

SMSF Professionals' Association of Australia

# Rules for SSA and SSAud members holding a SPAA Public Practice Certificate (SPAA PPC)

Responsibilities of holding a SPAA PPC

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Professionals'  
Association  
of Australia

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## Introduction

In June 2012 the government announced the commencement of alternative licensing arrangements (exempt licences) that will apply to allow limited advice on self-managed superannuation funds (SMSFs) from 1 July 2016. The exempt licence replaces the exemption given to recognised accountants under the Corporations Act 2001 that allows them to provide certain advice relating to SMSFs.

The exempt licence permits a person to provide limited financial advice on SMSFs and product advice relating to:

- superannuation products
- securities
- simple managed investment schemes, as defined in the Corporations Regulations 2001
- general and life insurance
- basic deposit products

Anyone who holds an exempt licence will be able to recommend and establish an SMSF and make a recommendation in relation to the client's existing superannuation fund when making a SMSF recommendation or when providing advice to clients on contributions or pensions. This includes advice to facilitate the provision of switching or consolidation involving SMSFs.

Transitional arrangements are to operate between 1 July 2013 and 1 July 2016 for accountants who hold a public practice certificate and certain others who hold professional qualifications. During the transitional period holders of the relevant practice certificate or qualification will be accepted as meeting the relevant experience requirements when applying to ASIC for the exempt licence. A practice certificate from a body such as SPAA will be treated as meeting the experience requirements [subject to Ministerial approval being sought in December 2012].

From 1 July 2013 anyone coming within the transitional arrangements will still need to demonstrate they meet the training, conduct, advice and professional indemnity insurance requirements to hold an exempt licence and provide financial advice.

## SPAA's Public Practice Certificate

In September 2012 SPAA approved the introduction of a public practice certificate (SPAA PPC). It was considered that the provision of the SPAA PPC would be in the interests of members and the promotion, advancement and integrity of the SMSF profession. It also takes into account the current changes taking place in the SMSF environment.

An accountant who is a SPAA SMSF Specialist Adviser (SSA) and/or a SPAA SMSF Specialist Auditor (SSAud) *AND* provides an opinion on or verifies the accuracy of financial, legislative or technical advice or information in relation to an SMSF, which may be relied upon by another person must hold a SPAA PPC. A SPAA PPC is not required to be held if the accountant holds a public practice certificate from a recognised accounting body<sup>1</sup>, holds an Australian Financial Services Licence (AFSL) or is a representative of a person or organisation that holds such licence. If the accountant does hold a PPC from another organisation, they are still eligible to attain a SPAA PPC. If the amount of gross fees from these sources is no more than \$25,000 for a year ended 31 March the holding of a SPAA PPC is optional.

SPAA members who hold the SSA and/or SSAud designation are required to meet the following requirements:

- Hold adequate professional indemnity cover under an insurance policy that meets the requirements approved by SPAA.
- Commit to the requirements of SPAA's Quality Review Program.
- Satisfy SPAA's requirement to undertake 120 points of continuing professional development over a three year set period.
- Adhere to SPAA's Code of Conduct.
- Meet SPAA's approved professional indemnity insurance arrangements or a professional standards limited liability scheme approved by the Professional Standards Councils\*<sup>2</sup>.
- Satisfy SPAA's branding guidelines.

In addition, SPAA members who hold the SSA and/or SSAud designation who hold a SPAA PPC must:

- Satisfy SPAA's guidelines for professional behaviour as a holder of a SPAA PPC.
- Pay any fee or charge in connection with the approval and provision of the SPAA PPC

A SPAA PPC will be issued in the name of a member only and no SPAA PPC will be issued in the name of a firm, company or other organisation.

SPAA may refuse to issue a SPAA PPC and may cancel or suspend a SPAA PPC already issued if the applicant for a certificate, or the holder of the certificate, is not qualified or ceases to be qualified.

Accountants who are SSA and/or SSAud members who are in or who are entering into public practice are encouraged to complete a SPAA PPC workshop with SPAA.

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<sup>1</sup> A recognised accounting body is the Institute of Chartered Accountants in Australia, CPA Australia Limited and the Institute of Public Accountants

<sup>2</sup> [www.psc.gov.au](http://www.psc.gov.au)

The SPAA PPC workshop is designed to help SSA and SSAud members with their SMSF business and services practice. It provides them with all the tools and technical information they require to build a successful and compliant business. The SPAA PPC workshop focuses on practical skills such as strategic planning, marketing, risk management, practice development and integrity in advice services.

## SMSF Public Practice

An SMSF “public practice” relates to the control or conduct of a business which provides services to the public in relation to SMSFs. It includes services provided by any accountant or who has obtained professional recognition as an SSA and/or SSAud and who is providing services or advice in relation to SMSFs.

Where the provision of services requires formal registration, a member must obtain registration prior to providing that service. Examples include tax agents’ services, SMSF audit services, actuarial services and company audit registration.

## Who is required to hold a SPAA PPC?

Accountants who are SSA and SSAud members and conduct an SMSF public practice in Australia are required to hold a SPAA PPC, subject to certain exceptions described earlier which includes being licensed under an AFSL.

The circumstances in which such a member is required to hold a SPAA PPC are:

1. An SSA and/or SSAud member and who is in public practice and has income of more than \$25,000 gross from providing services in relation to SMSFs.
2. Where gross income from the provision of SMSF services is no more than \$25,000 per annum, but the principal source of income earned by the SSA and/or SSAud member is from the provision of services as an SMSF professional a SPAA PPC must be held irrespective of the level of fees and/or income received.

An SSA and/or SSAud member who holds a Public Practice Certificate from a recognised accounting body *may* choose to also hold a SPAA PPC.

## Professional Indemnity Insurance

A member who holds a SPAA PPC is required to maintain appropriate professional indemnity insurance and legal liability insurance as approved by SPAA from time to time.

It is recommended each holder of a SPAA PPC takes professional advice from insurance brokers or other insurance advisors so that they can consider what is an adequate type and level of cover.

Notwithstanding that a particular policy does not comply with the minimum requirements imposed by SPAA in relation to the relevant professional indemnity insurance policy, SPAA may exercise its discretion to issue an SSA and/or SSAud member with a SPAA PPC. For example, a SPAA PPC may be issued where an interim contract of insurance is available or where SPAA has set criteria for an SSA or SSAud or anyone seeking a SPAA PCC or related entity during the relevant period of insurance.

After a member holding a SPAA PPC ceases to practice or retires or the practice entity merges with another practice, he or she must ensure that a valid and binding contract of professional indemnity insurance is maintained for a minimum approved period to the same extent as any cover provided under these rules.

SPAA is not liable to any member or any other person in connection with the approval of insurance arrangements for members seeking or maintaining a SPAA PPC. Approval of insurance arrangements by SPAA does not ensure that members have in place all appropriate insurances for the operation of their business. Each member is responsible for ensuring that their insurance arrangements are suitable for the conduct of their particular business and SPAA recommends that members obtain expert advice before determining their insurance arrangements.

### **Renewal dates and fees**

SPAA PPCs are renewable on 31 March each year to co-incide with the renewal of SSA and SSAud designation. There is currently no fee payable for the issue of the SPAA PCC.

### **Review of a holder of a SPAA PPC**

Holders of a SPAA PPC are subject to review in conjunction with any Quality Review undertaken by SPAA.