchange contracts)</p> <p><u>Deal Experience:</u> [Provide a description of experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to the financial services and products applied for], for example:</p> <ul style="list-style-type: none"> <li>• Managed Investment Products: [Describe how dealing experience in this product was attained; explain what type(s) of schemes were involved, including details of the underlying scheme assets; give an estimate of the proportion of time spent in relation to this financial service]</li> <li>• Foreign Exchange: [Describe how dealing experience in this product was attained; explain what types of foreign exchange contracts were involved; describe the purpose for using this service (e.g. hedging, speculation); give an estimate of the proportion of time spent in relation to this financial service]</li> </ul> <p>[Insert other relevant product experience]</p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Clients:</u> [Are the clients wholesale, retail or both?]</p> <p><u>Financial Products:</u> [List the financial products that their experience relates to] (e.g. Securities)</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. negotiating underwriting agreements with product issuers and sub-underwriters, offering placements to professional investors)</p> <p><u>Deal Experience:</u> [Provide a description of experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to the financial services and products applied for], for example:</p> <ul style="list-style-type: none"> <li>• Securities: [Describe how dealing experience in this product was attained; explain what types of securities the dealing experience relates to (e.g. ASX 200 shares, fixed interest securities); give an estimate of the proportion of time spent in relation to this service]</li> </ul> <p>[Insert other relevant product experience]</p>

Details of Responsible Manager(s)	[Name of Responsible Manager 1] RG 105 option they are relying on	[Name of Responsible Manager 2] RG 105 option they are relying on
<p><b>Experience in:</b></p> <p><b>Operate a Registered Managed Investment Scheme; or</b></p> <p><b>Operate the Business and Conduct the Affairs of a CCIV</b></p> <p>[Specify whether to retail and/or wholesale clients]</p> <p>[Specify the underlying asset(s) of the scheme(s) or CCIV(s) (e.g. financial assets)]</p>	<p>No operate a scheme or CCIV experience</p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Clients:</u> [Are the scheme or CCIV investors wholesale, retail or both?]</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. responsible for managing portfolio of scheme or CCIV assets, preparation of disclosure documents)</p> <p><u>Operate a Scheme or CCIV Experience:</u> [Provide a description of experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to satisfying the legal, compliance and financial obligations of operating a scheme or CCIV], for example:</p> <ul style="list-style-type: none"> <li>Financial assets scheme or CCIV: [Explain how experience in operating a financial assets scheme or CCIV was attained; give an overview of the scheme(s) or CCIV(s) the experience relates to, including the scheme or CCIV asset types and how the activities performed have given the person knowledge in the underlying asset and relevant industry (e.g. ETFs or international securities); give details of the amount of funds under management; explain what activities the person performed in relation to the compliance, financial and legal obligations of the scheme or CCIV; give an estimate of the proportion of time spent in relation to this service]</li> </ul> <p>[Insert other relevant experience]</p>



<b>Details of Responsible Manager(s)</b>	<b>[Name of Responsible Manager 1] RG 105 option they are relying on</b>	<b>[Name of Responsible Manager 2] RG 105 option they are relying on</b>
<p><b>Experience in:</b></p> <p><b>Custodial or Depository Service</b></p> <p>[Specify whether to retail and/or wholesale clients]</p>	<p>No custodial or depository service experience</p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Clients:</u> [Are the clients wholesale, retail or both?]</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. ensuring client assets are segregated and accounted for at all times, supervising reconciliations of client accounts and property, supervising the pricing of financial products and distribution of income)</p> <p><u>Custodial or Depository Service Experience:</u> [Provide a description of experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to the custodial or depository service authorisation applied for; give an estimate of the proportion of time spent in relation to this service]</p> <p>[Insert other relevant experience]</p>

Details of Responsible Manager(s)	[Name of Responsible Manager 1] RG 105 option they are relying on	[Name of Responsible Manager 2] RG 105 option they are relying on
<p><b>Experience in:</b></p> <p><b>Make a Market</b></p> <p>[Specify whether to retail and/or wholesale clients]</p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Clients:</u> [Are the clients wholesale, retail or both?]</p> <p><u>Financial Products:</u> [List the financial products relevant to this role] (e.g. derivatives)</p> <p><u>Role:</u> [Provide an overview of the role including day-to-day functions performed], for example:</p> <ul style="list-style-type: none"> <li>Derivatives: [Provide a description of experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to the make a market authorisation applied for; give details of the specific types of products and underlying assets that experience relates to; give an estimate of the proportion of time spent in relation to this service]</li> </ul> <p>[Insert other relevant product experience]</p>	<p>No make a market experience</p>

Details of Responsible Manager(s)	[Name of Responsible Manager 1] RG 105 option they are relying on	[Name of Responsible Manager 2] RG 105 option they are relying on
<p><b>Experience in:</b></p> <p><b>Traditional Trustee Company Services</b></p>	<p>No traditional trustee company services experience</p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. responsible for managing deceased estates, preparation of will documents)</p> <p><u>Providing Traditional Trustee Company Services Experience:</u> [Provide a description of experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to satisfying the legal, compliance and financial obligations of providing traditional trustee company services]</p> <p>[Insert other relevant experience]</p>

<b>Details of Responsible Manager(s)</b>	<b>[Name of Responsible Manager 1] RG 105 option they are relying on</b>	<b>[Name of Responsible Manager 2] RG 105 option they are relying on</b>
<p><b>Experience in:</b></p> <p><b>Crowd-Funding Service</b></p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. responsible for managing the communication and application facilities, the offer platform, conducting verifications of companies making CSF offers and CSF offer documents, handling application money)</p> <p><u>Providing crowd-funding service related experience:</u> [Provide a description of experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to satisfying the legal, compliance, gatekeeping and financial obligations of providing a crowd-funding service]</p> <p>[Insert other relevant experience]</p>	<p>No crowd-funding service experience</p>

Details of Responsible Manager(s)	[Name of Responsible Manager 1] RG 105 option they are relying on	[Name of Responsible Manager 2] RG 105 option they are relying on
<p><b>Experience in:</b></p> <p><b>Provide a Superannuation Trustee Service</b></p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. responsible for overseeing investment management functions of the fund, oversight of third-party service providers)</p> <p><u>Providing a superannuation trustee service related experience:</u> [Provide a description of experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to the provision of a superannuation trustee service]</p> <p>[Insert other relevant product experience]</p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. oversight and monitoring of internal dispute resolution processes and procedures in relation to member complaints, oversight and monitoring of insurance claims)</p> <p><u>Providing a superannuation trustee service related experience:</u> [Provide a description of experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to the provision of a superannuation trustee service]</p> <p>[Insert other relevant product experience]</p>

Details of Responsible Manager(s)	[Name of Responsible Manager 1] RG 105 option they are relying on	[Name of Responsible Manager 2] RG 105 option they are relying on
<p><b>Experience in:</b></p> <p><b>Claims Handling and Settling Service</b></p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><b>Participant category (if applicable—see Table 1):</b> [e.g. Insurer, Claimant intermediary]</p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. responsible for assessing whether an insurer is liable under an insurance product or representing a claimant make a claim against an insurer)</p> <p><u>Providing claims handling and settling service related experience:</u> [Provide a description of experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to satisfying the legal or compliance obligations when providing a claims handling service]</p> <p>[Insert other relevant experience]</p>	<p><b>Dates in Role</b></p> <p><b>Entity Name and, if applicable, AFS licence or old licence no.</b></p> <p><b>Participant category (if applicable—see Table 1):</b> [e.g. Insurance broker, Financial adviser]</p> <p><u>Business Description:</u> [Provide an overview of the business that the responsible manager has worked for]</p> <p><u>Position:</u> [Set out the position title held by the responsible manager]</p> <p><u>Role:</u> [Provide an overview of their role, including day-to-day functions performed] (e.g. responsible for offering to settle all or part of a claim or making a recommendation that could influence a decision about making a claim)</p> <p><u>Providing claims handling and settling service related experience:</u> [Provide a description of experience attained in this role, the activities undertaken in attaining that experience and how that experience is relevant to satisfying the legal or compliance obligations when providing a claims handling service]</p> <p>[Insert other relevant experience]</p>

## Appendix 3: Sample proof—Cash needs requirement (part of B5 Financial Statements and Financial Resources)

- RG 2.415 The tables in this appendix are examples of documents showing how to comply with the cash needs requirement under Section B of [RG 166](#). These documents form part of the B5 Financial Statements and Financial Resources core proof outlined in RG 2.375–RG 2.411.
- RG 2.416 These examples cover Options 1 and 2 of the cash needs requirements and illustrate the type of information you need to give us and how you can set it out. Please note that these examples are not exhaustive.
- RG 2.417 The examples in this appendix do not cover Option 3, 4 or 5 of the cash needs requirement. For further information on these options, see Section B of RG 166.

### Option 1: Reasonable estimate projection plus cash buffer

#### Cash flow projections

- RG 2.418 If you rely on Option 1 of the cash needs requirement, you must prepare a projection of cash flows (i.e. cash inflow and outflow) based on your reasonable estimate of what is likely to happen over at least the next three months: see Table 8.
- RG 2.419 In projecting your cash flows, we would normally expect you to take into account:
- (a) assets you hold at the start of the projection term that can be used to pay your liabilities; and
  - (b) inflows you may receive, including:
    - (i) income from your business or sale of your business;
    - (ii) amounts that you may borrow (e.g. under an overdraft); and
    - (iii) amounts that you may receive from your owners or associates as financial support.

**Table 8: Cash projections at 31 October 2022 under Option 1**

Description	Nov 2022 (\$)	Dec 2022 (\$)	Jan 2023 (\$)	Total (\$)
<b>Cash at bank—Opening balance</b>	23,000	27,000	28,000	N/A
<b>Inflows</b>				
Management fees	37,000	37,000	37,000	111,000
Interest	500	500	500	1,500
<b>Total inflows</b>	37,500	37,500	37,500	112,500
<b>Outflows</b>				
Rent	5,000	5,000	5,000	15,000
Salaries	13,000	13,000	13,000	39,000
Compliance review	1,000	2,000	1,000	4,000
Utilities	0	3,000	0	3,000
Stationery	1,500	500	2,500	4,500
Fund manager fees	13,000	13,000	13,000	39,000
<b>Total outflows</b>	33,500	36,500	34,500	104,500
<b>Cash at bank—Closing balance</b>	27,000	28,000	31,000	N/A

### Assumptions

RG 2.420 You must document your assumptions and explain why you think they are appropriate, particularly when relying on the conduct of people not under a legal commitment (e.g. sales from repeat business): see Table 9.

**Table 9: List of assumptions under Option 1**

Assumption	Reasons why it is appropriate
1. Management fees	Based on 2 years experience, as contracted with investors
2. Interest	Based on current interest rate, payable at month end
3. Rent	As contracted under lease, for 2 years ending 1 January 2023, payable at month end
4. Salaries	Employed under employment contracts, payable fortnightly
5. Utilities	Based on 3 years experience for the size and nature of the business, payable quarterly
6. Stationery	Based on 3 years experience for the size and nature of the business, payable at month end
7. Fund manager fees	As contracted with three service providers, payable at month end



## Financial resources

- RG 2.421 Using your cash flow projections, you must be able to show that you will have access as needed to enough financial resources to meet your liabilities over the projected term, including any additional liabilities you project you will incur during that term. This means your projections must not show a negative cash balance at any time during the projected term.
- RG 2.422 You must also show you have as a cash buffer an amount equal to 20% of the greater of:
- the cash outflow for the projected period (i.e. three months); or
  - your actual cash outflow for the most recent financial year for which you have prepared a profit and loss statement, adjusted to produce a three-month average (see Table 10).
- RG 2.423 You can meet this cash buffer requirement by:
- holding sufficient current assets valued at the amount of cash for which they can be expected to be exchanged within five business days; or
  - obtaining a commitment to provide cash from an eligible provider where the cash can be drawn down within five business days; or
  - using a combination of the above.

**Table 10: Cash buffer amount under Option 1**

Cash buffer	Amount
Minimum cash buffer needed	= 20% of the greater of: <ul style="list-style-type: none"> <li>• \$104,500 (projected cash outflow for next 3 months); and</li> <li>• \$0 (actual cash outflow for 3 months of last financial year)</li> </ul> = \$20,900 (i.e. 20% of \$104,500)
Amount of cash actually held	= \$23,000

- RG 2.424 This example for Option 1 assumes that this is a new business that did not need to prepare financial statements for the previous financial year and, therefore, the actual cash outflow for the last financial year (adjusted to produce a three-month average) is zero.
- RG 2.425 If, in this example, the entity did not hold the necessary amount of cash, then it could choose to rely on a commitment to provide cash from an eligible provider. This, for example, could be in the form of an overdraft facility from an Australian bank.

## Option 2: Contingency-based projections

### Cash flow projection

RG 2.426 Under Option 2 of the cash needs requirement, you must prepare a projection of cash flows that shows your estimate of what would happen if your ability to meet your liabilities over the projected term were adversely affected by commercial contingencies. The projection must cover at least the next three months: see Table 11.

RG 2.427 This cash flow preparation is prepared in a similar way to Option 1 except that you must reduce the amounts of cash inflows to take into account all events or contingencies that are sufficiently likely to occur for a reasonable AFS licensee to plan for them. This includes many events that probably will not occur.

**Table 11: Cash projections at 31 October 2022 under Option 2**

Description	Nov 2022 (\$)	Dec 2022 (\$)	Jan 2023 (\$)	Total (\$)
<b>Cash at bank—Opening balance</b>	22,000	30,000	4,500	N/A
<b>Inflows</b>				
Trail commissions	35,000	32,000	30,000	97,000
New business	500	0	500	1,000
<b>Total inflows</b>	35,500	32,000	30,500	97,000
<b>Outflows</b>				
Rent	7,000	7,000	11,000	25,000
Salaries	16,000	16,000	16,000	48,000
Compliance review	2,000	2,000	2,000	6,000
Other staff costs	0	30,000	0	30,000
Utilities	0	0	2,500	2,500
Stationery	500	500	500	1,500
Travel	2,000	2,000	2,000	6,000
<b>Total outflows</b>	27,500	57,500	34,000	119,000
<b>Cash at bank—Closing balance</b>	30,000	4,500	1,000	N/A

## Assumptions

RG 2.428 You must document your calculations and assumptions and describe in writing why they are the appropriate: see Table 12. It is not enough to just state that you have considered the possible contingencies and decided that none of them are likely. You need to explain in writing the contingencies you have considered and why their occurrence is unlikely.

**Table 12: Documenting your assumptions under Option 2**

Assumption	Reasons why it is appropriate
1. Trail commissions	Built up over 15 years. Contingencies considered include delay in receipt of commissions or decrease in commissions. The monthly decrease reflects the risk that this will trend down in the next 12 months
2. New business	\$2,000 per month maximum last year. Contingency considered is change in economic conditions. Estimate reduced to \$500 per month based on risk inherent in current economic indicators. No new business in some months, based on worst month in last 5 years
3. Rent	Lease being renegotiated. Contingency considered is change in overhead costs. New lease to commence in June, currently being renegotiated. Office is located in growth area. Anticipated increase in rental cost is \$3,000 per month; however, may increase by \$4,000—there is a risk that the lessor will use its bargaining power to demand a larger increase
4. Salaries	Under employment agreement
5. Other staff costs	Contingency considered is loss of staff—resignation notified. Staff departure incurs recruitment costs
6. Utilities	Based on 10 years experience for the business—includes CPI
7. Stationery	Based on 10 years experience for the business—includes CPI
8. Travel	Based on 10 years experience for the business—includes CPI
9. Timing	Expenses incurred at end of month

## Financial resources

RG 2.429 You must be able to show that, based on the cash flow projections, you will have access as needed to enough financial resources to meet your liabilities over the projected term, including any additional liabilities you project you

will incur during that term. This means you must not have a negative cash balance at any time during the projected period.

RG 2.430 Unlike Option 1, there is no cash buffer amount required under Option 2.

## **Things to remember about cash flow projections for both options**

RG 2.431 All expenses of running the financial services business must be included.

RG 2.432 Projected cash inflows and outflows must be shown on a gross basis. That is, you must show all the amounts you actually receive and all the amounts you actually pay. Cash flows must not be shown on a net basis. For example, you must not exclude certain cash inflows and outflows on the basis that the amounts offset each other.

RG 2.433 As this is a projection of cash flows, amounts should be recorded in the month when they will be paid or received. You cannot ‘smooth’ inflows and outflows by allocating a proportion of a large amount across several months unless receipts or payments will actually occur during those months.

RG 2.434 You must update the projection of cash flows when it ceases to cover the next three months or if you have reason to suspect that an updated projection would show you were not meeting your AFS licence conditions.

## Key terms

Term	Meaning in this document
ABN	Australian Business Number
ACIC	Australian Criminal Intelligence Commission
ACN	Australian Company Number
AFCA	Australian Financial Complaints Authority—the external dispute resolution scheme for which an authorisation under Pt 7.10A of the Corporations Act is in force
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries on a financial services business to provide financial services  Note: This is a definition contained in s761A of the Corporations Act.
AFS licensee	A person who holds an AFS licence under s913B of the Corporations Act
APRA	Australian Prudential Regulation Authority
ARBN	Australian Registered Body Number
ASIC	Australian Securities and Investments Commission
ASLF	Adjusted surplus liquid funds
AUSkey	A single key to access government online services
body regulated by APRA	Has the meaning given in s3(2) of the <i>Australian Prudential Regulation Authority Act 1998</i>
CCIV	A corporate collective investment vehicle—a company that is registered as a corporate collective investment vehicle under the Corporations Act  Note: This is a definition contained in s9 of the Corporations Act.
CCIV assets	Means the money and property of a CCIV, including assets of the CCIV's sub-fund
CCIV security	A security in a CCIV
claims handling and settling service	Has the meaning given in s766G of the Corporations Act
[CO 13/763] (for example)	An ASIC class order (in this example numbered 13/763)  Note: Legislative instruments made from 2015 are referred to as ASIC instruments.

Term	Meaning in this document
corporate director	The company named in ASIC's record of the CCIV's registration as the corporate director or temporary corporate director of the CCIV  Note: This is a definition contained in s1224(3) of the Corporations Act.
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
Corporations Regulations	<i>Corporations Regulations 2001</i>
crowd-funding service	Has the meaning given in s766F of the Corporations Act
crypto-asset	A digital representation of value or contractual rights (including rights to property), the ownership of which is evidenced cryptographically and that is held and transferred electronically by: <ul style="list-style-type: none"> <li>• a type of distributed ledger technology; or</li> <li>• another distributed cryptographically verifiable data structure</li> </ul>
CSF	Crowd-sourced funding
CSF intermediary	An AFS licensee whose licence expressly authorises the licensee to provide a crowd-funding service  Note: See s738C of the Corporations Act.
CSF offer	An offer of ordinary shares that is made under the CSF regime in Pt 6D.3A of the Corporations Act  Note: See s738B of the Corporations Act.
CSF offer document	A document setting out the terms of a CSF offer that complies with s738J of the Corporations Act
CSF regime	The statutory regime for crowd-sourced funding in Pt 6D.3A of the Corporations Act regulating CSF offers
custodial or depository services revenue	Has the meaning given in <a href="#">Class Order [CO 13/761]</a> <i>Financial requirements for custodial or depository service providers</i>
eligible CSF company	A company that meets the requirements in s738H of the Corporations Act to be eligible to make a CSF offer
FFSP	A foreign financial services provider—a financial services provider that is regulated by an overseas regulatory authority and that wishes to provide financial services in Australia
financial services business revenue	Has the meaning given in <a href="#">[CO 13/761]</a>

Term	Meaning in this document
financial services laws	Has the meaning given in s761A of the Corporations Act
fit and proper people	<p>The people who ASIC must have no reason to believe are not fit and proper persons to perform one or more of their functions under s913BA of the Corporations Act. These people include:</p> <ul style="list-style-type: none"> <li>• if you are a body corporate—your officers;</li> <li>• if you are a partnership or multiple trustee: <ul style="list-style-type: none"> <li>– any partners or trustees; and</li> <li>– any senior managers of the partnership or trust;</li> </ul> </li> <li>• if you are an individual—you;</li> <li>• any person who 'controls' you, as the applicant (referred to as a controller); and</li> <li>• any officer, partner, trustee or senior manager of a controller</li> </ul> <p>Note: See s910B of the Corporations Act for the definition of 'control'.</p>
fit and proper person	A person who satisfies the requirement referred to in s913BA(1) of the Corporations Act
foreign AFS licence	<p>A modified AFS licence issued to an FFSP that:</p> <ul style="list-style-type: none"> <li>• provides financial services to wholesale clients in Australia; and</li> <li>• is regulated by an overseas regulatory regime that ASIC has determined is sufficiently equivalent to the Australian regulatory regime</li> </ul>
Form FS01	The online application form for an AFS licence
Form FS03	The online application form for varying the authorisation and other conditions of an AFS licence
general obligations	The obligations of an AFS licensee under s912A(1) of the Corporations Act
IDPS	An investor directed portfolio service as defined in <a href="#">[Class Order [CO 13/763] Investor directed portfolio services</a> or any instrument that amends or replaces that class order
incidental provider	Has the meaning given in <a href="#">[CO 13/761]</a>
limited financial services	Has the meaning given in regs 7.6.01BA(3), 7.6.04(3), 7.8.12A(2) and 7.8.14B(3) of the Corporations Regulations
MDA	Managed discretionary account
MDA service	Has the meaning given in <a href="#">ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968</a>

Term	Meaning in this document
NTA	Net tangible assets—see Section E of <a href="#">RG 166</a> for the meaning of this term
OTC	Over the counter
overseas regulatory authority	The relevant regulatory authority of the FFSP in its home jurisdiction
overseas regulatory regime	The regulatory regime supervised and administered by the overseas regulatory authority
PF 209 (for example)	An ASIC pro forma (in this example numbered 209)
platform	In this guide, a website or other electronic facility provided by the CSF intermediary to host a CSF offer
recognised accountant	Has the meaning given in reg 7.6.01BA(3) of the Corporations Regulations
reg 7.6.04 (for example)	A regulation of the Corporations Regulations (in this example numbered 7.6.04)
registered scheme	A managed investment scheme that is registered under s601EB of the Corporations Act
regulated superannuation fund	Has the meaning given in the <i>Superannuation Industry (Supervision) Act 1993</i>
representative	Means: <ul style="list-style-type: none"> <li>• an authorised representative of the licensee;</li> <li>• an employee or director of the licensee;</li> <li>• an employee or director of a related body corporate of the licensee; or</li> <li>• any other person acting on behalf of the licensee</li> </ul> <p>Note: This is a definition contained in s910A of the Corporations Act.</p>
responsible entity	A responsible entity of a registered scheme as defined in s9 of the Corporations Act
retail CCIV	A CCIV that satisfies the retail CCIV test in s1222K of the Corporations Act or is notified as a retail CCIV under s1222L of the Corporations Act <p>Note: This is a definition contained in s1222J of the Corporations Act.</p>
RG 166 (for example)	An ASIC regulatory guide (in this example numbered 166)
RSE licence	A registrable superannuation entity licence (granted by APRA)



Term	Meaning in this document
RSE licensee	A registrable superannuation entity licensee—has the meaning given in s10 of the <i>Superannuation Industry (Supervision) Act 1993</i>
simple managed investment scheme	A registered scheme that invests at least 80% of its assets in a bank account where funds can be withdrawn within three months, or in arrangements where the investments can be realised at market value within 10 days: see reg 1.0.2 of the Corporations Regulations
SLF	Surplus liquid funds
Stronger Regulators Act	<i>Financial Sector Reform (Hayne Royal Commission Response—Stronger Regulators (2019 Measures)) Act 2020</i>
sub-fund	Has the meaning given in s1222Q of the Corporations Act Note: A sub-fund is established on the day on which it is registered: see s1222T.
superannuation trustee service	Has the meaning given in s766H of the Corporations Act
traditional trustee company services	Has the meaning given in s601RAC(1) of the Corporations Act, and includes: <ul style="list-style-type: none"> <li>performing estate management functions (as defined in s601RAC(2));</li> <li>preparing a will, a trust instrument, a power of attorney or an agency arrangement;</li> <li>applying for probate of a will, applying for grant of letters of administration, or electing to administer a deceased estate;</li> <li>establishing and operating common funds; and</li> <li>any other services prescribed by the Corporations Regulations as traditional trustee company services</li> </ul>
trustee company	Has the meaning given in s601RAB of the Corporations Act
TTMR Act	<i>Trans-Tasman Mutual Recognition Act 1997</i>
wholesale CCIV	A CCIV that is not a retail CCIV Note: This is a definition contained in s1222J of the Corporations Act.
you	Applicant for an AFS licence or a variation to an AFS licence

## Related information

### Headnotes

additional proofs, adequacy of resources, AFS licence, AFS licensee, application form, Australian financial services licence, authorisations, CCIV, class of product advice, compensation arrangements, compliance arrangements, core proofs, corporate collective investment vehicle, corporate director, dispute resolution, FFSP, financial products, financial services, fit and proper persons, foreign AFS licence, foreign financial service providers, limited financial services, managed investment scheme, organisational competence, recognised accountants, registered scheme, representatives, responsible managers, risk management, variation

### Legislative instruments and pro formas

[\[CO 13/763\]](#) *Investor directed portfolio services*

[ASIC Corporations \(Managed Discretionary Account Services\) Instrument 2016/968](#)

[ASIC Corporations \(Foreign Financial Services Providers—Foreign AFS Licensees\) Instrument 2020/198](#)

[PF 63](#) *Deed of subordination*

[PF 209](#) *Australian financial services licence conditions*

[PF 225](#) *Deed of mutual release: Information to release a deed of subordination*

### Regulatory guides and information sheets

[RG 1](#) *AFS Licensing Kit: Part 1—Applying for and varying an AFS licence*

[RG 3](#) *AFS Licensing Kit: Part 3—Preparing your additional proofs*

[RG 36](#) *Licensing: Financial product advice and dealing*

[RG 51](#) *Applications for relief*

[RG 104](#) *AFS licensing: Meeting the general obligations*

[RG 105](#) *AFS licensing: Organisational competence*

[RG 126](#) *Compensation and insurance arrangements for AFS licensees*

[RG 132](#) *Funds management: Compliance and oversight*

[RG 144](#) *Mortgage investment schemes*

[RG 146](#) *Licensing: Training of financial product advisers*

[RG 148](#) *Platforms that are managed investment schemes and nominee and custody services*

[RG 154](#) *Certificate by a qualified accountant*

[RG 160](#) *Time-sharing schemes*

[RG 166](#) *AFS licensing: Financial requirements*

[RG 167](#) *Licensing: Discretionary powers*

[RG 175](#) *Licensing: Financial product advisers—Conduct and disclosure*

[RG 176](#) *Foreign financial services providers*

[RG 179](#) *Managed discretionary accounts*

[RG 181](#) *Licensing: Managing conflicts of interest*

[RG 235](#) *Registering your business name*

[RG 259](#) *Risk management systems of responsible entities*

[RG 261](#) *Crowd-sourced funding: Guide for companies*

[RG 262](#) *Crowd-sourced funding: Guide for intermediaries*

[RG 267](#) *Oversight of the Australian Financial Complaints Authority*

[RG 271](#) *Internal dispute resolution*

[INFO 225](#) *Crypto-assets*

[INFO 240](#) *AFS licence applications: Providing information for fit and proper people and certain authorisations*

[INFO 251](#) *AFS licensing requirement for trustees of unregistered managed investment schemes*

[INFO 272](#) *How to register a CCIV and a sub-fund*

## **Consultation papers and reports**

[CP 360](#) *Corporate collective investment vehicles: Preparing for the commencement of the new regime*

[REP 728](#) *Response to submissions on CP 360 Corporate collective investment vehicles: Preparing for the commencement of the new regime*

## Legislation

*Bankruptcy Act 1966*

*Copyright Act 1968*

Corporations Act, Chs 2L, 5C, 5D, 7, Pts 2D.6, 6D.3A, 7.8, s9, 601EB, 601FA, 601RAC, 738B, 738C, 738H, 738J, 738L, 761A, 761D, 761E, 761EA, 761G, 764A, 766B, 766C, 766D, 766E, 766H, 769B, 912A, 912B, 912DAA, 916A, 916B, 916F, 922L, 923B, 990B, 1224F, 1676A–1676C

Corporations Regulations, regs 1.0.02, 6D.3A.01, 7.1.40, 7.6.01, 7.6.01BA, 7.6.02AAA, 7.6.03, 7.6.04, 7.8.12A, 7.8.14B

*Crimes Act 1914*, Pt VIIC

*Financial Sector Reform (Hayne Royal Commission Response—Stronger Regulators (2019 Measures)) Act 2020*

*National Consumer Credit Protection Act 2009*, Pt 2-4

*Trans-Tasman Mutual Recognition Act 1997*, s18

## ASIC forms

[Form FS01](#) *Application for AFS licence*

[Form FS03](#) *Application for variation of authorisation and other conditions*

[Form FS05](#) *Preliminary application for an Australian financial services licence*

[Form FS06](#) *Appointment of an auditor of an Australian financial services licensee*

[Form FS20](#) *Change of details for an Australian financial services licence*

## Other documents

[AS/NZS 10002:2014](#) *Guidelines for complaint management in organizations*