

Advice and Disclosure Documentation Policy

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THE AIM OF THIS POLICY

This policy details the disclosure and documentation requirements in respect of: personal advice, including further advice, and the implementation thereof; and Execution Only Services.

An Execution Only Service is provided in circumstances where the client:

- acts independently without any influence from the adviser (self-directed);
- is not seeking and has not been given personal financial advice on a product or strategy;
- instructs the adviser to follow their directions (for example, a client specifies the product they require including the name of the product, the amount they wish to invest or redeem and takes full responsibility for the investment decision); and
- places an order with the adviser to complete an action on their behalf.

WHAT THIS POLICY COVERS

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 - Financial Services Guide (FSG)
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YOU MUST

GENERAL OBLIGATIONS

- An SoA is required to be issued for all retail clients that have not previously received an SoA under our licence.
- Where a Statement of Advice (SoA) is required, it must be issued at the time the advice is given. There may be exceptions to these requirements. These can be found throughout this policy.
- Refer to the Wholesale Client Policy for wholesale client documentation requirements.
- Ensure you have met your Fact Finding and Risk Profiling obligations under the Data Collection Policy prior to providing advice.
- Issue the current PDS or equivalent disclosure document to your client for each financial product that you recommend or facilitate the acquisition through an Execution Only Service (where available from the provider). This includes a recommendation to increase/retain an investment where the client doesn't have the most recent PDS (including any supplementary).
- Ensure your advice documents are clear and concise.
- Obtain verbal confirmation from the client for any funds transfer request received via email.
- Retain all advice documents, file notes and any other supporting documents in line with the Client File Management Policy.
- In limited circumstances, you may provide advice that won't be implemented immediately upon acceptance of the advice (outlined below). Upon implementation, you must adhere to the further advice requirements and Advice Implementation Flowchart. The funds required for implementation must be identifiable at the time the advice is provided, specifically the amount and the source.
 - A withdrawal to meet a known expense from a specific financial product.
 - Commencement of an income stream (including transition to retirement advice).
 - Prepayment of interest on a geared investment where there are currently sufficient funds available to meet the interest payment.
 - Term deposit rollovers as described in Cash & Term Deposit Advice.
 - The rollover of a UK Pension fund to a Qualifying Recognised Overseas Pension Scheme (QROPS) fund which will need to be implemented spanning 2 financial years as a result of the client's superannuation contributions cap. In this case implementation must be completed within 6 months of the date of the advice document.

FINANCIAL SERVICES GUIDE (FSG)

- Provide your FSG to prospective clients once you are aware that a financial service is likely to be provided, and in any event, prior to providing a financial service (i.e. personal advice, general advice or an Execution Only Service). The FSG includes Part 1 and Part 2 (the Adviser Profile) and any supplementary issued by the licensee.).
- Provide an FSG if a new version is available prior to providing further advice.
- Ensure that your Adviser Profile:
 - Remains up to date with current information.
 - Complies with the Identification and Promotional Material Policy requirements.

- Includes all the remuneration information in the standard Adviser Profile (i.e. salary/bonus information as well as remuneration outlined in the Client Advice Fee Policy).
- Is easy to read.

TIME CRITICAL ADVICE (TCA)

- Only provide TCA when all of the following criteria are met:
 - the client requests that you implement the advice prior to providing the SoA and this instruction is clearly documented (i.e. TCA is client driven and relates to their time constraints, not yours);
 - you identify it's in the client's best interests e.g. due to a time restriction imposed by legislation;
 - it is not reasonably practical to provide the SoA before you implement the advice; and
 - it is not an 'excluded' strategy; refer to You Must Not > Time Critical Advice.
- Follow all other requirements relating to personal advice before the advice is provided e.g. Financial Services Guide, Best Interests Duty, Data Collection, Product Replacement, etc. (this is not an exhaustive list).
- Issue a TCA Statement at the same time the advice is provided.
- Issue an SoA the earlier of:
 - as soon as practicable; or
 - before the start of the cooling off period of the product recommended; or
 - within five days (business days) of the implementation of the advice.
- Complete file notes which reflects the client's instructions and reasons for transacting prior to receipt of the SoA (as per the Data Collection Policy).

FURTHER ADVICE

- Determine whether there has been any changes to the client's circumstances, goals or objectives. Refer to the Data Collection Policy for specific requirements.
- Issue an SoA if there has been a significant change to the client's relevant circumstances, goals or objectives or the advice is significantly different from the initial advice. This could be due to, for example, expanded subject matter or scope or the introduction of a new strategy/product (other than a change to an underlying investment).
- Meet all the following criteria when using an RoA:
 - an SoA has been previously issued under our licence; and
 - you aren't expanding the scope of your previous advice (expanding the scope will always require an SoA); and
 - there isn't a significant change to your advice, or the basis for your advice.
- When you recommend that the client maintain their current strategy and/or product without any alterations, document your advice using the RoA. This can also be documented using a File Note format. You are not required to provide this document to the client unless they request it, in which case you must provide the RoA within 5 business days.
- All RoA's must be provided to the client, unless you recommend that the client maintain their current strategy and/or product without any alterations. If the RoA isn't provided prior to implementation, you must ensure the following disclosures are provided to the client and file noted:
 - details of the recommendations i.e. products, amounts, etc.;
 - reasons/benefits;
 - things to consider/risks;
 - replacement product information (e.g. fees, taxes, lost benefits);
 - fees and commissions (where there is a change);
 - incomplete/inaccurate information warnings; and
 - interest and associations (where there is a change; refer to the FSG or RoA template) – note this disclosure can also be met by providing a copy of the current FSG.

CASH & TERM DEPOSIT ADVICE

- Maintain a detailed file note of your advice including the rationale when you recommend a basic deposit product outside a platform e.g. at call cash facilities or term deposits. These appear on the APL under the sector, "Cash & TDs" (excluding Panorama, which is a platform). You are exempt from providing an SoA when recommending these products. If you choose to use a non-approved product, you must confirm with the BTFG Research Team that it meets the definition of a basic deposit product (in addition to receiving one-off approval as per the standard one-off approval process).
- When recommending a new term deposit within a platform, follow the standard advice document requirements as outlined above. Upon maturity, you are permitted to use a file note to document your advice, provided that:
 - there is an OASA in place; and
 - there is an automatic term deposit renewal feature in place (this feature is only permitted where the term is 12 months or less); or
 - the initial advice document has stated what will occur on maturity (i.e. cash out or rollover for the same term with the same provider) and prior to maturity you contact the client to confirm:
 - there have been no relevant changes to their circumstances;

- rollover of the term deposit; and
- the current interest rate.

IMPLEMENTATION

- Ensure the Authority to Proceed (ATP) is signed by the client/s before implementing the advice and retain a copy on file for the following advice documents:
 - SoA unless it is time critical, then it can be signed post implementation;
 - TCA Statement;
 - RoA.
- File note the client consent to proceed with your recommendations where an ATP isn't required.
- Where an ATP isn't required (e.g. RoA), ensure you maintain detailed file notes when implementing your advice e.g. client agreement to the advice, that they understand the features/benefits/disadvantages associated with the advice, etc. Detailed file notes are still important when implementing advice where an ATP is attached, however, in the absence of the ATP, it is more difficult to demonstrate you have met your requirements without comprehensive file notes.
- Adhere to the Advice Implementation Flowchart where:
 - there is a variation to your advice after it has been presented (whether it is driven by you or the client);
 - the client wants to accept your advice outside the sunset period (as outlined in the advice template).

EXECUTION ONLY SERVICES

- The Execution Only Letter must be provided to the client as soon as practicable but within 5 business days of the Service.
- Provide all disclosures contained within the template verbally and file note this where the Letter isn't provided to the client at the time of the Service.
- Where the client has an OASA in place, ensure they understand the product being acquired may be subject to advice later as part of a portfolio review.
- Ensure that fees/commissions charged for this service are in line with the Client Advice Fee Policy.
- If a client requests to withdraw cash, the withdrawal may only be directed to the clients nominated bank account.
- You must call and speak to the client in person to confirm any requests for a cash withdrawals. Appropriate detailed file notes are to be made, including confirmation that the client was called and confirmed consent for the withdrawal.

YOU MUST NOT

FINANCIAL SERVICES GUIDE (FSG)

- 'Receive' an FSG as an agent of the client i.e. where you act as a Power of Attorney for a family member, you must provide the FSG directly to the client.

TIME CRITICAL ADVICE

- Provide time critical advice when advising on the following strategies:
 - gearing (including margin lending)
 - structured investments
 - income streams
 - Centrelink (or where the strategy could affect entitlements)
 - financial hardship
 - Wrap Capital Protection
 - aged care
 - SMSF establishment/wind up/gearing
 - MDA Services
- Use time critical advice as part of your standard financial planning process.

IMPLEMENTATION

- Alter/add to the content of the advice document or the ATP once the ATP has been signed.

EXECUTION ONLY SERVICES

- Provide an Execution Only Service if you have introduced a strategy, product or service to the client, or undertaken any activity that relates to the provision of personal advice (refer to the General Advice & Personal Advice Policy). This does not apply to subsequent transactions undertaken in relation to the product once it has been acquired and the client has refused advice.
- Provide Execution Only Services in relation to:
 - derivatives;
 - gearing strategies;
 - structured investments;
 - SMSFs;
 - TTRs;
 - Wrap Capital Protection.

There may be other strategies/products that are inappropriate to facilitate without advice due to the level of complexity; you must contact your Compliance Manager for guidance where this may be the case.

- Charge a fee where:
 - have not disclosed it in the Execution Only Services Letter (you must receive the signed letter before you are permitted to collect this fee);

- you have previously provided advice to a client and the client makes a subsequent placement based on that advice. In these circumstances, you should ensure the client is informed at the time of the original advice of any fee or commission payable, if applicable, on subsequent placements; or
 - the client is on an OASA which includes Execution Only Services.
- Execute a client request to withdraw cash to any other bank account other than the nominated account on file.
 - Execute a client request to withdraw cash based on an email or text message instruction alone.

GOOD OPERATING PRACTICE

FURTHER ADVICE

- Have the client sign the RoA ATP where it is available.
- Implementation for situations where this is a mandatory requirement.
- Provide the client with a copy of the signed ATP.

FAQ

Question	Answer
Am I required to provide an FSG at a seminar or other public event?	<p>You are not required to provide an FSG in public forums such as seminars, where:</p> <ul style="list-style-type: none"> • any person is permitted to attend the event, • there are more than 10 attendees, or • you don't know how many retail clients will be attending in advance. <p>As a general rule, you should still have your FSG available at seminars and other public forums, to provide to particular individuals where you have a detailed discussion with them that might consider their individual needs or circumstances. There is no requirement to make your FSG available where you provide general advice or information on your website, however you may do so and should always ensure the current version is available in full (i.e. Part 1 and Part 2 for each Authorised Representative where applicable).</p>
Do I need to retain a copy of the FSG provided on each client file?	<p>No, the Adviser Copy of the Acknowledgement is sufficient to demonstrate you have provided the FSG, as is a copy of an email which shows the version issued. You are required to keep a copy of each version you use for a period of 7 years from the issue date.</p>

Can I provide a short form PDS?	Where available, you may provide the client with the short form PDS instead of the full PDS, unless the client has requested the full PDS.
Do I have to provide a PDS for underlying investments?	Yes, you must provide a PDS for each of the recommended underlying investments.
What is a sunset clause in an SoA?	This is the period that the SoA is current (detailed in the advice templates). Refer to the Advice Implementation Flowchart to determine what to do if the client wishes to accept your advice outside the sunset clause.
Can I make alterations to the SoA and other advice templates outside of the indicated areas?	The advice templates have been created to document your recommendations, be a record for the client to refer back to, and address regulatory/compliance obligations. We do not recommend adjustments, additions or removal of text unless instructed within the advice template.
What is an example of a situation that may require time critical advice?	A client wishes to make a personal deductible contribution prior to the end of the financial year and there is insufficient time to prepare a full SoA prior to making the contribution.
What are some examples of a “significant” change?	<p>In assessing whether a change is significant, it should firstly be recognised that what constitutes a significant change for one client may not be significant for another.</p> <p>For example, a lottery win of \$50,000 may be a significant change for a person with existing investments of \$50,000 however it may not be a significant change to a person with existing investments of \$500,000.</p> <p>Secondly, it should be recognised that a significant change can come from a combination of changes over time which by themselves are not significant. For example, a client may experience a gradual shift in their asset allocation over a number of years. Although the yearly changes may not be significant there may be a point in time when the accumulation of changes does become significant.</p> <p>It is your responsibility to determine whether the client’s relevant circumstances or basis of the advice are significantly different from the client’s relevant personal circumstances in relation to the previous advice or from the basis upon which the previous advice was given.</p> <p>Examples of changes that may not be considered ‘significant’:</p> <ul style="list-style-type: none"> • there is no change to the strategy and/or product following a review of the client’s circumstances and the previous advice provided; • reweighting a portfolio back the client’s benchmark;

	<ul style="list-style-type: none"> • a 30 year old changes their superannuation risk profile from growth to high growth with no other changes; • minor changes to an existing strategy e.g. adjusting a high income earner's salary sacrifice contributions due to a change in the concessional contribution limit or SG rate. <p><i>It is important to note that the above are examples only, and these situations may constitute a significant change for some people.</i></p> <p>Examples of 'significant' may include:</p> <ul style="list-style-type: none"> • changes to the client's level of insurance cover, features or benefits due a key event e.g. a new addition to the family, divorce, becoming self-employed; • withdrawals to meet an expense that was unexpected by the client; • making new/additional investments due to a substantial financial windfall or increase in salary; • key changes to an existing strategy or introducing a new strategy e.g. moving from accumulation to pension phase, recommending a new type of super contribution; • a 58 year old with a transition to retirement strategy in place moves from a growth risk profile to a defensive profile (or vice versa). Relevant considerations include (1) if the allocation to growth assets is decreasing, what is the impact on the long term expected return from their portfolio? Does the client need to save more to compensate? (2) If the allocation to growth assets is increasing, how does this impact funds available for pension payments? Does the investment/drawdown strategy allow sufficient time for the funds to remain invested, especially if income distributions are less than expected? Does the client need to be more flexible regarding their retirement date in the event of downturn because they are more exposed to volatile assets?
Am I required to include alternative strategies in an RoA?	No, provided they are documented in your file notes.
Can a client provide me with instructions via email?	Yes, provided it is from an email address that the client has previously provided you with.

	<p>Where a client wishes to 'respond' to an ATP by email, it is permissible to accept emailed instructions without a scanned document, provided the date of the SoA is referenced.</p> <p>If a client instructs you to transfer a large or ad-hoc amount to a bank account, it is best practice to phone the client and confirm their details.</p> <p>If the bank account is unknown to you, you must phone the client to confirm their instructions, as outlined in General Obligations.</p> <p>The details of the conversation including date and time of call should be recorded in a file note.</p>
Can I provide disclosure documents electronically (e.g. SoAs, RoAs, FDSs, FSGs)?	<p>Yes. If the document is provided in electronic form, it must be presented in a way that will allow the client to keep a copy of it so that they can have ready access to it in the future.</p> <p>If a new client provides their email address you are permitted to issue advice documents electronically.</p> <p>To issue advice documents electronically to existing clients that have been receiving hard copy documents, you must:</p> <ul style="list-style-type: none"> • have confirmation of their consent on file (if verbal if must be file noted) or, • issue a written notification that you will be issuing disclosure documents electronically going forward and provide them with 7 days to opt out of this arrangement (a template letter is available in the Tools section). <p>You must maintain adequate records of the provision of the document (including the date provided and the version in the case of an FSG) for each client.</p> <p>If you receive an "undeliverable" email, you must contact the client to obtain a valid email address or send the disclosure documents in a hard copy.</p>
If I'm providing a PDS electronically to a client, when can I send the email with the relevant attachment/link?	<p>When providing personal advice, you are permitted to provide the PDS:</p> <ul style="list-style-type: none"> • the day before the SoA presentation; or • during the SoA presentation.

	<p>When facilitating an Execution Only Service, you are permitted to provide the PDS:</p> <ul style="list-style-type: none"> the day before issuing the financial product; or when you are issuing the financial product.
There's an error in the SoA I've presented to the client, what do I do?	<p>Where the ATP has not been signed:</p> <ul style="list-style-type: none"> issue a letter outlining the error and include the correct information (minor errors only e.g. an insurance premium of \$500pm is misquoted as \$510pm); the same ATP may be used; or reissue the SoA with the correct information. This is appropriate where there is a flow on impact to multiple sections of the advice document e.g. benefits/risks, fees, commissions, projections, etc. <p>Where the ATP has been signed:</p> <ul style="list-style-type: none"> issue a letter outlining the error and include the correct information (minor errors only e.g. an insurance premium of \$500pm is misquoted as \$510pm). You must ensure the client is still comfortable to proceed with the advice based on the correct information; or prepare a new advice document with the correct information. In most cases an RoA is likely to be acceptable, however if there is major error, for example, the client's circumstances/goals were misunderstood such that there is an impact on the strategy, or the product replacement information is incorrect and there is no longer a basis to switch products, then an SoA is required. <p>File notes are always required to ensure the sequence of events is understood and the steps you have taken to rectify the error are clear.</p> <p>If you have already commenced implementation, please contact your Compliance Manager.</p>
What are some examples that would be considered an expansion of scope?	<p>Previously, you provided advice on SG contributions only, now the client wishes you to advise on insurance, retirement planning or establishing an SMSF.</p>

	<p>Previously, you recommended the establishment of an investment portfolio and now you are recommending increasing the portfolio by introducing gearing.</p> <p>Previously, you recommended to establish an SMSF only, now the client wishes you to advise on salary sacrifice or non-concessional contributions.</p>
Where I inherit a client from a previous adviser from our licence and I wish to provide the client with further advice, can I do so?	<p>Provided the SoA you wish to reference in the further advice document was created under our licence it can be used. However, as the referenced SoA becomes part of the further advice document, you must ensure that you review the SoA you are going to reference. You must also ensure that the basis for the advice is not significantly different and there hasn't been a significant change in the client's relevant circumstances/goals.</p>
Can I include projections beyond 5 years?	<p>Projections that support/illustrate your advice may be included for any period, provided:</p> <ul style="list-style-type: none"> • you highlight that the projections are for illustrative purposes only and should not be relied upon; and • you clearly state all relevant assumptions used in your modelling. <p>There are restrictions where a gearing recommendation is being made; refer to the Gearing Policy.</p>
Do I need approval to facilitate an execution only transaction in respect of a non-APL product?	<p>No, approval is not required, however please be aware that Professional Indemnity (PI) cover is not available for these transactions.</p>
Does the Transaction Fee limit for Execution Only Services in the Client Advice Fee Policy apply per product?	<p>No, the limit applies to a particular client request, which may consist of several products.</p>
Do I need an Execution Only Letter for a client directed cash withdrawal?	<p>No, a file note is sufficient, provided no investments are being sold to fund the withdrawal, in which case an Execution Only Letter or advice document is required (depending on the circumstances).</p>