

CPD Policy & Procedure

	BAILLIEU LIMITED
	A.B.N. 74 006 519 393
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This document sets out the Baillieu Limited CPD Policy and Procedure for Financial Advisers and Provisional Financial Advisers (**CPD Policy**). This CPD Policy applies for relevant staff from the issue date.

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 relevant legislative and standards provisions. This 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.

Applicable legislation and regulatory guidance includes (but is not limited to):

- *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017 (Cth)*
- *Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018*
- *Corporations Act 2001*

Employee queries should be directed to:

- Baillieu Limited Compliance: compliance@baillieu.com.au

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1 Introduction

CPD is required to be undertaken by relevant providers to assist them to maintain their competence at a level appropriate for the provision of professional services relating to financial services and financial advice.

This CPD policy embeds the following key 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

2 Definitions

The following definitions apply in this policy

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

Company: Baillieu Limited, ABN 74 006 519 393

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.

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.

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

1. is an individual; and
2. is:
 - a. a financial services licensee; or
 - b. an authorised representative of a financial services licensee; or
 - c. an employee or director of a financial services licensee; or
 - d. an employee or director of a related body corporate of a financial services licensee; and
3. 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.

3 CPD Year

The Company’s CPD Year is 1 July to 30 June each year¹. For the period from 1 January 2019, the CPD Year will be extended until 30 June 2020, to account for the 1 January 2019 commencement of the new CPD requirements under the FASEA standards.

4 CPD Obligations

4.1 CPD obligations of relevant providers (full-time employees)

Total minimum target: 40 hours of ‘qualifying CPD’ per CPD year. For the period 1 Jan 2019 -30 June 2019, the total is 60 hours of qualifying CPD.

Qualifying CPD activities must include a minimum in the following areas per CPD Year

CPD Area	Minimum requirement
Technical Competence	10 hours To include relevant specialisation knowledge areas as appropriate / per accreditations
<ul style="list-style-type: none"> • Superannuation (all to complete) 	<ul style="list-style-type: none"> • 2 hours
<ul style="list-style-type: none"> • SMSF (all to complete) 	<ul style="list-style-type: none"> • 1 hour
<ul style="list-style-type: none"> • Derivatives (If ADA1 or ADA2 accredited @ ASIC) 	<ul style="list-style-type: none"> • 2 hours
<ul style="list-style-type: none"> • Margin lending (If margin lending accredited) 	<ul style="list-style-type: none"> • 2 hours
<ul style="list-style-type: none"> • Securities (all to complete) 	<ul style="list-style-type: none"> • 5 hours
<ul style="list-style-type: none"> • Life insurance (if accredited) 	<ul style="list-style-type: none"> • 2 hours
Client Care and Practice	5 hours
Regulatory Compliance and Consumer Protection	5 hours
Professionalism and Ethics	9 hours
General	No set minimum

Full-time relevant providers must complete at least 10 qualifying CPD points each quarter (for quarters ending March, June, September and December in any given year), with the exception that the March 2019 quarter ending will not have any minimum CPD points applicable.

For the period 1 January 2019 – 30 June 2020, the CPD requirements are as follows:

CPD Area	Minimum requirement
Technical Competence	15 hours To include relevant specialisation knowledge areas as appropriate / per accreditations
<ul style="list-style-type: none"> • Superannuation (all to complete) 	<ul style="list-style-type: none"> • 3 hours
<ul style="list-style-type: none"> • SMSF (all to complete) 	<ul style="list-style-type: none"> • 1.5 hours
<ul style="list-style-type: none"> • Derivatives (If ADA1 or ADA2 accredited @ ASIC) 	<ul style="list-style-type: none"> • 3 hours
<ul style="list-style-type: none"> • Margin lending (If margin lending accredited) 	<ul style="list-style-type: none"> • 3 hours
<ul style="list-style-type: none"> • Securities (all to complete) 	<ul style="list-style-type: none"> • 7.5 hours

¹ Reference: section 922HA of the *Corporations Act 2001*.

<ul style="list-style-type: none"> Life insurance (if accredited) 	<ul style="list-style-type: none"> 3 hours
Client Care and Practice	7.5 hours
Regulatory Compliance and Consumer Protection	7.5 hours
Professionalism and Ethics	13.5 hours
General	No set minimum

4.2 CPD Obligations of relevant providers (part-time employment)

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 compliance.

Total minimum target: 36 hours of 'qualifying CPD' per CPD year. For the period 1 Jan 2019 -30 June 2019, the total is 54 hours of qualifying CPD.

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

CPD Area	Minimum requirement
Technical Competence	10 hours To include relevant specialisation knowledge areas as appropriate / per accreditations
<ul style="list-style-type: none"> Superannuation (all to complete) 	<ul style="list-style-type: none"> 2 hours
<ul style="list-style-type: none"> SMSF (all to complete) 	<ul style="list-style-type: none"> 1 hour
<ul style="list-style-type: none"> Derivatives (If ADA1 or ADA2 accredited @ ASIC) 	<ul style="list-style-type: none"> 2 hours
<ul style="list-style-type: none"> Margin lending (If margin lending accredited) 	<ul style="list-style-type: none"> 2 hours
<ul style="list-style-type: none"> Securities (all to complete) 	<ul style="list-style-type: none"> 5 hours
<ul style="list-style-type: none"> Life insurance (if accredited) 	<ul style="list-style-type: none"> 2 hours
Client Care and Practice	5 hours
Regulatory Compliance and Consumer Protection	5 hours
Professionalism and Ethics	9 hours
General	No set minimum

Part-time relevant providers (who have received prior compliance consent) must complete at least 9 qualifying CPD points each quarter (for quarters ending March, June, September and December in any given year).

For the period 1 January 2019 – 30 June 2020, the CPD requirements are as follows:

CPD Area	Minimum requirement
Technical Competence	15 hours To include relevant specialisation knowledge areas as appropriate / per accreditations
<ul style="list-style-type: none"> Superannuation (all to complete) 	<ul style="list-style-type: none"> 3 hours
<ul style="list-style-type: none"> SMSF (all to complete) 	<ul style="list-style-type: none"> 1.5 hours
<ul style="list-style-type: none"> Derivatives (If ADA1 or ADA2 accredited @ ASIC) 	<ul style="list-style-type: none"> 3 hours
<ul style="list-style-type: none"> Margin lending (If margin lending accredited) 	<ul style="list-style-type: none"> 3 hours
<ul style="list-style-type: none"> Securities (all to complete) 	<ul style="list-style-type: none"> 7.5 hours
<ul style="list-style-type: none"> Life insurance (if accredited) 	<ul style="list-style-type: none"> 3 hours
Client Care and Practice	7.5 hours

Regulatory Compliance and Consumer Protection	7.5 hours
Professionalism and Ethics	13.5 hours
General	No set minimum

5 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.

6 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

7 Assessment and approval of CPD plans

7.1 Obligations of Relevant Providers

Each Relevant Provider is required to prepare a CPD Plan for the relevant CPD Year. The CPD Plan is required to take into account the following matters:

- Areas that require improvement by the Relevant Provider;
- Development and extension of the Relevant Provider's competence;
- Knowledge and skills
- The CPD activities the Relevant Provider will complete during the CPD Year to achieve those improvements.

7.2 Standardised CPD Plans

The Company will publish standardised CPD Plans that it considers will meet the relevant providers' particular knowledge areas, and these will be created in the Kaplan Professional Ontrack platform. Each relevant provider must ensure that the CPD Plan allocated to them is suitable to meet the above criteria and

to confirm with the Company before the commencement of the CPD Year that the plan meets their requirements.

8 Approval of qualifying CPD activities

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

The following approval process is required:

Activity	Approval process
Kaplan Professional Ontrack content	Automatically approved
Formal relevant education provided by an education provider*	Automatically approved to a maximum of 30 hours per subject / in total for a relevant CPD Year
Technical Content provided by a relevant industry body or provider	Automatically approved if assessment component included and nominated as complying CPD
Internal Baillieu Limited Training	Automatically approved if assessment component included and nominated as complying CPD
All other activities	Must be approved by compliance having regard to section 9 below

Formal relevant education includes²:

- (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.

In the event that a relevant provider leads or conducts a qualifying CPD activity, that relevant provider may count the number of hours spent in the preparation of the first delivery of the activity³, subject to the provision of satisfactory evidence to the Company.

9 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

² Refer *Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018*, section 7(4)

³ Ibid, section 9(5)

- Is led or conducted by one or more persons with appropriate expertise, academic qualifications and practical experience (noting this requirement does not apply to professional or technical reading)
- 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 to be provided.

9.1 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.

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

9.2 Allocation of hours

CPD hours will be assessed and allocated on the estimated time taken to complete all content components (including video and/or multimedia) *plus* the completion of the assessment, on the basis of a 'reasonable person', with the appropriate knowledge.

10 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 Ontrack platform will monitor individual progress and provide reporting.

For CPD activities undertaken and completed outside the Ontrack platform, each individual relevant provider is required to upload details into Ontrack and submit evidence for assessment and approval to the Company's compliance team (by email to: compliance@baillieu.com.au).

It is the relevant provider's responsibility to maintain complete and accurate records within Ontrack.

The records must be maintained by each of the relevant provider and the Company as the licensee for a period of 7 years after the date the CPD activity was recorded, noting that where the Company keeps the records, the relevant provider's obligations are satisfied.

11 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.

The Company 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 the Company is satisfied that it is appropriate to address gaps in the relevant provider's competence, knowledge and skills arising from the relevant provider's absence from practice.

The relevant provider is not permitted to resume practice until the CPD Plan has been approved.

12 Extenuating circumstances

In the event of extenuating circumstances, the Company may approve the CPD Plan to be deferred or delayed for completion by the relevant provider. Extenuating circumstances include:

- Parental leave
- Extended illness or medical conditions
- Disability

In this event, the relevant provider will need to provide evidence as to the nature of the extenuating circumstances and a modified CPD Plan will need to be approved by the Company's Compliance team.

13 Provisional relevant providers

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

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.

14 Relevant Providers newly appointed to the Company

14.1 Newly appointed Relevant Provider

A newly appointed Relevant Provider (ie someone who has not previously been registered on the Financial Adviser Register), will need to meet the CPD targets on a pro-rated basis from the date of their appointment as a Relevant Provider.

14.2 Existing Relevant Provider transferring employment to the Company

If a Relevant Provider that has previously been registered as a Financial Adviser commences employment with the Company, CPD undertaken at the previous licensee will count towards the CPD target under a relevant CPD Plan as follows:

- If the CPD previously undertaken is recorded in the Kaplan Ontrack Professional platform, transfer of the CPD records to the Company will be approved, to the extent that it meets the requirements of the CPD Plan approved by the Company;
- For other CPD, either
 - A certified copy of the CPD record from the Relevant Provider's previous licensee must be provided (including details of all knowledge areas); or
 - A certified copy of the relevant CPD records from the relevant CPD provider must be provided.

Any other arrangements will need approval from compliance prior to being accepted as relevant CPD.

15 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 (for quarters ending March, June, September and December), with an annual check on 30 June each year to ensure CPD Year compliance.

16 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 (s 922HB, *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017*).

Section 922HB Obligation to notify ASIC of non-compliance with continuing professional development standard⁴

- (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:
- (a) the person:
 - (i) is the licensee; or
 - (ii) is authorised to provide personal advice to retail clients, on behalf of the licensee, in relation to relevant financial products; and
 - (b) the person is a relevant provider; and
 - (c) the relevant provider has not complied with section 921D during the licensee's CPD year.
- Note 1: 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.

⁴ *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017, section 922HB*

Note 2: Subsection 921D(1) requires certain relevant providers to meet the continuing professional development standard in subsection 921B(5).

- (2) The notice must state that the relevant provider has not complied with section 921D during the licensee's CPD year.

16.1 Failure to meet quarterly CPD targets

In the event a relevant provider fails to meet a quarterly CPD target in accordance with section 4 of this CPD Policy, the relevant provider will receive a warning letter from the Company asking for an explanation why the CPD target was not met. In the event of a second or third warning being given during any CPD Year, the relevant provider will be subject to disciplinary proceedings.

16.2 CPD requirements for the period 1 January – 30 June 2019

For the March 2019 quarter, the provisions of section 16.1 will not apply.

For the period 1 January – 30 June 2019, relevant providers will be required to complete a total of 20 CPD hours.

16.3 Failure to comply with the annual CPD Plan and CPD requirements

In the event a relevant provider fails to meet the requirements of the annual CPD Plan within the relevant CPD Year, the Company will:

- (a) Immediately suspend the relevant provider from being able to provide financial advice to retail clients;
- (b) Lodge a notice with ASIC as to that non-compliance.

The relevant provider will also be the subject of disciplinary proceedings by the Company.

17 Annual review and distribution of CPD Policy

17.1 Annual Review

This CPD Policy should be reviewed annually and approved by the Board whenever there are significant changes to it.

17.2 Distribution of CPD Policy

The Company is required to ensure that this CPD Policy is accessible by relevant providers. This CPD Policy (as amended) should be distributed as follows:

- (1) To all relevant providers, on issue, and whenever there is an update, by sending to the active adviser email distribution list; and
- (2) Published on the Company's Website⁵;
- (3) Published on the Company's intranet.

⁵ Refer *Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018, section 5(5)*