

# RG 204: APPLYING FOR A CREDIT LICENCE

## When?

From 1 July 2010

## How?

- Complete and lodge ASIC online form CL01
  - via the credit portal on ASIC website
  - AFSL holders can access via the licensee portal
- Pay application fee (from \$450 to \$21,000)
  - the fee payable depends on the total amount of credit you have provided or referred to a credit provider plus the total amount of rent payable under consumer leases (if applicable), in the financial year before the application is made
  - see Table 4 on page 18

## Before you apply

- Consider authorisations required for your credit licence
  - you can not select an authorisation on a 'just in case' basis - the authorisation must be necessary
  - Engage in credit activities other than as a credit provider or lessor
    - provision of credit services in relation to credit contracts or consumer leases where you are not the credit provider or lessor
    - performing obligations or exercising the rights of credit providers, mortgagees, beneficiary of guarantee or lessor in relation to credit contract, mortgage, guarantee or lease where you are not credit provider
    - e.g. mortgage brokers, finance brokers, financial planners, advisors, aggregators
  - You must select whether you are an original credit provider or act as an intermediary
    - credit provider under credit contract
    - lessor under consumer lease
  - Engage in credit activities as a credit provider or lessor
    - provide credit assistance in relation to credit contract or consumer lease where you are credit provider or lessor
    - e.g. ADIs, responsible entity of a MIS that provides credit, seller of goods or real property by instalments
  - Engage in all credit activities
    - e.g. some ADIs
- Ensure you will meet the general conduct obligations from day ACL is granted
  - engage in credit activities efficiently, honestly and fairly
  - have internal risk management system in place
  - arrangement to ensure clients not disadvantaged by conflicts of interest
  - internal and external dispute resolution system
  - fit and proper people
  - maintain competence at least 1 responsible manager
    - see RG 206
  - adequate financial resources
  - adequate PI insurance
  - ASIC will allow you to request a delay to the commencement of your ACL (up to 3 mths) to give you additional time to make sure these requirements will be in place before you start to engage on credit activities under your licence
- Conduct any necessary background checks on your fit and proper people
  - bankruptcy check
  - criminal history check
  - credit history check

## What questions are in the application?

- Proposed credit business
  - applicant details - ABN, ACN, address, business names, contact details
  - details of registration
  - authorisations
  - business activities - size and nature
  - representatives
    - employees, directors and directors of related bodies
  - credit representatives
    - those authorised to engage in credit activities on your behalf
- Details on your arrangements and systems to ensure compliance with general conduct obligations
  - see RG 205
  - less detail required if you're an AFSL holder

## What supporting documents will you need?

- Statement of personal information
  - Criminal history check
  - Bankruptcy check
  - Credit history report
- Documents to demonstrate fit and proper person
  - all people involved in managing your credit business must be 'fit and proper'
  - Educational qualifications
  - References from previous employers
  - see RG 206
- Documents about Responsible Manager/s
  - Summary business description
- Overview of business

## What statements/declarations do you have to make

- Statement about your past conduct or history
  - you have not been the subject of any banning or disqualification orders
  - credit registration has not been suspended or cancelled
- Declarations
  - who lodged the application
  - whether they were authorised to do so
  - all information in the application is true and correct

## Application refused

- you must cease engaging in credit activities
- If you do not meet minimum requirements
  - ASIC will send a letter outlining reasons for refusal
- Before refusing your application, ASIC must offer you a hearing

- Streamlined applicant
  - ADIs and some lenders mortgage insurers
  - less information required in application
  - reduced application fee (up to 90% less)
  - e.g. bankruptcy checks, police checks and credit checks not required
- Carried over instruments
  - If you only engage in credit activities (other than providing credit services) in relation to carried over instruments you do not need to register or apply for ACL.
  - see RG 204.156
  - can apply for a limited authorisation
  - a contract or instrument that was made and in force (and to which an old credit code applied) immediately before 1 July 2010

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