

# DATA COLLECTION POLICY

**Version 1.02**

**Last updated 08.01.18**

## AIM OF THIS POLICY

This policy addresses your obligations when undertaking fact finding and risk profiling with your client, as well related obligations that can arise during the fact find process, for example, privacy requirements.

Some of these requirements may also arise in situations outside the fact-finding process; this policy must still be used as a reference point to meet these obligations. For example, the need to report suspicious behaviour or comply with a client's request to correct their personal information

## WHAT THIS POLICY COVERS

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## YOU MUST

### FACT FINDING

- Adhere to the Best Interest Duty Policy for the steps required when undertaking data collection with a client, including prior to providing further advice.
- Attempt to collect comprehensive information from the client. This will help you position the value of full advice and warn the client of any risk(s) that they may not be aware of.
- Complete all relevant sections of the appropriate data collection document. If a section of the data collection document is not applicable to the scope of advice requested by the client, you must record the reason for this in the appropriate section of the document.

- When providing investment advice (including superannuation), establish the client's risk tolerance, capacity and understanding of financial risks. Refer to the Risk Profiling and Asset Allocation Policy for these requirements.
- Ensure the data collection document is signed by the client prior to presentation of the advice; preferably prior to the preparation of the advice document. Where the data collection document is signed on the day the advice is presented, your file note of the meeting must reflect that the client/s have signed the data collection document prior to the advice presentation.
- Review the content of the data collection document with the client before providing further advice.
- Where there are multiple or major changes to client information, complete a new data collection document. A single, minor change to client information (e.g. a property value increase from \$400,000 to \$450,000) may be documented in a file note or the original data collection document (ensuring it is distinct from the original data collected; also note the client must re-sign and date the document).
- Only use a data collection document approved by the licensee.

## **RISK PROFILING & ASSET ALLOCATION**

- Use the Insight Investment Partners Risk Profile Questionnaire.
- You may forward it to the client ahead of your meeting as long as you hold discussions with them about it and any notes they have made in it prior to them signing it.
- Ensure you have accurately risk profiled your clients, based on the information they have provided to you. It is your obligation to ensure that the risk profile and asset allocation that the client selects are appropriate for their goals, objectives and risk tolerance levels.
- Have the client sign off on the agreed risk profile and asset allocation.
- Use the Strategic Asset Allocations (SAA) provided by the Insight Investment Partners Investment Committee. If you wish to vary from these and the variation isn't driven by the client's circumstances (e.g. they own an investment property) you must seek approval from your Compliance Manager prior to providing advice.
- Where you decide it is in the client's best interests to deviate from the SAA ranges, discuss this with the client during the risk profiling process and provide detailed file notes. Alternatively, if the reason for the deviation is linked to the client's goals/objectives, the reason will be detailed in the advice document.
- Explain the implications of any deviation from the SAA ranges on the client's risk profile (and the resultant asset allocation), together with the risks which arise as a result of that deviation within the advice document. Reliance on generic text in advice templates alone is not sufficient. This requirement applies irrespective of the use of multi-sector funds/model portfolios.
- Consider the impact of a client's direct property holdings as part of their overall asset allocation where appropriate; refer to the Strategic Advice Policy.
- Conduct a separate questionnaire for each of the client's portfolios where you identify the client may have a different risk profile or require a different asset allocation for different financial planning needs.

## **CLIENTS WITH SPECIAL NEEDS**

- Where you have identified a client has special needs (refer to the FAQs), make arrangements for someone to assist e.g. a guardian, power of attorney or suitable family member

nominated by the client. You must be satisfied the nominated third party has a clear understanding of what is occurring and is assisting the client to understand the advice. The third party cannot be an employee of your practice or the licensee.

- Exercise extreme care when dealing with a client with an intellectual disability. You must deal with a power of attorney or legally appointed entity in accordance with the relevant state and territory law that is authorised to make financial decisions. Ideally you will also be dealing with their guardian (if applicable).
- Ensure you make comprehensive file notes regarding the process followed and sequence of events where a third party is involved in the advice process e.g. a POA, interpreter, etc. This could include, for example, identifying the need for a third party to become involved and recording details of the third party.

## **INTERPRETERS**

- Conduct the interview in the presence of an interpreter where a client has a limited understanding of English, or you are unable to fluently converse in another language that the client understands and can respond to.
- Be satisfied that the interpreter has a clear understanding of the recommendations being made and can communicate that understanding to the client. The interpreter must sign the Attestation stating that they believe the client has understood the recommendations.

## **POWERS OF ATTORNEY (POAs)**

- Sight a certified copy POA and retain the certified copy on file. Advisers are not permitted to certify this documentation, you must refer to a JP, for example.
- Ensure there is a valid POA in place at the time advice is to be provided, which grants the attorney authority in relation to that advice.
- Adhere to AML identification requirements for both the POA and the client.

## **PRIVACY**

- Provide clients with a Privacy Statement prior to collecting personal information (contained within the FSG).
- Provide access to, and comply with the provisions within Insight Investment Partner's Privacy Policy.
- Obtain client consent to collect, use, disclose and maintain their personal information. This consent is incorporated in the data collection documents and therefore must be signed and dated by the client. If the client refuses you cannot proceed with the interview any further and must destroy the information provided.
- Only collect information reasonably needed for, or directly related to, one of our functions or activities and in accordance with your practice based privacy policy. This is particularly important in respect of sensitive information. For example, we may collect health information to submit an insurance application. Refer to the FAQs for other examples of sensitive information.
- You must take reasonable steps to ensure client information is accurate, up to date and complete (for both privacy law reasons and to meet your advice obligations):
  - prior to providing a financial service to the client,
  - prior to providing further financial services
  - on an ongoing basis.

- Give clients the option to interact with us anonymously whenever it is lawful and practical to do so. An example of this is where a client wants to lodge a complaint with us anonymously or using a pseudonym. Please contact the Compliance Manager for guidance as needed.
- Refer to the Client File Management Policy for all Tax File Number (TFN) requirements and for the TFN Consent Form.
- Destroy, de-identify or return unsolicited client information as soon as practicable where:
  - you determine it is not required to provide financial services to the client;
  - it is lawful and reasonable to do so; and
  - the information is not public knowledge.
- Have the client sign the relevant form in the data collection document where you need to collect information about the client from a third party (e.g. a superannuation provider). This also applies where information is being obtained from a related business (as per the Identification & Promotional Materials Policy).
- Only disclose client information to a third party (including a related business) where the law permits and in accordance with Insight Investment Partner's privacy policy; this would typically be where the client gives consent (written consent or a file note reflecting verbal consent must be maintained on file) or it is required for legal or enforcement reasons.
- Take reasonable steps to ensure the recipient won't breach the Australian Privacy Principles before disclosing client information to overseas recipients. This will be achieved through appropriate contractual arrangements with the overseas service provider whereby they are obliged to comply with the Australian Privacy Principles.
- Adhere to the Privacy Procedures for instructions on handling client requests for access to and correction of their personal information.

## **AML/CTF IDENTIFICATION**

- Verify the identity of a client where you are providing a designated service, including their agent (i.e. an entity acting on behalf of the client, for example, a POA), using the appropriate FSC/FPA Identification Form(s).
- Identify each entity receiving a designated service.
- Retain a copy of their identification on file (electronic storage is permissible).
- Re-identify a client when providing a new designated service and their identification has expired.
- Comply with any product provider requests for clarification regarding a client's identification. Not complying with this request may result in the product provider closing your client's account.

## **SUSPICIOUS MATTER REPORTING (SMR)**

- File an SMR (irrespective of whether the designated service has occurred yet) within 24 hours using the SMR Form if you form a suspicion that:
  - an existing or prospective client (or their agent) is not who they say they are and is reluctant to provide proper identification;
  - information you have may be:
    - relevant to the investigation or prosecution of a person for an evasion (or attempted evasion) of a tax law, or
    - related to an offence against a Commonwealth, State or Territory law, or
    - of assistance in enforcing the Proceeds of Crime Act 2002 (or regulations under that Act) or similar State or Territory law; or

- the provision of a designated service may:
  - assist with an offence related to money laundering or the financing of terrorism, or
  - be relevant to the investigation or prosecution of a person for an offence related to money laundering or the financing of terrorism.

## **YOU MUST NOT**

### **FACT FINDING**

- Use liquid paper or white out to correct errors within the data collection document.
- Provide financial advice if you are in any doubt that the client understands what you are saying. This applies to all clients, but is particularly relevant to clients with special needs.

### **AML IDENTIFICATION**

- Proceed with a designated service where you are not reasonably satisfied as to the identity of the client.

### **SUSPICIOUS MATTER REPORTING (SMR)**

- Alert the client/third party that you have formed a suspicion or submitted an SMR Form (“tip off”). This is a legal requirement.
- Discuss your suspicions/a SMR with anyone other than your Compliance Manager or a member of the licensee’s management team.
- Attempt to uncover further information about a suspicious matter, as this may result in “tipping off” the client.

## **GOOD OPERATING PRACTICE**

### **RISK PROFILING & ASSET ALLOCATION**

- As best practice, we recommend you go through the full risk profiling process:
  - when there are any material changes to a client’s relevant personal circumstances or investment objectives; or
  - every 3 years; or
  - there is a change in the risk profiling tools provided.

Outside of the above circumstances, you may wish to confirm the appropriateness of the client’s current asset allocation in light of their risk profile, documenting this conversation in a file note.

### **POWERS OF ATTORNEY (POAs)**

- We recommend that you issue a letter to the client confirming that you will provide information and (where appropriate) advice services directly to the PoA and that should the client terminate the PoA arrangement, or withdraw their authority for you to provide information to the third party, they must advise you of this in writing (paper based or electronically).

## FAQ

Question	Answer
Can I conduct a data collection interview with a client over the phone?	Yes, provided that at the commencement of the advice presentation meeting the client signs the data collection document.
What is a special needs client?	A client that has difficulty understanding or comprehending financial concepts. This may be due to health, age, language, mental capacity, education, the influence of drugs/alcohol, financial/general literacy, or other circumstances.
I have a special needs client and the relative that will be acting on behalf of/interpreting for the client is an employee of the licensee.	You may apply to your Compliance Manager for an exception to the policy, which may be granted depending on the situation.
Can advice be provided in a language other than English?	Where you are able to effectively communicate in a language the client can understand you may verbally translate your advice and any related advice document to the client in that language.  However, all documentation, including written correspondence, advice documents and file notes must be in English and you should ensure that the client understands this.
If a client requires an interpreter, am I obliged to fund the cost of this?	No, the cost of the interpreter may be borne by the client. If you choose to engage an interpreter on the client's behalf, you should take care to manage any actual or perceived conflicts of interest, in line with the Conflicts of Interests requirements detailed within the Your Responsibilities Policy.
How do I determine if a client understands?	You can test a client's understanding of what you have said by asking them to explain the discussions that have taken place (e.g. their objectives, risk tolerance, market volatility, investment timeframes, etc.).  You can do this by asking the client to summarise the discussions or explain their understanding of what you have said in their own words, ensuring the questions asked and the client's responses are recorded in a file note.
I've assessed that the client will need assistance during the advice process, but they don't want to involve a third party, or the third party doesn't agree to requirements outlined in this policy. Can I still provide advice?	Where the client or third party does not agree to the requirements outlined in this policy, you must not proceed with providing or implementing any advice. You must explain to the client and third party why you cannot proceed and record this discussion in a file note.
What is sensitive information?	Examples of sensitive information include: <ul style="list-style-type: none"> <li>• race or ethnic origin;</li> <li>• political opinions, membership of a political association;</li> <li>• religious beliefs or affiliations and philosophical beliefs;</li> </ul>

	<ul style="list-style-type: none"> <li>• membership of a professional or trade association or membership of a trade union;</li> <li>• sexual preferences and practices;</li> <li>• criminal record;</li> <li>• health information and biometric information including disability, illness (including HIV or AIDS), pregnancy.</li> </ul>
What is a designated service?	<p>Common examples of designated services offered by financial advisers include arranging for a client to:</p> <ul style="list-style-type: none"> <li>• obtain or be issued with new or additional units in a managed investment scheme;</li> <li>• open or make a deposit in a cash management trust;</li> <li>• transfer funds electronically (including on the client's behalf);</li> <li>• buy/sell shares/options in a listed company or trust;</li> <li>• pay a premium or be issued with an investment life insurance policy (e.g. whole of life) with a: <ul style="list-style-type: none"> <li>○ regular premium policy: with an annual premium greater than \$1,500; or</li> <li>○ single premium policy: with a single premium greater than \$3,000;</li> </ul> </li> <li>• obtain or be issued with an annuity;</li> <li>• obtain or be issued with a pension;</li> <li>• obtain an interest in or have the ability to transact through a wrap/platform/IDPS;</li> <li>• make a contribution to superannuation (does not apply if the contribution is to an SMSF without recommending a specific product for the contribution);</li> <li>• rollover a superannuation benefit;</li> <li>• cash out all or part of a superannuation interest.</li> </ul> <p>A designated service does not include:</p> <ul style="list-style-type: none"> <li>• strategy only advice (i.e. no product recommendations) – this would include a recommendation to establish an SMSF or make a contribution to an SMSF provided no underlying products are recommended;</li> <li>• life insurance policies without a surrender value, unless they are held within superannuation;</li> <li>• member transactions within corporate super funds that do not involve a rollover or benefit payment;</li> <li>• cashing out a superannuation interest of less than \$1,000 (where no further contributions are made and the account is closed as soon the withdrawal is made).</li> </ul>
What is a regulated trust?	<p>This is a trust subject to regulatory oversight e.g. an SMSF. Most trusts that you encounter will be unregulated e.g. family,</p>

	charitable, estate. Please contact the Compliance Manager if you are unsure.
What are the identification requirements for executors of an estate?	Executors must be identified using the FSC/FPA Individual/Sole Trader Form.
Who can certify ID documentation for AML requirements?	<p>You may certify a document if you are a representative of an AFSL holder, having two or more continuous years of service with one or more licensees. You must sight the original document and the photocopy of the original document and then sign the photocopy as a certified true copy, and print your name, date and the capacity in which you are signing (i.e. Authorised Representative).</p> <p>The suggested wording for the certification of documents is as follows:</p> <p>I certify this (and the following [insert number of] pages) to be a true copy of the original page / pages sighted by me today / on [insert date]</p> <p>Signed.....</p> <p>Print full name.....</p> <p>Designation and organisation name.....</p>
I previously identified my client under another licensee, do I need to re-identify my client?	If you have maintained the relevant FSC/FPA Form and copies of identification and they aren't expired, the client does not need to be re-identified.
Do you need to be certain of a suspicion or an offence before you file a report?	No, your obligation is simply to report when a client's behaviour seems suspicious. You do not need to take steps to confirm the suspicion or that an offence has occurred.