

Limited licensing for accountants Not long to go!

The 'accountants' exemption' is the ability for 'recognised accountants' to advise on the establishment of an SMSF without being licensed. The 'accountants' exemption' will be removed from 1 July 2016.

For latest information, updates, resources and training details refer to our dedicated **Accountants' exemption and limited licensing** page on the website (charteredaccountants.com.au/accountantsexemption.)

7 Actions, Dates and Considerations

1. Access guides and request resources available to members from our website.
2. Review the advisory services your practice currently provides to clients and consider the services your clients will want in the future.
3. Compare these services with the guide **Financial Advice and Regulations: Guidance for the accounting profession** to assist in deciding if you will need to be licensed. **TIP: Read this immediately before progressing.**
4. Make final decision as to whether you need to get licensed or not – no later than 30 June 2015
5. If licensing required enrol and commence training (RG146/ RG105) immediately.
6. Consider and assess licensing options including operating under another entity's AFSL. Refer to the guide **Considerations when selecting an Australian Financial Services (AFS) Licensee.**
7. Where you decide to apply for a limited licence - **commence** application process by 1 December 2015.

Resources available to assist members with the reform

Chartered Accountants Australia and New Zealand has released a range of resources to assist members in considering their options for when the 'accountants' exemption' is removed from 1 July 2016. These resources are detailed below.

Member queries can be sent to financial.services@charteredaccountantsanz.com

Resources available to all members

The first of the resources is the **Information guide: Accountants' exemption reform** which has been developed to:

- Provide an overview of the reform
- Outline the options to address the reform
- Provide an overview of the new limited licence
- Provide an overview of the resources that will be provided to members.

We recommend members read this guide first. To assist members decide if they will need to be licensed we have released a resource for members - **Financial Advice and Regulations: Guidance for the accounting profession.**

The purpose of the guide is to assist members decide if they will need to be licensed.

One of the options available for members is operating under another entity's Australian Financial Services (AFS) Licence. We have developed a table of issues you may want to consider when selecting an AFS licence - **Considerations when selecting an Australian Financial Services (AFS) Licensee.**

Resources available for Certificate of Public Practice holders only

A range of resources have also been developed for members who are Certificate of Public Practice holders and are considering applying for new limited Australian Financial Services Licence including:

- **DIY AFS Licensing Kit** - this kit provides a step-by-step guide to obtaining a limited AFS licence including a Compliance Manual and a sample application for a limited AFS licence
- **Limited Australian Financial Services licensing: Your obligations** - this guide has been developed to help members understand their obligations of holding a limited AFS licence.

These resources have been emailed to members who have previously registered an interest in receiving these resources. For those who have not received these materials and would like to please email **Financial Services Team** and confirm you are a Certificate of Public Practice holder and your membership number.

Options to consider with the removal of the accountants' exemption

There are five options available to address the removal of the accountants' exemption:

1. Refer clients to a licensed adviser
2. Obtain your own **limited** AFS licence
3. Obtain your own **full** AFS licence[^]
4. Become an authorised representative of another entity's licence (i.e. either a limited or full AFSL)
5. Recruit financial planner to the practice / form a joint venture arrangement

(*Note: This may not be an option available to some members and practices. Refer to the Information Guide: Accountants' exemption reform.)

Some considerations when selecting an AFSL

(Refer to the guide **Considerations when selecting an Australian Financial Services (AFS) Licensee**)

- Independence
- Structure of license holder
- Specifics about licence
- Licence conditions
- Remuneration
- Fees and charges
- Client ownership
- Training
- Services and support provided
- Professional Indemnity (PI) Cover and Liability
- Authorised representative agreement
- Standards issued by the APESB

When applying for the limited AFS licence

The broad requirements when applying for a limited licence include:

- good fame and character of the responsible managers
- knowledge and training requirements (RG 105 and RG 146)
- general obligations (compliance, risk, people, resources)
- compensation and insurance arrangements
- internal and external dispute resolution (EDR)
- financial requirements; and
- services and support provided

Common Mistakes made when applying for a licence

1. Accounting bodies' resources and ASIC guidance not used.
2. Incomplete or deficient PI coverage or PI in the wrong name.
3. Financial statements in the wrong name and/or not prepared in accordance with the guidance provided in ASIC Regulatory Guide 2.
4. EDR membership in the wrong name.
5. Incomplete or deficient ASIC RG 146 training/qualifications.
6. Materially deficient information or documents
7. No evidence of the holding of the current public practice certificate
8. Applications being lodged in the name of 'the trustee of the trust' and using the ABN of the trust. (The Applicant must be a company, a natural person, the partners of a partnership using the ABN of the partnership, or multiple trustees of a trust). Applications must be lodged in the name of entity which is the Trustee, e.g. Trustee Pty Ltd ACN 123 456 789
9. Ensure completion of the recognised Accountants checklist (ASIC website)

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