

Responsible Managers – CPD Requirements

All Australian Credit Licence (ACL) holders have a licensing obligation to demonstrate the competency to hold the licence. ASIC looks to the ACL holders' responsible managers when it assesses the competence of a business to hold an ACL to ensure those appointed to the position have relevant qualifications and experience.

In addition to setting educational and experience standards, ASIC also places a condition on all credit licensees requiring responsible managers to undertake 20 hours CPD each calendar year.

Continuing professional development requirements for responsible managers

(This condition is imposed on all licensees. This condition relates to Regulatory Guide 206 Credit licensing: Competence and training (RG 206).)

6 The licensee must ensure that:

(a) each responsible manager of the licensee undertakes at least 20 hours of continuing professional development in each calendar year in which they perform the role of responsible manager for the licensee;

(b) the continuing professional development activities that are undertaken by each responsible manager are relevant to the role of the responsible manager with the licensee and include both:

(i) activities dealing with product and industry developments related to credit;
and

(ii) compliance training on regulatory requirements applying to credit activities;
and

(c) a record of the continuing professional development activities undertaken by each responsible manager is maintained for each calendar year in which they perform the role of responsible manager for the licensee.”

ASIC expects CPD to include compliance training and regulatory/industry/product developments. It can be achieved through proactive activities such as conference/seminar attendances or professional presentations, viewing/completion of current online seminars/training and quizzes and internal training on policies and procedures. Reading only is not considered adequate.

All CPD must be focussed on credit-related matters. Paragraphs 64-67 of Regulatory Guide 206: Credit Licensing – Training and Competence explains ASIC's expectations about CPD standards, as follows.

ASIC Regulatory Guide 206 Credit Licensing: Competence and Training (excerpt)

Continuing professional development (CPD)

RG 206.64 It is important for a credit licensee's responsible managers to keep up-to-date with credit industry and regulatory developments in order to provide sound leadership for

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their organisations. A requirement to undertake a set number of hours per year engaging in CPD relating to credit issues will help ensure this.

RG 206.65 Your responsible managers should undertake at least 20 hours of CPD per year, which may consist of a combination of relevant credit-related educational activities. This requirement will be set out in a licence condition, which will also require you to keep a record of the CPD activities undertaken by your responsible managers each year.

RG 206.66 The CPD should include both product and industry developments related to credit, and also compliance training, including in relation to new regulatory requirements of the credit regime. For example, compliance training would need to encompass the responsible lending obligations: see Ch 3 of the National Credit Act.

RG 206.67 The following activities may be counted towards CPD:

- (a) attendance at relevant professional seminars or conferences;
- (b) preparation time for presenting at relevant professional seminars or conferences;
- (c) publication of journal articles relevant to the credit industry;
- (d) viewing DVDs of recent (within the last year) professional seminars or conferences (up to a maximum of 10 hours per year);
- (e) completion of online tutorials and/or quizzes on recent (within the last year) regulatory, technical or professional developments in the industry; and
- (f) internal training on systems, procedures and policies relevant to the responsible manager's role (although activities in this category should not make up the majority of CPD hours).

Note: This is not intended to constitute an exclusive list of activities that may be counted towards CPD, and other types of activities may also be appropriate. Generally, we do not regard private study as adequate for the purpose of meeting the CPD requirements, unless it involves audio or visual material specifically designed for the purpose."

An ACL holder must have policies and procedures in place about what CPD training meets the required standard and a plan for how responsible managers complete the required minimum of 20 hours each year.

ASIC expects details of CPD and other training undertaken to be documented and available upon request.

For further information on the CPD training services we provide, contact Kate Keating on 0405604359 or Kate.Keating@creditwise.com.au

This Compliance Guide provides a high level explanation of how the current law may impact on finance sector businesses. However, the application of the law may vary according to circumstances and readers should seek legal advice for their specific situation.

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