

March 2021

Response to submissions: Content of regulatory returns for licensed DI, MIS managers and DIMS providers

This paper is for licensed Derivative Issuers (DI), managers of Managed Investment Schemes (MIS managers), providers of Discretionary Investment Management Services (DIMS providers), and other interested parties.

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Executive summary and background

This document provides a response to the submissions received on the FMA's proposed regulatory returns for licensed Derivative Issuers (DI), providers of Discretionary Investment Management Service (DIMS providers) and managers of Managed Investment Schemes (MIS managers) – collectively referred to as 'licensees' – under the Financial Markets Conduct Act 2013 (FMC Act).

After consulting on the content of the regulatory returns (see consultation paper [Consultation on the content of regulatory returns for licensed DI, MIS managers and DIMS providers](#)), and carefully considering the regulatory and non-regulatory impacts, and submissions received in consultation, we have amended the proposed regulatory returns for licensees.

Using the amended returns, licensees will be required to complete their first annual regulatory return for the period 1 July 2021 to 30 June 2022, and submit the completed return by 30 September 2022. We will notify all licensees when it is time to complete and submit the first regulatory return.

In subsequent years, licensees will be required to complete an annual regulatory return for the 12-month period ending 30 June and submit it to the FMA by 30 September of that year.

Background

When a market service licence is issued, section 403 of the FMC Act allows the FMA to impose conditions on the licence. These conditions may be specific to an individual licensee, or standard for a particular type of market service licence.

The standard conditions for all types of market service licences include the following condition regarding regulatory returns (the regulatory returns condition):

You must provide us with the information we need to monitor your on-going capability to effectively perform the [market service] in accordance with the applicable eligibility criteria in the Act. This will include updated information on the nature, size and complexity of your [market service] service. Information must be provided in accordance with any Regulatory Return Framework and Methodology we issue under subpart 4, part 9 of the Act.

Frameworks and methodologies are subordinate legislation that detail any applicable technical requirements. We are not required, by law, to introduce either. Our view is that they are not necessary for the type of information we need from this group of market service licensees. However, the explanatory note associated with this standard condition highlights that a regulatory return is likely to require reporting of factual business information, such as business volumes and services types, numbers of customers, numbers and types of breaches, and complaints information.

This type of information is an important input for the FMA, as it:

1. provides us with up-to-date, relevant information about the licensee's business, which may have changed since the licence was granted
2. helps us consider how the licensee continues to meet minimum standards and their licence obligations, and,
3. shines a light on the people, businesses, and sectors we regulate, assisting us to determine the appropriateness and priority of any monitoring activities.

This standard condition is in addition to those reporting obligations under section 412 of the Act and any other reporting obligations that may be imposed in regulations.

In March 2018 the FMA published [Consultation paper: Content of regulatory returns for licensed DI, MIS managers and DIMS providers](#). This paper, and the associated question sets for licensed DI, DIMS providers, and MIS managers, outlined the information we planned to ask licensees for in the regulatory returns. It invited licensees and other interested parties to share their view on the appropriateness, feasibility, cost, and implications of providing such information.

We were also particularly interested in hearing whether, in the eyes of licensees, there was any other useful and relevant information that we should include, if there was an alternative to the proposed question that would achieve the same objectives with a lower burden, or if certain information is not readily available to a particular licensee.

Objectives and relevant stakeholders

Objectives

We have chosen the following statutory purposes of the FMC Act as objectives against which to measure the possible options:

- Ensuring the availability and quality of financial advice and services
- Avoiding unnecessary compliance costs
- Promoting and facilitating the development of fair, efficient and transparent financial markets
- Promoting the confident and informed participation of businesses, investors, and consumers in the financial markets

Relevant stakeholders

The activation of the regulatory returns condition will require businesses who hold/get a DI, DIMS, or MIS licence to comply with the regulatory returns obligation in respect of their licensing requirements. In assessing the options, we considered the interests of DI, MIS managers and DIMS providers, industry advisers, and current or potential licence applicants.

Problem definition, options and impact analysis

In considering the content of regulatory returns for licensees we first considered the need to activate the condition, and then its impact.

When a market service licence is issued, section 403 of the Financial Markets Conduct Act 2013 (Act) allows the FMA to impose conditions on the licence. These conditions may be specific to an individual licensee, or standard for a particular type of market service licence. The standard conditions for all types of market service licences include a regulatory returns condition.

We considered two options in relation to regulatory returns:

- Option 1: Activate the condition
- Option 2: Retain the status quo (no requirement to submit regulatory returns)

Option 1 (activate the condition) was the selected option.

Regulatory returns

Problem definition

The regulatory returns condition for market service licensees reads:

You must provide us with the information we need to monitor your on-going capability to effectively perform the [market service] in accordance with the applicable eligibility criteria in the Act. This will include updated information on the nature, size and complexity of your [market service] service. Information must be provided in accordance with any Regulatory Return Framework and Methodology we issue under subpart 4, part 9 of the Act.

Unlike prescribed intermediary services, we do not currently collect regulatory returns from DI, DIMS providers, and MIS managers. This compromises our ability to effectively identify any changes in risk profile after licensing, and to identify broad industry themes, thus hindering our ability to develop the necessary intelligence capability to implement effective risk-based monitoring of these services.

Option 1 – Activate the condition

Description

Activate the regulatory returns condition that requires DI, DIMS providers, and MIS managers to provide information to the FMA in accordance with the requirements set out in the regulatory return templates, similar to that which is required by other market service licensees i.e. peer-to-peer lending providers and crowdfunding platforms.

Impact analysis

Ensures the availability and quality of financial advice and services

Regulatory returns reporting is a key tool that the FMA uses to inform its monitoring and enforcement approach. Effective monitoring and enforcement leads to improved market conduct and is therefore necessary to ensure access to quality financial advice and market services. Regulatory reporting provides the FMA with up-to-date, relevant information about licensees, which may have changed since a licence was granted. The information provided also helps the FMA consider how market service licence obligations continue to be met, which ensures ongoing access to quality financial advice and market services. More broadly, the market overview that regulatory returns gives the FMA helps to identify any issues or themes across the market that may require further exploration, and enables appropriate focus and priority of monitoring activities. Effective monitoring and enforcement is a key part of ensuring the availability and quality of financial advice and market services.

Previous consultation on regulatory reporting has seen that most submitters are in favour of a regulatory reporting requirement and consider it a necessary and positive obligation in enabling the FMA to effectively monitor market services. Submitters also identified that they often already have systems in place to allow compliance with regulatory reporting obligations, and therefore, we expect extra compliance costs to be low. We do not consider it will be a major imposition on existing licensees or a barrier to entry for new licensees.

Will not impose unnecessary compliance costs

As already noted, we do not expect this condition will impose significant compliance costs for licensees. Many licensees are already experienced in providing some level of regulatory returns, and we do not expect the information required will be overly burdensome or complex. Given the important information regulatory returns will provide, to help the FMA understand the people and businesses we regulate, and determine the focus and priority of our monitoring activities, we consider any associated compliance costs will be reasonable and necessary when contrasted with the overall benefits of a well-regulated market. In developing the content of regulatory returns for DI, DIMS, and MIS licensees, we have considered the associated compliance costs and weighed these against the information we consider necessary to ensure our ability to effectively monitor these market service sectors.

Promotes the development of fair, efficient and transparent financial markets

Regulatory returns will promote transparency about licensees' market services their ongoing capability, for monitoring and enforcement purposes. All licensees within the licence class will be subject to the same regulatory return requirements, ensuring fairness. Better information to support the FMA's monitoring and enforcement will result in a well-regulated market, promoting efficiency within the market service sectors.

Promotes the confident and informed participation of businesses, investors, and consumers in the financial markets

Regulatory returns are a key tool the FMA uses to assess risk in the industry, and to respond with appropriate monitoring and enforcement activities. Having up-to-date information about the nature, size and complexity of licensee businesses, compliance performance and potential risks is important in the effective regulation of the industry. Well-regulated markets are key to promoting the confident and informed participation of businesses, investors, and consumers. We will also use the information obtained to inform our policy work, and communicate trends, risks and other information that may be useful to the industry or the general public.

Option 2 – Retain the status quo with no requirement to submit regulatory returns

Description

Retain the status quo and do not activate the standard regulatory return condition requiring DI, DIMS, and MIS licensees to provide information to the FMA on a periodic or ongoing basis, or on request. The reporting obligations under section 412 of the Act and any other reporting obligations that may be imposed in regulations would remain in place, in addition to the FMA's general information-gathering power under section 25 of the Financial Markets Authority Act.

Impact analysis

This option is more likely to result in poor market outcomes. Regulatory returns are a key tool the FMA uses to assess risk in the industry, and to respond with appropriate monitoring and enforcement activities. Without the information provided in regulatory returns, it is likely to be more difficult and require more resources for the FMA to monitor and enforce licensee compliance. Lack of effective monitoring and enforcement is likely to lead to poor conduct and poor customer outcomes and could affect the quality of market services on offer. It could also lead to less transparency around the provision of those services, and to the market being less fair, because our risk-based approach will be compromised, and our response may not be proportionate or focused on the highest risk areas. Further, without a well-regulated market, confident participation of businesses and consumers will suffer.

Although section 412 of the FMC Act contains some reporting obligations, these do not cover the level of information needed to inform an effective risk-based monitoring approach by the FMA. Relying on the FMA's information-gathering power in section 25 of the FMA Act would make it more difficult and require more resources for the FMA to obtain up-to-date information from across the market, and therefore affect our ability to effectively monitor and enforce licensee compliance. Not requiring regulatory returns would result in less compliance costs for licensees, but

we consider that lower compliance costs are outweighed by the negative effects that would result from the FMA not having regulatory returns information available to inform an effective monitoring and enforcement approach and the overall effect that would have on the market.

Summary assessment of options against objectives

We have assessed the options against the criteria below:

KEY:



Meets the policy objectives



Partially meets the policy objectives



Does not meet the policy objectives

Criteria	Ensures the availability and quality of financial advice and services	Avoids unnecessary compliance costs	Promotes and facilitates the development of fair, efficient and transparent financial markets	Promotes the confident and informed participation of businesses, investors, and consumers in the financial markets
Regulatory returns				
<p>Option 1: Activate condition (preferred)</p>	<p>Regulatory returns will provide the FMA with up-to-date, relevant information about licensees. Regulatory reporting is a key tool the FMA uses to inform its monitoring and enforcement approach. Effective monitoring and enforcement is a key part of ensuring the quality of financial advice and services. ✓✓</p>	<p>Costs are not expected to be significant. We consider the associated costs reasonable and necessary when compared to the overall benefits of a well-regulated market, and the important contribution regulatory returns information makes towards that. ✓✓</p>	<p>Information collected through regulatory returns will promote transparency about the advice services provided by licensees and their ongoing capability. Regulatory returns information helps the FMA to effectively monitor the financial advice market; and a well-regulated market promotes efficiency. ✓✓</p>	<p>Regulatory returns are a key tool the FMA uses to inform its monitoring and enforcement activities. Effective regulation of DI, DIMS providers, and MIS managers is key to promoting the confident and informed participation of businesses, investors, and consumers in those markets. ✓✓</p>
<p>Option 2: Retain the status quo with no requirement to submit regulatory returns</p>	<p>Without the information provided in regulatory returns, it is more difficult and will require more resources for the FMA to monitor compliance with and enforce the licensee obligations. This is likely to lead to poor</p>	<p>No additional compliance costs by not requiring regulatory returns information, but may be consequential costs associated with a less-informed monitoring</p>	<p>Without regulatory returns information, there is less transparency around the provision of licensed services, and the market may be less fair because the FMA's risk-based approach will be compromised</p>	<p>Regulatory returns information is an important part of enabling the FMA to effectively monitor and enforce the financial advice market. Without a well-regulated market, confident participation</p>

Criteria	Ensures the availability and quality of financial advice and services	Avoids unnecessary compliance costs	Promotes and facilitates the development of fair, efficient and transparent financial markets	Promotes the confident and informed participation of businesses, investors, and consumers in the financial markets
	conduct and customer outcomes, and could affect the quality of market services offered. x	and enforcement approach by the FMA. ✓✓	and our response may not be proportionate or focused on the highest risk areas. x	of businesses and consumers will suffer. x

Consultation

In March 2018 the FMA published [Consultation paper: Content of regulatory returns for licensed DI, MIS managers and DIMS providers](#). This paper, and the associated question sets for licensed DI, DIMS providers, and MIS managers, outlined the information we planned to ask licensees for in the regulatory returns. It invited licensees and other interested parties to share their view on the appropriateness, feasibility, cost and implications of providing such information.

We were also particularly interested in hearing whether, in the eyes of licensees, there was any other useful and relevant information that we should include.

We have carefully considered the feedback we received on the proposed question sets, and the final regulatory returns incorporate a number of changes (removals, amendments, and further clarification) that are a direct result of that feedback. The final question sets can be found in the Appendix to this response and the return forms can be found on the FMA website.

Conclusion and reasons

Having carefully considered regulatory and non-regulatory impacts, and submissions received in consultation, we have decided that Option 1 (activating the regulatory returns condition) addresses the identified problem and will best achieve the stated objectives. The relevant reasoning has been set out under the consideration of the condition.

Option 2 (retaining the status quo with no requirement to submit regulatory returns) would not achieve the stated objectives and would continue the current environment.

Our preferred option will add compliance costs in some cases but these are not expected to be high or unnecessary, and will be outweighed by our improved ability to monitor and enforce compliance, which will contribute to well-regulated market services.

Based on submitter feedback we have amended or removed some questions from the original question set and where required we have also provided additional clarification.

Appendix

Final regulatory returns question set for Derivative Issuers

We are requesting information relating to your licensed Derivatives Issuer business, pursuant to condition 4 of the Derivatives Issuers standard conditions. This will include updated information on the nature, size and complexity of your DI manager service.

Generic background to all questions:

- Relates only to your licensed business unless the context indicates otherwise, e.g. financial statements or information about any financial support provider.
- The initial reportable period will be 1 July 2021 to 30 June 2022.
- Completed returns will be due by 30 September 2022.

The FMA will be using information provided to assist in our understanding of risks and emerging risks across the Derivatives Issuer sector, better understand the profile of your business over time, and focus our resources appropriately.

We have consulted on the question set, and based on submitter feedback amended or removed some questions, where required we have also provided additional clarification.

Each question includes guidance and/or rationale to assist with preparing a response and explaining the reason(s) for the question. However, if you have any questions, please email them to questions@fma.govt.nz

General information	FSP Number
	Company name
	Contact person name (Name of person FMA can contact if clarification is needed on the data provided.)
	Contact person title
	Contact person phone
	Contact person email
	Date of submission (Date report was provided to the FMA)
	Complaints data Please provide the number of complaints received under each heading. If you received no complaints during the reporting period, enter a 0. All complaints should be categorised based on your internal categorisation, which should be specified in your response. Include all categories used, including those with a null response.
	Complaints received during the year
	Complaints resolved during the year
	Number of complaints currently open
	Number of complaints referred to dispute resolution scheme (DRS) from entity

	Number of complaints upheld by DRS
	Number of complaints not upheld by DRS
DETAIL Complaint category Provide details for complaint categories used.	Complaint category (Please provide the complaint categories you use with description.)
	Description (Please provide a description for your internal categorisation.)
Outsourcing providers Please provide the name of each outsource provider and the outsource service or product they provide. Rationale: We wish to observe whether there is a concentration of providers either within your entity or across the industry. While you provided information about your outsource providers at licensing, not all information provided was consistent. This question is designed to develop a baseline. For completeness, list all significant outsource providers, not just those that have changed since licensing. Although there is no requirement to list all outsourced service providers engaged by you, we do want you to list those that deliver an essential internal service to you as the Derivative Issuer, or that impact the quality/range of customer services offered. A list of suggested services (that we are interested in) is provided in the individual questions, as is an 'Other' option. Please note, we are interested in significant outsource providers only, i.e. under IT Support we would not be interested in your back-up data storage provider, etc.	Provider legal name (If you outsource or engage an external service provider, in whole or in part, for any of the following functions related to your DI service please provide details. If the provider is a related party please denote this by placing an '(RP)' after their legal name.)
	Provider country of domicile (if not New Zealand)
	Engagement start date
	Engagement end date (if applicable)
	Provided service(s)/product(s): Customer Service or Relationship Management (Y - fully outsourced, P - partially outsourced, N - not outsourced)
	Provided service(s)/product(s): Settlement/Treasury (Y - fully outsourced, P - partially outsourced, N - not outsourced)
	Provided service(s)/product(s): Client Onboarding, including suitability and account opening (Y - fully outsourced, P - partially outsourced, N - not outsourced)
	Provided service(s)/product(s): Dealing Operations (Y - fully outsourced, P - partially outsourced, N - not outsourced)
	Provided service(s)/product(s): IT Support (general) (Y - fully outsourced, P - partially outsourced, N - not outsourced)
	Provided service(s)/product(s): Accounting (Y - fully outsourced, P - partially outsourced, N - not outsourced)
	Provided service(s)/product(s): Compliance or Risk Management (Y - fully outsourced, P - partially outsourced, N - not outsourced)

	<p>Provided service(s)/product(s): Advertising and Marketing (Y - fully outsourced, P - partially outsourced, N - not outsourced)</p>
	<p>Provided service(s)/product(s): Other - specify in next column (Y - fully outsourced, P - partially outsourced, N - not outsourced)</p>
	<p>If Other Y or P, please specify here</p>
<p>Trading platforms Please provide the name(s) of the trading platforms you use. If you do not use a platform answer 'not applicable'. By 'copy trading', we mean allowing retail investors to trade by copying another investor's trades. By 'mirror trading', we mean copying automated trades or trade signals, which result in automated order execution, without the need for the retail client's confirmation prior to each transaction. We wish to understand if there is a particular preferred provider and therefore any concentration risk.</p>	<p>Trading platform name (Please provide the name(s) of the trading platforms you use. If you do not use a platform answer 'not applicable'.)</p>
	<p>Proprietary/third party (Please use 'PR' for proprietary and 'TP' for third party.)</p>
	<p>Used since (YYYYMM)</p>
	<p>Does it offer mirror trading? (Y/N)</p>
	<p>Does it offer copy trading? (Y/N)</p>
	<p>Is it white labelled? (Y/N)</p>
	<p>Have practice/demo feature? (Y/N)</p>
<p>Front office staff data While some turnover is natural, this data will enable us to understand turnover patterns, trends and growth. High or low turnover is not an indicator of interest in itself and therefore we request details of the number added or subtracted so that we can distinguish growth from turnover. Front office staff includes anyone with a direct role in facilitating client trades e.g. dealers, brokers, client support etc.</p>	<p>Total number of front office staff at the beginning of the reporting period</p>
	<p>Total number of front office staff added during the reporting period</p>
	<p>Total number of front office staff exited during the reporting period</p>
	<p>Total number of front office staff at the end of the reporting period</p>
<p>Derivatives monthly data This question may not apply to registered banks that receive money on their own account. It is a requirement that derivatives issuer investor money is held in a separate trust account (Section 241, FMC Regulations). The amount held in this account represents an amount of investor money potentially at risk.</p>	<p>Reporting month</p>
	<p>Derivatives investor cash assets held on trust (NZ\$)</p>
	<p>Derivatives investor non-cash assets held on trust (NZ\$)</p>
	<p>Derivatives investor cash and non-cash assets <u>NOT</u> held in client trust for <u>authorised hedging activities</u> (NZ\$)</p>

<p>If no investor money or property is held outside the client trust account, enter 'not applicable'.</p>	<p>Derivatives investor cash and non-cash assets <u>NOT</u> held in client trust for <u>settlement of a derivative with the investor (NZ\$)</u></p>
<p>Active account monthly data Definition of active: retail clients who have opened a new position during the reportable period.</p>	Reporting month
	<p>Number of active retail accounts (Retail clients who have opened a new position during the reportable period.)</p>
	Number of clients in NZ
	Number of clients outside NZ
<p>Hedging exposure data To understand if Derivative Issuers have concentration risk involved in their use of hedging counterparties. To understand how exposures are spread amongst these hedging counterparties.</p>	Reporting month
	<p>Hedging counterparty name (List the name(s) of the hedging counterparties actively used during the reportable period by month.)</p>
	<p>Percentage of total exposure (As a percentage of total exposure, what is the maximum permitted exposure to this counterparty?)</p>
	Maximum permitted exposure percentage
	<p>Have these limits been exceeded? (Y/N)</p>
	<p>Number of exposure limit breaches (By month)</p>
<p>Client margin calls A margin call may not always result in the closing of an open position. A firm might adjust margins and inform clients ahead of major events that can cause volatility.</p>	Margin call month
	<p>If you are not a registered bank, what is the number of client margin calls resulting in the closure of an open position per month for the year?</p>
<p>Derivatives trade by product To understand which products are traded the most/least. As new products are released to market these can be added to the list for greater transparency.</p>	<p>Derivative product type (Please use product types as provided in sheet "DETAIL Derivative product types". Dropdowns update when changed.)</p>
	<p>Market (Please use markets as provided in sheet "DETAIL Derivative markets". Dropdowns update when changed)</p>
	Number of trades
	<p>Value of transactions (NZ\$) (Total notional value turnover. Please provide this figure by calculating either: number of contracts traded multiplied by</p>

	the notional value of the contracts; or sum of the notional value of all contracts traded.)
	Number of open contracts
DETAIL Derivatives product types	Product type
	Description
	Maximum leverage ratio (during reporting period)
	Maximum leverage actually traded (during reporting period)
DETAIL Derivative markets	Market name
	Description

Final regulatory returns question set for providers of Discretionary Investment Management Services

We are requesting information relating to your licensed Discretionary Investment Management Service. This will include updated information on the nature, size and complexity of your DIMS business.

Generic background to all questions:

- Relates only to your licensed business unless the context indicates otherwise, e.g. financial statements or information about any financial support provider.
- The initial reportable period will be 1 July 2021 to 30 June 2022.
- Completed returns will be due by 30 September 2022

The FMA will be using information provided to assist in our understanding of risks and emerging risks across the DIMS sector, better understand the profile of your business over time, and focus our resources appropriately.

We have previously consulted on the question set and based on submitter feedback amended or removed some questions. Where required we have also provided additional clarification.

Each question includes some guidance and/or rationale to assist with preparing a response and explaining the reason(s) for the question. However, if you have any questions, please email them to questions@fma.govt.nz.

General information	FSP Number
	Company name (DIMS business)
	Contact person name (Name of person FMA can contact if clarification is needed on the data provided.)
	Contact person title
	Contact person phone
	Contact person email
	Date of submission (Date report was provided to the FMA)
Complaints data Please provide the number of complaints received under each heading. If you received no complaints during the reporting period, enter a 0. This information helps us to note trends in complaints for an entity and throughout the population.	Complaint category (Please provide the categories you use in the "DETAIL Complaint category" sheet.)
	Complaints received during the year
	Complaints resolved during the year
	Number of complaints currently open

	Number of complaints referred to dispute resolution scheme (DRS) from entity
	Number of complaints upheld by DRS
	Number of complaints not upheld by DRS
DETAIL Complaint category	Complaint category (Please provide the complaint categories you use with description.)
	Description
Outsourcing providers Outsource providers are those third party entities (including related parties) that provide services to the DIMS licensee. Rationale: We wish to observe whether there is a concentration of providers either within the entity or across the industry. Although there is no requirement to list all outsourced service providers engaged by you, we do want you to list those that deliver an essential internal service to you as the DIMS provider, particularly those related to Administration, Custody, or IT Systems. Please note, we are interested in significant outsource providers only i.e. under IT Systems we would not be interested in your back-up data storage provider, etc. IT systems are those key systems that you consider critical to business continuity. If the business could not operate for 1 month without them, then they should be listed.	Provider legal name (If you outsource or engage an external service provider in whole or in part, any of the following functions related to your licensed DIMS business please provide details. If the provider is a related party please denote this by placing an '(RP)' after their legal name.)
	Provider country of domicile (if not New Zealand)
	Provided service(s)/product(s): Administration (Y - fully outsourced/P - partially outsourced/N - not outsourced)
	Provided service(s)/product(s): Custody (Y - fully outsourced/P - partially outsourced/N - not outsourced)
	Provided service(s)/product(s): IT Systems (Y - fully outsourced/P - partially outsourced/N - not outsourced)
Staff data While some turnover is natural, this data will enable us to understand turnover patterns, trends and growth. High or low turnover is not an indicator of interest in itself and therefore we request details of the number added or subtracted so that we can distinguish growth from turnover.	Total number of staff connected to the licensed activity at the beginning of the reporting period
	Total number of staff connected to the licensed activity added during the reporting period
	Total number of staff connected to the licensed activity that exited during the reporting period
	Total number of staff connected to the licensed activity at the end of the reporting period
Assets under management This information will enable an assessment of risk exposure within your licensed service.	Summary of AUM held within your DIMS business as at the end of the reporting period (NZ\$)
Accounts investment range This information will enable an assessment of scale and market share. Report as at the end of the reporting period.	Investment range
	Number of unique accounts with funds invested in your licensed service
	Gross revenue derived from your licensed service

Gross revenue This information is useful to record industry trends.	(NZ\$ at the end of the reporting period.)
	How much of your gross revenue was derived from percentage based charges? (NZ\$ at the end of the reporting period.)
	How much of your gross revenue was derived from individual action fees? (NZ\$ at the end of the reporting period.)
	How much of your gross revenue was derived from other charges? (NZ\$ at the end of the reporting period.)
Related party transactions Related party transactions should include any IPOs, debt issues, private placements, principal transactions, or other distinct categorisation. Where a fund invests in a related fund and there are subscriptions and redemptions throughout the year, please include the gross aggregate of inflows and outflows.	Transaction category (Please define the categories used here in the "DETAIL Transaction category" sheet.)
	Total gross value of transactions with a related party (NZ\$) (Should include any IPOs, debt issues, private placements, principal transactions, or other distinct categorisation. Where a fund invests in a related fund and there are subscriptions and redemptions throughout the year, please include the gross aggregate of inflows and outflows.)
	Percentage of total client transactions that related party transactions represent
DETAIL Transaction category	Transaction category
	Description

Final regulatory returns question set for managers of Managed Investment Schemes

We are requesting information relating to your licensed MIS manager business, pursuant to condition 5 of the MIS manager standard conditions. This will include updated information on the nature, size and complexity of your MIS manager service.

Generic background to all questions:

- Relates only to your licensed business unless the context indicates otherwise, e.g. financial statements or information about any financial support provider.
- The initial reportable period will be 1 July 2021 to 30 June 2022.
- Completed returns will be due by 30 September 2022.

The FMA will be using information provided to assist in our understanding of risks and emerging risks across the MIS manager sector, better understand the profile of your business over time, and focus our resources appropriately.

We have previously consulted on the question set and based on submitter feedback amended or removed some questions. Where required we have also provided additional clarification.

Each question includes some guidance and/or rationale to assist with preparing a response and explaining the reason(s) for the question. However, if you have any questions, please email them to questions@fma.govt.nz.

General information	FSP Number
	Company name (MIS Manager)
	Contact person name (Name of person FMA can contact if clarification is needed on the data provided.)
	Contact person title
	Contact person phone
	Contact person email
	Date of submission (Date report was provided to the FMA)
	Complaints data Please provide the number of complaints received under each heading. If you received no complaints during the reporting period, enter a 0. This information helps us to note trends in complaints for an entity and throughout the population. When adjusted for the number of investors, it also is one input to our risk assessment of the entity.
	Number of complaints received during the year (Complaints refer only to those related to the licensed MIS service. Complaints include all complaints that you provide to your supervisor, as well as any others you track internally that are not provided to the supervisor.)
	Number of complaints resolved during the year
	Number of complaints currently open

	Number of complaints referred to the dispute resolution scheme (DRS) from entity
	Number of complaints upheld by DRS
	Number of complaints not upheld by DRS
DETAIL Complaint category	Complaint category used by the MIS (Please provide a category name you use. Please use these categories for the complaints data you provide.)
	Description (Please provide a description for your internal categorisation.)
<p>Outsourcing providers</p> <p>We wish to observe whether there is a concentration of providers either within the entity or across the industry.</p> <p>Outsource providers are those third-party entities (including related parties) that provide services to the MIS Manager or the retail fund. Please also note if these services are provided by a related party on an outsourced or services basis.</p> <p>Rationale: This question is to develop a baseline, as not all information provided during licensing was consistent. Note that changes to 'Investment Management' and 'Registry' are required in the annual report so subsequent returns will not include these items.</p> <p>Although there is no requirement to list all outsourced service providers engaged by you, we do want you to list those that deliver an essential internal service to you as the MIS Manager, or that perform a role that has the potential to impact fund performance or the quality/range of customer services offered. A list of suggested services (that we are interested in) is provided in the individual questions, as is an 'Other' option. Please note, we are interested in significant outsource providers only, i.e. under Key IT Systems we would not be interested in your back-up data storage provider, etc.</p> <p>Investment Research refers to securities research where the MIS Manager invests</p>	Provider legal name (If you outsource or engage an external service provider in whole or in part for any of the following functions related to your licensed MIS service please provide details. If the provider is a related party, please denote this by placing an '(RP)' after their legal name.)
	Provider country of domicile (if not New Zealand)
	Provided service(s)/product(s): Investment Research (Y - fully outsourced/P - partially outsourced/N - not outsourced)
	Provided service(s)/product(s): Investment Management (Y - fully outsourced/P - partially outsourced/N - not outsourced)
	Provided service(s)/product(s): Fund Accounting (Y - fully outsourced/P - partially outsourced/N - not outsourced)
	Provided service(s)/product(s): Valuation (Y - fully outsourced/P - partially outsourced/N - not outsourced)
	Provided service(s)/product(s): Unit Pricing (Y - fully outsourced/P - partially outsourced/N - not outsourced)
	Provided service(s)/product(s): Registry (Y - fully outsourced/P - partially outsourced/N - not outsourced)
	Provided service(s)/product(s): Compliance (Y - fully outsourced/P - partially outsourced/N - not outsourced)

<p>directly in securities, and to asset consultants advising on investing in funds. IT systems are those key systems that you consider critical to business continuity. If the business could not operate for 1 month without them, then they should be listed.</p>	<p>Provided service(s)/product(s): Key IT Systems (Y - fully outsourced/P - partially outsourced/N - not outsourced)</p> <p>(Key providers, especially those related to cyber security.)</p>
<p>Summary financials (MIS Only) The profitability of the licensed service is a key input into the FMA’s risk analysis and monitoring. We are looking for the best available information without creating additional work, so the best available management accounts are acceptable.</p> <p>If MIS management is the only service you offer <u>AND</u> if the entity financial statements are available on the Companies Office website, answer N/A.</p> <p>If your audited financials include segment information listing MIS management as a segment, refer to those financials in your response. Otherwise, include (at a minimum) summary revenues and expenses. Any additional information is optional.</p> <p>If management accounts are not maintained, then provide 1) actual revenues for the MIS service and 2) a good-faith estimate of expenses for the MIS service.</p>	<p>Provided service(s)/product(s): Other key services (Y - fully outsourced/P - partially outsourced/N - not outsourced)</p> <p>Actual revenue for the MIS service (NZ\$)</p> <p>(If you provide services other than MIS management, please provide summary financials – non-audited, if internal segment not noted in audited financials – for the licensed MIS service.)</p>
	<p>Estimated expenses for the MIS service (NZ\$)</p>
<p>Financial support provider If you do not have a current financial support arrangement, note "No" and continue to next sheet.</p> <p>NTA should be calculated using the same methodology as used for a licensed entity.</p> <p>Some MIS Manager applicants required a financial support agreement from their parent or shareholders in order to meet financial resources requirements for licensing. The intent of the question is to enable us to assess the current state of that support.</p>	<p>Financial support provider reporting period ('as at' Date) (YYYYMM)</p> <p>Financial support provider FSP number (if applicable)</p> <p>Financial support agreement exists? (Please use ‘Y’ if you have a Financial Support Agreement in place and ‘N’ if you do not. Answering ‘N’ also indicates that the fields are left blank intentionally.)</p> <p>Financial support provider legal name (Complete this table if you have a financial support arrangement in place in order to meet financial resources (e.g. NTA) licensing requirements. Otherwise please leave it blank.)</p> <p>Date of Financial Support Use (YYYYMM)</p>

<p>NTA indicates the current ability of the financial support provider to support the entity if necessary.</p> <p>Net profit after tax (NPAT) is an indicator of future ability to provide support if needed (when considered along with the NTA).</p> <p>Date of financial support use is an indicator of the ability of the licensed entity to operate on a stand-alone basis during the reporting period.</p>	Financial support provider NZBN
	Financial support provider net tangible assets (NTA)
	(Based on audited financials.)
	Financial support provider date of audited financials (YYYYMMDD). (If the financial reporting date for the financial support provider is different from that of the MIS Manager, provide the most recent audited figures available, and note their 'as at' date.)
	Financial support provider net profit after tax (NPAT) for the reporting period (Based on audited financials.)
<p>Investment team staff</p> <p>While some turnover is natural, this data will enable us to understand turnover patterns, trends and growth. High or low turnover is not an indicator of interest in itself and therefore we request detail on the number added or subtracted so that we can distinguish growth from turnover.</p>	Number of investment team members at the start of the reporting period
	Number of new investment team staff
	Number of exited investment team staff
	Number of investment team members at the end of the reporting period
<p>Distribution channel</p> <p>This question is asked to help us to understand your ability to have knowledge of, and a relationship with, your investor base.</p> <p>The intent of this question is to get a broad update to the information provided in your licence application. It should be answered on the same basis as used at that time.</p> <p>Default KiwiSaver providers should list default allocations as a category under "Other".</p>	Distribution channel type
	Percentage of new investors (as a % of total number of investors) during the period
<p>DETAIL Distribution channel</p>	Distribution channel type
	Description