

PROFESSIONAL INDEMNITY INSURANCE REQUIREMENTS FOR MEMBERS

Under the Stockbrokers and Financial Advisers Association Code of Ethical Conduct, Members must obtain such professional indemnity insurance cover as may be required by law or any applicable rules or as may be prescribed by the Board from time to time.

This Policy sets out the standards prescribed by the Stockbrokers and Financial Advisers Association which Members are required to satisfy in relation to professional indemnity insurance cover and other arrangements for compensating clients for loss or damage suffered as a result of breach of obligations owed to clients under any applicable law, rule or regulation.

Market Participant Members

- 1.1 A Member who is a Market Participant must at all times comply with the requirements of Part 2.2 of the ASIC Market Integrity Rules.
- 1.2 In particular, the Member is required to hold take out and maintain, at all times, a professional indemnity (or equivalent) insurance policy that the Market Participant determines (acting reasonably) to be adequate having regard to the nature and extent of the business carried on by the Market Participant in connection with its business as a Market Participant and the responsibilities and risks assumed or which may be assumed by the Market Participant in connection with that business.
- 1.3 The professional indemnity (or equivalent) insurance referred to in paragraph 1.2 must include insurance against a breach of duty the Market Participant owes in a professional capacity, whether owed in contract or otherwise at law, arising from any act or omission of the Market Participant and its Employees.
- 1.4 In addition to 1.1, a Market Participant which provides tax (financial) advice within the meaning of the Tax Agents Services Act 2009 must at all times maintain professional

indemnity insurance cover in connection with the provision of tax (financial) advice which satisfies the requirements of the Tax Practitioners Board from time to time.

Individual Practitioner Members Requirements

- 2.1 If an Individual Practitioner Member has nominated as a Tax (financial) adviser, the Individual Member must hold such professional indemnity insurance as required by the Tax Practitioners Board from time to time.
- 2.2 For the purposes of paragraph 2.1, if an Individual Practitioner Member is an employee or representative of a Market Participant or other holder of an Australian Financial Services Licence (AFSL), the Member may rely on the professional indemnity (or equivalent) insurance policy of the Market Participant or other AFSL holder provided that the insurance policy provides cover for the conduct of the Member as a tax (financial) adviser and the policy satisfies the requirements prescribed by the Tax Practitioners Board from time to time.
- 2.3 For all other Individual Practitioner Members, the Member may rely on the professional indemnity (or equivalent) insurance policy of the Market Participant or other AFSL holder insurance.

Notification of Professional Indemnity Insurance

- 3.1 A Member is required to self-certify in the Annual Attestation that they meet the SAFA requirements for Professional Indemnity Insurance.
- 3.2 As part of its routine Audit and Monitoring Program, SAFA will carry out a program of random audit to verify compliance with the Professional Indemnity Insurance requirements.