

## CP FORM 6.1 – RISK ASSESMENT TABLE

Identified risks that may result in non-compliance with AFS licensee obligations	How the risks will arise	Likelihood that the risks will arise	Impact on the business if the risks arise	Measures you have in place to mitigate and treat risks, including measurable frequency of reviews	Nominated responsible manager and/or other supervisor
<b>Human resource related risks</b>					
Reliance on responsible managers and key staff	Insufficient succession planning and training of junior staff  Unusual or asset specific experience required	Medium	High	<ul style="list-style-type: none"> <li>Business and succession planning.</li> <li>Ongoing training of other staff.</li> </ul>	Compliance Officer
Representatives are not competent to perform roles	Inappropriate recruitment and/or training	Low	Medium	<ul style="list-style-type: none"> <li>Review resumes and references of representatives prior to appointment.</li> <li>Appointment of representatives based on their qualifications and experience.</li> <li>Regular monitoring and reviews of representatives.</li> <li>Review content of advice and recommendations provided.</li> </ul>	Compliance Officer
Inadequate training of representatives	Failure to implement appropriate training	Low	Medium	<ul style="list-style-type: none"> <li>Utilising the expertise of responsible managers or key staff to mentor/train junior staff.</li> </ul>	Compliance Officer
Human error	Inadequate knowledge and supervision	Medium	Medium	<ul style="list-style-type: none"> <li>Regular monitoring and reviews of representatives.</li> <li>Ongoing training of staff.</li> <li>Utilising the expertise of responsible managers or key staff to mentor/train junior staff.</li> </ul>	Compliance Officer
High staff turnover	Poor working environment and conditions	Medium	Medium	<ul style="list-style-type: none"> <li>Monitoring work levels and hours worked.</li> <li>Provide incentives to staff.</li> <li>Arrange social functions.</li> <li>Remuneration arrangements are reviewed annually or at other appropriate intervals.</li> </ul>	Compliance Officer
<b>Business management related risks</b>					
Provision of incomplete or inaccurate financial product advice	Inadequate training and supervision of representatives  Appointment of unqualified or unskilled representatives	Medium	Medium	<ul style="list-style-type: none"> <li>Review resumes and references of representatives prior to appointment.</li> <li>Appointment of representatives based on their qualifications and</li> </ul>	Compliance Officer

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				<ul style="list-style-type: none"> <li>experience.</li> <li>■ Appointment of representatives in writing.</li> <li>■ Financial product advice can only be given on TAG's financial products.</li> </ul>	
Loss of key clients	Lack of communication and regular contact with clients	Low	High	<ul style="list-style-type: none"> <li>■ Regular contact with key clients to ensure their needs are being adequately met.</li> <li>■ Develop communication strategy to maintain contact with clients, e.g., send interesting articles, quarterly newsletters etc.</li> </ul>	Board of Directors and senior staff
Inaccurate records	Record management systems not updated regularly	Low	Medium	<ul style="list-style-type: none"> <li>■ Periodic internal review of data recorded.</li> <li>■ Update records as soon as new details are known.</li> <li>■ Ensure training for staff in data entry systems.</li> </ul>	Compliance Officer
External service providers not competent to perform role	Appointment of unskilled or unqualified external service provider	Low	Medium	<ul style="list-style-type: none"> <li>■ Appointment by written contract and subject to regular review.</li> <li>■ Regular monitoring and reviews of external service provider performance.</li> </ul>	Compliance Officer and various senior staff members (as required)
<b>Market related risks</b>					
Volatility of market	Failure to keep abreast of developments, changes and threats in the market	Medium	Medium	<ul style="list-style-type: none"> <li>■ Develop communication strategy to maintain contact with referrers and clients, e.g., send interesting articles, quarterly newsletters etc.</li> <li>■ Subscription to relevant industry publications.</li> <li>■ Attendance at industry and related conferences.</li> </ul>	Board of Directors and senior staff
Poor financial product performance	Inadequate due diligence or research.	Medium	Medium	<ul style="list-style-type: none"> <li>■ Due diligence, including financial analysis, conducted prior to commencement of schemes.</li> <li>■ Ongoing review of performance of schemes.</li> </ul>	Board of Directors and senior staff
Loss of volume of business	Failure to market appropriately  Insufficient client communication	Medium	Medium	<ul style="list-style-type: none"> <li>■ Proactive marketing campaigns to attract new business.</li> <li>■ Establish referral network.</li> <li>■ Develop communication strategy to develop referral network.</li> <li>■ Subscription to relevant industry publications to</li> </ul>	Board of Directors and senior staff

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				<ul style="list-style-type: none"> <li>keep abreast of developments and changes.</li> <li>Attendance at industry and related conferences.</li> </ul>	
Inadequate supervision of accounts staff causing error	Lack of training and monitoring of staff	Low	Medium	<ul style="list-style-type: none"> <li>Employing appropriately experienced and qualified accounts staff.</li> <li>Monitoring and supervision of accounts staff.</li> <li>Ensure training for staff in financial accounts systems.</li> <li>Utilise the expertise of senior staff with experience in management of staff.</li> </ul>	Financial Controller
Inaccurate financial statements	Failure to review statements	Low	Medium	<ul style="list-style-type: none"> <li>Financial accounts reviewed at least monthly.</li> </ul>	Financial Controller
Inability to meet financial commitments	Inadequate cash flow Inadequate assessment of financial commitments	Low	High	<ul style="list-style-type: none"> <li>Preparation of cash flow projections for at least the next quarter, and updated monthly, if necessary.</li> <li>Review balance sheets each month.</li> <li>Assess the financial commitments for the coming financial year.</li> </ul>	Financial Controller
Inability to monitor financial position and reporting triggers	Failure to review financials	Low	Low	<ul style="list-style-type: none"> <li>Financial accounts reviewed at least monthly.</li> <li>NTA position reviewed at least monthly.</li> <li>Annual audits by external auditors to monitor compliance with financial requirements.</li> </ul>	Financial Controller
Non-compliance with AFS licence conditions, ASIC policy, Corporations Act, AML/CTF Act and Privacy Act	Failure to comply with compliance procedures Inadequate monitoring of AFS licence conditions Inadequate training	Low	High	<ul style="list-style-type: none"> <li>Regular training with staff to ensure awareness of the AFS licence conditions, the law and compliance procedures.</li> <li>Financial requirements reviewed at least monthly.</li> <li>Ongoing supervision and monitoring of representatives.</li> <li>Compliance checklists completed to ensure ongoing compliance.</li> <li>Access to lawyers, to advise about significant developments in the law and ASIC policy.</li> <li>Subscription to relevant industry publications to</li> </ul>	Compliance Officer and Financial Controller

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				keep abreast of developments and changes.	
Non performance of contractual or commercial arrangements	Failure to adequately monitor performance by parties to contracts	Low	Medium	<ul style="list-style-type: none"> <li>■ Appoint legal advisers to prepare or review contracts.</li> <li>■ Liaise with legal advisers about any unusual or onerous contractual terms or arrangements.</li> <li>■ Arrange for legal advisers to review contracts and agreements regularly or when the relevant law changes.</li> </ul>	Managing Director
<b>Information technology related risks</b>					
Inadequate information technology systems and resources	Information technology systems and resources inadequate to cater for growth and demand	Low	Medium	<ul style="list-style-type: none"> <li>■ Review information technology requirements at least annually.</li> <li>■ Review Information Technology Disaster Recovery Plan annually.</li> <li>■ Ongoing monitoring of performance of information technology systems.</li> </ul>	Compliance Officer
Information not available	Power failure or system breakdown	Low	Medium	<ul style="list-style-type: none"> <li>■ Procedure for backup and storage of all data and information technology applications implemented.</li> <li>■ Storage procedures reviewed annually for adequacy.</li> <li>■ Data stored off site periodically.</li> <li>■ Retention of hard copy of data and information.</li> </ul>	Compliance Officer
<b>Scheme operating risks</b>					
Environmental risks such as flood or other natural disaster or prolonged power black out	Force majeure	Low	High	<ul style="list-style-type: none"> <li>■ Risk addressed in disclosure document.</li> <li>■ Appointment of qualified and skilled external service providers.</li> <li>■ Appropriate insurance in place.</li> </ul>	Fund Manager and Managing Director