

**16 September 2013**

## **Consultation Paper: Regulatory Reporting Guide for Authorised Financial Advisers**

### **About this consultation paper**

We are seeking feedback on the proposed Regulatory Reporting Guide for Authorised Financial Advisers.

Under the Financial Advisers Act 2008, reporting in accordance with the requirements contained in the Regulatory Reporting Guide is a standard condition for all Authorised Financial Advisers as part of their terms and conditions of authorisation. The Financial Advisers Act 2008 has been in place for over two years and in that time Financial Markets Authority has not sought any regular or formal reporting from Authorised Financial Advisers. However, we know from our work with Authorised Financial Advisers that there is now a good level of understanding of the regulatory framework in which they operate. It is therefore timely for Financial Markets Authority to start collecting certain regulatory and adviser practice information to assist us with our work. This paper sets out the proposals for information we want to collect and the method and frequency of collection.

This consultation paper is relevant to all Authorised Financial Advisers and Qualifying Financial Entities that employ Authorised Financial Advisers. It will be of interest to all employers of Authorised Financial Advisers.

We invite and welcome submissions.

Financial Markets Authority  
Level 5, Ernst & Young Building  
2 Takutai Square, Britomart  
Auckland 1143  
Website: [www.fma.govt.nz](http://www.fma.govt.nz)

Level 2  
1 Grey Street  
Wellington 6011

## **Consultation**

1. The Financial Markets Authority (**FMA**) intends to publish the first Regulatory Reporting Guide for Authorised Financial Advisers (**RRG**). The RRG sets out the periodic and other reporting and notification requirements that an Authorised Financial Adviser (**AFA**) must report to FMA as required by Standard Condition 2 of the Standard Conditions for AFAs (**Standard Conditions**).

2. FMA would appreciate your comments on the proposed RRG and AFA Information Return (**Information Return**). The Information Return is intended to be the first reporting requirement contained in the RRG. The RRG and the Information Return are included as **Attachment B** to this consultation paper.
3. In this consultation paper, we have also outlined our proposed timeline for implementation of the RRG and the relationship of the RRG with an AFA's Adviser Business Statement (**ABS**). We also welcome your submissions on these aspects.
4. Your submissions will help us finalise the RRG and the Information Return and related processes.

## Background

5. The Financial Advisers Act 2008 (**Act**) provides that an authorisation of an AFA may be subject to terms and conditions relating to financial adviser services and/or broking services. These terms and conditions include, by way of incorporation, the Standard Conditions. While some AFAs have some additional individual conditions, all AFAs are subject to the Standard Conditions.
6. The current Standard Conditions include Standard Condition 2, which requires the AFA to report in accordance with the requirements contained in the RRG. The [Standard Conditions](#) and [Standard Conditions for Authorised Financial Advisers incorporating explanatory notes](#) can be downloaded from the FMA website [www.fma.govt.nz](http://www.fma.govt.nz), search 'Standard Conditions'.

### Standard Condition

#### 2. Reporting

The AFA must report in accordance with the periodic and other reporting, accounting and notification requirements contained in the Regulatory Reporting Guide for AFAs.

7. The Act allows FMA to vary Standard Conditions relating to reporting requirements from time to time during the period of an authorisation of an AFA (section 147A(3) and 147E of the Act). FMA considers the publication of the first RRG to be a variation of Standard Condition 2 and will therefore follow the approval and consultation process set out in section 147A and section 147B of the Act. Once approved, the RRG will form part of the Standard Conditions and will be incorporated into the authorisations of all AFAs.

## The context for AFA regulatory reporting

8. The main objective of FMA is to promote and facilitate the development of fair, efficient and transparent financial markets. Efficient financial markets are critical to achieving economic and social goals. They ensure investment finance reaches productive firms - helping them to grow, and create employment and wealth. Efficient financial markets also offer investors the opportunity to create diversified portfolios that can achieve their personal financial goals, including a comfortable retirement.
9. AFAs have an important role to play in the development of fair and efficient financial markets. The reporting requirements contained in the RRG provides AFAs with an opportunity to demonstrate how they are actively contributing to those outcomes.
10. Over the last two years, FMA has been working closely with AFAs and the profession, as AFAs continue to refine and improve their compliance processes in accordance with the regulatory regime. AFAs are now in a better position to meet FMA's reporting requirements.
11. FMA wants to ensure that the obligations on AFAs are managed in an efficient and effective manner. We believe that the development of an online regulatory reporting system is an important step in that direction.

## What the Regulatory Reporting Guide covers

12. The proposed RRG contains the reporting requirements that an AFA must fulfil to comply with Standard Condition 2 of the Standard Conditions. In the RRG, the reporting requirements are shown in bold text.
13. The RRG also contains guidance and explanatory material to assist AFAs in understanding and complying with the reporting requirements.
14. At present, the only reporting requirement contained in the RRG is the Information Return. The Information Return is an online tool each AFA must complete annually to provide FMA with factual information about the AFA and his or her business, as well as information about their compliance approach and competence.
15. In future, we may update the RRG to include other reporting, accounting or notification requirements. FMA will consult with the profession prior to including any additional requirements in the RRG.

### **Feedback sought from submitters**

We are seeking your submissions on the both the reporting requirements and the explanatory notes contained in the RRG.

## What the Information Return covers

16. The Information Return is a series of factual questions about an AFA's business, compliance approach and competence that AFAs will answer each year. The information required to answer the questions in the Information Return will be drawn from a number of sources within an AFA's business. This includes the expected or suggested information already outlined in an AFA's ABS, so similar headings have been used in the Information Return. These reflect FMA's view of some of the risk factors in an AFA's business and key compliance areas.
17. Because the information will be submitted online, the proposed Information Return will give FMA significantly more accessible and comprehensive information that will help us better understand the profiles and business of individual AFAs, and the AFA market as a whole. We will be able to more effectively and efficiently allocate our resources and focus monitoring and surveillance activity to areas of highest potential risk. Other uses of the information might include better targeting of consultations on regulatory guidance or reform and better identification of AFAs who are providing products or services that we might explore as part of a thematic review.
18. We expect the Information Return will remain largely the same each year. However, significant changes to financial markets legislation will come into force when the Financial Markets Conduct Act and associated regulations come into effect (expected to be from 2014). We may need to update or add some questions in the Information Return as a result of this new legislation. We may also add some questions to focus on areas of particular interest and move the answer ranges as we learn more about the profession. We will look to improve and develop the guidance in the Information Return on an ongoing basis.
19. For the purposes of the consultation, we have provided both a paper based version of the Information Return, and a demonstration version online. The online demonstration version can be accessed following these four easy steps:
  1. Click on this link [www.e-services.fma.govt.nz](http://www.e-services.fma.govt.nz)
  2. On the next screen go to the **top right corner** and click on "**Login**"
  3. On the next screen in the **white box**, type the following in the fields:  
**USERNAME** = fmarrg **PASSWORD** = Password1
  4. At the top right on the next screen, **click on the orange button called "File AFA Information Return"** and this will take you through to the start of the Information Return.
20. We encourage you to complete the demonstration version online so that you can give us accurate feedback on the process and you are welcome to insert 'dummy' data. If for any reason you cannot access the demonstration version of the Information Return, please contact us on 0800 434 567.

21. Please note that any information or data you input into the demonstration version of the Information Return will not be analysed by FMA and will be held in accordance with the Privacy Act 1993. Also, for the purposes of this consultation, the demonstration online system does not have the function to “Save” information. When the service is live next year, users will be able to use this feature.
22. As referred to in the RRG guide you’ll be required to use your RealMe (formerly igovt) login to file your annual Information Return. Before the service goes live next year you will be provided with instructions on how to obtain those details.

### **Questions for which we are seeking your feedback**

In your submissions on the Information Return, we are particularly interested in receiving your answers to the following questions.

#### **Clarity**

**Question 1:** When you read the question and the guidance for that question in the Information Return together, is the question clear? If not, why not?

**Question 2:** Do you understand what each question is asking? If not, why not?

#### **Business model fit**

**Question 3:** Is it possible to answer each question for most AFA business models and for your particular model? If not, why not?

**Question 4:** Will you be able to provide an answer to each question? If not, why not?

#### **Time to complete**

**Question 5:** We estimate it would take an AFA about three hours to gather the data required for the Information Return plus about one hour to complete the Information Return online. Do you agree? If you disagree, please indicate how long you expect it would take.

**Question 6:** Are there particular questions that will take a long time to answer? If yes, please let us know which question(s) and the reasons for this.

#### **Cost to complete**

**Question 7:** Do you anticipate incurring any significant costs as a result of completing the Information Return? If yes, please let us know what these significant costs will be.

**Question 8:** Are there any particular questions that will incur significant cost to answer? If yes, please let us know which questions will result in significant costs being incurred and the reasons for this.

**Question 9:** Are there any particular questions that will incur disproportionate costs to develop systems to answer more accurately in future years? If yes, please let us know which

questions will result in these disproportionate costs and the reasons for this.

**Process to complete**

**Question 10:** Do you anticipate any practical difficulties with completing the Information Return online? If yes, please let us know what these difficulties will be.

We are happy to take comments or submissions on other aspects of the questions contained in the Information Return.

## Timeline

### Incorporation of the Regulatory Reporting Guide

23. We propose that the RRG will be incorporated into the authorisations of all AFAs on 21 March 2014.
24. The consultation and finalisation of the RRG will be undertaken in accordance with the proposed timeline below:

Anticipated Date	Deadline
16 September 2013	Consultation paper and proposed RRG issued.
19 September 2013	Notice from FMA published in the <i>Gazette</i> stating how the proposed RRG can be inspected, purchased or accessed on FMA's website and the date that it will be incorporated into the authorisations of AFAs.
11 October 2013	Submissions due to FMA.
20 February 2014	Notice from FMA published in the <i>Gazette</i> approving the RRG.
21 March 2014	RRG incorporated into authorisations of all AFAs.

### Completion of the first Information Return required under the Regulatory Reporting Guide

25. We propose that AFAs complete the first Information Return relating to their business as at 31 March 2014. AFAs will be required to submit the completed Information Return online to FMA by 12 May 2014. We will notify all AFAs when it is time to complete and submit the first Information Return.
26. After that, we propose that each year AFAs complete an Information Return relating to their business as at 31 March and submit it to FMA by 12 May.

27. For the first Information Return, we recognise that accurate information may not be available to answer some of the questions, as the Information Return requires reporting of information relating to a period which is partially historic. FMA accepts that AFAs may need to use their best estimates to answer these questions.
28. For the second Information Return to be completed and submitted to FMA by 12 May 2015, FMA expects AFAs to adjust their systems where necessary, to enable them to answer the questions accurately.

#### **Questions for which we are seeking your feedback**

**Question 11:** Do you have any concerns that the first Information Return will relate to an AFAs business as at 31 March 2014 and be submitted to FMA by 12 May 2014? If yes, please let us know your concerns.

**Question 12:** Do you have any concerns that each subsequent Information Return will relate to an AFAs business as at 31 March and be submitted to FMA by 12 May each year? If yes, please let us know your concerns.

We are happy to take comments or submissions on other aspects of the timing of completing and submitting the Information Return.

## **Relationship of the RRG and Information Return with AFA Adviser Business Statement**

### **Maintaining a current Adviser Business Statement**

29. Standard Condition 1 of the Standard Conditions requires AFAs to have and maintain a current written ABS.
30. The proposed Information Return does not replace the requirement for an AFA to maintain and keep a current written ABS. They are separate regulatory tools that serve distinctly different purposes.
31. The ABS is intended to be a helpful business tool, as noted in AFA Adviser Business Statement Guide (Regulatory Guide: FAA 02.2). It is an AFA's primary evidence that he or she has thought about their professional obligations and how his or her adviser business operates and that they have systems and procedures that are relevant to its size and nature.
32. The information collected through regulatory reporting is used by FMA to inform its risk-based approach to monitoring AFAs.
33. Some of the information required to complete the Information Return may be sourced by the AFA from the expected or suggested information that should be included in his or her ABS.

## ABS annual confirmation

34. Standard Condition 1 of the Standard Conditions also requires an AFA to confirm annually to FMA that his or her ABS is current.
35. Presently, AFAs send the annual confirmation to the FMA by email on the anniversary of his or her authorisation as an AFA.
36. In future, FMA proposes that AFAs will make this confirmation as part of the Information Return. This will replace the need for AFAs to send a separate email confirmation to FMA on the anniversary of his or her authorisation.

### Questions for which we are seeking your feedback

**Question 13:** Do you have any concerns with some of the information to be provided in the Information Return being sourced from, expected or suggested information that should also be included in the ABS? If yes, please let us know your concerns.

**Question 14:** Do you agree with the proposal that an AFA will make the annual confirmation that his or her ABS is current as part of the Information Return? If not, why not?

Please provide any other comments or feedback about the relationship of the Information Return with the ABS.

## Submission process

37. We attach a template for submissions (**attachment A**) and ask submitters to use this template. Please provide us with two versions of your submission: a PDF and a Word document. Please send your submission:
  - by e-mail only (no posted or delivered versions please) to [consultation@fma.govt.nz](mailto:consultation@fma.govt.nz). The email subject line should identify the email contains a submission on the proposed Regulatory Reporting Guide and who the submission is from, e.g. '**Submission on the proposed Regulatory Reporting Guide by [submitters name]**'; or
  - by using FMA's website '[Contact Us](#)' form, selecting '[make a comment](#)' and labelling the form clearly as: '**Submission on the proposed Regulatory Reporting Guide**'.
38. **The deadline for submissions is 5pm Friday 11 October 2013.**
39. We will not treat any part of your submission as confidential unless you specifically request we do so. Submissions will be subject to the Official Information Act 1982. We may publish submissions on our website, compile a summary of the submissions or draw attention to individual submissions in internal or external reports.
40. If you would like us to withhold any commercially sensitive, confidential or proprietary information included in your submission, please clearly state this in your submission and

identify the relevant sections. We will consider any request to have information withheld in accordance with our obligations under the Official Information Act 1982.

## Attachment A: Submission template

### Submission on the Regulatory Reporting Guide for AFAs

Please submit your feedback both as a PDF and in Word format. Send electronically only either to: [consultation@fma.govt.nz](mailto:consultation@fma.govt.nz) or through our website 'Contact Us' form by **5pm Friday 11 October 2013**.

Submission by:  
 Company or entity: \_\_\_\_\_  
 Organisation type: \_\_\_\_\_  
 Contact person: \_\_\_\_\_  
 E-mail: \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Other contact info: \_\_\_\_\_  
 Total pages: \_\_\_\_\_  
 Date: \_\_\_\_\_

Please note, you do not need to repeat or quote contents of the Regulatory Reporting Guide, Information Return or the consultation paper if you use the relevant paragraph or question number reference.

RRG Paragraph number	Information Return Question number	Consultation Paper Paragraph or Question number	Your comments	Your recommendation	Summary (Complete this if you wish to highlight key points and/or recommendations)

**Thank you for taking the time to consider the Regulatory Reporting Guide and to make this submission.**

## **Attachment B: Regulatory Reporting Guide for Authorised Financial Advisers**

(See attachment below)

# **Regulatory Reporting Guide**

for Authorised Financial Advisers



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## Regulatory Reporting Guide

1. This guide is the Regulatory Reporting Guide for Authorised Financial Advisers (**Regulatory Reporting Guide**) referred to in Standard Condition 2 of the Standard Conditions for Authorised Financial Advisers (**Standard Conditions**):

### Standard Condition

#### 2. Reporting

The AFA must report in accordance with the periodic and other reporting, accounting and notification requirements contained in the Regulatory Reporting Guide for AFAs.

2. Regulatory reporting provides information which helps the Financial Markets Authority (**FMA**) to understand the profile, businesses and characteristics of AFAs in the profession and will enable FMA to focus its resources appropriately.
3. This Regulatory Reporting Guide includes:
  - Reporting requirements that an Authorised Financial Adviser (**AFA**) must comply with to fulfil Standard Condition 2 of the Standard Conditions. These requirements are shown in the shaded boxes in **bold type**.
  - Guidance and explanatory material to assist AFAs in understanding the reporting requirements.
4. This Regulatory Reporting Guide contains the reporting requirement for an AFA to complete and submit an annual AFA Information Return (**Information Return**) to FMA.

### Importance of regulatory reporting

**In the Information Return, the AFA must provide information that is complete and accurate and the answer to each question should be true and correct.**

5. FMA will use information collected through regulatory reporting to inform its risk-based approach to monitoring AFAs. The information will help to prioritise our work and focus our thematic reviews. We will compare the information collected from AFAs. We may aggregate information about the AFA profession and may use this to inform our policy work.
6. FMA respects the privacy rights of individuals whose personal information is held by FMA. Any personal information that is supplied to FMA in the Information Return will be held and used in accordance with the Privacy Act 1993. FMA is required to hold personal information in a secure manner and in doing so, ensure that there are reasonable safeguards against loss, misuse or disclosure.
7. It is important that the information provided in the Information Return is complete and accurate (within the parameters provided by any available answers specified), and that the answers to the questions are true and correct. The Information Return asks you to confirm that this is the case before you submit it to FMA.

8. FMA understands that you may need to give your best estimate where a question has not been asked before and you were not aware that you would need to collect data during the period to answer the question.
9. In some cases, FMA may ask you to explain the information you have provided, or to support your answers (for example, by providing evidence or your working papers).
10. It is a breach of a condition of your authorisation if you do not report in accordance with the requirements contained in this Regulatory Reporting Guide. Under the Financial Advisers Act 2008 (the **Act**), FMA can take action against you for a breach of a term or condition of your authorisation, which could include suspending or cancelling your authorisation. Failure to comply with the terms and conditions of your authorisation is also an offence under the Act and carries a maximum penalty of \$5,000.

## AFA Information Return

**The AFA must answer the questions in the Information Return and make the confirmation required on submission.**

11. The Information Return gathers factual information about you and your business, and information about your compliance approach and competence.
12. The questions in the Information Return will remain largely the same each year. However, we may need to update or add some questions in the Information Return as a result of new or significant changes to financial markets legislation. We may also from time to time add or remove questions to focus on areas of particular interest and may also move the answer ranges as we learn more about the profession.
13. An AFA must complete and submit his or her own Information Return. It is not appropriate for another person to complete and submit the Information Return on your behalf.

### When to complete the Information Return

**The AFA must complete the first Information Return relating to their business as at 31 March 2014 and submit it to FMA by 12 May 2014.**

**After that, each year the AFA must complete an Information Return relating to their business as at 31 March and submit it to FMA by 12 May.**

14. The Information Return asks you to confirm that you have a current Adviser Business Statement (**ABS**). Answering this question fulfils your obligation under Standard Condition 1 of the Standard Conditions to provide annual confirmation to FMA that your ABS is current.

## How to complete the Information Return

**The AFA must complete and submit the Information Return online.**

15. The Information Return will be available on FMA's website via the following link [www.e-services.fma.govt.nz](http://www.e-services.fma.govt.nz). You will need to use your RealMe login to access the Information Return.
16. You can save incomplete versions of the Information Return on the website, to complete at a later time.
17. For many questions, you must select an answer from those provided. The Information Return includes guidance on how to complete each question and references to material in the Act and the Code of Professional Conduct for Authorised Financial Advisers to assist you.
18. If you need further help, you can contact the Financial Markets Authority Helpline on 0800 434 567 or use the online contact form available via <http://www.fma.govt.nz/contact/ask-a-question/> see 'Ask a question or send a comment'.
19. FMA will use the queries received to improve the guidance in the Information Return on an on-going basis, to help to clarify the questions and to assist AFAs in answering the questions in the Information Return.
20. FMA recommends you print a copy of your completed Information Return and keep it with your ABS for your records.

## The AFA Information Return

## Introduction

Authorised Financial Advisers (**AFA**s) are individual advisers that are authorised by the Financial Markets Authority (**FMA**) to provide personalised financial advisers services to retail clients, for category 1 and category 2 products, depending on the scope of their authorisation. The Financial Advisers Act 2008 (**Act**) provides that an authorisation of an AFA may be subject to terms and conditions relating to those financial adviser services. These terms and conditions include, by way of incorporation, the Standard Conditions. While some AFAs have some additional individual conditions, all AFAs are subject to the Standard Conditions. Under Standard Condition 2, an AFA must report in accordance with the reporting requirements in the Regulatory Reporting Guide for AFAs. This system allows an AFA to complete and submit an AFA Information Return (**Information Return**) as required in the Regulatory Reporting Guide for AFAs.

As an AFA, you must submit your own Information Return. It is not appropriate for anyone else to complete and submit this for you. When collecting the required information and answering the questions in this Information Return, it is important, that you make sure that the information provided is accurate and complete, and that the answer to each question is true and correct. FMA may ask you about the information you have provided.

You can save this Information Return part way through if you need to and you should print a copy at the end for your records.

[Financial adviser services](#)<sup>1</sup> are defined in the Act.

### Have you provided financial adviser services in the last 12 months?

- Yes, I have provided Financial Adviser Services in the last 12 months – CONTINUE (go to question 1)
  - No, I have NOT provided Financial Adviser Services in the last 12 months – CONTINUE (go straight to the section starting at question 68)
- 

<sup>1</sup> Please see definition of 'financial adviser service' in section 9 'What is a financial adviser service' in the Act.

## About You

The return tells FMA about your financial adviser services business and some of your compliance practices. It includes some references and terms from the Financial Advisers Act 2008 ([the Act](#)) and the Code of Professional Conduct for AFAs ([the Code](#)) . You can also refer to the summaries of certain definitions from the Act [here](#)<sup>2</sup>

### Role

No.	Question	Answers	Guidance on completion
1.	Are you currently providing financial adviser services?	<input type="checkbox"/> Yes <input type="checkbox"/> No, I stopped providing financial adviser services during the last 12 months	Only consider <a href="#">financial adviser services</a> <sup>3</sup> provided to clients in New Zealand.
2.	What percentage of your working time do you spend providing financial adviser services to clients? <i>(Answer to the nearest 10%)</i>	[Percentage]	Include time that is spent on client related matters, for example on client files in the office, product research and relevant training. Exclude time that is spent managing staff (other than trainee AFAs) or on general business management.
3.	What situation best describes your AFA employment status? <i>(Select all that apply)</i>	<input type="checkbox"/> Sole practitioner <input type="checkbox"/> Sole adviser practice	A sole practitioner works for him/herself, rather than for a company.

<sup>2</sup> The Summary definitions are provided at the end of this document

<sup>3</sup> A summary of the definition of 'financial adviser services' from the Act is provided in the Summary definitions at the end of this document

		<input type="checkbox"/> Employed by an entity which is not a Qualified Financial Entity (QFE) <input type="checkbox"/> Nominated representative or employee of a QFE <input type="checkbox"/> Employed by an NZX participant firm	<p>A <b>sole adviser practice</b> is defined in regulation 6 of the Financial Service Providers (Exemptions) Regulations 2010 (<b>Regulations</b>). Broadly, it is a company which provides financial adviser services where</p> <ul style="list-style-type: none"> <li>• there is only one adviser</li> <li>• who is the sole director (or one of two directors) and the only senior manager.</li> </ul> <p>See the definition of <a href="#">sole adviser practice in the Regulations</a>.<sup>4</sup></p> <p>If your sole adviser practice contracts your time to provide financial adviser services for another entity, also answer the question as if you are employed by that other entity (ie also select 'employed by an entity which is not a QFE' or 'employee of a QFE').</p>
4.	<p><b>What is the legal name of the entity that employs you? Also give the entity that you undertake all of your financial adviser services for, if this is different. If you are a nominated representative of a QFE, please give the name of the QFE.</b></p>	<p>Employer: [Free text field, possibly two names]  I provide financial adviser services for: [Free text field, possibly two names]  QFE: [Free text field, one name]</p>	<p>Provide the name of your employer. In most cases, this will be the company that you provide financial adviser services for.</p> <p>If you have an employer, but spend all of your time working for another financial adviser firm, give both names.</p>

<sup>4</sup> Please see definition of 'sole adviser practice' in regulation 6 'Exemption for sole adviser practice' in the Financial Service Providers (Exemptions) Regulations 2010

			<p>For example, if you are employed by a sole adviser practice, the practice may contract your services to another financial adviser firm. See the definition of <a href="#">sole adviser practice in the Regulations</a>.<sup>5</sup></p> <p>Standard condition 3 requires AFAs to notify FMA within five business days if they change employer.</p> <p>FMA can monitor more efficiently if it can take into account that AFAs work in one firm together.</p>
5.	<p><b>Is your employer a ‘sole adviser practice’, which has taken advantage of the exemption from registration on the Financial Services Providers Register?</b></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<p>Most employers of AFAs have to register on the Financial Service Providers Register. A <b>sole adviser practice</b> (which meets the definition in the Regulations) does not have to register if it meets the conditions in Regulation 6(3). See <a href="#">exemption for sole adviser practice in the Regulations</a>.<sup>6</sup> FMA needs to know the name of the sole adviser practice, as it is regulated by FMA for Anti Money Laundering and Countering Financing of Terrorism purposes even if it is not registered.</p>
6.	<p><b>How many AFAs are employed by your employer?</b></p>	<input type="checkbox"/> 1 - 5	<p>Count people, even if they are part-</p>

<sup>5</sup> Please see definition of ‘sole adviser practice’ in regulation 6 ‘Exemption for sole adviser practice’ in the Financial Service Providers (Exemptions) Regulations 2010

<sup>6</sup> Please regulation 6 ‘Exemption for sole adviser practice’ in the Financial Service Providers (Exemptions) Regulations 2010

		<input type="checkbox"/> 6 – 10 <input type="checkbox"/> 11 – 20 <input type="checkbox"/> 21 – 50 <input type="checkbox"/> More than 50	time.
7.	<b>If your employer has less than 5 AFAs, how many others are employed to support financial advisers?</b>	<input type="checkbox"/> 1 - 5 <input type="checkbox"/> 6 – 10 <input type="checkbox"/> More than 10	Count people, even if they are part-time. Adviser support includes administrators, office managers and accounting staff.
8.	<b>How many trainee financial advisers do you supervise?</b>	<input type="checkbox"/> 0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-10 <input type="checkbox"/> More than 10	Count people, even if they are part-time.

## Reward

This section includes data considered in the 'Remuneration and reward' section of your ABS.

9.	<b>What was your gross income from financial adviser services for your last completed tax year? (Answer to the nearest \$10,000)</b>	[NZ Currency]	Give your gross income before tax. For the purposes of this Information Return, this includes salary, commission and bonuses only, and excludes non cash remuneration. If you are a significant shareholder
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			<p>(&gt;10%) or director of a business providing financial adviser services, you should include your share of the income, after expenses, that the business earned from financial adviser services and any fees as a director of that business.</p> <p>If you also provide other services, you may need to estimate the portion of your total gross income which relates to financial adviser services.</p>
10.	<p><b>Do you receive other benefits or advantage from your financial adviser services, including any financial or non-financial benefits, whether direct or indirect, (eg ‘soft dollar’ benefits)?</b></p>	<input type="checkbox"/> No, I do not receive any benefits other than salary, fees or commission <input type="checkbox"/> Yes, I do receive benefits other than my salary, fees or commission	<p>Your disclosure statements include information about ‘other benefits or advantages, whether financial or non-financial, and whether direct or indirect’.</p> <p>Some benefits are paid by product providers and go to individual advisers, particularly if they reach sales thresholds.</p> <p>Other benefits or advantages (‘soft dollar’ benefits) might include:</p> <ul style="list-style-type: none"> <li>• Attendances at conferences</li> <li>• Hospitality at sporting events</li> <li>• Prizes, including holidays.</li> </ul>
11.	<p><b>If you selected “Yes” to Question 10:</b></p>	<input type="checkbox"/> 0 to \$1,000	

	<b>What was the value of the benefits in the last tax year?</b>	<input type="checkbox"/> \$1,000 to \$3,000 <input type="checkbox"/> \$3,000 to \$10,000 <input type="checkbox"/> More than \$10,000	
<b>12.</b>	<b>If you selected “Yes” to Question 10: Were any of the benefits dependent on the sale of specific products, rather than general performance?</b>	<input type="checkbox"/> No <input type="checkbox"/> Yes	
<b>13.</b>	<b>How much has your income changed for your last completed tax year as compared to the previous tax year?</b>	Increase Decrease No change  <input type="checkbox"/> 0 to \$5,000 <input type="checkbox"/> \$6,000 to \$10,000 <input type="checkbox"/> \$11,000 to \$15,000 <input type="checkbox"/> More than \$15,000	If you are a significant shareholder or director of a business providing financial adviser services, calculate the gross income as for the question above. If you have been a financial adviser for less than two years, please indicate ‘No change’.
<b>14.</b>	<b>How are you personally remunerated? (Select all that apply)</b>	<input type="checkbox"/> Fixed salary or hourly rate <input type="checkbox"/> Flat fee per annum or similar <input type="checkbox"/> Flat fee per transaction/provision of service <input type="checkbox"/> Percentage of assets fee <input type="checkbox"/> Commission <input type="checkbox"/> Bonuses based on volume <input type="checkbox"/> Bonuses based on mix of	Focus on how you are remunerated, rather than your employer, but if you are a significant shareholder or director of a business providing financial adviser services, consider your gross income as for the questions above.

		measures including compliance/quality <input type="checkbox"/> Other, please specify [Free text field]	
15.	<b>Of the types of remuneration you selected above, which one provides most of your financial adviser service income?</b>	<input type="checkbox"/> Fixed salary or hourly rate <input type="checkbox"/> Flat fee per annum or similar <input type="checkbox"/> Flat fee per transaction/provision of service <input type="checkbox"/> Percentage of assets fee <input type="checkbox"/> Commission <input type="checkbox"/> Bonuses based on volume <input type="checkbox"/> Bonuses based on mix of measures including compliance/quality <input type="checkbox"/> Other as specified in the previous question	Focus on how you are remunerated, rather than your employer, but if you are a significant shareholder or director of a business providing financial adviser services, consider your gross income as for the questions above.
16.	<b>What percentage of your commission was ...?</b>	Up front: [Percentage field] Trailing: [Percentage field]	

17.	<b>Do you receive benefits for referring your clients to others?</b>	<input type="checkbox"/> Yes, for referrals for financial services <input type="checkbox"/> Yes, for referrals for other services <input type="checkbox"/> No	For example, other services might include tax, accounting or legal services. Benefits include any benefit or advantage whether pecuniary or non-pecuniary, and whether direct or indirect.
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## Clients

This section includes some references and terms from the Financial Advisers Act ([the Act](#)) and the Code of Professional Conduct for AFAs ([the Code](#)). You can also refer to the summaries of certain definitions from the Act [here](#)<sup>7</sup>

### Clients

18.	<b>How many clients have you provided financial adviser services to in the last 12 months?</b>	[Numeric field]	Include clients that you provide ongoing services to and that you have provided one-off services for. Count each client. For example, if you provide services for each person in a couple, their jointly held portfolio and a trust, this is four clients.
19.	<b>Of those clients, what percentage is ...?</b>	Individuals: [Percentage field] Joint investors: [Percentage field] Trusts: [Percentage field] Partnerships: [Percentage field] Companies: [Percentage field]	

<sup>7</sup> The Summary definitions are provided at the end of this document

		Other: [Percentage field]	
20.	<b>What percentage of your clients are individuals over 65 years of age?</b>	<input type="checkbox"/> None <input type="checkbox"/> 1 to 25% <input type="checkbox"/> 26 to 50% <input type="checkbox"/> 51 to 75% <input type="checkbox"/> More than 75%	Consider clients who are individuals or joint investors above. You do not need to analyse trusts (so do not include trustees or beneficiaries).
21.	<b>What percentage of your client base are wholesale clients?</b>	<input type="checkbox"/> None <input type="checkbox"/> 1 to 25% <input type="checkbox"/> 26 to 50% <input type="checkbox"/> 51 to 75% <input type="checkbox"/> More than 75%	<a href="#">Wholesale client</a> <sup>8</sup> is defined in section 5C of the Act. If you treat all of your clients as retail clients, select 'None'.
22.	<b>In the last 12 months, what was the percentage of clients from whom you accepted a written certificate to become an eligible investor?</b>	<input type="checkbox"/> None <input type="checkbox"/> 1 to 5% <input type="checkbox"/> 6 to 10% <input type="checkbox"/> 11 to 20% <input type="checkbox"/> More than 20%	The requirements for certificates from <a href="#">eligible investors</a> <sup>9</sup> and their acceptance and revocation are set out in sections 5D to 5F of the Act.

## Products & Services

This section includes some references and terms from the Financial Advisers Act 2008 ([the Act](#)) and the Code of Professional Conduct for AFAs ([the Code](#)). You can also refer to the summaries of certain definitions from the Act [here](#)<sup>10</sup>

<sup>8</sup> A summary of the definition of 'wholesale clients' from the Act is provided in the Summary definitions at the end of this document

<sup>9</sup> A summary of the definition of 'eligible investor' from the Act is provided in the Summary definitions at the end of this document

<sup>10</sup> The Summary definitions are provided at the end of this document

## Products & services

23.	<p><b>What percentage of your clients do you provide these financial adviser services to?</b> <i>(See the service definitions in the Act)</i></p>	<p>Discretionary Investment Management Services: [Percentage field]          Investment Planning Services: [Percentage field]          Financial advice: [Percentage field]</p>	<p>DIMS, IPS and financial advice are defined in the Act (sections 10-12). You should consider these definitions before answering this question.</p> <p>Consider the clients you have provided <a href="#">financial adviser services</a><sup>11</sup> to over the last 12 months. If you provide more than one service to a client, you should count that client more than once (so the total will be more than 100%).</p> <p>Answer about what you do in practice, rather than the activities that you are authorised to do.</p>
24.	<p><b>What percentage of your clients receive personalised financial adviser services only?</b></p>	<p><input type="checkbox"/> Less than 50%  <input type="checkbox"/> 50 to 75%  <input type="checkbox"/> 76-94%  <input type="checkbox"/> 95-100%</p>	<p>The definition of <a href="#">personalised services</a><sup>12</sup> is set out in section 15 of the Act.</p>
25.	<p><b>For how many clients did you provide services such as execution only services, which are not financial adviser services?</b></p>	<p>[Percentage]</p>	<p>Consider the clients you have provided services to over the last 12 months. Include services such as ‘execution only’, ‘generic information’ or sales where no opinion is expressed on the purchase of the product.</p> <p>Only include services related to financial products (eg not will writing, legal advice</p>

<sup>11</sup> A summary of the definition of ‘financial adviser service’ from the Act is provided in the Summary definitions at the end of this document

<sup>12</sup> A summary of the definition of ‘personalised service’ from the Act is provided in the Summary definitions at the end of this document

			or preparation of accounts).
26.	<b>Have you changed your financial adviser services business or activities in the last 12 months?</b>	<input type="checkbox"/> No <input type="checkbox"/> Yes, and I have previously notified FMA. <input type="checkbox"/> Yes. I have not previously notified FMA. Please specify the change: [Free text]	Standard condition 3 requires AFAs to notify FMA of changes in their financial adviser services business or activities within 5 business days.
27.	<b>Which of these category 1 products do you provide financial adviser services on? (Select all that apply)</b>	<input type="checkbox"/> Ordinary and preference shares <input type="checkbox"/> Investment grade bonds <input type="checkbox"/> Below investment grade bonds <input type="checkbox"/> Managed investment funds <input type="checkbox"/> KiwiSaver schemes <input type="checkbox"/> Superannuation <input type="checkbox"/> None of these products	
28.	<b>Which of these more complex category 1 products do you provide financial adviser services on? (Select all that apply)</b>	<input type="checkbox"/> Perpetual or subordinated debt <input type="checkbox"/> Structured debt issues eg collateralised debt obligations	Land investment products are defined in the <a href="#">Financial Advisers (Definitions, Voluntary Authorisations, Prescribed</a>

		<p>(CDOs) and mortgage backed securities</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Capital guaranteed and capital protected investments</li> <li><input type="checkbox"/> Property investment schemes / Land investment products</li> <li><input type="checkbox"/> Warrants</li> <li><input type="checkbox"/> Exchange traded funds (ETFs)</li> <li><input type="checkbox"/> Commodity trading</li> <li><input type="checkbox"/> Derivatives or futures contracts, including contracts for difference (CFDs) and forward foreign exchange contracts</li> <li><input type="checkbox"/> Hedge funds</li> <li><input type="checkbox"/> Private equity</li> <li><input type="checkbox"/> Other complex products. Please specify: [Free text field]</li> <li><input type="checkbox"/> None of these products</li> </ul>	<p><a href="#">Entities, and Exemptions) Regulations 2011<sup>13</sup></a>.</p>
29.	<p><b>Which of these category 2 products do you provide financial adviser services on? (Select all that apply)</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Mortgages</li> <li><input type="checkbox"/> Other consumer credit</li> <li><input type="checkbox"/> Term life insurance</li> <li><input type="checkbox"/> Income protection</li> <li><input type="checkbox"/> Trauma / total permanent disability insurance</li> <li><input type="checkbox"/> Health insurance</li> <li><input type="checkbox"/> Business insurance, including key man</li> </ul>	

<sup>13</sup> Please see regulation 6 'Meaning of land investment product' in the Financial Advisers (Definitions, Voluntary Authorisation, Prescribed Entities, and Exemptions) Regulations 2011

		<input type="checkbox"/> Consumer credit / payment protection <input type="checkbox"/> Other insurance <input type="checkbox"/> None of these products	
30.	Do you provide financial adviser services to <a href="#">retail clients</a> <sup>14</sup> in relation to financial products that are not offered to the public?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Code Standard 5 explains that this will only happen in very limited circumstances.
31.	Which best describes the range of category 1 financial products you offer? <i>(Select all that apply)</i>	<input type="checkbox"/> I only offer products issued by my employer/QFE or its group <input type="checkbox"/> I offer a limited range of products using an approved product list / recommended list <input type="checkbox"/> I offer a wide selection of products but not covering the whole market <input type="checkbox"/> I offer a wide selection of products that cover the whole market <input type="checkbox"/> I don't provide services for category 1 products	Category 1 products are defined in section 5 of the Act.
32.	Which best describes the range of category 2 financial products you offer? <i>(Select all that apply)</i>	<input type="checkbox"/> I offer products issued by my employer/QFE or its group <input type="checkbox"/> I offer a limited range of products using an approved product list / recommended list	Category 2 products are defined in section 5 of the Act.

<sup>14</sup> A summary of the definition of 'retail clients' from the Act is provided in the Summary definitions at the end of this document

		<input type="checkbox"/> I offer a wide selection of products but not covering the whole market <input type="checkbox"/> I offer a wide selection of products that cover the whole market	
33.	<b>Do you have a product type where you offer only the products of one provider?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
34.	<b>Please indicate those fund product types where you offer only the products of one provider: <i>(Select all that apply)</i></b>	<input type="checkbox"/> Fixed interest funds <input type="checkbox"/> Equity funds <input type="checkbox"/> Property funds <input type="checkbox"/> Diversified funds <input type="checkbox"/> KiwiSaver <input type="checkbox"/> Other funds, please specify [Free text field]	
35.	<b>Do you personally provide any of these services? <i>(Select all that apply)</i></b>	<input type="checkbox"/> Tax advice <input type="checkbox"/> Accounting <input type="checkbox"/> Legal services <input type="checkbox"/> Asset / Estate planning <input type="checkbox"/> Trustee (eg. acting as a trustee for your client's family trust) <input type="checkbox"/> Property investment advice <input type="checkbox"/> Offshore pension transfers <input type="checkbox"/> Advice on borrowing to invest (gearing) <input type="checkbox"/> Foreign exchange trading <input type="checkbox"/> None	Include services that you actually provide yourself. Don't include services if you refer the client to another person to provide that service.

36.	<b>Do you hold Power of Attorney for any of your financial adviser service clients?</b>	<input type="checkbox"/> Yes, as part of a Discretionary Investment Management Service <input type="checkbox"/> Yes, but only temporarily <input type="checkbox"/> Yes, in other circumstances <input type="checkbox"/> No	<p>You might take Power of Attorney temporarily, for example, when your client is on holiday.</p> <p><a href="#">Discretionary investment management services</a><sup>15</sup> are defined in section 12 of the Act.</p>

### Your financial advice service

37.	<b>What is the total value of the funds on which you provide personalised advice?</b>	<input type="checkbox"/> I don't have funds under advice <input type="checkbox"/> Under \$1m <input type="checkbox"/> \$1m to \$3m <input type="checkbox"/> \$3m to \$5m <input type="checkbox"/> \$5m to \$10m <input type="checkbox"/> \$10m to \$20m <input type="checkbox"/> \$20m to \$50m <input type="checkbox"/> Above \$50m	<p>Use the latest number available for this question and for the two questions immediately below.</p> <p>Include funds under advice – where you provide ongoing advice on a portfolio of investments (on a non-discretionary basis). You do not need to include advice to clients on a one-off basis.</p> <p>If you provide a discretionary investment management service, exclude funds which are part of that service. Those funds are covered by separate questions below.</p>
38.	<b>What is the average value of client fund on which you provide personalised advice for a retail client?</b>	[NZ Currency]	

<sup>15</sup> A summary of the definition of 'discretionary investment management service' from the Act is provided in the Summary definitions at the end of this document

39.	What is the largest value of fund on which you provide personalised advice for a retail client?	[NZ Currency]	
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### Your Discretionary Investment Management Services (DIMS)

40.	Which type of <a href="#">discretionary investment management service</a> <sup>16</sup> do you provide?	<input type="checkbox"/> Investment portfolio individually tailored to each DIMS client <input type="checkbox"/> Client profiled and allocated to one or more distinct DIMS portfolios that are managed on a model portfolio basis <input type="checkbox"/> Both	A portfolio is individually tailored if the AFA identifies a unique portfolio of investments for the client.
41.	What is the total value of the funds that you manage for <u>retail</u> DIMS clients?	<input type="checkbox"/> Under \$1m <input type="checkbox"/> \$1m to \$3m <input type="checkbox"/> \$3m to \$5m <input type="checkbox"/> \$5m to \$10m <input type="checkbox"/> \$10m to \$20m <input type="checkbox"/> \$20m to \$50m <input type="checkbox"/> Above \$50m	Use the latest number available for this question and for the three questions immediately below. If you only provide DIMS on a temporary basis (for example whilst clients are on holiday), provide the total of the funds that you managed during the last 12 months.
42.	What is the average value of fund that you manage under a DIMS for a retail client?	[NZ Currency]	
43.	What is the largest value of fund that you manage for	[NZ Currency]	

<sup>16</sup> A summary of the definition of 'discretionary investment management service' from the Act is provided in the Summary definitions at the end of this document

	a retail DIMS client?		
44.	What is the total value of funds that you manage for <u>wholesale</u> DIMS clients?	<input type="checkbox"/> Under \$1m <input type="checkbox"/> \$1m to \$3m <input type="checkbox"/> \$3m to \$5m <input type="checkbox"/> \$5m to \$10m <input type="checkbox"/> \$10m to \$20m <input type="checkbox"/> \$20m to \$50m <input type="checkbox"/> Above \$50m	

### Your Investment Planning Services (IPS)

45.	If you provide <a href="#">investment planning services</a> <sup>17</sup> for a client, do you....?	<input type="checkbox"/> Only provide the plan <input type="checkbox"/> Provide the plan and advise the client on the products to fulfil that plan	If you execute the plan, by discussing suitable products with the client, you are probably also providing financial advice.
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## Compliance

This section includes some references and terms from the Financial Advisers Act 2008 ([the Act](#)) and the Code of Professional Conduct for AFAs ([the Code](#)). You can also refer to the summaries of certain definitions from the Act [here](#)<sup>18</sup>. It includes data relevant to your compliance arrangements considered in the 'Advice or Service' section of your ABS.

<sup>17</sup> A summary of the definition of 'investment planning service' from the Act is provided in the Summary definitions at the end of this document

<sup>18</sup> The Summary definitions are provided at the end of this document

## Advice or service

46.	<p><b>Which tools assist you in providing suitable <u>personalised services</u><sup>19</sup>? (Select all that apply)</b></p>	<p><input type="checkbox"/> Client needs analysis</p> <p><input type="checkbox"/> Risk profile / risk tolerance questionnaire</p> <p><input type="checkbox"/> A forecast of the client's future financial position</p> <p><input type="checkbox"/> Other, please specify [Free text field]</p>	
47.	<p><b>In the last 12 months, how many clients declined to provide you with relevant information required to provide you with an up-to-date understanding of their financial needs, financial situation, financial goals and tolerance for risk on at least one occasion? (You may answer to the nearest 10)</b></p>	[Numeric field]	<p>Include each client who declined to provide information on at least one occasion. AFAs must make enquiries to provide an up to date understanding of the client's circumstances relevant to the personalised service being provided. If a client does not provide relevant information, an AFA must take steps to ensure the client is aware of the limitations to the service. See Code Standard 8 for the requirements in this situation.</p>
48.	<p><b>In the last 12 months, how many clients instructed you not to determine the suitability of the financial adviser service you provided? (You may answer to the nearest 10)</b></p>	[Numeric field]	<p>Include each client who instructed you not to determine suitability on at least one occasion. AFAs must take steps to ensure the personalised service is suitable for the client. If a client does</p>

<sup>19</sup> A summary of the definition of 'personalised service' from the Act is provided in the Summary definitions at the end of this document

			not want the AFA to determine the suitability of the service, the client must provide informed instructions in writing. See Code Standard 8 for the requirements in this situation.
49.	<b>In the last 12 months, how many retail clients instructed you not to provide a written explanation of the basis for your service, which would otherwise have been required?</b> <i>(You may answer to the nearest 10)</i>	[Numeric field]	Include each client who instructed you not to provide a written explanation on at least one occasion. AFAs must provide a written explanation of the basis on which a personalised service has been provided - for example why the client is advised to buy a particular product. A client may make an unambiguous instruction that a written explanation is not required for the particular service. See Code Standard 9 for when written explanations are required.
50.	<b>How often do you undertake reviews with most of your clients?</b>	<input type="checkbox"/> My service does not provide a review <input type="checkbox"/> 12 months or less <input type="checkbox"/> 13 months to 23 months <input type="checkbox"/> 2 years or more	For example, consider how often you update investment plans, needs analysis for funds under advice, or the parameters for a DIMS client.
51.	<b>Who do you rely on for research on the financial products that you recommend?</b> <i>(Select all that apply)</i>	<input type="checkbox"/> No-one, I undertake my own research <input type="checkbox"/> My employer/QFE <input type="checkbox"/> A third party <input type="checkbox"/> Other, please specify [Free text	

		field]	
52.	<b>Who constructs model portfolios for your clients?</b>	<input type="checkbox"/> I do not construct portfolios for clients <input type="checkbox"/> I do not use model portfolios. Each one is tailored for the client. <input type="checkbox"/> An external investment manager <input type="checkbox"/> Research house <input type="checkbox"/> Myself <input type="checkbox"/> Investment committee of my employer/QFE <input type="checkbox"/> Other	
53.	<b>How do you report to clients on returns on their portfolios?</b>	<input type="checkbox"/> Gross of fees <input type="checkbox"/> Net of fees <input type="checkbox"/> I provide one-off advice / I do not track and report on returns	Consider both funds under advice and funds in DIMS services. Consider whether you report gross or net of the fees for the service you provide (eg your fees or your employer's fees)
54.	<b>What is the highest percentage return you achieved for a client on their portfolio in the last year to 31 March?</b>	Positive Negative <input type="checkbox"/> 0-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> 10-20% <input type="checkbox"/> More than 20%	
55.	<b>What is the lowest percentage return you achieved</b>	Positive	

	<b>for a client on their portfolio in the last year to 31 March?</b>	Negative <input type="checkbox"/> 0-5% <input type="checkbox"/> 6-10% <input type="checkbox"/> More than 10%	
56.	<b>In the last 12 months, approximately what percentage of withdrawals of client funds (full or partial) took longer than 30 days to process?</b>	<input type="checkbox"/> 0% <input type="checkbox"/> 1-25% <input type="checkbox"/> 26-50% <input type="checkbox"/> More than 50%	
57.	<b>Have you borrowed from or lent funds to a retail client?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	Code Standard 4 prohibits AFAs from borrowing from or lending to a retail client. To answer this question, consider both new funds borrowed or lent in the year and any borrowing or lending made in earlier years that existed during the year.
58.	<b>Do you receive on-going specialist compliance support? <i>Select all that apply</i></b>	<input type="checkbox"/> No <input type="checkbox"/> Yes, from my QFE or employer's compliance or quality assurance team <input type="checkbox"/> Yes, from an external consulting firm <input type="checkbox"/> Yes, from a professional body <input type="checkbox"/> Yes, from a dealer group <input type="checkbox"/> Yes, other Please specify the external consulting firm, professional body,	AFAs with the same specialist compliance support may have similar systems and processes when we visit, and we may be able to help more AFAs by providing feedback to the specialist compliance support. So you don't need to count your supervisor or other advisers in your firm as 'compliance support'.

		dealer group or other ( <i>free text</i> )	
59.	<b>Do any of those parties also monitor your financial adviser services for compliance?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	

### Client money & property

60.	<b>Does your employer handle client money or client property (including FINs) relating to your financial adviser services?</b> ( <i>Select all that apply</i> )	<input type="checkbox"/> Money <input type="checkbox"/> Property excluding FINs <input type="checkbox"/> FINs <input type="checkbox"/> None	<a href="#">Client money</a> and <a href="#">client property</a> <sup>20</sup> are defined in section 5 of the Act. A FIN is a Faster Identification Number, which gives access to the client's property. Money or property that is handled by a nominee company set up by your employer should be treated as handled by your employer.
61.	<b>Do you personally handle client money or client property (including FINs)?</b> ( <i>Select all that apply</i> )	<input type="checkbox"/> Money only <input type="checkbox"/> Property excluding FINs <input type="checkbox"/> FINs <input type="checkbox"/> None	<a href="#">Client money</a> and <a href="#">client property</a> <sup>21</sup> are defined in section 5 of the Act. A FIN is a Faster Identification Number, which gives access to the client's property. Money or property that is handled by a nominee company that you have set up

<sup>20</sup> A summary of the definition of 'client money' and 'client property' from the Act is provided in the Summary definitions at the end of this document

<sup>21</sup> A summary of the definition of 'client money' and 'client property' from the Act is provided in the Summary definitions at the end of this document

			should be treated as handled by you.
62.	<b>For approximately what percentage of your clients do you or your employer handle money or property?</b>	<input type="checkbox"/> None <input type="checkbox"/> 1 to 10% <input type="checkbox"/> 11 to 30% <input type="checkbox"/> 31 to 50% <input type="checkbox"/> More than 50%	Include money or property handled by your, or your employer's, nominee company.
63.	<b>Who holds custody of clients' property?</b> <i>(Select all that apply)</i>	<input type="checkbox"/> The client <input type="checkbox"/> Me <input type="checkbox"/> My employer / QFE <input type="checkbox"/> Nominee company <input type="checkbox"/> Other related party custodian <input type="checkbox"/> External custodian (or sub-custodian) <input type="checkbox"/> Other, please specify [Free text field]	
64.	<b>How often do you provide statements of client money or property held to your clients?</b>	<input type="checkbox"/> Real time reporting (online access) <input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> 6 monthly <input type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> I don't provide statements	Consider the portfolios that you manage or advise on.
65.	<b>Have the client money and property processes and balances been subject to independent assurance in the last 12 months?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	Include assurance provided by an internal audit function, or an opinion by an external firm of accountants. Do not

			include work done only as part of the audit of the financial statements. FMA may ask you to provide a copy of the assurance report as part of its monitoring.
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## Complaints

66.	How many complaints were recorded about your financial adviser services in the past 12 months?	[Numeric field]	The Code defines a complaint. Code Standard 11 requires the AFA to ensure that there is a complaints process and register.
67.	What percentage of the complaints were upheld or settled in favour of the client?	[Percentage field]	Include those upheld by the internal complaints process and those upheld by an external dispute resolution scheme.

## Competence

### Competence

68.	How many years have you been providing financial adviser services?	<input type="checkbox"/> 0-1 <input type="checkbox"/> 2-5 <input type="checkbox"/> 6-10 <input type="checkbox"/> More than 10	Include similar services provided before the Act came into force.
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69.	<p><b>How many years have you been providing financial adviser services on category 1 products?</b></p>	<input type="checkbox"/> 0-1 <input type="checkbox"/> 2-5 <input type="checkbox"/> 6-10 <input type="checkbox"/> More than 10 <input type="checkbox"/> I don't provide financial adviser services on category 1 products	<p>Category 1 products are defined in section 5 of the Act.</p>
70.	<p><b>Which qualifications do you hold, which are relevant to your financial adviser services? (Select all that apply)</b></p>	<input type="checkbox"/> National Certificate in Financial Services (financial advice) level 5 <input type="checkbox"/> A qualification which was recognised as a competence alternative in the Code <input type="checkbox"/> An overseas financial adviser qualification recognised by an overseas regulator <input type="checkbox"/> None of these	<p>Include both qualifications held at and retained since licensing and any attained since.</p> <p>Refer to the qualifications in section G Competence Alternatives Schedule of the Code.</p>
71.	<p><b>For the last continuing professional development (CPD) period, how many hours of 'structured' training did you complete?</b></p>	<input type="checkbox"/> Less than 10 <input type="checkbox"/> 10 <input type="checkbox"/> More than 10 <input type="checkbox"/> I am a new adviser and have not completed a CPD period	<p>CPD is continuing professional development or training relevant to the financial adviser services you provide. Code Standard 18 requires that an AFA must, in each CPD period, complete at least 10 hours of structured training (as defined in that Code Standard).</p> <p>A CPD period is a calendar year. A new</p>

			AFA's first CPD period starts from the 1 January after authorisation.
72.	For the last CPD period, how many hours of 'unstructured' training did you complete?	<input type="checkbox"/> Less than 20 <input type="checkbox"/> 20 <input type="checkbox"/> More than 20 <input type="checkbox"/> I am a new adviser and have not completed a CPD period	Unstructured training is training which does not meet the definition of structured training in Code Standard 18

### Annual Adviser Business Statement (ABS) confirmation

73.	<p>I confirm that I have reviewed my ABS, and that it accurately reflects:</p> <ul style="list-style-type: none"> <li>• My adviser business activities, including clients and types of products and services</li> <li>• My compliance arrangements, including advertising and disclosure, suitability processes and record keeping</li> <li>• Continuing professional development records.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No. Provide a reason: [Free text]	<p>Standard Condition 1 requires you to have and maintain an adviser business statement and to provide an annual confirmation to FMA that the ABS is current. This confirmation fulfils that requirement.</p> <p>If you cannot meet the requirement, FMA will review your reason and may contact you.</p>
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## Review

### Submission

Please ensure you review your return before submitting. If you want to print a copy for your records, do this before submitting. (You will not be able to print it later.)

I confirm that:

(a) I am the AFA named in this AFA Information Return; and

(b) to the best of my knowledge, the information provided in this AFA Information Return is accurate and complete, and the answers are true and correct.

I understand that my authorisation as an AFA is subject to terms and conditions, and that the Standard Conditions for AFAs include the requirement to complete this AFA Information Return in accordance with the relevant requirements in the Regulatory Reporting Guide. I understand that if I breach a term or condition of my authorisation or the Financial Advisers Act 2008 (**Act**), FMA can take action against me including suspending or cancelling my authorisation and that failure to comply with the terms and conditions of my authorisation is also an offence under the Act and carries a maximum penalty of \$5,000.

## Summary definitions

For ease of reference, we set out below summaries of the definitions of different types of **clients, services** and **client money and property**, to help you understand the legal terms used in the AFA Regulatory Return. Please note that these summaries are intended as a guide only. The actual definitions are set out in the relevant sections of the [Financial Advisers Act 2008](#).

## Clients

### Clients ([section 5A](#))

A client means a person who receives a service (whether or not on payment of a charge).

### Retail clients ([section 5B](#))

A retail client is a client of a financial adviser who is not a wholesale client.

### Wholesale clients ([section 5C](#))

The following clients of a financial adviser are wholesale clients for a financial adviser service:

- (a) any other financial adviser who receives the service in the course of business as a financial adviser
- (b) a person in the business of providing any other financial service and receives the financial adviser service in the course of that business
- (c) a person whose principal business is the investment of money or, in the course of and for the purposes of the persons business, habitually invests money
- (d) an entity to which at least one of the following applied at the end of each of the last two accounting periods
  - (i) at the balance date, the net assets of the entity exceeded \$1 million or
  - (ii) the turnover of the entity (or a related body corporate) for the accounting period exceeded \$1 million
- (e) a local authority, a Crown entity, a State enterprise, the Reserve Bank of New Zealand and the National Provident Fund
- (f) a person who falls within 1 or more of the categories listed in section 3(2), 5(2CBA) or 5(2CBA) of the Securities Act 1978 if the services relate to securities offered to that person or subscribed for by that person in a private offer of securities (as defined in section 5(C)(3))
- (g) an eligible investor (see below).

A person may opt out of being a wholesale client by giving the financial adviser a signed notification (in accordance with section 5G).

**Eligible investor** ([section 5D](#) and [section 5E](#) )

An eligible investor is a client who has sufficient knowledge, skills or experience in financial matters to assess the value and risks of financial products and the merits of those services. A client must certify in writing (stating reasons for the certification) that they:

- (a) meet those knowledge, skill and experience requirements and
- (b) understand the consequences of giving the certificate (including that competency standards and the Code will not apply and a dispute resolution scheme may not be available).

A financial adviser must also sign a written acceptance of the certification, but only if he or she is satisfied, after considering the client's reasons for giving the certificate, that:

- (a) the client has received sufficient advice about the consequences of giving the certificate and
- (b) there is no reason to believe the certificate is incorrect (or that further information or investigation is needed to determine this).

**Services****Financial adviser service** ([section 9](#))

Financial adviser services are defined as:

- (a) giving financial advice
- (b) providing an investment planning service or
- (c) providing a discretionary investment management service.

**Financial advice** ([section 10](#) )

A person gives financial advice if that person makes a recommendation or gives an opinion in relation to acquiring or disposing of (including refraining from acquiring or disposing of) a financial product.

Section 10(3) lists certain activities that are not considered to be giving financial advice.

**Investment planning service** ([section 11](#))

A person provides an investment planning service, if they design or offer to design a plan for an individual that:

- (a) is based on an analysis of an individual's current and future overall financial situation and identifies their investment goals, and
- (b) includes recommendations or opinions to realise those goals (or 1 or more of them)

A service may be an investment planning service regardless of whether the analysis and identification is of the individual's particular financial situation and goals, or of the financial situation and goals attributed to the class of persons that the individual falls within.

**Discretionary investment management service** ([section 12](#))

A person provides discretionary investment management services if they decide which financial products to acquire or dispose of on behalf of (and acting on the authority of) a client.

*Explanatory note:* So a DIMS is an investment arrangement under which an adviser makes buy-sell decisions in respect of a portfolio of investments, without referring to the client for each transaction. You provide a DIMS even if you only do this temporarily, for example whilst a client is on holiday.

**Personalised service** ([section 15](#))

A personalised service is a financial adviser service that is given to a named client who is readily identifiable by the adviser and, either the financial adviser has taken the client's particular financial situation or goals into account, or the client would reasonably expect their particular financial situation or goals to be taken into account.

**Class service** ([section 15](#))

A financial adviser service is a class service if it is not a personalised service.

## **Client money and property**

**Client money** ([section 5](#))

Client money means money received from, or on account of, a client in relation to acquiring, holding, or disposing of a financial product.

**Client property** ([section 5](#))

Client property means property received from, or on account of, a client in relation to acquiring, holding, or disposing of a financial product.