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### Annual regulatory return information to be provided by licensed CLASS 3 Financial advice providers (FAPs) to the FMA

Overview of Class 3 FAP Regulatory Returns

* The returns are due by 30 September for the 12-month period from 1 July to 30 June (**period of return**).
* The first FAP Regulatory Returns (**Reg Returns**) are due 30 September 2024 for the period 1 July 2023 to 31 June 2024.
* Regulatory returns will be completed using an online form with the same look and feel as a FAP licence application. The name of the licensed FAP will pre-populate within the online form in all places which include ‘[FAP NAME]’.
* Class 3 FAPs will only see relevant questions depending on the options they select. For example, if you do not indicate you will be providing a digital advice facility, you will not see the questions relating to digital advice.
* The comments in red explain when a question will be displayed (if it is not applicable to everyone).
* All proposed questions, including pre-populated fields, have been included for the purpose of this consultation. This is to reflect the online form as accurately as possible.

| **Part** | **#** | **Questions we will ask you** | **Guidance** | **Feedback on the question** |
| --- | --- | --- | --- | --- |
| Before you begin |  | Please enter your Financial Services Provider (FSP) number. | This is the number associated with your registration on the Financial Service Providers Register. If you have more than one FSP number (e.g. one as a Financial Adviser and one for a business), it is important you enter the FSP number that is specific to the licence. |  |
|  | Name of licenced FAP  (THIS WILL PRE-POPULATE THE FAP DETAILS) |  |  |
|  | Class of licensed FAP  (THIS WILL PRE-POPULATE THE CLASS) | The FMA specifies three licence classes for FAPs. Please see [here](https://www.fma.govt.nz/assets/Consultations/Classes-of-financial-advice-service-for-full-FAP-licences.pdf) for more information. |  |
|  | Are you filing this return on behalf of [FAP NAME] and do you have authorisation from [FAP NAME] to file on its behalf?   * Yes * No | The questions in this Regulatory Return relate to the licensed FAP and to any Authorised Bodies engaged by the FAP. You must have authorisation to submit the form on behalf of each Authorised Body. |  |
|  | Below is a list of the regulatory return filings for which [FAP NAME] is registered. Select one of the options below to continue with the annual return filing. |  |  |
|  | Reporting period details  (THIS WILL PRE-POPULATE THE CORRECT REPORTING PERIOD)  Are the entity details (including the licence class) and the period shown above correct?   * Yes * No | Please check the above entity details (including the licence class) and reporting period to ensure they are correct. |  |
|  |
| Part 1 – BUSiness and infrastructure |  | **Business structure**  Please answer the follow questions that relate to [FAP NAME]’s business structure. |  |  |
|  | Select how[FAP NAME] operates its licensed financial advice business?   |  |  | | --- | --- | | FAP operating as an individual |  | | FAP operating as an entity |  | |  |  |
|  | Select which ways [FAP NAME] provides its advice? Select all that apply.   |  |  | | --- | --- | | Through engaging one or more financial advisers |  | | Through engaging one or more nominated representatives |  | | Directly through a digital advice facility (See **Note 1**) |  | | Directly through other means |  | | **Note 1:** A FAP licence to provide a financial advice service may cover advice provided by a natural person, or otherwise, including a digital advice facility.  A digital advice facility (also known as 'robo-advice') is automated advice generated by a computer programme using algorithms and based on the information provided to a FAP – usually via a website or mobile app – without any direct human involvement at the providers’ end.  Please note that a digital advice facility is not where a FAP provides regulated financial advice merely through digital means, e.g. emails or text messages. |  |
|  | How long has [FAP NAME] been providing financial advice in the New Zealand market?   |  |  | | --- | --- | | Less than or equal to 6 months |  | | Greater than 6 months to 1 year |  | | Greater than 1 year to 3 years |  | | Greater than 3 years to 5 years |  | | Greater than 5 years to 10 years |  | | Greater than 10 years |  | | This question should be answered as at the end of the reporting period.    Your answer should be based on the date the entity or individual commenced providing regulated financial advice in New Zealand. This is not necessarily the date the FAP licence was granted. |  |
|  | **Financial advisers**  Our records indicate that the following number of Financial Advisers are engaged under [FAP NAME]’s FAP licence, as at the end of the return period.  (THIS WILL PRE-POPULATE THE CURRENT NUMBER OF FINANCIAL ADVISERS AS AT THE END OF THE RETURN PERIOD)  Is this number correct?   * Yes * No | When you engage a Financial Adviser under your own FAP licence, you must record details of the engagement on the Financial Service Providers Register (**FSPR**). This number must be consistent with the current information on the FSPR. If the numbers do not match, you will be asked to provide the correct number and to ensure the FSPR is updated to reflect this.  This number should include all Financial Advisers who are engaged directly and through authorised bodies.  . |  |
|  | These questions regarding Nominated Reps will only be displayed if Nominated Reps are selected in question 1a.  **Nominated Representatives**  Please provide answers to the following questions about the Nominated Representatives who are engaged under [FAP NAME]’s FAP licence. |  |  |
|  | How many Nominated Representatives are engaged under [FAP NAME]’s FAP licence, as at the end of the return period?   |  | | --- | | **NR =** | | A FAP must keep an up-to-date record of its Nominated Representatives. See [section 431T](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#LMS465833) of the Financial Markets Conduct Act. |  |
|  | Select which of the options below best reflects the maturity of [FAP NAME]’s process and controls in respect to the financial advice given by its Nominated Representatives.   |  |  | | --- | --- | | Processes and controls are established, and reviewed at least annually |  | | Processes and controls are established, and reviewed when required |  | | Processes and controls established, but are not reviewed |  | | Processes and controls are not established. |  | | This question asks for the FAP’s self-assessment on the maturity of their processes and controls that limit the nature and scope of the advice that Nominated Representatives give, and regulate what advice is given and the circumstances in which it is given to customers.  By ‘established’, we mean approved, documented and operating in practice.  The duties of FAPs who engage Nominated Representatives are explained in [section 431R](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#LMS465827) of the Financial Markets Conduct Act. |  |
|  | These questions in regards to Authorised Bodies will only be asked if the FSP number entered at the beginning of the regulatory return has authorised bodies on the FSPR.  **Authorised Bodies**  Please provide answers to the following questions about Authorised Bodies who are named on [FAP NAME]’s FAP licence. |  |  |
|  | Our records indicate that the following number of Authorised Bodies are named on [FAP NAME]’s FAP licence.  (THIS WILL PRE-POPULATE THE NUMBER OF AUTHORISED BODIES AS AT THE END OF THE RETURN PERIOD)  Is this number is correct?   * Yes * No | An Authorised Body is an entity named on your licence who can provide the licensed service without needing its own licence.  All Authorised Bodies named on your licence must be registered on the FSPR as a Financial Advice Provider. |  |
|  | Select which of the options below best reflects the maturity of [FAP NAME]’s process and controls to maintain control and supervision over the provision of financial adviser services by its Authorised Bodies.   |  |  | | --- | --- | | Processes and controls are established, and reviewed at least annually |  | | Processes and controls are established, and reviewed when required |  | | Processes and controls are established, but are not reviewed |  | | Processes and controls are not established |  | | This question asks for the FAP’s self-assessment on the maturity of their supervision and controls over the provision of the financial advice service by any Authorised Body named under its licence.  By ‘established’, we mean approved, documented and operating in practice.  Licences that cover Authorised Bodies are explained in [section 400](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#DLM4702235) of the Financial Markets Conduct Act. |  |
|  | Does [FAP NAME] have arrangements in place where it directly engages entities to provide advice on its behalf?   * Yes * No | This question relates to an arrangement where a FAP has chosen to engage an entity directly to give advice on the engaging FAP’s behalf.  This does not relate to advice being provided by individuals or entities directly engaged by the licensed FAP, or those individuals who are indirectly engaged via an interposed persons arrangement.  Who is an engaged entity?  The diagram below provides an example of an engaged entity.    In this example, ABC is a FAP that directly engages Financial Advisers to provide financial advice on its behalf to its retail clients. ABC also has an arrangement in place with EEL, an entity that provides financial advice to retail clients of ABC through a digital advice service. ABC has a FAP full licence (Class 3), and has received approval from the FMA that it can engage EEL to provide advice on its behalf.  A FAP that engages another person to give regulated financial advice must take all reasonable steps to ensure they comply with the relevant duties. This requirement is set out in [section 431Q](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#LMS465824) of the Financial Markets Conduct Act. |  |
|  | Does [FAP NAME] have arrangements in place where it indirectly engages individuals via an interposed person?   * Yes * No | An interposed persons arrangement is where a FAP engages individuals (whether Financial Advisers and/or Nominated Representatives) indirectly through one or more other persons (the ‘interposed persons’) to give advice on behalf of the engaging FAP.  This does not relate to advice being provided by individuals or entities directly engaged by the licensed FAP.  What is an interposed person?  The diagram below provides an example of an interposed person.      In this example, DEF is operating under a FAP full licence and directly engages Bob to provide financial advice to DEF’s retail clients. Bob’s entry on the FSPR shows that he is engaged by DEF. Meanwhile, Mary is also a Financial Adviser who is *indirectly* engaged by DEF, through the entity IPL, to provide financial advice on financial products to DEF’s retail clients. DEF has a FAP full licence (Class 2) and has received approval from the FMA to engage IPL as an interposed person to provide advice on its behalf. Mary’s entry on the FSPR shows she is a financial adviser engaged by DEF, in addition to her engagement by IPL.  This [information sheet](https://www.fma.govt.nz/assets/Fact-sheets/Licensing-interposed-persons-and-engaged-entity-arrangements.pdf) provides details on the FMA's approach to licensing FAPs involving interposed persons or engaged entities. |  |
|  | How does [FAP NAME] meet the competence, knowledge and skill requirements for the regulated financial advice that it provides?  Select all that apply.   |  |  | | --- | --- | | Holds version 1 or 2 of the New Zealand Certificate in Financial Services (Level 5). (**Note 1**) |  | | Holds the National Certificate in Financial Services (Financial Advice) (Level 5). |  | | Was an Authorised Financial Adviser (AFA) immediately before the commencement of the Code. (**Note 2**) |  | | Gives financial advice only through an  individual who satisfies any of the ways  stated above. |  | | Competence, knowledge and skill demonstrated by reference to procedures, systems and expertise |  | | Competence, knowledge and skill demonstrated by reference to an alternative qualification or experience. |  | | Competence, knowledge and skill demonstrated by other means. |  |   Please note, the following question is only displayed to those FAPs who have indicated advice is provided directly in question #1.  How do those engaged by [FAP NAME] to provide financial advice on behalf of the [FAP NAME] meet the competence, knowledge and skill requirements for the advice that it provides?  Select all that apply.   |  |  | | --- | --- | | Hold/s version 1 or 2 of the New Zealand Certificate in Financial Services (Level 5). (**Note 1**) |  | | Hold/s the National Certificate in Financial  Services (Financial Advice) (Level 5). |  | | Was/were Authorised Financial Adviser/s (AFA) immediately before the commencement of the Code. (**Note 2**) |  | | Gives financial advice only through an  individual who satisfies any of the ways  stated above. |  | | Competence, knowledge and skill demonstrated by reference to the FAPs procedures, systems and expertise |  | | Competence, knowledge and skill demonstrated by reference to an alternative qualification or experience. |  | | This question relates to standards 6 to 8 of Part 2 of the Code of Professional Conduct for Financial Advice Services.  **Note 1:** This includes the relevant strand(s) for product specific advice and/or the investment strand for investment planning.  **Note 2:** An AFA was a person who was (immediately before the commencement of the Code) permitted to provide financial adviser services and/or investment planning services in relation to the financial advice product the advice relates to.  A person must not give financial advice unless the person meets the standard of general competence,  knowledge, and skill.  These standards are set out in Part 2 of the [Code of Professional Conduct for Financial Advice Services](https://financialadvicecode.files.wordpress.com/2021/03/codeofprofessionalconduct-march2021.pdf) (the Code). |  |
|  | Select the option that best reflects the processes that [FAP NAME] has in place to ensure all individuals engaged by [FAP NAME] carried out learning activities to maintain competence, knowledge and skill for the financial advice given.   |  |  | | --- | --- | | Processes and controls are established, and reviewed at least annually |  | | Processes and controls are established, and reviewed when required |  | | Processes and controls are established, but are not reviewed |  | | Processes and controls are not established |  | | This question asks for the FAP’s self-assessment on the maturity of arrangements in place to maintain competence, knowledge and skill. Refer to Code Standard 9 of Part 2 of the Code of Professional Conduct for Financial Advice Services.  By ‘established’, we mean approved, documented and operating in practice.  A person must not give regulated financial advice unless the person meets the standard of general competence, knowledge and skill.  These standards are set out in Part 2 of the [Code of Professional Conduct for Financial Advice Services](https://financialadvicecode.files.wordpress.com/2021/03/codeofprofessionalconduct-march2021.pdf) (the Code). |  |
|  | **Staff levels**  Please provide answers to the following questions about staff that are connected to [FAP NAME]’s licensed advice business. |  |  |
|  | Does [FAP NAME] believe it is fully resourced to manage its compliance with its market service licensee obligations?   * Yes * No | This question asks for the FAP’s self-assessment of the resourcing (including people, skills and systems) allocated to managing its compliance obligations. |  |
|  | How many roles does [FAP NAME] have dedicated to compliance and oversight activities, as at the end of the return period? | Tell us how many staff you have, represented as FTEs (full-time equivalent), who are dedicated to the FAP’s compliance arrangements. For any staff who are partially dedicated (e.g. part-time staff, contractors, or staff who split their time between your licensed market service obligations and other (non-FAP) compliance matters, please total their hours and include the number of FTEs in your head count.  Where ‘staff’ is asked, this number should not include Financial Advisers or Nominated Representatives. This question does not refer to staff who are part of an outsourced service provider (including those outsourced compliance and oversight services). |  |
| Part 2 – LICENSED ACTIVITIES |  | **Client numbers**  This section asks about [FAP NAME]’s client numbers related to its financial advice service. | Please answer these question as at the end of the return period.  These questions relate only to those clients who are domiciled in New Zealand.  ‘Retail’ clients are defined in [Clause 3, Part 1, Schedule 5](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#LMS465852) of the FMC Act, and ‘wholesale’ clients are defined in [Clause 4, Part 1, Schedule 5](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#LMS465857) of FMC Act. |  |
|  | How many NZ retail financial advice clients has the [FAP NAME] provided regulated financial advice to during the past 12 months?   |  | | --- | | Retail clients = |   An estimate is sufficient (+/- 5%) | If you do not currently have any New Zealand retail clients, enter zero.  Calculate the number of retail clients to which the FAP has provided regulated financial advice during the past 12 months. Count each client. For example, if you provide services to a couple, their jointly-held portfolio, and a trust of which they are trustees, that will equate to four clients, in total. If you provide financial advice in respect of group insurance, please also count the number of individuals insured under the group insurance policy. |  |
|  | From the number ofNZ retail financial advice clients that has been stated, above, indicate the proportion of each client type in the table below.   |  |  | | --- | --- | | Individuals | % | | Trusts, companies, and associations | % |   An estimate is sufficient (+/- 5%) | Calculate the number of retail clients to which the FAP has provided regulated financial advice during the past 12 months. Count each client.  For example, if you provide services for couple, then this is two retail clients.  Any clients who are not individuals should be counted under trusts, companies and associations. These include all partnership firms, limited liability companies, clubs and associations. Sole traders should be counted as a company. |  |
|  | How many NZ wholesale financial advice clients does [FAP NAME] have?   |  | | --- | | Wholesale clients **=** |   An estimate is sufficient (+/- 5%) | If you do not currently have (or classify) any New Zealand wholesale clients, enter zero.  Count the number of policy owners rather than the number of policies, e.g. if a policy has two policy owners named on it, count them as two clients. |  |
|  | Of the NZ wholesale financial advice clients stated above, indicate the proportion of each client type in the table below.   |  |  | | --- | --- | | Individuals | % | | Trusts, companies, and associations | % |   An estimate is sufficient (+/- 5%) | Any clients who are not individuals should be counted under trusts, companies and associations. These include all partnership firms, limited liability companies, clubs and associations. Sole traders should be counted as a company. |  |
|  | **Types of financial advice**  Which types of financial advice does [FAP NAME] or any person engaged by [FAP NAME] provide to its retail clients. Select all that apply.   |  |  | | --- | --- | | Financial advice on financial advice products (**Note 1**) |  | | Switching funds within a managed investment scheme (including KiwiSaver) (**Note 2**) |  | | Investment planning services (**Note 3**) |  | | Provides financial planning (**Note 4**) |  | | **Note 1:** A person gives financial advice if the person makes a recommendation or gives an opinion about acquiring or disposing of (or not acquiring or disposing of) a financial advice product.  **Note 2:** A person gives financial advice if the person makes a recommendation or gives an opinion about switching funds within a managed investment scheme (including KiwiSaver).  **Note 3:** A person gives financial advice if the person designs an investment plan that is based on an analysis of their client’s current and future financial situation (and the person’s investment goals), and provides a recommendation or opinion on how to realise one or more of those goals.  **Note 4:** A person gives financial advice if the person provides financial planning of a kind prescribed by the regulations (if any).  The meaning of financial advice is set out in [section 431C](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#LMS465785) of the Financial Markets Conduct Act. |  |
|  | **Financial advice products**  This section asks about the financial products that [FAP NAME] provide regulated financial advice on. |  |  |
|  | What types of financial advice products have [FAP NAME] (or any person engaged by [FAP NAME]) provided regulated financial advice about to its retail clients during the return period? Select all that apply.   |  |  | | --- | --- | | Debt securities (unlisted): | | | * Term deposits |  | | * Savings accounts |  | | * Transactional accounts |  | | * Foreign currency transactional accounts |  | | * Foreign currency term deposits |  | | * Other debt securities |  | | Debt securities (listed) |  | | Equity securities (unlisted) |  | | Equity securities (listed) |  | | Managed investment products: | | | * KiwiSaver |  | | * Managed investment schemes |  | | * Other investment products |  | | Derivatives |  | | Discretionary Investment Management Services (**DIMS**) facilities |  | | Life insurance contracts: | | | * Whole of life/endowment insurance |  | | * Term life insurance |  | | * Trauma insurance |  | | * Total and permanent disablement insurance |  | | * Accidental death insurance |  | | * Income protection insurance |  | | * Funeral insurance |  | | * Other life insurance contracts |  | | Health insurance contracts |  | | Fire and general insurance contracts: | | | * House insurance |  | | * Contents insurance |  | | * Vehicle insurance |  | | * Marine insurance |  | | * Travel insurance |  | | * Pet insurance |  | | * Mortgage protection insurance |  | | * Consumer debt repayment insurance |  | | * Other consumer insurance contracts |  | | Consumer credit contracts: | | | * Residential mortgage lending |  | | * Reverse equity home loan |  | | * Personal loans |  | | * Overdrafts |  | | * Credit cards |  | | * Other consumer credit contracts |  | | Other financial advice products (please specify): |  | | None of the above. This FAP (including any persons engaged by it) does not provide advice to its own clients. |  | | Select only the options that currently apply (i.e. products the FAP advised on during the reporting period). Do not select options simply because the FAP may expand its product offering in future. |  |
|  | Do you provide financial advice on virtual assets, such as cryptocurrencies, digital coins or tokens?   * Yes * No | Please tell us whether you provide financial advice on virtual assets, even though that asset class is not a financial advice product. |  |
|  | This question will only appear if you provided regulated financial advice on managed investment products, derivatives, DIMS facilities, or debt and equity securities.  Which of the following statements best describes the Funds Under Advice (FUA) at your FAP?   |  |  | | --- | --- | | FUA less than or equal to $100,000 |  | | FUA greater than $100,000 to $1,000,000 |  | | FUA greater than $1,000,000 to $10,000,000 |  | | FUA greater than $10,000,000 to $50,000,000 |  | | FUA greater than $50,000,000 |  | | This question is only relevant to those who selected debt securities, equity securities, derivatives, and managed investment products as financial advice products it advised on during the return period.  Exclude any FUA under DIMs.  All values are in $NZD. |  |
|  | This list will be shorter and you will only be asked to enter percentages for those products selected in question 13a above.  What proportion of [FAP NAME]’s retail clients who received regulated financial advice resulted in replacement business (**Note 1**) as a result of the advice given during the return period?   |  |  | | --- | --- | | Life insurance contracts: | | | * Whole of life/endowment insurance | % | | * Term life insurance | % | | * Accidental death insurance | % | | * Trauma insurance | % | | * Total and permanent disablement insurance | % | | * Income protection insurance | % | | * Funeral insurance | % | | * Other life insurance contracts | % | | Health insurance contracts | % | | Consumer insurance contracts: | | | * House insurance | % | | * Contents insurance | % | | * Vehicle insurance | % | | * Marine insurance | % | | * Travel insurance | % | | * Pet insurance | % | | * Mortgage payment insurance | % | | * Consumer debt repayment insurance | % | | * Other consumer insurance contracts | % | | Consumer credit contracts: | | | * Residential mortgage lending | % | | * Reverse equity home loan | % | | * Personal loans | % | | * Overdrafts | % | | * Credit cards | % | | * Other consumer credit contracts | % | | This question will only appear if you provided regulated financial advice on contracts of insurance during the reporting period.  **Note 1:** Replacement business is where a client has changed their policy or providers. Count where the client has changed their policy within the same provider, and also where the client has changed to a different insurance provider. Only count instances of replacement business resulting from advice the FAP provided to the client during the return period.  The time period within which the replacement business is counted should be when the recommended policy commences. |  |
|  | This question will only appear if you provided regulated financial advice on KiwiSaver during the return period (based on your answer to question 13a).  How many of [FAP NAME]’s retail clients received advice which resulted in them transferring to a different KiwiSaver provider during the return period.   |  |  | | --- | --- | | Retail clients |  | | This question relates to where a client has transferred their KiwiSaver to a different provider as a result of advice the FAP has provided.  The time in which a KiwiSaver transfer is counted should be when the provider confirms the transfer is complete.  This question is not related to switches between funds within the same KiwiSaver provider. |  |
|  | Does[FAP NAME] provide advice on overseas pension transfers, including New Zealand Qualifying Recognised Overseas Pension Schemes (QROPS)?   * Yes * No |  |  |
|  | Does [FAP NAME] provide any advice on alternative assets?   * Yes * No | This includes (but is not limited to) private equity, private credit, private real estate, hedge funds, leverage/margin lending, collectables.  This excludes the options contained in question 13. |  |
|  | **Client money and client property services**  Please give answers to the following questions that relate to client money and/or client property services that [FAP NAME] provides. |  |  |
|  | Within the return period, has [FAP NAME] provided client money or property services as part of its licensed service?   * Yes * No | Providing client money or property services means that the FAP receives, holds or transfers money or property on behalf of a client.  'Client money’ means money received from (or on account of) a client in connection with acquiring, holding or disposing of a financial advice product (or otherwise in connection with a financial advice product).  ‘Client property’ means property that is a financial advice product, is a beneficial interest in a financial advice product, or is received in connection with a financial advice product, and is received from, or on account of, the client by a person.  ‘Client money or property services’ includes custodial services. A ‘custodial service’ is provided if, under an agreement, the FAP holds client money or client property in trust for, or on behalf of, a client (or another person nominated by the client).  A FAP may also have client money and property obligations if it uses a wrap platform (regardless of the wrap provider’s own obligations and FSPR registration). |  |
|  | Which of the following statements applies to [FAP NAME] relating to its licensed advice business. Select all that apply.   |  |  | | --- | --- | | Provides a client money service as part of its licensed advice business |  | | Provides a client property service as part of its licensed advice business |  | | Uses portfolio administration services for client investments and reporting |  | | Uses a wrap platform |  | | The definition of ‘client money’ and ‘property services’ is set out in [section 431W](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#LMS465973) of the FMC Act. Obligations relating to client money and property services are set out in [Subpart 5B of Part 6](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#LMS465996) of the FMC Act. |  |
| bb | Within the return period, has [FAP NAME] arranged for a person to provide client money or property services on its behalf?   * Yes * No | FAPs may use third parties to provide client money or property services on its behalf. If you arrange for this, please select ‘yes’ to this question. |  |
| cc. | This question will only be asked if you selected ‘yes’ to question 14b above.  What is the name of the provider you use for client money and property services?   |  | | --- | |  | | List the business name of the provider who receives, holds or transfers money or property on behalf of your clients. This includes any custodial services you use. |  |
|  | These questions relating to digital advice will only be asked if digital advice is selected in question 1.  **Digital advice facility**  [FAP NAME] has indicated that it provides advice through a digital advice facility. Please provide answers to the following questions about [FAP NAME]’s digital advice facility. |  |  |
|  | How many NZ retail financial advice clients do you estimate have received regulated financial advice over the return period as part of [FAP NAME]’s digital advice facility?   |  | | --- | | **Retail clients =** | | We expect that you will be able to make reasonable endeavours to understand the number of clients who have interacted and received advice from your digital advice facility. For example, your chosen IT systems can maintain records to identify the number of clients. |  |
|  | Using the scale below, select which option best reflects the processes that [FAP NAME] has in place to monitor and maintain its digital advice service.   |  |  | | --- | --- | | Processes and controls are established, and reviewed at least annually |  | | Processes and controls are established, and reviewed when required |  | | Processes and controls are established, but are not reviewed |  | | Processes and controls are not established |  | | This question asks for the FAP’s self-assessment on the maturity of arrangements in place to monitor and maintain its digital advice services.  By ‘established’, we mean approved, documented and operating in practice. |  |
|  | **Eligible investor certificates**  Please provide answers to the following questions that relate to eligible investor certificates. |  |  |
|  | How many financial advisers engaged by [FAP NAME] have signed off the confirmation of an eligible investor certificate for clients of [FAP NAME] during the return period?   |  | | --- | | **FA =** | | Please enter the number of financial advisers engaged by the FAP who have signed off the confirmation and not the total number of clients.  Eligible investors are defined in [Clause 41, Schedule 1](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#DLM4092479) of FMC Act.  Details of who can sign an eligible investor certificate and the conditions for this can be found in [Clause 43, Schedule 1](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#DLM4092483) of the FMC Act. |  |
|  | What is the total number of eligible investor certificates that have been signed for customers of [FAP NAME] and by financial advisers engaged under [FAP NAME]?   |  | | --- | |  | | Please enter the total number of clients who have eligible investor certificates signed by the financial advisers indicated in the above question. |  |
|  | Does [FAP NAME] provide financial advice on any products that they, or any other entity that operates under [FAP NAME]’s FAP licence, manufacture?   * Yes * No | This question asks if any person or entity related to the FAP provides financial advice on financial advice products designed or manufactured by the FAP or by other entities listed on the application.  If the FAP has only had input into the terms (e.g. policy wording) of products designed and manufactured by the product providers, you can answer ‘no’ to this question. |  |
|  | Select which option best reflects the maturity of [FAP NAME]’s processes and controls for addressing the needs of clients in vulnerable circumstances.   |  |  | | --- | --- | | Processes and controls are established, and reviewed at least annually |  | | Processes and controls are established, and reviewed when required |  | | Processes and controls are established , but are not reviewed |  | | Processes and controls are not established |  | | This question asks for the FAP’s self-assessment on the maturity of arrangements in place to manage vulnerable clients. This [information sheet](https://www.fma.govt.nz/assets/Reports/CustomerVulnerability-ourexpectationsforproviders.pdf) explains the FMA’s expectations of financial services firms when it comes to prioritising their client vulnerability practices.  By ‘established’, we mean approved, documented and operating in practice. |  |
|  |  | Select the types of marketing and advertising used by [FAP NAME] to attract new retail investors during the reporting period   |  |  | | --- | --- | | Third party agencies |  | | Lead generators |  | | Word of mouth |  | | Internet (e.g. website, social media, email) |  | | Audio/visual (e.g. TV, radio, billboards, podcasting) |  | | Presentations/seminars |  | | Cold-calling |  | | Other |  | | Please select the different ways you promoted your licensed FAP services to attract new retail customers during the reporting period. |  |
|  |  | Did you have referral arrangements with third parties, such as other FAPs, advisers, businesses, or affiliates?   * Yes * No | Even if your referral arrangements are informal (e.g. not written or non-monetary) we still expect you to select ‘yes’ to this question. |  |
|  |  | Did you provide inducements to attract and/or retain retail client, for example (but not limited to) gifts, bonus credits, rebates or discounts?   * Yes * No | Promotional inducements can include both monetary and non-monetary benefits, temporary (i.e. limited time offers), and customer loyalty programmes. |  |
|  | During the return period, what (approximate) percentage of your revenue was derived from financial adviser services relating to the following products?   |  |  | | --- | --- | | Debt securities | **%** | | Equity securities | **%** | | Managed investment products | **%** | | Derivatives | **%** | | Discretionary investment management services | **%** | | Life insurance contracts | **%** | | Health insurance contracts | **%** | | Fire and general insurance contracts | **%** | | Consumer credit contracts | **%** | | Other | **%** | | **Total** | **100%** | | Figures provided must add up to 100%. This includes a renewal or change to the terms of an existing product. |  |
|  | During the return period, identify which of the following categories [FAP NAME] derived its revenue from:   |  |  | | --- | --- | | Flat fee per annum, or similar |  | | Flat fee per transaction/provision of financial advice |  | | Percentage value of products (investment balance) |  | | Initial commissions (from product manufacturer) |  | | Ongoing commissions (from product manufacturer) |  | | Other |  | |  |  |
|  | Has your business been profitable over the return period?   * Yes * No | By ‘profitable’, we mean generating a net profit before tax for the fiscal year that most closely aligns with this reporting period, as reported in your financial statements. |  |

| **Part** | **#** | **Questions we will ask you** | **Guidance** | **Feedback on the question** |
| --- | --- | --- | --- | --- |
| Part 3 – complaints |  | **Complaints**  These questions relate to complaints received about [FAP NAME]’s licensed financial advice service over the return period. | A complaint relating to your financial advice service is an expression of dissatisfaction made to you or to a person engaged by you, relating to your financial advice service (including any regulated financial advice given to a retail client by you or on your behalf) or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.  A complaint includes a complaint about a failure to provide a service or give advice, and may be received in a number of ways, including in person, over the phone, or by letter, social media or email.  Your internal complaints process should indicate the process for receiving complaints relating to your financial advice service.  See [Standard Condition 2.](https://www.fma.govt.nz/assets/Consultations/Standard-Conditions-for-full-FAP-licences.pdf) |  |
|  | Does [FAP NAME] retain a record of every complaint relating to its financial advice service?   * Yes * No |  |  |
|  | Enter the number of complaints open at the start of the return period. | This question relates to complaints that are open but have not been escalated to the FAP’s dispute resolution service (**DRS**). If you have no complaints open, please enter zero.  ‘Open complaints’ are those received before the return period that were not resolved when the period began. |  |
|  | Enter the number of complaints received during the return period. | This question relates to those complaints received internally. If you received no complaints during the return period, please enter zero. |  |
|  | Enter the number of complaints resolved internally during the return period. | If no complaints were resolved internally during the return period, please enter zero.  This refers to complaints that were resolved internally and not escalated to the FAP’s **DRS**.  By ‘internally’, we mean complaints that were resolved in line with the FAPs internal complaints process.  This number should include complaints that were both opened and closed during the return period. |  |
|  | The calculated total number of complaints open at the end of the return period.  (THIS IS NOT A QUESTION – FORM WILL CALCULATE TOTAL) |  |  |
|  | Enter the number of complaints open at [FAP NAME]’s **DRS** at the start of the return period. | If you have no complaints open, please enter zero.  ‘Open complaints’ are those held at the DRS before the return period that were not resolved when the period began. |  |
|  | Enter the number of complaints escalated to [FAP NAME]’s **DRS** during the return period. | If no complaints were escalated during the return period, please enter zero.  Once you have exhausted all of your internal resources and a complaint is in deadlock, you must refer your client to your DRS. Include the number of complaints where a letter of deadlock was issued. |  |
|  | Enter the number of complaints made to [FAP NAME]’s **DRS** and resolved in the complainant's favour (upheld) during the return period. | Only include those complaints that have been upheld (and exclude those that have been partially upheld).  Complaints made to the DRS should include those made by customers and any escalated directly by the FAP to the DRS. |  |
|  | Enter the number of complaints made to [FAP NAME]’s **DRS** and resolved in [FAP NAME]’s favour (not upheld) during the return period. | Only include those complaints that have been solely not upheld (and exclude those that have been partially upheld).  Complaints made to the DRS should include those made by customers and any escalated directly by the FAP to the DRS. |  |
|  | Enter the number of complaints made to [FAP NAME]’s **DRS** and resolved in both the complainant’s favour and [FAP NAME]’s favour (partially upheld) during the return period. | Only include those complaints that have been exclusively resolved in both the complainant’s favour and the FAP’s favour (partially upheld) during the return period.  Complaints made to the DRS should include those made by customers and any escalated directly by the FAP to the DRS. |  |
|  | The calculated total number of complaints open at [FAP NAME]’s **DRS** at the end of the return period.  (THIS IS NOT A QUESTION – FORM WILL CALCULATE TOTAL) |  |  |
|  | Of the complaints resolved internally during the return period, how many were resolved within each of the following timeframes?   |  |  | | --- | --- | | 0 to 3 months |  | | 3 to 6 months |  | | 6 to 12 months |  | | Over 12 months |  | | **Total =** |  | | If you resolved no complaints during the return period, please enter zero.  Please indicate the time taken to resolve complaints internally. The time should be taken from the date the complaint was received to the date in which the complaint was resolved internally.  By internally, we mean complaints that were resolved in line with the FAPs internal complaints process |  |
|  | State the total number of complaints that that resulted in a reimbursement or refund (or any other forms of compensation) paid to clients as a result of complaints relating to [FAP NAME]’s financial advice service during the return period. | If no reimbursements or refunds were paid during the return period, please enter zero.  Include all complaints that resulted in a reimbursement or refund. This should include other forms of tangible (i.e. dollar) compensation following a complaint, such as goodwill payments and fee reductions.  Include those that were resolved internally and those that were resolved following a decision from the DRS. |  |
|  | State the total amount of any reimbursement or refund (or any other forms of compensation) [FAP NAME] paid to clients as a result of complaints relating to its financial advice service during the return period.   |  | | --- | | **$** | |  |  |
|  | Select the category below that reflects the most common nature of the complaints [FAP NAME] received over the return period in relation to its financial advice service:   |  |  | | --- | --- | | Advice execution issues |  | | Financial advice product design issues |  | | Financial advice reports and documentation |  | | Financial advice suitability |  | | Financial adviser conduct and competency |  | | Fees/costs associated with the financial advice |  | | Issues relating to disclosure |  | | Nominated Representative conduct and competency |  | | Privacy and confidentiality |  | | Service issues |  | | Transaction and money handling errors |  | | Other (please specify): |  | | Please select only one option.  Select only the category which reflects the most common nature of complaints you have received over the return period. This only relates to complaints received relating to your financial advice service.  We expect that some FAPs will classify their complaints differently to these categories. Please select the option that is the most appropriate. |  |
|  | Of the complaints relating to [FAP NAME]’s licensed advice service that were received during the return period, did any result in a change to [FAP NAME]’s policies, procedures or controls?   * Yes * No | We recognise you may use complaints data as one of many inputs into making regular improvements to your policies. For this question we are only interested in direct changes to policies, procedures and controls as a result of one or more complaints received during the return period. |  |
|  | Enter the number of complaints that resulted in formal action (either pending or finalised) in relation to [FAP NAME]’s financial advice service, including any Authorised Bodies or Financial Advisers who are engaged by [FAP NAME]? | This question relates only to pending claims against the FAP and its Authorised Bodies or Financial Advisers?  Formal action includes (but is not limited to) any litigation, claims, arbitration and mediation. Only select ‘yes’ if the formal action was either pending or finalised during the reporting period. |  |
| Part 4 - outsourcing |  | **Outsourcing**  Does [FAP NAME] outsource any functions of its licensed advice business?   * Yes * No   [If yes selected]  Enter all outsource providers relating to [FAP NAME]’s licensed advice business. | You can outsource any aspect of your licensed business. However, Standard Condition 4 requires that if you outsource a system or process that is necessary to the provision of your financial advice service, you must be satisfied that the provider is capable of performing the service to the standard required to enable you to meet your market services obligations.  Even if you partially outsource a function, we require you to select this function as an outsource provider.  We are only interested in outsource providers that are relevant to your licenced financial advice business.  In terms of IT systems, ‘relevant’ means those key systems that you consider critical to business continuity. If the business could not operate for one month without them, they should be listed when answering the following question.  See [Standard Condition 4.](https://www.fma.govt.nz/assets/Consultations/Standard-Conditions-for-full-FAP-licences.pdf) |  |
|  | Outsource provider #1  Does this outsource provider have a New Zealand Business Number?   * Yes * No | A provider’s NZBN can be found on the Company’s Office website using this [link](https://companies-register.companiesoffice.govt.nz/). |  |
|  | If answer to 24 is Yes, questions a to d will be displayed.  Please enter this outsource provider's NZBN.  (THIS SHOULD PRE-POPULATE THE BUSINESS NAME) |  |  |
|  | Are the above NZBN details correct?   * Yes * No |  |  |
|  | Which service(s) or function(s) does this outsource provider provide?   |  |  | | --- | --- | | Accounting/finance |  | | Advice services (including digital advice) |  | | Compliance (including oversight function) |  | | Record keeping (e.g. digital CRM) |  | | Human resources |  | | IT support |  | | Legal |  | | Marketing (including lead generation) |  | | Research |  | | Training services |  | | Other (please specify): |  | | Please select all the services provided by the outsource provider. |  |
|  | What level of service is provided by this [OUTSOURCE PROVIDER] outsourcing provider?  (THIS SHOULD PRE-POPULATE BASED ON ABOVE SELECTION(S))   * Fully outsourced * Partially outsourced |  |  |
|  | Enter the full legal business name for this outsource provider. |  |  |
|  | Does [FAP NAME] have a contractual agreement in place with all the outsource providers listed?   * Yes * No | By ‘contractual agreements’ we mean contracts that are written and formal (i.e. finalised and signed, if applicable) |  |
|  | Select which outsource provider(s) [FAP NAME] does not have an existing contractual agreement with.  Dropdown box: [List of all outsource providers entered] |  |  |
|  | Does [FAP NAME] have regular dates scheduled for reviewing all outsourcing arrangements?   * Yes * No |  |  |
| **Part 5 - Business continuity and tech systems** |  | Select which option best reflects the maturity of [FAP NAME]’s business continuity arrangements.   |  |  | | --- | --- | | Processes and controls are established, and reviewed at least annually |  | | Processes and controls are established, and reviewed when required |  | | Processes and controls are in established, but are not reviewed |  | | Processes and controls are not established |  | | This question asks for the FAP’s self-assessment on the maturity of arrangements for business continuity  By ‘established’, we mean approved, documented and operating in practice.  See [Standard Condition 5](https://www.fma.govt.nz/assets/Consultations/Standard-Conditions-for-full-FAP-licences.pdf). |  |
|  | Were [FAP NAME]’s business continuity arrangements tested during the return period to ensure they remain relevant for the business?   * Yes * No | By ‘tested’, we mean assessing the usability and effectiveness of your BCP using a testing method of your choice. |  |
|  | Select which types of protection (e.g. insurance) [FAP NAME] has in place relating to its licensed advice business as at the end of the return period. Select all that apply.   |  |  | | --- | --- | | Business income insurance |  | | Cyber insurance cover |  | | Directors and officers insurance |  | | Employers liability insurance |  | | General liability insurance |  | | Key person cover |  | | Professional indemnity (PI) insurance |  | | Shareholder protection insurance |  | | I rely on the cover of a related company listed on my licence application |  | | I have no protection or insurance |  | | Other (please specify): |  | | While this is not required as a specific condition of holding a FAP licence, we are interested in whether FAPs have any protections in place.  By asking this question we are not indicating that FAPs are required to have any of these types of protection in place.  Please select any of the insurance options that would potentially cover any issue relating to your licensed advice business. |  |
|  | During the return period, did [FAP NAME] discover any incident that affected the cyber resilience of its technology systems?  These could range from more common occurrences such as phishing emails to more serious events such as denial-of-service (DoS) attacks.   * Yes * No | We want to know about any events, including those that did not reach the threshold to trigger a formal notification. Answers to this question are not limited to those incidences that have impacted the licensed advice business. Rather, we are asking if the FAP has encountered any such attempts, whether or not it directly impacted on its business (e.g. if a staff member clicked on a phishing email but it didn’t result in a breach). |  |
|  | What type of incident(s) affecting the cyber resilience of its technology systems did [FAP NAME] encounter? Please select all that apply.   |  |  | | --- | --- | | Attack on a system |  | | Botnet traffic |  | | Command-and-control (C and C) server hosting |  | | Denial of service |  | | Malware |  | | Password guessing |  | | Phishing and credential harvesting |  | | Ransomware |  | | Scams and fraud |  | | Suspicious network traffic |  | | Unauthorised access |  | | Website compromise |  | | Other (please specify): |  | | We want to know about any events (including those that did not reach the threshold to trigger a formal notification). |  |
|  | Select which option best reflects the maturity of [FAP NAME]’s information security arrangements, during the return period.   |  |  | | --- | --- | | Information security arrangements are established and have been reviewed during the return period. |  | | Information security arrangements have been established, but are not reviewed |  | | Information security arrangements are not established. |  | | This question asks for the FAP’s self-assessment on the maturity of arrangements that manage information security (which includes cyber resilience).  By ‘arrangements’, we mean policies, processes and controls that preserve and maintain the confidentiality, integrity and availability of information and/or information systems.  By ‘established’, we mean approved, documented and operating in practice. |  |
| Declaration |  | I confirm that I have the authority to submit this report on behalf of [FAP NAME].   |  |  | | --- | --- | |  | I confirm. |   I have reviewed the answers and information and can confirm that I am satisfied that, to the best of my knowledge after undertaking all reasonable inquiries, all answers are true and correct.   |  |  | | --- | --- | |  | I confirm. | | A person commits an offence by making, or authorising the making of, any statement in this FAP return that is false or misleading in a material respect if the person knows it to be false or misleading.  See [section 512](https://www.legislation.govt.nz/act/public/2013/0069/latest/whole.html#DLM4702280) of the Financial Markets Conduct Act. |  |
|  | Full name of [FAP NAME]’s authorised person.   |  | | --- | |  | |  |  |
|  | Position of the authorised person at [FAP NAME].   |  | | --- | |  | |  |  |
|  | Date:  (THIS SHOULD PRE-POPULATE THE CURRENT DATE) |  |  |