

<b>Document</b>	<b>NEO Financial Solutions Licensee Policy</b>
<b>Subject</b>	<b>Continuing Professional Development</b>
<b>Version</b>	<b>1.0</b>
<b>Issue Date</b>	<b>14<sup>th</sup> March 2019</b>
<b>Effective Date</b>	<b>1<sup>st</sup> January 2019</b>

## Scope

This policy applies to NEO Financial Solutions Pty Ltd (NEOFS) in compliance with *Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018*. Specifically, it applies to all relevant providers, both authorised and employed, by NEOFS.

## Purpose

Continuing Professional Development (CPD) is an essential component of being a professional and embeds a culture of lifelong learning. This policy embeds a CPD framework and outlines the CPD requirements under *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017* (Cth) and *Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018*, which requires all individuals identified as 'relevant providers' to meet the requirements for CPD set by the Financial Adviser Standards and Ethics Authority Limited (FASEA).

This document outlines the overarching CPD policy and provides a summary of the relevant provider requirements.

This CPD policy embeds the following principles:

- CPD maintains currency of technical knowledge
- CPD enhances and extends knowledge and skills
- CPD involves critical reflection and development
- CPD is relevant and flexible
- CPD is integral to ethical and professional practice

## Definitions

**Act:** Corporations Amendment (Professional Standards of Financial Advisers) Act 2017

**CPD year:** The 12-month period beginning on the day of the year included in the most recent notice given by the licensee under section 922HA of the Act.

**Relevant provider:** a person is a **relevant provider** if the person:

- (a) is an individual; and
- (b) is:
  - (i) a financial services licensee; or
  - (ii) an authorised representative of a financial services licensee; or
  - (iii) an employee or director of a financial services licensee; or
  - (iv) an employee or director of a related body corporate of a financial services licensee; and
- (c) is authorised to provide personal advice to retail clients, as the licensee or on behalf of the licensee, in relation to relevant financial products.

**Provisional relevant provider:** a relevant provider who is undertaking work and training in accordance with subsection 921B(4) of the Act.

**Formal relevant education:** includes any of the following:

- (a) a degree or equivalent qualification approved under the *Corporations (Relevant Providers Degrees, Qualifications and Courses Standard) Determination 2018*
- (b) a course determined in a legislative instrument under paragraph 1546B(1)(b) of the Act
- (c) education or training provided or approved by a professional association
- (d) formal education or training study towards qualifications or designations relevant to practice as a relevant provider.

**Professional or technical reading:** reading of relevant magazines, academic readings or journal articles that is unstructured and does not contain an assessment.

## CPD Year

NEOFS's CPD Year is 1 January to 31 December as per the most recent notice provided to ASIC under section 922HA of the Corporations Act 2001.

## CPD obligations of relevant providers

**Total minimum target:** 40 hours of 'qualifying CPD' per CPD year.

Qualifying CPD activities must include a minimum in the following areas:

CPD Area	Minimum requirement
Technical Competence <ul style="list-style-type: none"> <li>• Each relevant provider will be allocated hours in their preferred area of expertise, e.g., those relevant providers wishing to specialise in Insurance will be allocated more hours to Insurance.</li> <li>• It is the policy of NEOFS to ensure all advisers obtain some training in all their areas of authorisation</li> </ul>	5 hours
Client Care and Practice	5 hours
Regulatory Compliance and Consumer Protection	5 hours
Professionalism and Ethics	9 hours
General	No set minimum hours

However, each relevant provider will be allocated an individual training plan which will meet the minimum requirement of 40 hours. This will most likely result in additional training hours being allocated to "Technical Competence" and "General".

## Part-time relevant providers

For reduced CPD requirements to apply, the relevant provider must be working part-time for the whole of the CPD year and must obtain prior written consent from the licensee.

**Total minimum target:** 36 hours of ‘qualifying CPD’ per CPD year.

Qualifying CPD activities must include a minimum in the following areas:

CPD Area	Minimum requirement
Technical Competence <ul style="list-style-type: none"> <li>Each relevant provider will be allocated hours in their preferred area of expertise, e.g., those relevant providers wishing to specialise in Insurance will be allocated more hours to Insurance.</li> <li>It is the policy of NEOFS to ensure all advisers obtain some training in all their areas of authorisation</li> </ul>	5 hours
Client Care and Practice	5 hours
Regulatory Compliance and Consumer Protection	5 hours
Professionalism and Ethics	9 hours
General	No set minimum hours

However, each relevant provider will be allocated an individual training plan which will meet the minimum requirement of 36 hours. This will most likely result in additional training hours being allocated to “Technical Competence” and “General”.

## CPD areas

A CPD activity must relate to one of the following CPD areas:

Item	CPD area	Definition
1.	Technical Competence	The activity is designed to enhance participants’ technical proficiency and ability to develop and provide advice strategies that are appropriate to the objectives, financial situations and needs of different classes of retail clients.
2.	Client Care and Practice	The activity is designed to enhance participants’ ability to act as a client-centric practitioner in advising retail clients.
3.	Regulatory Compliance and Consumer Protection	The activity is designed to enhance participants’ understanding of applicable legal obligations and how to comply with them.
4.	Professionalism and Ethics	The activity is designed to enhance participants’ capacity to act as an ethical professional.
5.	General	The activity is designed to maintain and extend participants’ professional capabilities, knowledge and skills, including keeping up to date with regulatory, technical and other relevant developments, but is not in an area referred to in another item of this table.

## Maximum restrictions

In any CPD year, no more than the specified hours in each activity below may be counted as follows:

- 30 hours of formal relevant education
- 4 hours of professional or technical reading

## Assessment and approval of CPD plans

NEOFS has a diverse range of relevant providers who wish to provide advice in specified areas of specialisation. These relevant providers are then limited by their authorisation to only provide advice in these specified areas. Each relevant providers CPD plan will reflect these areas of specialisation whilst having regard to the minimum hours required by law in each CPD area.

Generally, there are several relevant providers who have identical specialisations. These will be set into groups. NEOFS will then determine the appropriate number of hours to be allocated for “Technical Competence” and “General” CPD training areas for each group.

## Approval of qualifying CPD activities

100% of all CPD activities undertaken by relevant providers must be assessed and approved by the licensee.

The following approval process is required:

<b>Activity</b>	<b>Approval process</b>
Kaplan Professional Ontrack content	Automatically approved
Kaplan Professional higher education subjects	Automatically approved to a maximum of 30 hours per subject
Training provided by product providers	Requires CPD certificate from product provider
NEOFS PD days	Requires CPD certificate from presenters

## Assessment of qualifying CPD activities

A CPD activity must meet and provide evidence of the following requirements to be approved as a ‘qualifying CPD activity’:

- Clearly defined aims and learning outcomes
- Clearly defined, logical structure that follows adult learning principles
- Is current, accurate and up-to-date
- Relates to one of the FASEA CPD areas
- Is the appropriate learning level and has appropriate technical or practical content
- Deals primarily with matters related to the provision of financial product advice, financial advice services and financial advice business
- Is led or conducted by one or more persons with appropriate expertise, academic qualifications and practical experience
- Enhances advisers’ knowledge and skills, and/or contributes to the maintenance of knowledge and skills in areas relevant to the provision of financial product advice and financial advice services
- Includes one or more of the following: workshop, face-face presentation, multimedia, worked examples, activities, case studies, tips, warnings, and if appropriate, reference to relevant legislation

- Preference is given to activities with a structured assessment component. Evidence of the successful completion of the assessment is required

### Evidence requirements

For approval to be granted for a 'qualifying CPD activity' the following evidence is required:

- Proof of attendance/completion (e.g. certificate, digital record, transcript), which includes as a minimum:
  - The name of the activity and the provider
  - The date the activity was undertaken
  - An overview of the activity
  - A bio or CV of person(s) who developed or presented the activity, including academic qualifications and experience
  - The CPD area to which it relates
  - The duration in minutes/hours of the activity
  - The letterhead and/or signature of the provider or an appropriate authorised person.

NEOFS will approve at a minimum as many activities as will enable a relevant provider to comply with their CPD requirements. However, NEOFS will not approve an activity unless the activity meets the qualifying CPD activity requirements and evidence requirements set out in this policy.

### Allocation of hours

CPD hours will be assessed and allocated on the estimated time taken to complete all content components **plus** the completion of the assessment, based on a 'reasonable person', with the appropriate knowledge.

### Record keeping

The Kaplan Professional Ontrack platform will be used to record the completion of CPD activities. CPD plans will specify each relevant provider's:

- individual overall CPD target
- minimum requirements in each CPD area
- any other specific requirements that must be met

The platform will monitor individual progress and provide reporting.

For CPD activities undertaken and completed outside the Ontrack platform, each relevant provider is required to submit evidence for assessment and approval to NEOFS at which time it will be uploaded onto Ontrack.

## Career breaks

If a relevant provider has not been practicing or authorised as a relevant provider for a continuous period of 2 years or more, then they must comply with the following career break requirements.

NEOFS must approve the relevant providers CPD plan for the first CPD year prior to resuming practice. Their first CPD plan may require additional CPD hours be completed to ensure NEOFS is satisfied it is appropriate to address gaps in the relevant provider's competence, knowledge and skills arising from the relevant provider's absence from practice.

## Extenuating circumstances

NEOFS understands relevant providers may be affected by *prolonged illness, adverse medical conditions, disability, parental leave or extended leave*. NEOFS will assess each relevant providers circumstances on its own merits and determine any appropriate CPD action.

## Provisional relevant providers

Provisional relevant providers who are completing their Professional Year are not required to meet CPD requirements.

In the first CPD year as a relevant provider, CPD requirements will be pro-rated for the period between the completion of the professional year and the CPD year.

## Existing relevant providers new to NEOFS

Existing relevant providers with other licensees who wish to join NEOFS must provide proof of completed CPD to NEOFS.

## Monitoring

Monitoring of the completion of CPD requirements by each relevant provider will be undertaken using the reporting functionality of Ontrack on a **quarterly** basis.

NEOFS will use a variety of measures to inform relevant providers of the progress towards completing their CPD requirements. These measures may include:

Email alerts available in Ontrack:

- Ad hoc subscriber alert: This email can be sent to subscribers (by CPD plan) to inform them of their progress towards their target

Reporting available within Ontrack:

- Completion report: shows CPD completed by each relevant provider
- CPD progress report: shows relevant providers progress towards their target
- Total requirement report: shows whether or not relevant provider has met requirements

## Non-compliance

A relevant provider *must* comply with the CPD obligations specified in this policy. Failure to meet the specified requirements requires the licensee to notify ASIC of the relevant providers non-compliance with the continuing professional development standard (922HB, *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017*).

<p><b>922HB</b> Obligation to notify ASIC of non-compliance with continuing professional development standard</p> <p>(1) A notice must be lodged under this section, in accordance with section 922L, in relation to a person if, at the end of a financial services licensee's CPD year:</p> <p>(a) the person:</p> <p>(i) is the licensee; or</p> <p>(ii) is authorised to provide personal advice to retail clients, on behalf of the licensee, in relation to relevant financial products; and</p> <p>(b) the person is a relevant provider; and</p> <p>(c) the relevant provider has not complied with section 921D during the licensee's CPD year.</p> <p><b>Note 1:</b> A financial services licensee may obtain information from a relevant provider under section 922N for the purposes of determining whether to lodge a notice under this section.</p> <p><b>Note 2:</b> Subsection 921D(1) requires certain relevant providers to meet the continuing professional development standard in subsection 921B(5).</p> <p>(2) The notice must state that the relevant provider has not complied with section 921D during the licensee's CPD year.</p> <p style="text-align: right;"><i>Corporations Amendment (Professional Standards of Financial Advisers) Act 2017</i></p>
---

The following applies for relevant providers who have not completed their required level of CPD:

- Advice can no longer be provided until CPD is up to date; and
- The required shortfall must be completed by the 31<sup>st</sup> January the following year; and
- Should the shortfall not be completed by the 31<sup>st</sup> January the relevant provider will cease to be a relevant provider of NEOFS.

Two (2) consecutive years of non-compliance with the CPD requirements will result in the relevant provider ceasing to be a relevant provider of NEOFS.

## Version control and accountable officers

It is the responsibility of the Responsible Officer(s) to ensure compliance with this policy.

<b>Policy Category:</b>	Continuing Professional Development
<b>Responsible Officer:</b>	Head of Compliance
<b>Implementation Officer:</b>	Head of Compliance
<b>Review Date:</b>	14 <sup>th</sup> March 2019
<b>Approved by:</b>	Managing Director

Change and version control:

<b>Version</b>	<b>Authored by</b>	<b>Brief description of the changes</b>	<b>Date approved</b>	<b>Effective date</b>
1.0	Peter Martinovich	Initial policy	8 <sup>th</sup> March 2019	1 <sup>st</sup> Jan 2019