

# **FEE DISCLOSURE STATEMENT & RENEWAL NOTICE POLICY**

**Version 1.03**

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## **AIM OF THIS POLICY**

This policy describes how to meet Insight's Fee Disclosure Statement and Renewal Notice obligations.

## **WHO THIS POLICY APPLIES TO**

This policy applies to all Representatives of Insight Investment Partners

## **WHAT THIS POLICY COVERS**

This policy describes how to meet your Fee Disclosure Statement and Renewal Notice obligations.

- What you must do
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## **WHAT YOU MUST DO**

### **Fee Disclosure Statements (FDSs)**

- Record the FDS start date in your Client Relationship Management (CRM) system (XPLAN).
- Regardless of the date the initial advice was provided, provide a Fee Disclosure Statement (FDS) to all clients who have received personal advice and who have been in an Ongoing Advice Service Arrangement (OASA) for more than 12 months.
- Track all services you have promised to deliver in your CRM system. You may wish to include additional services provided as well.
- Review the FDS and ensure it is accurate prior to giving it to the client.
- Include the following content in the FDS (including information that relates to the previous licensee/adviser where you have purchased a book):
  - Services the client was entitled to receive;
  - Services provided within the previous 12 months (known as the reporting period; refer below); and
  - The amount of each fee paid by the client in the previous 12 months.

## FDS Reporting Period

As an example, if the client signed the Authority to Proceed (ATP) on 15 April 2015, you would have the following two options:

Option	FDS to be based on the following:	Reporting period for the FDS begins	1st Anniversary Date	Reporting period for 1st FDS	FDS must be sent by	Reporting period for 2nd FDS
Option 1	The date the ATP is signed	15 April 2015	15 April 2016	15 April 2015 to 14 April 2016	14 May 2016	15 April 2016 to 14 April 2017
Option 2	The 1st day of the month	1 April 2015	1 April 2016	1 April 2015 to 31 March 2016	30 April 2016	1 April 2016 to 31 March 2017

- Issue the FDS within 60 days of the client's anniversary date.
- Maintain current contact details for clients within your CRM to ensure successful delivery of the FDS.
- If the FDS is returned to sender as a result of an incorrect address, contact the client to obtain a current address and ensure the FDS is delivered (minimum 2 attempts; these must be documented).
- For clients in post June 2013 Ongoing Advice Service Arrangements (OASAs), if you cannot issue an FDS by the date required, terminate the OASA. You must also terminate any MDA Service associated with the OASA.
- If you do not intend to issue an FDS on the basis that a client is to be treated as wholesale, adhere to and apply the 'FOFA' definition of wholesale client. It is aligned to the definition outlined in the Wholesale Client Policy.

## Renewal Notices (RNs)

- Issue an RN using the template provided to all retail clients in an OASA who first received personal advice from 1 July 2013 and who have been in an OASA for more than 2 years. Refer to Good Operating Practice.
- Advise the client within the RN that:
  - they need to take a proactive step and opt-in to renew their OASA in writing; and
  - the OASA will terminate if the client does not opt-in, or if they fail to respond within 30 days of the RN.
- Issue the RN together with an FDS within 60 days of the 2nd anniversary date of the OASA commencing/being renewed.
- Obtain written consent from the client within 30 days from the date the RN to continue their OASA.
- Terminate the OASA immediately at the request of the client.
- If the client does not respond within 30 days, terminate the OASA within the next 30 days (i.e. 60 days of the RN being sent).
- Upon termination of an OASA, also terminate any MDA Service associated with the OASA.

## Good Operating Practice

### Fee Disclosure Statements (FDSs)

- Adopt the 1st day of the month for all FDS start dates to simplify the FDS reporting period and align with your licensee's fee reporting cycle. For example, if the Authority to Proceed was signed on 15 November 2013, the FDS start date would be 1 November 2013.
- Generate the FDS after the monthly revenue reporting periods (generally between the 1st and 8th of the month) to ensure all fee data is captured.
- In addition to the services outlined in your OASA with the client, track any additional services provided in your CRM for inclusion in the FDS.
- If, after reasonable efforts, you cannot obtain the fee information required from the previous licensee/adviser, you should establish a new OASA.

### Ongoing Advice Service Arrangement (OASA)

- Where a new OASA is not signed within 2 years of the OASA commencing/being renewed, you must adhere to the RN requirements above.

## FAQ

Question	Answer
What is considered an OASA?	Any fees/commission paid for a period of more than 12 months in exchange for ongoing services related to the provision of personal advice. This excludes one-off advice fees, initial advice fees, implementation fees and commissions/volume payments that are not linked to an ongoing service.
Can I send a single FDS to a client with multiple entities?	All related entities may be included in the same FDS as long as your client is consistent across all entities and they are all captured by the same OASA. You will need to link these entities in your CRM.  If each entity is on a different OASA then separate FDSs must be sent.
Do I still have to comply with the FDS/RN requirements if I'm charging a fee but I haven't agreed on/documented specific services to be provided with the client?	FDS/RN requirements only apply where it has been agreed that the fees are being paid in exchange for the receipt of ongoing services. However, it should be noted that some product providers include a clause in their application forms which outlines that any ongoing advice fees deducted are paid in exchange for services, thereby creating an FDS obligation.
I bought a book of clients from another licensee with pre-July 2013 OASAs that have been continued. Do I need to comply with the RN requirements?	No, unless you terminate the OASA and commence a new arrangement. For this reason, it is important to understand that if you choose to use the OASA Letter (which terminates the existing arrangement) for these clients, they will lose their grandfathered status for RN purposes. Please note – your FDS obligations still apply.
What is the FDS start date?	The date the client entered into the OASA, which will depend on how the arrangement is documented. This could be the date the authority to proceed was signed, for example

What is the FDS anniversary date?	12 months after the FDS start date
Can I provide an FDS before the anniversary date?	Yes. If you choose to do this, you still need to include the previous 12 months' fees/services.
Which clients are not required to receive an FDS?	<p>Clients that terminate their OASA within 12 months of the anniversary date.</p> <p>Clients for which you receive commission only and no OASA exists.</p> <p>Wholesale clients.</p>
Which clients are not required to receive an RN?	Clients that terminate their OASA within 2 years of entering into the OASA.
What is considered "written" consent for the purposes of a client renewing their OASA?	Recordable forms e.g. letter, fax, email, SMS or through an online facility.
My client didn't respond to the RN during the required 30 day period, but they want to continue their OASA. What is required?	The client cannot opt-in after the 30 day period has lapsed. A new OASA is required.
The policy states that I need to terminate the OASA immediately at the client's request – how much time to do I have to comply?	"Immediately" is not defined in legislation; the safest option is to terminate the fees on the same day as the client's request.