

ACL Application Kit User Guide

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Introduction

You will find this Kit most useful and timesaving, the first reason being this user guide. This is more than a mere table of contents – it tells you about each section and item in the Kit, why it is there, how you need to use the element and how you can also use it to achieve gains in your business over and above simply getting your Australian Credit Licence.

Apart from this user guide, the Kit comes in five sections:

1. Walkthrough guide to the online ASIC application
2. Required policy templates
3. Summary business description template
4. Other information required for your application
5. Pre-application checklist

Section 1 – Walkthrough guide

This section of the Kit goes through the online ASIC application process step-by-step. It explains what some of the questions mean and gives you plain-English guidance about how you should answer them.

The guide also contains screen shots taken directly from the online ASIC system, so that you know you're in exactly the right place when following the instructions.

Read this walkthrough guide now, before read the rest of the Kit and you will have a deeper understanding of the work you need to put into developing your business policies as they apply to your ACL application.

Section 2 – Required policy templates

This section of the Kit contains the backbones of ten key policies that **you are required** to have in your business in order to comply with what ASIC calls the **General Conduct Obligations**. You

do not necessarily have to send these in to ASIC as part of the normal application process, but **ASIC has it in its power to request that you send them in.**

The online application will ask you questions about these procedures and how you operate them in your business. This is why you need these policies embedded in your business before you start your application.

Please be aware that ASIC have hired over 200 new staff nationally to police Licensee requirements and will conduct audit visits to your place of business. Non-compliance penalties can be severe.

The ten policies are:

1. **COMPLIANCE PLAN** – this is a structured document that explains the system you employ in your business to make sure you comply with all the rules and laws, as well as with your other, own policies. This document is structured in accordance with an Australian Standard, AS/NZS3806:2006, which is recommended by ASIC.
2. **RISK MANAGEMENT SYSTEM** – structured around the latest Australian standard, AS/ISO31000:2009, this document, if completed correctly, is **one of the most powerful value-adds to your business you will ever implement.** After going through this process and embedding the systems in your business, you will have a complete list of all the risks you face, including some insight into the ones you don't know about yet.
3. **FINANCIAL RESOURCES POLICY** – describes how you plan for your business financially to ensure you will always have adequate resources to carry out your obligations as a prospective Licensee. This includes cash flow forecasting.
4. **HUMAN RESOURCES POLICY** – describes how you plan for your business in terms of human resource needs to ensure you will always have adequate resources to carry out your obligations as a prospective Licensee.
5. **INFORMATION TECHNOLOGY RESOURCES POLICY** – describes how you plan for your business in terms of information technology needs to ensure you will always have adequate resources to carry out your obligations as a prospective Licensee. This includes ensuring your information technology structures are adequately secured and how you plan against disasters.
6. **CONFLICTS MANAGEMENT ARRANGEMENTS AND SYSTEMS** – although the legal requirement is that you do not disadvantage a client through a conflict of interest, this policy explains how you manage the conflicts that inevitably arise in the course of business and so avoid disadvantaging clients.
7. **OUTSOURCING PROCESS** – if you outsource any of the tasks that are essential to providing the credit activities of your business including compliance and operations, this document describes how you (or how you should) manage these activities. The regulator's mantra is "you can outsource the activity, but you can't outsource the responsibility."
8. **SUPERVISION AND TRAINING ARRANGEMENTS** – fairly self-explanatory, this document describes the training regime in your organisation, how staff are trained, when they are trained and to what level. It describes how you assess new employees for their suitability to their new role. The document also goes into some detail about how you supervise your credit staff and monitor them for compliance with your obligations as a prospective Licensee.
9. **COMPLAINTS RESOLUTION** – also known as an internal disputes resolution system, this procedure follows the structure and requirements of international standard ISO10002:2004. This document describes how you deal with complaints and how you can use them as an invaluable source of information on your company.

10. **COMPENSATION ARRANGEMENTS** – essentially, this document describes your professional indemnity insurance arrangements and how your clients will be compensated in the event that they suffer loss because of your actions as their credit provider.

If you already have some of these policies in place in your business, then you should use these as a benchmark, going through your own procedures to ensure that they capture all the dot points from the policies in this Kit.

If you do not have these policies in place, then you will need to expand these templates, describing what you do (or will do from now on) in your business that covers all the points in the templates. You need to ensure you have enough detail to describe your business and that the processes you describe are adequate for the nature, size and complexity of your business.

Helpful hint: these templates are designed for a small brokerage business (3-5 writers) and you need to customise them to *your* business. If you are a sole trader, you may find it necessary to delete large portions of the templates to make sense for your business.

Please note that NOT addressing all these policies in your business is NOT an option.

Section 3 – Summary business description

Similar to the policies in the Kit, this is a template for you to describe your business to ASIC in the manner in which they want it described. The difference is that this document is going to be sent to ASIC as part of the normal application process.

ASIC will compare this document with the other parts of your application – the responses in the application form and any of the policies that they have asked you to send to them – and ensure that all information matches. The more detail you can supply in this document, the more likely your application is to go through smoothly.

Section 4 – Other information required

This section gives you information about other requirements or procedures you will have to implement as a Licensee. This section exists the way it does in the Australian Credit Licence application Kit because, at the time of publishing the Kit, more information is expected from ASIC.

Any updates to the information in this section (or any other) of the Kit will be sent to you for as long as it takes for you to gain your Licence (until end Dec 2010)

The two items currently in the Kit are:

1. Who do you choose as your Responsible Managers? and
2. What must your “responsible lending” policy look like?

Section 5 – Pre-application checklist

Finally, to round off the Kit, we have included a start-to-finish checklist of all the individual items that you need to have covered in order to commence your online application. Don't start your application until you have checked off all the items in this list.

Final word

Thank you once again for your interest. We know this Kit is going to save you scores of hours of your time and the value you will get from that will far outweigh the cost of the Kit.

How to order

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