### Annual regulatory return information to be provided by licensed Derivatives Issuers (DI) to the FMA

The reporting period for this regulatory return is each 12-month period from 1 July to 30 June.

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| **OFFER INFORMATION**  Please answer the following questions about the licensed business as a whole (unless the context indicates otherwise) |

|  | **Questions we will ask you** | **Guidance** | **Feedback on the question** |
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|  | Name of company (DI) |  |  |
|  | FSP Number | This is to ensure the correct entity is mapped to our data |  |
|  | Details for person submitting the report | Name, title, phone, email address |  |
|  | Date of submission | Date report was provided to the FMA |  |
|  | Number of complaints about your licensed service:  - received during the year  - resolved during the year  - currently open  - referred to Dispute Resolution Scheme (DRS) from entity  - directed straight to DRS from complainant  - resolved by DRS (financially or otherwise)\*  - declined by DRS  Please place each complaint into one of the following categories:  • Misleading information  • Non-disclosure of fees and/or terms of the contract  • Suitability of product for the consumer’s needs  • Transaction disputes.  • Other (please define) | Please provide number under each heading  Where a complaint is directed straight to the DRS from a complainant, this is expected to be referred back to the entity.  \* Where a DRS complaint resulted in a financial judgement please provide details of settlement amount (by complaint, not aggregated). |  |
|  | Have there been any changes to your outsource providers post-licensing for the following functions related to your licensed service?  If yes, provide the name of the outsource provider:  - Administration  - Settlement  - Client Onboarding  - IT Systems  - Platform providers  - Other (please specify) | Please provide the name of each service changed.  While you provided information about your outsource providers at licensing, we are interested in changes made since then.  Rationale: We wish to observe whether there is a concentration of providers either within the entity or across the industry. |  |
|  | Please provide the total number of brokers/dealers/advisers for your licensed DI service and percentage turnover in the last 12 months. | Number  Percentage, to the nearest whole number  Rationale: To measure frontline staff turnover across the industry and identify any areas where turnover might appear excessive. |  |
|  | What is the total value of each of the following held each year for the last three years?  (a) Derivatives investor money  (b) Derivatives investor property (non-cash assets) | NZD amount to the nearest thousand  Rationale: It is a requirement that derivatives issuer investor money is held in a separate trust account. The amount held in this account represents the amount of investor money potentially at risk. |  |
|  | Please provide the names of the hedging counterparties used in the past 12 months | Names  Rationale: To understand if derivative issuers have concentration risk involved in their use of hedging counterparties. |  |
|  | What is the number of margin calls\* resulting in the closure of a position per month for the last year? | Please provide number under each heading  \* Separate margin calls by client and firm.  Rationale: A margin call may not always result in the closing of an open position. Selecting margin calls that resulted in closed positions indicates that clients may be overtrading. |  |
|  | 1. Do you perform any kind of analysis of your clients trading / investments?   If so, please provide details and explain the purpose. | Yes / No  If yes, details of analysis.  Rationale: To understand the level of profiling of clients, if any, and whether this is enabling a better client outcome. |  |
| 1. Do you analyse transactions to identify particular clients whose trades could be channelled to a house account?   If so, please provide details and explain the purpose. | Yes / No  If yes, details of trades.  Rationale: To understand the level of profiling of clients, if any, and whether this is enabling a better client outcome. |
|  | Please provide a table that shows your revenue split across each underlying product group for the previous year:  FX/ Equity / Fixed Interest/ Commodity/ Other  by derivative product type for each of:  - Contract for Difference  - Options  - FX Options  - Binary Option  - Futures  - Margin FX  - Forwards  - Swaps  - Other (please specify) | NZD to the nearest thousand  Rationale: To understand which products are providing the most/least revenue and therefore which are trending. As new products are released to market these can be added to the list for greater transparency. |  |
|  | Please select the methods used to assess the suitability of the product for the client:  (a) Written test or quiz  (b) Review of:  (i)Level of education  (ii) Profession occupied  (iii) Experience trading  (c) Interview  (i) in person  (ii) telephone  (iii) Other  (d) Provision of practice account (demo account)  (e) Other, please specify | Select all that apply e.g. (a), (b)(i) and (iii).  Rationale: To better understand how derivatives issuers are meeting standard condition 12 ‘Suitability of products for clients’. |  |
|  | What is your total number of active clients (traded in the last year)?  Please also provide:  (a) The percentage split between retail and wholesale clients.  (b) The percentage revenue split between these two groups. | Total number of clients  Percentage to the nearest whole number  Rationale: To measure year-on-year client trading activity and understand the split between retail and wholesale, where a firm has wholesale clients. |  |
|  | Please provide details of the approach you take to monitoring how effective your communications to investors are in helping them make informed decisions. | We are looking for information about how you communicate with your customers to meet their needs.  Rationale: We are seeking to understand how licensed entities ensure they meet their conduct obligations. The categories are aligned with those we use in other surveys. |  |
|  | Which communication channels have you introduced, or adjusted your use of, this year? | Name the channels, the extent of the change, and the research that led you to make the change. Examples could include website, call centre, chatbot, email or social media. |  |
|  | What research have you conducted during the year to:   1. ensure mandatory disclosure documents meet clear, concise and effective tests (where relevant) and help investors make informed decisions? 2. ensure discretionary supporting communication materials are relevant and useful for investors in making informed decisions? 3. ensure investors understand what they are paying for? | Please name the research for each of (a), (b) and (c).  Examples of research could include a plain language audit or consumer focus groups.  Examples of sales materials include websites’ fund information or brochures. |  |
|  | Do you prepare regular reports on how you measure whether your communications are helping customers make informed decisions about their investments, including whether they understand what they are paying for?   1. to senior management 2. to your board. | We are seeking to understand the checks and balances you have in place to ensure you meet conduct obligations.  Please provide yes/no answers for both (a) and (b). |  |