



JULY 2024

Information for completing Financial Advice Provider regulatory returns

Information Sheet for Financial Advice Providers (FAPs) who are
submitting an annual FAP regulatory return online

Document history

Version 1: July 2024	Establishment of the information sheet on how to submit an online FAP regulatory return
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Contents

About this information sheet	4
Do you need to submit a regulatory return?	4
Before you complete your regulatory return	5
Privacy notice	6
Completing your FAP regulatory return	7
What we ask	8
FAP details	8
Business structure	9
Complaints	26
Outsourcing	29
Business continuity	30
Technology systems	31
Confirm your details	32
Declaration	33

About this information sheet

This information sheet is to help Financial Advice Providers (FAPs) who are submitting an annual FAP regulatory return online.

It explains our expectations as regulator of all licensed FAPs submitting an annual regulatory return in accordance with standard condition 3 of a full FAP licence. We encourage you to work your way through the questions, identify and address any gaps before you submit the regulatory return.

This document is a reference information sheet for those seeking more clarification about how to interpret certain parts of a question. It is provided as a resource only. This information sheet contains no new information and is based on the most frequently asked questions we received from the 2023 regulatory returns consultation.

The examples we use are only for illustration. They are not exhaustive and are not intended to impose or imply particular rules or requirements. It does not constitute legal advice. We encourage you to seek your own legal advice as needed, as it is your responsibility to determine your obligations.

Do you need to submit a regulatory return?

If you hold a full FAP licence you need to submit a regulatory return.

Your licence is subject to conditions. See section 402 of the Financial Markets Conduct Act 2013 (FMC Act). These conditions include:

- a condition that the licensee or authorised body may, under the licence, only provide the market services or class of market services to which the licence relates and for which each person is authorised under the licence (see section 402(1)(a) of the FMC Act)
- conditions imposed by the FMA under section 403 of the FMC Act – these will generally include:
 - the standard conditions; and
 - any specific conditions
- any conditions imposed by regulations (see part C below). As of July 2023 the relevant regulations are the Financial Markets Conduct Regulations 2014 (the FMC Regulations)

The standard conditions apply in respect of regulated financial advice provided to retail clients. Standard condition 3 of a full FAP licence state:

“You must provide us with the information we need to monitor your ongoing capability to effectively perform the financial advice service in accordance with the applicable eligibility criteria and other requirements in the FMC Act. This will include updated information on the nature, size and complexity of your financial advice provider service.

Information must be provided in accordance with any Regulatory Return Framework and Methodology we issue under subpart 4, part 9 of the FMC Act. A FAP that holds a current full FAP licence must submit a regulatory return annually via the FMA online portal.”

Before you complete your regulatory return

Use the checklist below to ensure you have all the information you need to complete your regulatory return.

Do you have a RealMe login?

You need a RealMe login to submit an online regulatory return form. If you don't already have one, go to [Create your RealMe login](#) and follow the instructions provided. You should allow at least five days for your login to be set up.

Are you correctly registered on the Financial Service Providers Register?

All licensed FAPs must be registered on the Financial Service Providers Register (FSPR) before submitting a regulatory return. You will need to enter your Financial Service Provider (FSP) number to submit a regulatory return.

While updating your records, it's a good idea to check that you are correctly registered for all of the financial services you provide. Any changes made to the register will automatically be applied within 24 hours. You should not submit your regulatory return until those changes have been applied.

Do you have regulatory return information for all Authorised Bodies on your licence?

This regulatory return includes the activities of all authorised bodies or engaged entities under your FAP licence. Only **one** regulatory return is to be submitted regardless of the number of authorised bodies under the FAP. For example, if you have 50 Authorised Bodies, you should still only submit one regulatory return.

Your RealMe login belongs to you. It is a personal and individual login, not a shared login. If you are the person designated to manage business applications and filings for your company, other people should not log in as you. Refer to <https://www.realme.govt.nz>

The FMA will be collecting personal information as part of this process. Please ensure you read and understand the privacy notice below.

Privacy notice

1. The purpose of the collection is to enable the FMA to understand the profile of your business and to focus its resources appropriately in order to effectively supervise full FAP licence holders. The regulatory returns require reporting of factual business information, such as business volumes and service types, numbers of customers, numbers and types of breaches, and complaints information.
2. The collection is authorised under the FMC Act and FMC Regulations in particular, FAP full licence standard condition 3 of full FAP licence requires that the licensed FAP must:
 - Provide the FMA with the information we need to monitor your ongoing capability to effectively perform the financial advice service in accordance with the applicable eligibility criteria and other requirements in the FMC Act. This will include updated information on the nature, size and complexity of your financial advice provider service.
 - Information must be provided in accordance with any Regulatory Return Framework and Methodology we issue under subpart 4, part 9 of the FMC Act.
3. The personal information that we collect will be:
 - retained and used for the FMA's functions, duties and powers;
 - used in accordance with the Privacy Act 2020 and all relevant FMA policies; and
 - will be stored and protected with relevant technical and process controls.
4. If the personal information is not provided, the FAP will be unable to complete the annual regulatory return and you will likely be in breach of your full FAP licencing conditions.
5. Individuals have a right to request access to the personal information that the FMA holds about them and can request to have any information that we hold about them corrected. If individuals wish to request access to their information or to have it corrected, they should contact us at questions@fma.govt.nz, or 0800 434 566, or Financial Markets Authority, PO Box 106 672, Auckland 1143, New Zealand.
6. For more information about how the FMA collects, stores and discloses information, and how we use it, see the FMA's [Privacy Statement](#) and [Transparency Statement](#).

Completing your FAP regulatory return

How to submit

We will accept FAP regulatory returns from 1 July to 30 September for each regulatory return period. Regulatory returns must be submitted online via the [FMA website](#).

Late submissions (submissions not received by 1 October)

All licensed FAPs are required to submit an annual regulatory return by 30 September of each year. Non-submission of a regulatory return by 30 September is a breach of your full FAP licence conditions.

How to change or update your regulatory return

If you wish to make any changes to your regulatory return after submission, please contact questions@fma.govt.nz

What we ask

This section explains what we are asking you about in the regulatory return form.

Important note: This information sheet includes all questions that may be asked as part of FAP regulatory return. However, when completing your regulatory return, depending on the answers you provide, you may not be asked all questions. For example, if you indicate you do not have Authorised Bodies on your licence, you will not see the questions relating to Authorised Bodies. Where you select other as an answer to a question, you will need to provide an explanation in the text box provided.

Where we ask if you have approved documents/arrangements/processes, our expectation is that those are formally reviewed and approved by you, in accordance with your decision-making procedures within your governance structure.

What we ask	What we mean
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Before you begin

When you are completing the regulatory return, it will be automatically populated with relevant names and details for each question.

FAP details

What is your Financial Service 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.
Are you (the person completing this regulatory return) filing this return on behalf of the FAP and do you have authorisation to file the returns information on their behalf?	This is confirmation to ensure the person attests to having permission to complete the regulatory return on behalf of the FAP. If you are an FAP operating as an individual (and not an entity), then select yes to this question.

What we ask	What we mean
<p>Below is the list of regulatory returns available to FAP. Select the regulatory return you want to file.</p>	<p>If you have more than one licence type, this will populate a list of regulatory returns that are applicable to your business. You will need to select FAP annual Regulatory Return. This selection will auto populate your licence class, the scope of service for your FAP and the regulatory return period.</p>
<p>Are these details and the current Period of Report we have shown correct?</p>	<p>If the details are incorrect, please contact us on questions@fma.govt.nz</p>

Business structure

<p>Before you begin You will be asked questions that relates to your business structure</p>	
<p>Select how the FAP operates under its FAP licence.</p> <ul style="list-style-type: none"> FAP operating as an individual FAP operating as an entity 	<p>This question is applicable to all licence classes. The purpose of it is to obtain an up-to-date understanding of the business structure of the FAP.</p>
<p>Select which ways FAP provides its regulated financial advice? Select all that apply.</p> <ul style="list-style-type: none"> Through engaging one or more financial advisers. Through engaging one or more nominated representatives. Directly as the FAP through non-digital means. Directly through a digital advice facility (See Note 1). 	<p>This question is applicable to all licence classes. A FAP licence may cover regulated financial advice provided by a person or otherwise, including a digital advice facility. Note 1: A digital advice facility (also known as 'robo-advice') is automated regulated financial 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 institution's end. Please note that a digital advice facility is not where a FAP provides regulated financial advice merely through digital means, e.g., a website, emails or text messages.</p>

What we ask	What we mean
<p>Confirm how long has the [FAP NAME] been providing financial advice in the New Zealand market? Select from</p> <ul style="list-style-type: none"> • New to market • Less than 6 months • 6 months to 1 year • From 1-3 years • From 3 -5 years • Over 5 years 	<p>This question is applicable to all licence classes.</p> <p>It should be answered as at the end of the return period. Your answer should be based on the date the entity or individual commenced providing financial advice in New Zealand. This is not necessarily the date the FAP or Transitional FAP licence was granted, e.g., if the FAP has been providing financial advice since 2002, then select the 'greater than 5 years' option.</p>
<p>Financial Advisers (FA)</p> <p>Please provide the number of Financial Advisers engaged under [FAP NAME] FAP licence, as at the end of the return period.</p>	<p>This question is applicable to all licence classes.</p> <p>When you engage a Financial Adviser under your own FAP licence, you must record details of the engagement on the Financial Services Provider Register. This number must be consistent with the information as at the 30 June on the register. This number should include all Financial Advisers who are engaged directly and through Authorised Bodies.</p>
<p>Nominated Representatives (NR)</p> <p>How many Nominated Representatives are engaged under [FAP NAME]'s licence, as at the end of the return period?</p>	<p>This question is applicable to class three licence holders only.</p> <p>A FAP must keep an up-to-date record of its Nominated Representatives. See section 431T of the Financial Markets Conduct Act 2013.</p>

What we ask

What we mean

Select which of the options below best reflects [FAP NAME]'s processes and controls in respect to the regulated financial advice given by its Nominated Representatives during the return period. Select from

- 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 is applicable to class three licence holders only.

The purpose of it is to obtain an understanding of how the FAP views their arrangement to limit the nature and scope and regulate the financial advice given by Nominated Representatives.

This question asks for the FAP's self-assessment of their processes and the 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.

Authorised Bodies (AB)

Please provide the number of Authorised Bodies named on [FAP NAME]'s FAP licence at the end of the return period.

This question is applicable to class two and three licence holders only.

You will only need to answer this question if the FSP number entered at the beginning of the regulatory return has Authorised Bodies on the Financial Services Provider Register.

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 register as a FAP.

Select which of the options below best reflects [FAP NAME]'s processes and controls to maintain control and supervision over the provision of regulated financial advice by its Authorised Bodies during the return period. Select from

- 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 is applicable to class two and three licence holders only.

The purpose of it is to obtain an up-to-date understanding of how the FAP views their processes and controls to maintain control and supervision over Authorised Bodies providing regulated financial advice. By 'established', we mean approved, documented and operating in practice. By 'reviewed', this can be either an internal or external review of the process. Licences that cover Authorised Bodies are explained in section 400 of the Financial Markets Conduct Act 2013.

What we ask

What we mean

Directly engaged entities

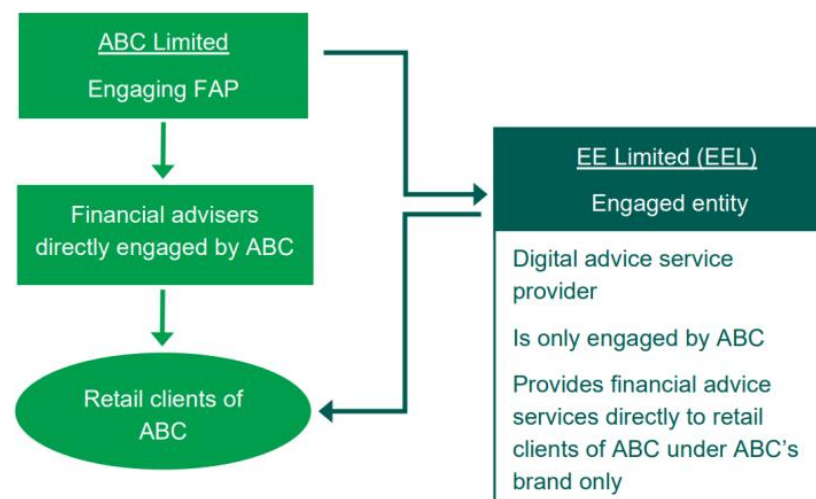
Does [FAP NAME] have arrangements in place where it directly engages entities to provide regulated financial advice on its behalf?

- Yes
- No

This question is applicable to class three licence holders only.

It relates to an arrangement where an FAP has chosen to engage an entity directly to give regulated financial advice on their behalf. This does not relate to regulated financial advice being provided by individuals directly engaged by the FAP, or those individuals who are indirectly engaged via an interposed persons arrangement.

The diagram below provides an example of an engaged entity.



In this example, ABC is a FAP that directly engages Financial Advisers to provide regulated financial advice on its behalf to its retail clients. ABC also has an arrangement in place with Engaged Entity Limited (EEL), which provides regulated 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 regulated financial 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](#) of the Financial Markets Conduct Act 2013.

Interposed person

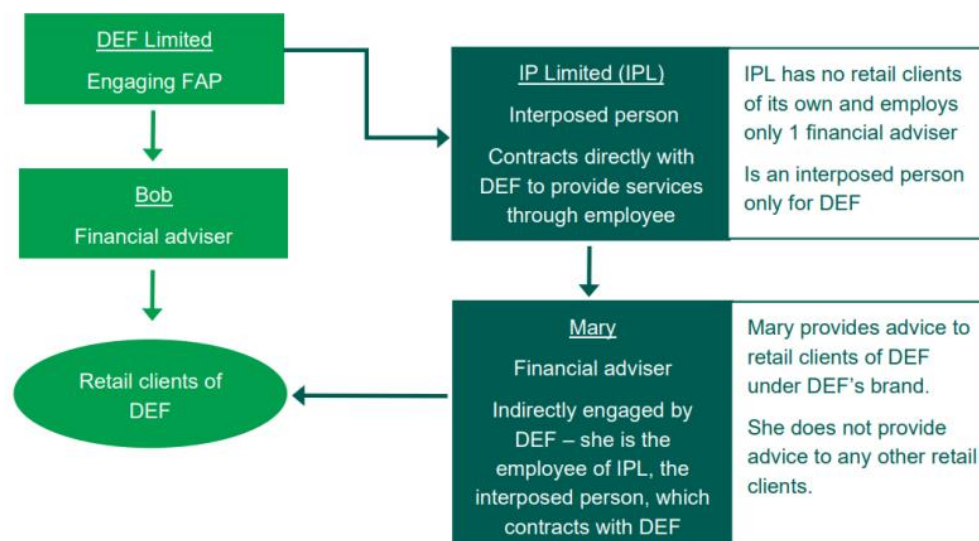
Does [FAP NAME] have arrangements in place where it indirectly engages individuals via an interposed person to provide regulated financial advice on its behalf?

- Yes
- No

This question is applicable to class two and three licence holders only.

The purpose of it is to obtain an up-to-date understanding of the business structure of the FAP. 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 regulated financial advice on behalf of the engaging FAP. This does not relate to regulated financial advice being provided by individuals or entities directly engaged by the licensed FAP.

The diagram below provides an example of an interposed person.



In this example, DEF Limited is operating under a FAP full licence and directly engages Bob to provide regulated 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 regulated 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 regulated financial 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.

What we ask

What we mean

This [information sheet](#) provides details on the FMA's approach to licensing FAPs involving interposed persons or engaged entities.

Competence, knowledge and skill

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 financial advice providers procedures, systems and expertise (Note 3)
- Competence, knowledge and skill demonstrated by reference to an alternative qualification or experience (Note 3)
- Competence, knowledge and skill demonstrated by other means (Note 4)

This question is applicable to all licence classes.

You will only see this question if you have selected that you provide advice directly or if you have selected 'FAP operating as an individual'. The purpose of this question is to understand how those engaged by the FAP meets the competence, knowledge, and skill requirements 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 Authorised Financial Adviser is a person (immediately before the commencement of the Code which came into force on 15 March 2021) permitted to provide financial adviser services and/or investment planning services for the financial advice product the advice relates to.

Note 3: If a person seeks to demonstrate competence, knowledge, and skill using an alternative qualification or experience, or procedures, systems, and expertise - they should do so in an objective, measurable and independently verifiable manner.

Note 4: select this option only if none of the above are suitable, for example, if you are using qualifications and training under the Australian education and training standards for relevant providers. This is recognised as meeting standards 6 to 8 of the Code.

A person must not give regulated financial advice unless they meet 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 (the Code).

What we ask

How do those engaged by [FAP NAME] to provide regulated 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

- 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 financial advice providers procedures, systems and expertise (Note 3)
- Competence, knowledge and skill demonstrated by reference to an alternative qualification or experience (Note 3)
- Competence, knowledge and skill demonstrated by other means (Note 4)

What we mean

This question is applicable to all licence classes.

You will only see it if you have selected that you provide advice via engaging financial advisers or nominated representatives.

The purpose of this question is to understand how those engaged by the FAP meets the competence, knowledge, and skill requirements of the Code of Professional Conduct for Financial Advice.

Note 1: This includes the relevant strand(s) for product specific advice and/or the investment strand for investment planning.

Note 2: An AFA is a person (immediately before the commencement of the Code) permitted to provide financial adviser services and/or investment planning services for the financial advice product the advice relates to.

Note 3: If a person seeks to demonstrate competence, knowledge, and skills by reference to an alternative qualification or experience, or procedures, systems, and expertise - they should do so in an objective, measurable and independently verifiable manner.

Note 4: select this option only if none of the above are suitable, for example, if you are using qualifications and training under the Australian education and training standards for relevant providers. This is recognised as meeting standards 6 to 8 of the Code.

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 (the Code).

What we ask	What we mean
<p>Select the option that best reflects the processes that [FAP NAME] has in place to ensure all individuals engaged by [FAP NAME] maintains competence, knowledge and skill for the regulated financial advice given during the return period.</p> <ul style="list-style-type: none"> 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 	<p>This question is applicable to all licence classes.</p> <p>The purpose of it is to obtain an up-to-date understanding of how the FAP views their processes for maintaining competency. This question asks for the FAP's self-assessment of arrangements in place to maintain competence, knowledge and skills. By 'established', we mean approved, documented and operating in practice. By 'reviewed', this can be either an internal or external review of the process.</p> <p>A person must not give regulated financial advice unless the person meets the standard of general competence, knowledge and skills. These standards are set out in Part 2 of the Code of Professional Conduct for Financial Advice Services (the Code).</p>
<p>Compliance</p> <p>Is [FAP NAME] adequately resourced to manage its market service licensee obligations?</p> <ul style="list-style-type: none"> Yes No 	<p>This question is applicable to all licence classes.</p> <p>It asks the FAP' to self-assess the resourcing (including people, skills and systems) allocated to managing its licence obligations.</p>
<p>Client numbers</p> <ul style="list-style-type: none"> How many NZ retail clients does [FAP NAME] have at the end of the return period? How many NZ wholesale clients does [FAP NAME] have at the end of the return period? 	<p>This question is applicable to all licence classes.</p> <p>Please answer the question as at the end of the return period. The question relates only to those clients who are domiciled in New Zealand. An estimate is sufficient (+/- 5%). If you do not currently have any New Zealand retail clients, enter zero. If you classify all your clients as retail, enter zero for wholesale clients.</p> <p>'Retail' clients are defined in Clause 3, Part 1, Schedule 5 of the Financial Markets Conduct Act 2013, and 'wholesale' clients are defined in Clause 4, Part 1, Schedule 5 of Financial Markets Conduct Act 2013.</p>

What we ask

What we mean

Types of regulated financial advice

Which types of regulated financial advice does [FP NAME] or any person engaged by [FAP NAME] provide to its retail clients? Select all that apply.

- Regulated financial advice on financial advice products (Note 1)
- Switching funds within a managed investment scheme (including KiwiSaver) (Note 2)
- Investment planning services (Note 3)
- None of these financial advice services

This question is applicable to all licence classes.

Note 1: A person gives regulated financial advice if they make a recommendation or give an opinion about acquiring or disposing of (or not acquiring or disposing of) a financial advice product – where it is given in the ordinary course of a business, and not excluded under any of clauses 8 to 18 of [Schedule 5](#) of the Financial Markets Conduct Act 2013.

Note 2: A person gives regulated financial advice if they make a recommendation or gives an opinion about switching funds within a managed investment scheme (including KiwiSaver) where it is given in the ordinary course of a business, and is not excluded under any of clauses 8 to 18 of [Schedule 5](#) of the Financial Markets Conduct Act 2013.

Note 3: A person gives regulated financial advice if they design an investment plan that is based on their 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 where it is given in the ordinary course of a business, and is not excluded under any of clauses 8 to 18 of [Schedule 5](#) of the Financial Markets Conduct Act 2013.

The meaning of financial advice and regulated financial advice is set out in section 431C of the Financial Markets Conduct Act 2013.

What we ask

What we mean

Financial advice products

What types of financial advice products have [FAP NAME] (or any person engaged by [FAP NAME]) provided regulated financial advice to its retail clients during the return period? Select all that apply.

- Debt securities
- Debt securities (listed)
- Equity securities
- Equity securities (listed)
- Managed investment products
- Derivatives
- DIMS facilities
- Life insurance contracts
- Health insurance contracts
- General insurance contracts
- Consumer credit contracts
- Other financial advice products
- None of the above

This question is applicable to all licence classes.

Select only the options that currently apply (i.e., products the FAP advised on during the return period). Do not select options simply because you may expand your product offerings in future. Financial Advice Products are defined in [Section 6](#) of the Financial Markets Conduct Act 2013.

You only need to include financial advice products that you currently have and advised retail customers on in New Zealand. Do not include financial advice products that are only for customers outside New Zealand and/or wholesale customers.

Debt securities products

Select all that apply.

- Term deposits
- Savings accounts
- Transactional accounts
- Foreign currency accounts

This question is applicable to all licence classes.

You will only see this question if you have selected debt securities under financial advice products.

What we ask	What we mean
<p>Managed investment products</p> <p>Select all that apply.</p> <ul style="list-style-type: none"> • KiwiSaver • Managed investment scheme • Other investment products 	<p>This question is applicable to all licence classes.</p> <p>You will only see this question if you have selected managed investment products under financial advice products.</p>
<p>Life insurance contracts</p> <p>Select all that apply.</p> <ul style="list-style-type: none"> • 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 	<p>This question is applicable to all licence classes.</p> <p>You will only see this question if you have selected life insurance contracts under financial advice products.</p>

What we ask	What we mean
<p>General insurance contracts</p> <p>Select all that apply.</p> <ul style="list-style-type: none"> • House insurance • Commercial fire and general insurance • Contents insurance • Vehicle insurance • Marine insurance • Travel Insurance • Pet insurance • Mortgage protection insurance • Consumer debt repayment insurance • Other retail insurance contracts 	<p>This question is applicable to all licence classes.</p> <p>You will only see this question if you have selected general life insurance contracts under financial advice products.</p>
<p>Consumer credit contracts</p> <p>Select all that apply.</p> <ul style="list-style-type: none"> • Residential mortgage lending • Reverse equity home loan • Personal loans • Overdrafts • Credit cards • Other consumer credit contracts 	<p>This question is applicable to all licence classes.</p> <p>You will only see this question if you have selected consumer credit contracts under financial advice products.</p>

What we ask

What we mean

Funds under advice

Which of the following statements best describes the Funds Under Advice (FUA) at your FAP at the end of the return period?

- FAP does not have FUA
- 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 applicable to all licence classes.

You will only see this question if you selected that you provided regulated financial advice on managed investment products, derivatives, or debt and equity securities during the return period.

Select the approximate range of Funds under Advice where you provide advice on a portfolio of investments (on a non-discretionary basis). You do not need to include financial advice given to clients on a one-off basis. All values are in \$NZD.

What proportion of [FAP NAME]'s retail clients who received regulated financial advice resulted in replacement business during the return period?

- Whole of life/endowment insurance
- Term life insurance
- Trauma insurance
- Total and permanent disablement insurance
- Accidental death insurance
- Income protection insurance
- Funeral insurance

This question is applicable to all licence classes.

You will only see this question if you selected that you provided regulated financial advice on life insurance contracts during the return period. An estimate is sufficient (+/- 5%). The purpose of this question is to understand insurance replacement activity that occurred as a result of regulated financial advice.

Replacement business is where a customer moves their policy from one insurance provider to another. Only count instances of replacement business resulting from advice the FAP provided to the retail clients during the return period. The time period within which the replacement business is counted should be when the recommended policy commences. Replacement business does not include changes to existing policies with the same provider, such as extension of cover, sum insured, annual renewals etc.

What we ask	What we mean
<p>How many of [FAP NAME] retail clients received regulated financial advice which resulted in them switching to a different KiwiSaver provider during the return period?</p>	<p>This question is applicable to all licence classes.</p> <p>You will only see this question if you selected that you provided regulated financial advice on KiwiSaver during the return period. An estimate is sufficient (+/- 5%). The purpose of this question is to understand KiwiSaver switching activity that occurred as a result of regulated financial advice.</p> <p>This question relates to where a retail client has transferred their KiwiSaver to a different provider as a result of regulated financial advice the FAP has provided. The time in which a KiwiSaver switch 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. This does not include switches when regulated financial advice was not provided to the retail client.</p>
<p>Does [FAP NAME] provide regulated financial advice on overseas pension transfers, including New Zealand Qualifying Recognised Overseas Pension Schemes (QROPS)?</p> <ul style="list-style-type: none"> • Yes • No 	<p>This question is applicable to all licence classes.</p>
<p>Does [FAP NAME] provide any recommendations in relation to advice on alternative assets as part of your investment planning services?</p> <ul style="list-style-type: none"> • Yes • No 	<p>This question is applicable to all licence classes.</p> <p>Alternative assets may include (but are not limited to) direct property investments, hedge funds, private equity, or other tangible assets.</p> <p>For example, if the FAP provides advice to a client about residential or commercial real estate as part of investment planning services, then you would select 'Yes'.</p>
<p>Does [FAP NAME] provide regulated financial advice on any products that they, or any other entity that operates under [FAP NAME]'s FAP licence, manufacture?</p> <ul style="list-style-type: none"> • Yes • No 	<p>This question is applicable to all licence classes.</p> <p>It asks if any person or entity related to the FAP provides regulated 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.</p>

What we ask

What we mean

Client money and client property services

- During the return period, has [FAP NAME] provided client money services to retail clients as part of its FAP service?
- During the return period, has [FAP NAME] provided client property services to retail clients as part of its FAP service?
- During the return period, has [FAP NAME] used portfolio administration services such as a WRAP platform for client investments and reporting?

This question is applicable to all licence classes.

Providing client money or property services means that the FAP receives, holds or transfers money or property on behalf of a retail client.

'Client money' means money received from (or on account of) a retail 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 retail client by a person.

'Client money or property services' includes custodial services. If you provide a custodial service, select yes to both client money and property services. A custodial service is provided if the FAP agrees to hold client money or client property in trust for, or on behalf of, a retail 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). Please answer no if the exception noted in 431Z(d) of the Financial Markets Conduct Act 2013 is applicable to you. The definition of 'client money' and 'property services' is set out in section 431W of the Financial Markets Conduct Act 2013. Obligations relating to client money and property services are set out in Subpart 5B of Part 6 of the Financial Markets Conduct Act 2013.

Digital advice facility

How many NZ retail clients do you estimate have received regulated financial advice during the return period as part of [FAP NAME]'s digital advice facility?

This question is applicable to all licence classes.

You will only see this question if you have selected that you provide advice directly through digital advice facility. An estimate is sufficient (+/- 5%).

We expect that you will be able to make reasonable endeavours to understand the number of retail clients who have interacted and received regulated financial advice from your digital advice facility. For example, your chosen IT systems could maintain records to identify the number of retail clients.

We are only interested where the client has acquired a financial advice product as a result of the regulated financial advice provided via the digital advice facility.

What we ask	What we mean
<p>Select which option best reflects the processes that [FAP NAME] has in place to monitor and maintain its digital advice facility during the return period.</p> <ul style="list-style-type: none"> 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 	<p>This question is applicable to all licence classes.</p> <p>It asks for the FAP's self-assessment on the arrangements in place to monitor and maintain its digital advice facility. By 'established', we mean approved, documented and operating in practice. By 'reviewed', this can be either an internal or external review of the process.</p>
<p>Vulnerable clients</p> <p>Select which option best reflects the [FAP NAME]'s processes and controls for addressing the needs of retail clients in vulnerable circumstances during the return period.</p> <ul style="list-style-type: none"> 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 	<p>This question is applicable to all licence classes.</p> <p>It asks for the FAP's self-assessment on arrangements in place to manage vulnerable clients. By 'established', we mean approved, documented and operating in practice. By 'reviewed', this can be either an internal or external review of the process.</p>

What we ask	What we mean
<p>Advertising</p> <p>Select the types of marketing and advertising used by [FAP NAME] to attract new retail financial advice clients during the return period. Select all that apply.</p> <ul style="list-style-type: none"> • Third party agencies • Lead generators/ client referrals • Internet (e.g., website, social media, email) • Audio/visual (e.g., TV, radio, billboards, podcasting) • Presentations/seminars • Cold calling • Other 	<p>This question is applicable to all licence classes.</p> <p>Please select all the different ways you promoted your FAP to attract new retail clients during the return period.</p>
<p>Did [FAP NAME] have referral arrangements with third parties, such as other FAPs, advisers, businesses, or affiliates during the return period?</p> <ul style="list-style-type: none"> • Yes • No 	<p>This question is applicable to all licence classes.</p> <p>We are only interested in clients that are referred to your FAP from another business and/or your FAP refers clients onto another business to receive services (whether advice or sale of products). Even if your referral arrangements are informal (e.g., not written or non-monetary) we still expect you to select 'yes' to this question if you have an arrangement.</p>

Complaints

Does [FAP NAME] retain a record of all complaints relating to its FAP?

- Yes
- No

This question is applicable to all licence classes.

The purpose of this question is to understand activity around resolving client complaints related to your financial advice services. It assists in our monitoring against the Standard Conditions for FAP Licenses. 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 regulated financial advice (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 could be 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 business.

Records must be kept of all complaints and any action taken in relation to them, including the dates on which each complaint was received, and any action that was taken in relation to that complaint.

Enter the number of complaints open at the start of the return period.

This question is applicable to all licence classes.

If there are no outstanding complaints, please enter 0. '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 is applicable to all licence classes.

If you received no complaints during the period of return, please enter 0.

What we ask	What we mean
<p>Of the complaints resolved internally during the return period, how many were resolved within each of the following timeframes?</p> <ul style="list-style-type: none"> • 0 to 3 months • 3 to 6 months • 6 to 12 months • Over 12 months 	<p>This question is applicable to all licence classes.</p> <p>If you resolved no complaints during the return period, please enter 0. 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 FAP's internal complaints process.</p>
<p>Enter the number of complaints escalated to [FAP NAME]'s DRS during the return period.</p>	<p>This question is applicable to all licence classes.</p> <p>If no complaints were escalated during the return period, please enter zero.</p>
<p>Enter the number of complaints made to [FAP NAME]'s DRS and resolved in the complainant's favour (upheld) during the return period.</p>	<p>This question is applicable to all licence classes.</p> <p>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.</p>

What we ask

Select the category below that reflects the most common nature of the complaints [FAP NAME] received during the return period in relation to the FAP. Select one.

- Regulated financial advice execution issues
- Regulated financial advice product design issues
- Regulated financial advice reports and documentation
- Regulated financial advice suitability
- Financial Adviser conduct and competency
- Fees/costs associated with the regulated financial advice provision
- Product pricing including premium increases
- Issues relating to disclosure
- Nominated Representative conduct and competency
- Privacy and confidentiality
- Service issues
- Transaction and money handling errors
- Admin Issues
- Other

What we mean

This question is applicable to all licence classes.

Select only the category which reflects the most common complaints you received during the return period. This only relates to complaints relating to your FAP.

We acknowledge that some FAPs will classify their complaints differently to these categories. Please select the category that is the most appropriate for you. This can be an approximation of the most common nature of the complaints.

Outsourcing

During the return period does [FAP NAME] outsource any system or process of its FAP?

- Yes
- No

This question is applicable to all licence classes.

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 FAP, you must be satisfied that the provider is capable of performing to the standard required to enable you to meet your market services obligations. Even if you only partially outsource a system or process, you should select yes. We are only interested in outsourced providers that are relevant to your FAP service.

Please complete the outsourcing question set for each outsourced provider. You can add additional providers by selecting the “add another outsourcing service” button in the form.

Outsourced service

Which outsourced services do you use?

- Regulated Financial Advice services (including digital advice) (Note1)
- Compliance (including oversight function)
- Record keeping (e.g., digital CRM)
- Cyber Security
- Marketing (including lead generation)
- Research
- Training services
- Other system or processes

This question is applicable to all licence classes.

Note 1: With regards to the category ‘Regulated Financial Advice services (including digital advice)’, please note this refers to outsourcing the provision of regulated financial advice to a third party that holds its own FAP licence.

Outsourcing the facilitation and execution of transactions, custodial services, cash management, investment research are not included in this category. e.g., where the FAP have outsourced record keeping via using a third-party to hold records, then the record keeping is outsourced. However, where a FAP keeps some of its records in hard copy at its premises and other records via third party, then the record keeping function is partially outsourced.

What we ask	What we mean
<p>What level of service is provided by this outsourcing provider?</p> <ul style="list-style-type: none"> Fully outsourced Partially outsourced 	<p>This question is applicable to all licence classes.</p> <p>You will be asked to answer this question for each outsourced service selected.</p>
<p>At the end of the return period, does [FAP NAME] have a written contractual agreement in place with this outsource provider?</p> <ul style="list-style-type: none"> Yes No 	<p>This question is applicable to all licence classes.</p> <p>You will be asked to answer this question for each outsourced service selected. By 'contractual agreements' we mean contracts that are written and formal (i.e., finalised and signed, if applicable).</p>
<p>Does this outsource provider have a New Zealand Business Number?</p> <ul style="list-style-type: none"> Yes No 	<p>This question is applicable to all licence classes.</p> <p>You will only see this question if you do not have a written contractual agreement with the outsource provider.</p>
<p>Please enter the full legal business name for this outsource provider.</p>	<p>This question is applicable to all licence classes.</p> <p>You will only see this question if the outsource provider does not have a New Zealand Business Number.</p>

Business continuity

<p>Select which option best reflects [FAP NAME]'s business continuity arrangements during the return period.</p> <ul style="list-style-type: none"> 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 	<p>This question is applicable to all licence classes.</p> <p>It asks for the FAP's self-assessment on arrangements for business continuity. By 'established', we mean approved, documented and operating in practice. By 'reviewed', this can be either an internal or external review of the process.</p>
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What we ask	What we mean
<p>Were [FAP NAME]'s business continuity arrangements tested during the return period to ensure they remain relevant for the FAP?</p> <ul style="list-style-type: none"> • Yes • No 	<p>This question is applicable to all licence classes.</p> <p>By 'tested', we mean assessing the usability and effectiveness of your business continuity plan using a testing method of your choice to meet the requirements defined by the FAP.</p>
<p>Does [FAP NAME] have a locum Financial Adviser arrangement in place?</p> <ul style="list-style-type: none"> • Yes • No 	<p>This question is applicable to class one only.</p> <p>The purpose of it is to understand whether a locum forms part of the FAP's business continuity plan. It assists in our monitoring against the Standard Conditions for FAP Licenses. It is not a requirement for licensed FAPs to have a locum arrangement; however, locum arrangements are permitted under Standard Condition 5 for FAP full licenses, which requires the FAP to have and maintain a business continuity plan.</p>

Technology systems

<p>During the return period, did [FAP NAME] discover any incident that materially affected the cyber resilience of its critical technology systems?</p> <ul style="list-style-type: none"> • Yes • No 	<p>This question is applicable to all licence classes.</p> <p>Standard Condition 5 for FAP licences notes a material event is one where the confidentiality, integrity, or availability of your information and/or your technology systems has been compromised. You do not need to notify us of minor events, such as receiving a 'phishing' email.</p>
<p>Were these reported to the FMA within 10 working days of discovering the event(s)?</p> <ul style="list-style-type: none"> • Yes • No 	<p>This question is applicable to all licence classes.</p> <p>This question will only appear if you discovered any incident that materially affected the cyber resilience of your FAP's critical technology system. If you never reported your materials incident, you are required to do so under Standard Condition 5.</p> <p>Please see the guidance document on notification of incidents relating to the operational resilience of technology systems.</p>

What we ask

What we mean

What type of material event(s) affecting the information security of its critical 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

This question is applicable to all licence classes.

We want to know about any events that materially impacts the information security of your critical technology systems that impacts your financial advice service.

Confirm your details

- First name
- Middle name
- Last name
- Email
- Mobile number
- Home number

As the person completing this regulatory return, you will be required to sign a declaration before you can submit the form. Please confirm your personal details provided in this section. If any changes are required, please save the regulatory return (by clicking on 'Save for later'), return to the Main Menu, and make any required changes in the 'My Profile' section.

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 I 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

It is an offence to knowingly make, or authorise the making of, any statement in this FAP return that is false or misleading in a material respect.

See [section 512](#) of the Financial Markets Conduct Act 2013.

Help and information

If you have questions about the FAP regulatory returns please email questions@fma.govt.nz

You can also call us on 0800 434 566 (or +64 3 962 2695 if you're calling from overseas). Our lines are open Monday to Friday, 8.30am to 5pm.

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