

# REFERRAL ARRANGEMENTS POLICY

**Version 2.01**

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## AIM OF THIS POLICY

The Referral Arrangements Policy sets out your obligations when making and receiving referrals, including credit referrals.

## WHO THIS POLICY APPLIES TO

This policy applies to all Representatives of your Licensee.

## WHAT THIS POLICY COVERS

This policy covers:

- What You Must Do
  - All Referrals
  - Providing Non Credit Referrals
  - Providing Credit Referrals
- What You Must Not Do
  - All Referrals
  - Providing Non Credit Referrals
  - Providing Credit Referrals
- Good Operating Practice
  - All Referrals
  - Providing Non Credit Referrals

## WHAT YOU MUST DO

### ALL REFERRALS

- Disclose any referral payments (i.e. fees or commissions) to be paid/received in an advice document where personal advice is being provided at the same time as the referral.
- Refer to Your Responsibilities Policy to determine whether you are permitted to receive/pay a commission.
- Obtain client consent before providing their name, contact details or any other personal information (e.g. the purpose for which credit is sought if a credit referral) to a third party (including a related business; refer to the ID & Promotional Materials Policy).
- Ensure your FSG reflects any referral agreements you have in place including details of fees/commissions where known.
- Conduct due diligence to ensure that the party to whom you are referring is of good reputation and character.
- Prioritise the interests of the client when establishing a referral arrangement and ensure that any conflicts between you and the referral party are managed in accordance with Your Responsibilities Policy.
- Retain all relevant documentation on file to ensure you can demonstrate compliance with policy requirements, for example, file notes, credit referral agreements (including the Credit Referral Agreement Checklist and evidence of approval), disclosure through advice documents and your FSG.

- If your client raises concerns regarding the advice provided by a third party, decline to provide advice and maintain a file note reflecting this. You should refer your client to the provider to resolve. If the complaint implicates you, it must be handled as per the standard process outlined in the Complaints Policy.
- Submit promotional or advertising material produced by referral parties that names Insight Investment Partners to your Responsible Manager for review.
- Ensure the referring party does not provide financial services, or hold out to do so on behalf of you and Insight Investment Partners.

#### **PROVIDING NON CREDIT REFERRALS**

- If you are not providing personal advice, disclose any referral payments using a letter at the time the referral is made.

#### **PROVIDING CREDIT REFERRALS**

- Only refer to entities that either hold an ACL or is a credit representative authorised to provide the particular credit activities. Particular care should be taken when referring to credit providers that offer reverse mortgages, as these providers tend to have a limited range of products of this nature. If this is the case, you must not refer to that provider.
- Have a written referral agreement in place between Insight Investment Partners and the provider you are referring to (upstream referrals only). Insight Investment Partners must have authority to enter into the referral agreement on its own behalf and on behalf of its current and future planners (i.e. as their agent). The upstream referral agreement must be submitted to the Responsible Manager for approval with:
  - the completed Credit Referral Agreement Checklist;
  - evidence of due diligence being undertaken in relation to the provider;
  - details of referral payments to be received from the provider including confirmation that no payment will be made in cash (all payments are to be made to the practice or corporate authorised representative);
  - details of any conflicts of interest with the provider;
  - confirmation that the client will not be charged a fee for the referral; and
  - a copy of the provider's licence/authorisation.
- Provide all parts of your FSG when making the referral if they have not previously been provided.
- Ensure that credit referrals are not your principal income producing activity or the central/focal feature of your business.

### **WHAT YOU MUST NOT DO**

#### **ALL REFERRALS**

- Endorse advice provided by a third party, including advice provided by related businesses (refer to the ID & Promotional Materials Policy). You are required to scope out the advice being referred elsewhere and the advice from the third party must not appear in your advice document. In the case of referrals to a stockbroker, your advice document may recommend that the client hold a specific dollar amount in listed securities without detailing specific shares.
- Provide advice in relation to the services recommended by a referral party. For example, where you are referring a client to a licensed real estate agent for property advice, you cannot make a recommendation on a property when making the referral.

### **PROVIDING NON CREDIT REFERRALS**

- Refer to an adviser from another licensee for financial planning advice which can be provided under Insight Investment Partners AFSL. If you are unaware of another adviser who has the expertise to provide an area of advice where you are not competent or authorised, please contact your Responsible Manager and they will put you in contact with an appropriate party.

### **PROVIDING CREDIT REFERRALS**

- Provide credit assistance or act as an intermediary in the course of making a credit referral e.g. discuss a specific product either with the client, the credit provider or anyone else that may be involved in engaging in credit assistance with the client. You may only inform the client that the credit provider is able to provide the particular credit activity. The credit provider must be the one who has the initial lending conversation and holds the lending relationship.
- Charge the client a fee for making the referral (as distinct from receiving a fee from the credit provider).
- Share commissions in any way with clients.
- Make credit referrals if you:
  - conduct your financial planning business from a temporary or non-standard business premises (e.g. a stall in a shopping centre); or
  - are banned from engaging in credit assistance.

## **GOOD OPERATING PRACTICE**

### **ALL REFERRALS**

- The use of a referral agreement to ensure that both parties meet their obligations in relation to the referral service is recommended. The agreement should address that the referral party must not provide financial services or hold out to do so in referring a client to you and include details of remuneration arrangements. A Referral Agreement Template is available for use when setting up an agreement with a party that will refer clients to you.
- Ideally referral agreements will exist at a corporate authorised representative/practice level, rather than at an individual adviser level.

### **PROVIDING NON CREDIT REFERRALS**

- Given the risk of unintentionally endorsing third party advice in certain situations, you may wish to avoid:
  - acting as the intermediary between your client and the third party;
  - attending meetings with the client and the third party;
  - being involved in correspondence with the client and the third party.