

## Advocate Advisory CPD Policy

### Introduction

As an Australian Financial Services Licensee (“**AFSL**”), Advocate Advisory must ensure that authorised representatives are adequately trained and competent for the financial product advice that they provide under the licence (Corporations Act 2001 s.921B). An essential component of this requirement, as articulated by subsection 921B(5) of the Corporations Act, is the obligation for advisers to undertake continuing professional development (“**CPD**”).

As of 1 January 2019, ASIC Regulatory Guide 146 (“**RG 146**”) will no longer be the standard for meeting ongoing training requirements. Rather, with the introduction of the Financial Adviser Standards and Ethics Authority Ltd (“**FASEA**”) as the standards body for compliance with Corporations Act training requirements, CPD requirements will be set out in the Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018 (“**the Determination**”), and its related policy statements.

In addition, under Standard 10 of the Financial Planners and Advisers Code of Ethics (effective 1 January 2020), advisers must “... develop, maintain and apply a high level of relevant knowledge and skills” in order to comply with this Code (63), and “Meet the continuing professional development requirements” (*As detailed in Corporations Act s.921B(5) and the Determination*).

Also, as Tax (Financial) Advisers, Advocate Advisory (as licensee), and its representatives, must comply with both the following Competency Standards outlined in the Tax Practitioners Board (“**TPB**”) Code of Professional Conduct:

7. You must ensure that a tax (financial) advice service that you provide, or that is provided on your behalf, is provided competently.
8. You must maintain knowledge and skills relevant to the tax financial advice services that you provide.

The following Explanatory Paper outlines these requirements in more detail: [TPB\(EP\) 06/2014 Continuing professional education policy requirements for tax \(financial\) advisers.](#)

FASEA’s CPD requirements are to be aligned with TPB continuing education requirements to facilitate adviser’s ability to comply with these dual requirements.

### Policy

Advocate Advisory has developed a CPD Policy that outlines how it will comply with the requirements under the Determination, the FASEA Code of Ethics (Standard 10) and the TPB Professional Code of Ethics.

The Advocate Advisory CPD policy is effective as of 1 January 2019, and applies to all Authorised Representatives of Advocate Advisory. This includes directors, responsible managers, authorised representatives and tax (financial) advisers.

This policy is published under the Advocate Advisory website.

As part of this policy, Advocate Advisory has implemented a CPD Training Program to ensure that both the licence, and those authorised representatives under the licence, meet the ongoing training requirements established and governed by FASEA and the TPB.

## Responsibility

Each authorised representative is responsible for meeting their CPD requirements under the Advocate Advisory licence.

The nominated Training Manager is responsible for ensuring that Advocate Advisory, and its authorised representatives and tax (financial) advisers comply with their CPD requirements. This includes:

- Implementing and facilitating an Ongoing Training Program that meets the FASEA and TPB CPD requirements
- Ensuring that a minimum of 70% (28hrs) of adviser training is approved. This includes sourcing relevant training, assessing and approving the training.
- Determining and documenting CPD Training Plan's for each authorised representative at the start of each training year
- Monitoring adviser compliance with their CPD Training Plan and reporting any breaches to the Board (who will then determine the nature of the breach and whether it is reportable)
- Liaising with the relevant Compliance body/regulator in relation to reportable breaches
- Notifying ASIC of Advocate Advisory's training year.
- Documenting and publishing a CPD Policy as required by the FASEA CPD standard

The Board ultimately holds responsibility for ensuring compliance with this CPD Policy. This includes:

- ensuring that there is appropriate resourcing for the CPD Training function, including the nomination of a Training Manager and the provision of approved CPD training activities for authorised representatives
- Implementing a robust reporting mechanism so that any non-compliance is communicated to the Board in a timely fashion.

## Continuing Professional Development for Authorised Representatives

### Training Year

Advocate Advisory's training year runs from 1 July to 30 June. It is the responsibility of the Training Manager to notify ASIC of the licensees training year, as well as any changes to the training year.

### Minimum number of training hours

Authorised representatives must complete 40 hours of CPD points per annum, with a minimum of 70% of these hours (i.e.28 hours) to be approved by the licensee.

Of the 40 hours, a minimum number of hours in each of the specified competency areas must be completed as per the below table:

### FASEA CPD Competency requirements

<b>Competency Area</b>	<b>Minimum no. of hours required per training year</b>
Technical	5 hours
Client Care and Practice	5 hours
Regulatory Compliance and Consumer Protection	5 hours
Professionalism and Ethics	9 hours
General – covers other training that improves adviser’s skills and knowledge that is not covered by the other competency areas.	<b>(no minimum required hours but total CPD must equal 40 hours)</b>
<b>TOTAL CPD Hours (inclusive of above minimum requirements)</b>	<b>40</b>

### Professional Reading

Advisers can count up to 4 hours of professional reading towards their total CPD hours.

### TPB Requirements for CPD Hours

TPB EP 06/2014 requires that a tax (financial) adviser must complete a minimum of 60 hours of continuing professional education (CPE) over three years.

The 60 hours CPE required for tax (financial) advisers is not in addition to the FASEA CPD requirement. Rather, Advocate Advisory will accept compliance with approved CPD requirements as compliance with TPB CE requirements on the proviso that training activities are relevant to the tax (financial) services provided.

### CPD Plan

Each authorised representative are issued with a CPD Plan at the start of each training year. Where an adviser commences with Advocate Advisory during a Training year, their CPD requirements will be pro-rated for that Training Year.

Each CPD Plan details the competency areas (and relevant hours) that are required by the authorised representative. This is based not only on the minimum hours and competencies required by the Determination, but includes those identified training needs determined by a Training Needs Analysis.

The CPD Plan also includes the qualifying CPD training to be undertaken to achieve required competencies and CPD hours.

The Training Manager is responsible for conducting Training Needs Analysis and documenting CPD Plans for all authorised representatives on an annual basis.

### Advocate Advisory CPD Training Program

The *Determination, subsection 10(1)* requires that licensees must make available resources and opportunities to meet the requirements detailed under the FASEA CPD Standard.

In order to comply with this requirement, Advocate Advisory has developed a CPD Training Program for its authorised representatives, and allocated a Responsible Manager as Training Manager for the group.

#### Professional Development (PD) Day Program

To comply with this requirement, Advocate Advisory has developed and implemented a Professional Development (PD) Day Program. The PD Program includes a minimum of 3 PD Day's run per training year. The content of each PD Program is structured around competencies required by authorised representatives to comply with the CPD Plan's.

Each Training Year, the Training Manager structures the PD Program around FASEA (and TPB) required CPD competencies and hours. The Training Manager then sources relevant training providers, e.g. fund managers, compliance consultants and provides them with an outline of the training competency that must be met by their training content/presentation. Each presentation is then assessed and approved by the Training Manager, and relevant CPD competency and hours recorded.

#### Online Training Content

In addition to the PD Program, Advocate Advisory also utilises CPD Plus to provide online training content.

Training content is not considered to be qualifying CPD content unless it has been assessed by the Training Manager.

#### Assessment and Approval of qualifying CPD Content

Advocate Advisory is responsible for providing advisers with sufficient training activities or 'qualifying CPD activity' to meet the requirement to complete 28 hours (70% of total 40 hours required) of approved CPD content.

In order for training to be approved as 'qualifying CPD activity' it must meet the following criteria:

- The training covers one of the five competency areas as follows:
  - Technical Competence
  - Client care and practice
  - Regulatory compliance and consumer protection
  - Professionalism and Ethics
  - General
- The training has sufficient intellectual or practical content
- The training primarily deals with matters related to the provision of financial product advice
- The activity is led or conducted by one or more persons who are appropriate and have sufficient standing, expertise, academic qualifications and practical experience\*

- The training is designed to enhance advisers' knowledge and skills in areas that are relevant to the provision of financial product advice

*\*This requirement does not apply to Professional Reading*

The Training Manager is responsible for assessing CPD training against the above criteria.

In order to assess Training activities as 'qualifying CPD content', the Training Manager must be provided with:

- A copy of the training material, e.g. powerpoint presentation
- A copy of the Agenda
- Details of the presenter via a short biography detailing their qualifications and experience
- Information on the duration of the training

Once approved, the Training Manager will allocate and communicate to the adviser(s), the competency area covered, as well as the number of CPD hours allocated to the competency area. It is noted that where CPD training covers more than 1 CPD area, it is only to be counted as being in the CPD area to which it predominantly relates.

The Training Manager is to keep sufficient records to demonstrate undertaking the assessment according to the above criteria.

## Record Keeping

### *Training Register*

All Representatives must document all training undertaken on their Training Register. Information to be recorded on the Training Register includes:

- The qualifying CPD training the adviser has completed
- The date undertaken
- The number of hours spent on the training
- Evidence of completion (see below "Documentary Evidence")
- If the training is classified as 'qualifying CPD content', then the competency areas covered and the number of CPD hours nominated.

Advocate Advisory utilises CPD Plus as an online Training Register for authorised representatives. All advisers are provided with a login to CPD upon commencement with Advocate Advisory. It is the responsibility of the adviser to maintain and update the training register with all completed training.

In addition to holding training records, the CPD Plus Training Register also details advisers' progress against their individual annual CPD Plan. From these records advisers can then ascertain what training they are required to complete in order to comply with their CPD Plan requirements.

### Documentary Evidence

Representatives must also maintain documentary evidence of training completed. This may include, for example, Certificates of completion, Training Agenda's and presentations, conference/course notes, etc. Records maintained must also, if relevant, contain information regarding the assessment and approval of the training, including relevant competencies attained and CPD hours nominated.

Documentary evidence of training should be forwarded the Training Manager. Representatives should also maintain a hard copy folder with their training records.

Representatives must be able to retrieve and provide training records upon request by Advocate Advisory. All training records must be maintained for a minimum of 7 years after the date the record was made.

### Monitoring

As an AFS licensee, Advocate Advisory is responsible for monitoring compliance with the following:

- Ensuring that each authorised representative is provided with a CPD Training Plan, tailored to their training needs, on an annual basis
- Ensuring that the licensee, and authorised representatives are compliant with this Advocate Advisory CPD Policy, the FASEA CPD Training Standard (including Legislative Instruments and Policy Statements), Standard 10 of the FASE Code of Ethics and the TPB Code of Professional Conduct.

Monitoring of authorised representative compliance with ongoing CPD requirements is the responsibility of the Training Manager, as well as the Advocate Advisory Board.

The Training Manager reviews each adviser's training plans (via an administrative login on CPD Plus) on a quarterly basis, assesses if there are any deficiencies, and then communicates this to the relevant adviser. A report on the Training Manager's findings is provided to the Board at each Board Meeting conducted throughout the Training Year. At the commencement of each Training Year, the Training Manager issues annual CPD Plans to each authorised representative. The Board receives a report from the Training Manager notifying them that the licensee has complied with the requirement to provide annual CPD Plans to advisers.

In addition, monitoring of compliance with the CPD Policy by the licensee and its authorised representatives is conducted via an annual Licensee Review undertaken by a contracted compliance consultant. In this review, the Compliance consultant reviews CPD records (registers, Plan's and documentary evidence) as well as evidence of appropriate monitoring and reporting. The consultant then provides a written report to the Responsible Managers, which notes whether there are any identified deficiencies, including whether there are any actual or potential breaches of the CPD Policy. This report is then issued to the Board for noting and approval.

### Reporting

The Training Manager is the direct reporting line for representatives for CPD matters, including reporting any potential breaches of their CPD obligations. In turn, the Training Manager

reports directly to the Advocate Advisory Board on ongoing CPD compliance matters & breach reporting. The following diagram depicts the reporting line for CPD within Advocate Advisory.



## Non-Compliance

Any non-compliance with this CPD Policy will be treated as a potential breach of the policy and will be treated in line with the **Breach Reporting Policy**. Regulator notification requirements for non-compliance are also detailed within the following section entitled “**Regulator Notifications**”.

Non-compliance by authorised representatives, once assessed, will be remediated in line with the **Monitoring and Supervision Policy**. Regulatory and Monitoring Bodies may also impose their own sanctions or remedial actions.

## Regulator Notifications

This policy covers several rules and regulations that define CPD obligations, including the *Determination*, the Financial Planners and Advisers Code of Conduct, and the TPB Code of Professional Conduct. The following is a summary of requirements for reporting of non-compliance with these obligations.

### The Determination

As of November 2019, ASIC must be notified of any non-compliance with CPD obligations as detailed in the *Determination*.

This includes any failures by representatives to meet CPD requirements, e.g. failure to meet CPD hours within a training year, as well as any potential breach of CPD obligations by the licensee, e.g. failure to ensure that 70% of CPD is approved by the licensee.

Any breach issues by authorised representatives that require notification to ASIC will appear on the ASIC Financial Adviser Register.

#### Financial Planner and Advisers Code of Ethics

As of 1 January 2020, authorised representatives must comply with the Financial Planner and Advisers Code of Ethics. Specifically in relation to CPD, representatives must comply with the Professional Commitment Standard (No. 10) to both “maintain a high level of relevant knowledge and skills” (63), and “Meeting the continuing professional development requirements” (*As detailed in Corporations Act s.921B(5) and the Determination.*)

In addition,

Any potential or actual identified breach of Standard 10 of the Financial Planner and Advisers Code of Ethics must be notified to ASIC. Typically, a breach of the Determination will also denote a breach of the Financial Planner and Advisers Code of Ethics (Standard 10).

#### Tax Practitioners Board (TPB)

As Tax (Financial) Advisers, Advocate Advisory (as licensee), and its representatives, must comply with both the following Competency Standards outlined in the TPB Code of Professional Conduct as stated below:

9. You must ensure that a tax (financial) advice service that you provide, or that is provided on your behalf, is provided competently.
10. You must maintain knowledge and skills relevant to the tax financial advice services that you provide.

When Advocate Advisory and its representatives provide their Annual Declaration to the TPB, they advise the TPB whether they have complied with these continuing professional education (CPE) requirements.