

FACT SHEET

AFS licence application – steps and timing

An Australian financial services (AFS) licence authorises the provision of financial services in Australia.



This factsheet provides you with a general outline of the steps and timing involved in applying for an AFS licence. As a general rule, you should allow six to eight months to obtain a draft AFS licence from the Australian Securities and Investments Commission (ASIC).

STEP 1—PREPARATION OF THE AFS LICENCE APPLICATION

The initial documents which need to be prepared for an AFS licence application include the following:

- ASIC's Form FS01.
- Business description statement. This sets out the nature of the financial services business to be operated and other information relevant to the AFS licence application.
- Organisational expertise chart. This summarises the education and experience of the responsible managers. A separate submission on a responsible manager's competence may also be required.
- Financial resources statement. This identifies which financial requirements apply to the applicant and contains a description of the processes the applicant has in place to ensure it meets its financial requirements.
- Financial statements, including a balance sheet, cash flow projection and additional calculations (depending on

the nature of the financial services to be provided). If the applicant is already operating, then an income statement and a statement of cash flows must also be provided.

- Membership with an approved external dispute resolution (EDR) scheme, currently the Australian Financial Complaints Authority. This is only required if financial services will be provided to retail clients. If the applicant is not a member of an approved EDR at the time the application is submitted, then the grant of an AFS licence will be conditional on the applicant becoming a member of an approved EDR.

In addition, there are a number of supporting documents required for each responsible manager, as follows:

- Statement of personal information.
- Australian criminal history check—this search result must be less than 12 months old. A criminal history check must also be provided for each foreign country in which a responsible manager has resided for one year or more in the last 10 years.
- Two business references—these must be less than 12 months old. The references need to outline the responsible manager's financial services experience.

- Australian bankruptcy check—this search result must be less than 12 months old. A bankruptcy check must also be provided for each foreign country in which a responsible manager has resided for one year or more in the last 10 years.
- Copies of relevant qualification certificates—each responsible manager will need to provide copies of any relevant qualifications they have obtained.

More recently, ASIC also requires information for each 'fit and proper person' within your organisation which is essentially all directors, secretaries and other officers, even if they are not responsible managers.

Timing

Allow at least four weeks to prepare the application and collate the necessary supporting documents. Additional time may be required to obtain the results of an Australian criminal history check, which can take up to five weeks. Accordingly, you should request Australian criminal history searches for each proposed responsible manager as soon as possible.

STEP 2—COMPLIANCE ARRANGEMENTS

As part of the AFS licence application process, ASIC will generally request details of the applicant's compliance

arrangements and other procedures, such as its risk management and conflicts of interest procedures.

We will draft the compliance procedures required to ensure compliance with the applicable Australian financial services laws as part of our engagement and will work with you to finalise these procedures.

Timing

The compliance arrangements can generally be prepared within one-two weeks. However, more time may be required to finalise the procedures, which can be done while ASIC is assessing the application.

STEP 3—ASIC REVIEW

ASIC’s review of the AFS licence application will initially involve confirmation the application has been accepted.

ASIC will then commence its review of the application, which includes considering the suitability of the proposed responsible managers and the resources available to the applicant.

During this process, ASIC may issue “requisition letters” which will outline any areas of concern or request further information.

Timing

The AFS licence application will generally be allocated to an ASIC officer and accepted within four weeks of submission. ASIC aims to decide whether to grant an AFS licence within 120 days after the application has been accepted.

However, depending on the complexity of the application and ASIC’s resources, it may take ASIC between four and eight months to decide whether to grant an AFS licence. We will work with you and ASIC to ensure the application is assessed as quickly as possible.

It is important to note that responses to any “requisition letters” issued by ASIC are generally required to be provided within ten business days. Assuming all issues raised by ASIC are adequately resolved, a draft AFS licence will be issued, subject to satisfaction of a number of conditions.

STEP 4—AFS LICENCE ISSUE

The AFS licence will be issued once all of the outstanding conditions attached to the draft AFS licence are satisfied. The conditions to be satisfied are dependent on the nature of the financial services to be provided.

For example, for responsible entity applicants, the conditions will generally include the following:

- Professional indemnity insurance—the terms of the insurance cover must meet the minimum requirements contained in ASIC Regulatory Guide 126.
- Custodian—confirmation of the appointment and suitability of a custodian (if applicable).
- Registration of a managed investment scheme—this requires the lodgement of the constitution and compliance plan for the scheme. Applicants have up to four months to

lodge scheme documents for registration from the date of issue of the draft AFS licence. This condition only applies to named scheme applications.

- Financial statements—ASIC may require updated financial statements to be lodged to demonstrate the applicant will meet the financial requirements applicable to it.

Timing

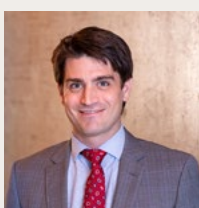
The outstanding requirements can be satisfied on the same day the draft AFS licence is issued, subject to the applicant having the applicable documentation in place.

If the registration of a managed investment scheme is required as part of the issue of the draft AFS licence, then ASIC will have two weeks to review the scheme documents (ie the constitution and compliance plan) once they have been lodged.

HOW CAN WE HELP?

The legal and regulatory requirements to obtain an AFS licence are complex. We have prepared and reviewed many AFS licence applications and supporting documents for financial planners, product issuers, responsible entities, research houses, promoters and stockbrokers.

We can manage the entire AFS licensing process for you and prepare the documentation supporting of your application. In addition, we can manage your ongoing compliance obligations.



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