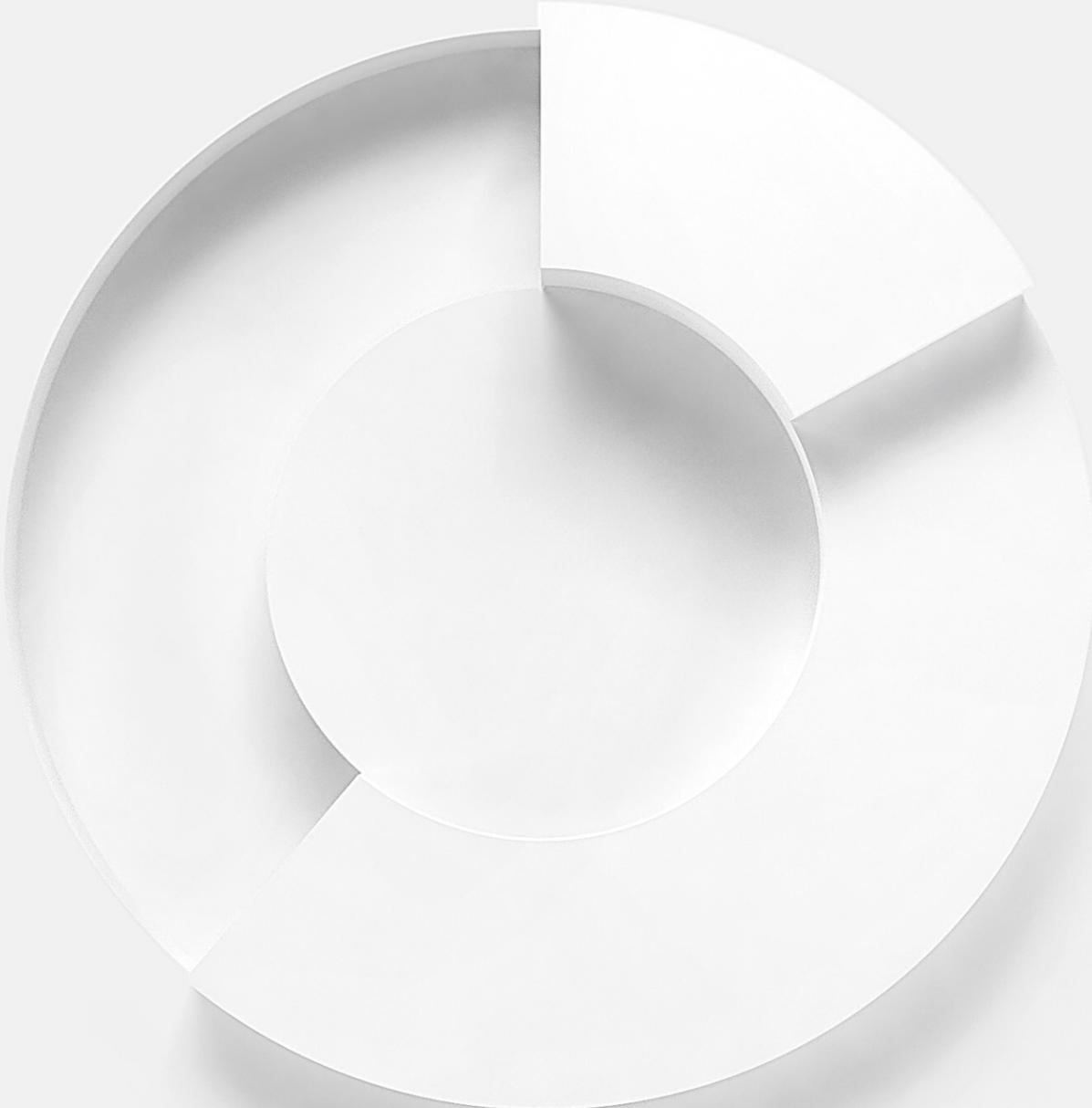


crestone.

CONTINUING PROFESSIONAL DEVELOPMENT POLICY

MARCH 2019



1 CONTINUING PROFESSIONAL DEVELOPMENT POLICY

1.1 Scope and purpose

As an AFS licensee, Crestone must maintain and publish a Continuing Professional Development (CPD) policy that applies to Investment Advisers that are employed and authorised by Crestone to provide personal and general advice to retail clients (Investment Advisers). Importantly, this is a requirement which Crestone must satisfy under the *Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018* (CPD Determination). Accordingly, this 'Policy' reflects Crestone's CPD framework and outlines the CPD requirements under the *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017* (Cth) and *Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018*, which its Investment Advisers must meet to satisfy the requirements for CPD as set by the Financial Adviser Standards and Ethics Authority Limited (FASEA).

This Policy:

- outlines Crestone's overall approach to its CPD obligations as an AFS licensee;
- provides a summary of the requirements that must be satisfied by each Investment Adviser; and
- outlines how Crestone will ensure that its Investment Advisers meet the requirements of the Policy.

1.2 CPD year and CPD obligations of Investment Advisers

Crestone's CPD year is from **1 January to 31 December** in each calendar year. Investment Advisers must complete 40 hours of qualifying CPD activities during a CPD year. Qualifying CPD activities must include a minimum in the following areas:

CPD AREA	TECHNICAL COMPETENCE	CLIENT CARE AND PRACTICE	REGULATORY COMPLIANCE AND CONSUMER PROTECTION	PROFESSIONALISM AND ETHICS	GENERAL
Minimum hours	Five	Five	Five	Nine	No set minimum

In special circumstances, if an Investment Adviser is working part time for the whole of the CPD year and has obtained prior written consent from Crestone, the requirement is 36 hours during a CPD year.

1.3 CPD areas

Under this Policy, an activity must relate to one of the following CPD areas to be deemed a 'qualifying CPD activity':

CPD AREA	CONTENT OF CPD ACTIVITY
Technical competence	The activity is designed to enhance the Investment Adviser's 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.
Client care and practice	The activity is designed to enhance the Investment Adviser's ability to act as a client-centric practitioner in advising retail clients.
Regulatory compliance and consumer protection	The activity is designed to enhance the Investment Adviser's understanding of applicable legal obligations and how to comply with them.
Professionalism and ethics	The activity is designed to enhance the Investment Adviser's capacity to act as an ethical professional.
General	The activity is designed to maintain and extend the Investment Adviser's professional capabilities, knowledge and skills, including keeping up to date with regulatory, technical and other relevant developments.

1.4 Assessment and approval of qualifying CPD activities

CPD activities undertaken by Investment Advisers must be assessed and approved by Crestone to be considered qualifying CPD activities.

Assessment of qualifying CPD activities

An activity is assessed as a qualifying CPD activity if the following requirements are satisfied:

- The activity relates to one of the CPD areas in section 1.3;
- the activity has sufficient intellectual or practical content;
- the activity primarily deals with matters related to the provision of financial product advice, financial advice services and financial advice business;
- the activity is designed to enhance the Investment 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; and
- the activity is led or conducted by one or more persons with appropriate expertise, academic qualifications and practical experience.

Preference is given to activities with a structured assessment component, and where evidence of the successful completion of the assessment is provided.

Professional or technical reading is a qualifying CPD activity if it satisfies the first four requirements noted above.

Approval of qualifying CPD activities

Crestone approves four types of qualifying CPD activities and will ensure the Investment Advisers have access to sufficient approved CPD to meet their obligations.

The default approval process for the category of CPD activities is referred to below:

CPD ACTIVITY	APPROVAL PROCESS
Activities with a formal FASEA assessment	Automatic approval for FASEA assessed professional higher education subjects provided by education providers. Approval subject to a maximum of 30 hours for formal education (includes degree and degree equivalent study).
Activities with a formal assessment where the CPD awarding entity is external to Crestone	Crestone's approval process will be reliant on a risk-based assessment of the CPD awarding entity. Activities provided by Crestone's approved awarding entities, including, education providers, professional associations and industry participants will be automatically approved. Activities provided by non-approved CPD awarding entities will be subject to a formal Crestone assessment as detailed below. Approval in this category is subject to a maximum of 30 hours for formal education.
Activities with a formal assessment by Crestone	Crestone will formally assess activities where no CPD assessment has been made or the activity was assessed by non-approved CPD awarding entity. Crestone will assess the activity having regard to section 1.3 of this Policy and the evidence requirements detailed below.
Professional or technical reading	Self-certification by Investment Adviser. Approved to a maximum of four hours.

Evidence requirements for Crestone formally assessed CPD activities

For consideration for assessment as a 'qualifying CPD activity', the following evidence is required:

- Evidence of attendance/completion;
- the name of the activity, provider and presenter;
- the date the activity was undertaken and the duration in minutes of the activity; and
- an overview of the CPD activity and the CPD area to which it relates.

Crestone may require evidence to demonstrate the facilitators and/or those delivering the CPD have sufficient experience as part of the assessment process. For assessment-based activities, CPD hours will be assessed and allocated on the estimated time taken to complete all content components.

1.5 Career breaks and extenuating circumstances

If an Investment Adviser has not been practicing or authorised as an Investment Adviser for a continuous period of two years or more, Crestone will approve the Investment Adviser's CPD plan for the first CPD year prior to resuming practice. A returning Investment Adviser's first CPD plan may require additional CPD hours to be completed to ensure Crestone is

satisfied that it has addressed the gaps in the Investment Adviser's competence, knowledge and skills arising from the Investment Adviser's absence from practice.

Where an Investment Adviser is affected by illness, medical conditions, disability or parental leave resulting in an extended absence from providing financial advice, Crestone may, on a case by case basis, approve a pro-rata requirement in relation to the total minimum requirement of 40 hours of CPD that the impacted Investment Adviser must meet for the relevant CPD year.

1.6 Provisional Investment Advisers

Crestone has determined that Provisional Investment Advisers who are completing their professional year will be required to meet the CPD requirements thresholds as applicable to Investment Advisers. Under the *Corporations Act*, a 'Provisional Adviser' is a person who is undertaking at least one year of work and training that meets the requirements set by FASEA.

1.7 Existing relevant providers new to Crestone

Investment Advisers who are new to Crestone and are currently registered on the ASIC Financial Advisers Register (FAR) or who were registered on the FAR during 1 January 2016 to 1 January 2019, will be deemed an 'existing provider' under the *Corporations Act* and will be required to meet the CPD requirements set out in this Policy. Records of qualifying CPD activity undertaken prior to employment at Crestone must be provided by the Investment Adviser, and an assessment will be undertaken by Crestone to ensure his or her CPD compliance is in accordance with this Policy. The Investment Adviser's first CPD plan may require additional CPD hours to be completed to ensure Crestone is satisfied that it has addressed the gaps in the Investment Adviser's competence, knowledge and skills arising from the change of licensee.

1.8 CPD plans

Crestone requires an Investment Adviser to maintain a 'CPD Plan' which contains:

- the minimum requirements for CPD hours and CPD areas referred to in section 1.3 of this Policy; and
- a maximum 30 hours of formal education and a maximum four hours of professional or technical reading.

When required to address gaps in, or aid development of, an Investment Adviser's competence, knowledge and skills, line managers will develop and approve annual CPD Plans that are specifically tailored to an Investment Adviser's needs.

1.9 Record keeping

Crestone will utilise the platform of an external education provider (External Platform) to record the completion of CPD activities. CPD plans will specify each Investment Adviser's individual CPD obligations, minimum requirements in each CPD area, and any other specific requirements that must be met under this Policy. The External Platform will provide reporting in relation to an Investment Adviser's CPD compliance and will also facilitate Crestone's monitoring of an Investment Adviser's implementation and completion of their CPD obligations (including their CPD plan) under this Policy.

It is the Investment Adviser's responsibility to maintain complete and accurate records on the External Platform. For CPD activities undertaken and completed outside the External Platform, each Investment Adviser is required to upload details into the External Platform and submit evidence for assessment and approval by Crestone in accordance with this Policy.

1.10 Monitoring and review

Monitoring of the implementation and completion of CPD requirements by each Investment Adviser will be undertaken using the reporting functionality of the External Platform periodically and at least twice annually. Based on the information provided by the External Platform, Crestone will compel any Investment Adviser that has not met their requirements to satisfy their obligations under the Policy.

To ensure that the overall approach adopted by Crestone in relation to its CPD obligations under this Policy remain compliant with the CPD Determination, Crestone will undertake an internal review of the Policy and associated records on an annual basis and, where considered necessary, amend its approach to ensure ongoing compliance with the CPD Determination.

1.11 Non-compliance

An Investment Adviser **must** comply with the CPD obligations specified in this Policy.

Failure to meet the specified requirements may result in an Investment Adviser being subject to professional disciplinary action. Additionally, failure to meet the requirements of this Policy may result in Crestone notifying the Australian Securities and Investments Commission (ASIC) of any non-compliance by an Investment Adviser with the CPD standard (pursuant to s922HB of the *Corporations Act*). Such notification may result in statutory penalties being applied against the Investment Adviser or result in a review of the Investment Adviser's compliance with regulatory standards by ASIC.

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