

AFS licensee obligations

Australian financial services (AFS) licensees have a general obligation to provide efficient, honest and fair financial services. You must comply with the conditions of your AFS licence and the *Corporations Act 2001*.

Class order relief or individual relief may be available for some obligations. See [Applying for relief – AFS licensees](#).

You must notify ASIC of all reportable situations via the ASIC Regulatory Portal from 1 October 2021. For more information, see [Reportable situations](#).

On 1 January 2019, [Professional standards for financial advisers](#) commenced. AFS licensees have an obligation to ensure their financial advisers comply with these standards. This includes notifying ASIC when financial advisers have complied (or failed to comply) with the standards.

General obligations

AFS licensees have obligations relating to:

- conduct and disclosure
- the provision of your financial services
- the competence, knowledge and skills of your responsible managers
- the training and competence of your financial advisers and authorised representatives
- ensuring your financial advisers and authorised representatives comply with the financial services laws
- compliance, managing conflicts of interest and risk management
- the adequacy of your financial, technological and human resources, and
- your dispute resolution and compensation arrangements (if your clients include retail clients).

See Regulatory Guide 104 *Licensing: Meeting the general obligations* ([RG 104](#)) for information about compliance with the general obligations under s912A(1) of the *Corporations Act 2001*.

Financial obligations

AFS licensees must meet certain financial obligations. These obligations vary depending on the financial products and services you offer.

Enhanced financial obligations apply to AFS licensees following changes made to net tangible asset and preparation of cash flow projections requirements. AFS licensees impacted by these changes are:

- responsible entity
- corporate director of a corporate collective investment vehicle (CCIV)
- operator of investor directed portfolio services
- custodial or depository services provider (including as a provider of incidental custody services)
- trustee company providing traditional services
- issuer of margin lending facilities
- foreign exchange dealer, and
- retail OTC derivative issuer.

See Regulatory Guide 166 *Licensing: Financial requirements* ([RG 166](#)) to understand your financial obligations.

Risk management systems

As an AFS licensee, you must have adequate risk management systems in place. [RG 104](#) outlines our general guidance for meeting this obligation.

For responsible entities, see Regulatory Guide 259 *Risk management systems of responsible entities* ([RG 259](#)). This guide outlines our expectations for risk management systems at the business and scheme level. It is also relevant for operators of managed discretionary accounts, investor directed portfolio services and unregistered schemes.

External dispute resolution (EDR)

[Australian Financial Complaints Authority](#) (AFCA) is the single dispute resolution scheme for financial services. AFCA may be able to resolve complaints that a financial firm could not resolve by internal dispute resolution.

AFCA considers complaints that were previously handled by the Financial Ombudsman Service, the Credit and Investments Ombudsman and the Superannuation Complaints Tribunal.

When AFS licensees join AFCA, they must notify ASIC within 10 business days. If they are not a member of AFCA, they are in breach of their licence obligations. ASIC Regulatory Guide 267 *Oversight of the Australian Financial Complaints Authority* ([RG 267](#)) sets out who must have a dispute resolution system and which financial firms must be members of AFCA.

For more information, see [Dispute resolution](#).

Changes you must tell us about

You must notify ASIC of any changes to your AFS licence, such as when:

- your [details change](#), for example, responsible managers, address and contact information
- you appoint a [financial adviser](#) or [authorised representative](#), or change their details
- you cease a [financial adviser](#) or [authorised representative](#)
- you [appoint an auditor](#)
- you [change control of the AFS licensee](#)
- your financial advisers comply (or fail to comply) with the [professional standards for financial advisers](#).

For notification periods, fees and how to make changes, see [lodgement requirements for AFS licensees](#).

ASIC regulatory guidance

Your AFS licence obligations are explained in our regulatory documents.

AFS licensee requirement/obligation	Regulatory guide
Financial requirements (for example, solvency and cash)	Regulatory Guide 166 <i>Licensing: Financial requirements</i> (RG 166)
Responsible managers (qualifications and experience)	Regulatory Guide 105 <i>Licensing: Organisational competence</i> (RG 105)

Monitoring, supervising and training your representatives (including authorised representatives)	Regulatory Guide 104 <i>Licensing: Meeting the general obligations</i> (RG 104) Regulatory Guide 146 <i>Licensing: Training of financial product advisers</i> (RG 146)
General compliance and risk management	Regulatory Guide 104 <i>Licensing: Meeting the general obligations</i> (RG 104) Regulatory Guide 259 <i>Risk management systems of responsible entities</i> (RG 259)
Technological and human resources	Regulatory Guide 104 <i>Licensing: Meeting the general obligations</i> (RG 104)
Managing conflicts of interest	Regulatory Guide 181 <i>Licensing: Managing conflicts of interest</i> (RG 181)
Dispute resolution (internal and external)	Regulatory Guide 165 <i>Licensing: Internal and external dispute resolution</i> (RG 165) Regulatory Guide 271 <i>Internal dispute resolution</i> (RG 271) (for disputes after 5 October 2021)
Compensation and insurance arrangements	Regulatory Guide 126 <i>Compensation and insurance arrangements for AFS licensees</i> (RG 126)
Compensation arrangements (security bonds and professional indemnity insurance)	Regulatory Guide 167 <i>Licensing: Discretionary powers and transition</i> (RG 167)
Conduct and disclosure	Regulatory Guide 168 <i>Disclosure: Product Disclosure Statements (and other disclosure obligations)</i> (RG 168) Regulatory Guide 175 <i>Licensing: Financial product advisers – Conduct and disclosure</i> (RG 175)

See [Professional standards for financial advisers](#) for information about the reforms that were introduced into the *Corporations Act 2001* by the *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017*.

Related information

- [Appointing and ceasing an AFS authorised representative](#)
- [ASIC's regulatory guidance on compliance with the financial services regime](#)

- Monitoring and enforcement
- Corporations Act 2001
- Regulatory costs and levies
- Australian Standard AS ISO 19600-2015: Compliance programs
- Professional standards for financial advisers

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