Appendix 2

(Ref: Para.98)

Example management Representation letter

[Client Letterhead]

[Addressee – Auditor]

[Date]

This representation letter is provided in connection with your engagement to report in accordance with section 989B(3) of the Corporations Act 2001 (the Act) regarding the Australian Financial Services Licence (“AFSL”) of [Name of the Licensee] (Licence No: [xx]) for the financial year ended [date].

We acknowledge our responsibility for meeting the conditions of [Name of the Licensee]’s AFSL, effective [date of AFSL] and that this responsibility includes designing, implementing and maintaining effective internal control to ensure compliance with the conditions of [Name of the Licensee]’s AFSL and the requirements of Part 7.8 of the Act.

We confirm, to the best of our knowledge and belief, the following representations:

General

1. We have made available to you, and your representatives:

* 1. access to all information of which we are aware that is relevant to [Name of the Licensee]’s compliance with the Act, controls over compliance with the Act and projections, such as records, documentation and other matters;
  2. additional information that you have requested from us for the purpose of the engagement;
  3. unrestricted access to persons within the entity from whom you determined it necessary to obtain evidence; and
  4. minutes of all meetings of (*shareholders*, *directors*, *and* *committees* *of* *directors*).

2. We have:

* 1. no knowledge of any fraud, error or non‑compliance with laws and regulations involving management or employees who have a significant role in the internal control structure;
  2. no knowledge of any fraud, error or non‑compliance with laws and regulations that could have a material effect on the either the form FS70 for [Name of the AFS Licensee], or ongoing compliance with the AFSL; and
  3. had no communications from regulatory agencies concerning non‑compliance with, or deficiencies in, financial reporting or compliance practices that could have a material effect on our ongoing ability to comply with financial services requirements or conditions of the AFSL.

3. We have disclosed to you:

* 1. all significant facts relating to any frauds or suspected frauds which are known to us that may have affected compliance with the conditions of the [Name of the Licensee]’s AFSL and the requirements of Part 7.8 of the Act;
  2. the results of our assessment of the risk of non-compliance with the conditions of [Name of the Licensee]’s AFSL and the requirements of Part 7.8 of the Act as a result of fraud;
  3. all information in relation to allegations of fraud, or suspected fraud, affecting compliance with the conditions of [Name of the Licensee]’s AFSL and the requirements of Part 7.8 of the Act communicated by employees, former employees or others;
  4. all known actual or possible litigation and claims whose effects are considered when considering compliance with the conditions of [Name of the Licensee]’s AFSL and the requirement of Part 7.8 of the Act.

1. We acknowledge our responsibility for the design and implementation of internal controls to detect fraud and error.

ASIC Form FS70

1. We confirm that form FS70, to which form FS71 relates, has been prepared so as to be consistent with [Name of the Licensee]’s audited financial report and it has been properly drawn up so as to provide the information required by directions issued by ASIC under the Act and the Regulations.
2. We confirm that any non-compliance with the conditions of [Name of the Licensee]’s AFSL and the requirements of Part 7.8 of the Act, and the resolution of such issues have been discussed with you.

Part 7.8 of the Act

1. There has been no matter during or since the end of the year/period ended [selected date] which has adversely affected, is adversely affecting or may adversely affect our ability to meet our obligations as a Licensee or constitutes a contravention of :
   1. a provision of Subdivision A or B of Division 2 of Part 7.8 of the Act (or a provision of regulations made for the purposes of such a provision);
   2. a provision of Division 3 of Part 7.8 of the Act (or a provision of regulations made for the purposes of such a provision);
   3. a provision of Subdivision B or C of Division 6 of the Part 7.8 of the Act (or a provision of regulations made for the purposes of such a provision); or
   4. a condition of the licence.
2. We have designed and operated controls effectively to confirm that we comply with Divisions 2, 3, 4, 4A, 5, 6 and 7 of Part 7.8 of the Act (other than section 991A).
3. We have operated and controlled each account required by sections 981B and 982B of the Act in accordance with those sections.

Financial Requirements

1. We have complied with all the financial requirements under the Licence throughout the year/period.
2. We acknowledge that we were a body regulated by the Australian Prudential Regulation Authority (“APRA”) **/** participant in the market conducted by the ASX Limited (“ASX”) or Cboe **/** participant in the market conducted by the Australian Securities Exchange Limited (“ASX 24”) that restricted its financial services business to participating in the market and incidental business **/** participant in the licensed clearing and settlement facility operated by ASX Clear Pty Limited / participant in the licensed clearing and settlement facility operated by ASX Clear (Futures) Pty Limited and restricted its financial services business to participating in the licensed clearing and settlement facility and incidental business for the year ended [balance date]. [***delete if Licensee is not APRA regulated or a market or clearing participant*]**
3. We have maintained adequate risk management systems throughout the year/period to manage the risk of having insufficient financial resources to comply with the conditions of the Licence. [***delete*** ***if*** ***APRA‑regulated***]
4. We acknowledge our responsibility for the preparation of cash flow projections and the assumptions underpinning those projections, and confirm that the assumptions adopted for the projections were reasonable/the basis for the selection of assumptions to meet the requirements for the projections adopted was reasonable. [***delete*** ***as*** ***applicable*** ***depending*** ***on*** ***whether*** ***the*** ***licensee*** ***is*** ***complying*** ***with*** ***Option*** ***1*** ***or*** ***Option*** ***2***]
5. We confirm that we have had our cash flow approved by [those charged with governance]; and have updated our projection of cash flows in line with the requirements of ASIC regulatory guide RG 166. [***delete if Licensee is not subject to tailored cash requirements***]
6. We confirm that we have access as needed to enough financial resources to meet our liabilities over the next 3/12 months, including any additional liabilities that we project we will incur during that term/we might incur during that term. [***delete*** ***as*** ***applicable*** ***depending*** ***on*** ***whether*** ***the*** ***Licensee*** ***is*** ***complying*** ***with*** ***tailored cash requirements***, ***Option*** ***1*** ***or*** ***Option*** ***2***]
7. In relation to forecast financial information provided to you for the purpose of your report (in particular the cash needs requirements prescribed by Option 1 or Option 2 or the tailored cash need requirements as referred to in our AFSL and ASIC form FS71), it is confirmed, to the best of our knowledge and belief, that:
   1. the financial position and operating results for the forecast period reflect the best judgement of our directors and management based on expected future market conditions and the likely course of action to be taken;
   2. the accounting principles used in the preparation of the forecast data are consistent with those used in our historical financial report and are the same as those expected to be used in the eventual preparation of the historical financial report come the end of the forecast period;
   3. there are no contingent liabilities, unusual contractual obligations or substantial commitments which would materially affect the financial forecast except as otherwise specifically disclosed to you;
   4. the key assumptions have been consistently applied during the forecast period; and
   5. no factors that may be relevant have been omitted.

Uncorrected Misstatements and Non Compliance Identified

1. We acknowledge that you have advised management of identified uncorrected misstatements, instances of non-compliance with the conditions of [Name of the Licensee]’s AFSL and the requirements of Part 7.8 of the Act; and identified weaknesses in the design of the internal controls that you became aware of as a result of your reasonable or limited assurance procedures.
2. We believe the effects of uncorrected misstatements, instances of non-compliance with the conditions of [Name of the Licensee]’s AFSL and the requirements of Part 7.8 of the Act and weaknesses in the design of internal controls summarised [in Appendix [X]/below] pertaining to the year ended [balance date] (including the effects of prior year issues impacting the current year) are both individually, and in aggregate, immaterial and are adequately reported to ASIC.

Additional Matters

1. We have reported any reportable situations to ASIC as required under:
   1. section 912DAA of the Act; and
   2. section 601FC(1)(l) of the Act [***delete*** ***if*** ***licensee*** ***is*** ***not*** ***a*** ***responsible*** ***entity*** ***of*** ***a*** ***managed*** ***investment*** ***scheme***]

and have provided you with details of all breaches, reported and unreported, of the Licence or the Act that occurred during or since the end of the year/period of which we are aware.

1. We understand that your engagement has resulted in a combination of reasonable assurance opinions and limited assurance conclusions. Where you were required to obtain reasonable assurance we understand that your reasonable assurance engagement was conducted in accordance with AUASB Standards and was designed primarily for the purpose of expressing an opinion in relation to ASIC form FS71 and that your reasonable assurance procedures were limited to those you considered necessary in the circumstances. In addition, we understand that the limited assurance conclusions were also conducted in accordance with AUASB Standards and involved limited assurance procedures. These procedures result in you obtaining less assurance than that provided by a reasonable assurance engagement. For these conclusions you have not performed a reasonable assurance engagement and accordingly do not express an opinion on them.
2. [Include any additional matters relevant to the engagement]

Yours faithfully

Name of signing officer and title