Further Advice/ Record of Advice Policy

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1. Purpose

This policy sets out the obligations of Insight Investment Partners and its Representatives when providing further advice to retail clients, including when a Record of Advice (ROA) may be used instead of a Statement of Advice (SOA). It also explains what amounts to a significant change in a client's relevant circumstances — the key question that determines whether further advice can be documented in an ROA

2. Scope and Application

This policy applies to Insight Investment Partners (the Licensee) and to all of its Authorised Representatives

3. Key Concepts

What is a Statement of Advice (SOA)?

An SOA is the primary advice document given to a retail client when personal advice is first provided (and at other times the law requires). It sets out the advice, the basis for it, and the client's relevant circumstances, together with the prescribed disclosures.

What is a Record of Advice (ROA)?

An ROA is a simpler record that confirms personal advice. It is similar to an SOA but shorter and less formal, and is typically given to existing clients to confirm changes to, or implementation of, advice previously set out in an SOA. An ROA may be kept as a written, audio or video record.

What is 'further advice'?

Further advice is personal advice given to a client to whom you have previously provided advice. Once you have given a client advice, there is no Corporations Act requirement to provide further advice or review services — but where you agree to do so, conduct and disclosure obligations apply to that further advice.

Who is a 'providing entity'?

The disclosure obligations in Part 7.7 apply to 'providing entities'. A providing entity is an AFS licensee or an authorised representative that provides personal advice to a retail client. Representatives who are employees (and not authorised representatives) are not themselves providing entities — this matters when working out whether you can rely on a previous SOA (see Section 9).

4. Obligation to provide further advice

Once you have provided a client with advice, there are no Corporations Act obligations for you to provide further advice or review services to the client. However, where you agree to provide ongoing or further services — and particularly where you charge a fee for them — contractual and regulatory obligations apply. You should:

- agree with the client the further advice and review services you will (and will not) provide;
- agree the cost of those services and how the client will pay for them;
- clearly describe those services in a written agreement; and
- complete the services as described.

Where you undertake to provide further advice, you become subject to the conduct and disclosure obligations under the Corporations Act for those services — including the best interests duty and related obligations — whether the advice is recorded in an SOA or an ROA.

5. When can I use an ROA instead of an SOA?

You can use an ROA instead of giving a client an SOA in three separate advice situations:

Situation	Description	Tip
Further advice	You give further advice to the client, and: • you have previously given the client an SOA setting out the client's relevant circumstances in relation to the advice (the 'previous advice') • the client's relevant circumstances in relation to the further advice are not significantly different from when the client received the previous advice, and • to the extent the further advice is based on matters other than the relevant circumstances of the client – the basis on which the further advice is given is not significantly different from the basis on which the previous advice was given: see reg 7.7.10AE.	If there is a significant difference in either the relevant circumstances of the client or the basis of the further advice, then you cannot use an ROA, and an SOA is required for the further advice.
No buy or sell product advice	You give advice that does not recommend, or state an opinion about, the acquisition or disposal of a specific financial product, and does not recommend a modification to an investment strategy or a contribution level for a financial product held by the client, and: • you and certain associates do not receive any remuneration or benefit in relation to the advice, and you provide information about potential conflicts in your advice to the client: see section 946B(7)–(8).	Typically you could rely on this exemption from providing an SOA if you are giving an initial free appointment or if you receive no remuneration for giving your clients 'no action' type advice. Advisers with ongoing service arrangements will not satisfy the requirements to use an ROA in this situation because they are receiving remuneration in relation to the advice.
Small investment advice	You give advice that relates to financial investments in certain products not exceeding $15,000: see section 946AA and reg 7.7.09A.	The $15,000 limit is for the total value of **all** financial investments the advice relates to.

⚠ Note: An ROA cannot be used for wholesale changes to the portfolio's fundamental structure, including changes that alter the client's risk profile, materially change the asset allocation, or move the portfolio away from the client's established investment philosophy or preferences.

6. What must be included in the ROA

You can keep an ROA as an audio or video recording, or in writing

In 'further advice' situations, the ROA must include *either* your advice *or* a brief description of your recommendations to the client and the basis for the recommendations (i.e. your reasoning). Only one is required.

You will normally satisfy the requirement to set out a brief description of your recommendations to the client and the basis of advice required by regulation 7.7.09(1)(b), if the ROA clearly and unambiguously sets out the advice provided to the client and also includes either:

- a summary of the client's relevant circumstances, or
- a clear statement that information about the client's relevant circumstances is set out in a previous ROA or SOA provided to the client. The ROA or SOA should be identified by date.

In 'further advice' situations you must also give the client information about potential conflicts. You may demonstrate through other records on the client's file that you have given this information, without including it in the ROA itself.

ASIC's example ROAs (the annotated attachments to INFO 266, covering life insurance advice, no-change advice and stockbroking) are a useful reference for the level of detail expected and should be used as a guide when preparing ROAs.

7. Disclosure Obligations

Financial Services Guide and website disclosure

Before providing further advice you must ensure that the client has either received the current version of your Financial Services Guide (FSG), including the Adviser Profile, or has been given access to equivalent website disclosure information.

Remuneration, benefits and conflicts

You should give your clients information about the remuneration, commission and other benefits that you and other persons will receive for the advice, that could influence or be capable of influencing you. 'Other persons' include: the providing entity, its employer, its related body corporates, authorising licensee, their directors or employees and their associates: see sections 947B(2)(d) and 947C(2)(e).

However, you do not need to provide information if the remuneration, commission or other benefit:

- does not depend on whether the client follows the advice (e.g. an hourly fee paid by the client that is payable even if the client doesn't follow the advice)
- is rebated in full to the client, or
- was not known by you (or could not reasonably be expected to have been known).

You must also give details of any interests, associations or relationships that could influence or be capable of influencing you in providing the advice. For example, you may be affiliated with a product issuer or an underwriter. If the affiliation might reasonably be expected to be capable of influencing you to provide favourable advice about the financial products of the affiliated party, the affiliation must be disclosed to the client.

You can give information about potential conflicts to the client verbally or in writing (or a combination of the two): Generally, information about costs, fees, charges, expenses, benefits and interests must be stated in amounts in dollars.

Fee consent for further advice

Where you charge for further advice through an ongoing fee arrangement, obtain consent using the consolidated DBFO consent form and renew it annually (s 962G). Where the advice involves a life insurance product that will result in a commission, obtain the client's written consent to that commission before the product is issued, consistent with the DBFO insurance commission consent requirements.

Do I need to issue the ROA to my client?

It depends on the advice situation:

Situation	Must the ROA be given to the client?
Further advice	No. The client may request a copy.
No buy or sell product advice	No. The client may request a copy.
Small investment advice	Yes

8. What is a significant change?

If the client's relevant circumstances at the time you provide further advice are significantly different from the circumstances that you considered when providing the previous advice, you cannot use an ROA and must give the client an SOA for the further advice.

You will need to exercise your professional judgement when considering whether any of your client's relevant circumstances are significantly different from when the previous advice was given.

Examples of relevant circumstances that may be considered significantly different include:

- a new mortgage or significant increase or decrease in debt
- divorce or separation from a partner
- a new baby
- significant home renovations
- redundancy or job loss
- a significant increase or decrease in income
- inheritance
- sale of business
- significant health events (i.e. terminal illness, disability or trauma)
- retirement
- death of a partner, and
- a move to aged care.

If a change in the basis of your further advice introduces a new advice area or strategy, it is likely to be significantly different and an SOA will be required.

Can I give my client further advice if I last gave my client an SOA six years ago?

The law does not specify how often an SOA must be provided to a client. Rather, it depends on whether the client's relevant circumstances and the basis for the advice are significantly different from the last time you gave the client an SOA.

It will ultimately depend on each individual client's circumstances, and you must exercise your judgment to determine whether the client's circumstances are significantly different from when you prepared the client's last SOA.

9. Change of Licensee and the 'Providing Entity' Condition

I've changed licensees, and want to give my existing clients further advice. Can I rely on a previous SOA I gave my clients while authorised by my old licensee, or do I need to give clients a new SOA under my new licensee?

It will depend on whether you were the 'providing entity' who gave the previous SOA to your clients while authorised by your old licensee

The disclosure obligations in Part 7.7 of the Corporations Act apply to 'providing entities'. Providing entities may be AFS licensees or authorised representatives. Authorised representatives can be individuals or corporate authorised representatives. Representatives, such as employed advisers, that are not authorised representatives are not providing entities.

Where financial product advice is provided by:

- a licensee (e.g. through one of its employees) – the licensee is the providing entity
- an authorised representative – the authorised representative is the providing entity.

If you were the providing entity who gave the previous SOA to your clients, you will meet the first condition of regulation 7.7.10AE(2)(a) which states that a providing entity does not have to give a client an SOA for further advice.

However, if you were not the providing entity who gave the previous SOA (e.g. you were an employed adviser under your old licensee), you will not meet the 'providing entity' condition of regulation 7.7.10AE(2)(a) and you will need to give your clients a new SOA before you can use an ROA for further advice.

Examples of who is a providing entity when giving further advice:

If the providing entity under the old licensee was …	then under your new licensee …
the old licensee	you cannot rely on the further advice exemption and you must give your existing clients a new SOA for any further advice (not an ROA)
a corporate authorised representative that you work for	you can rely on the further advice exemption and give clients further advice using an ROA – assuming the corporate authorised representative is the providing entity under the new licensee
you in your capacity as an individual authorised representative	you can rely on the further advice exemption and give clients further advice using an ROA – assuming you are also the providing entity under your new licensee

10. Record Keeping Requirement

You must keep records of the personal advice you provide — including ROAs and the supporting client file — for at least seven years after the advice is provided, and ensure those records remain accessible throughout that period.

Records should be sufficient to demonstrate the advice given, its basis, the client's relevant circumstances (or a clear reference to the SOA/ROA where they are recorded), the conflicts information provided, and any fee consent obtained. Where you rely on the further advice exemption, keep enough on file to show why the client's circumstances and the basis of advice were not significantly different from the previous SOA.

11. Consequences of Non-Compliance

Using an ROA where an SOA is required, or failing to meet the disclosure, consent or record-keeping obligations, can breach the Licensee's obligations under the Corporations Act and expose both you and the Licensee to regulatory action, client remediation and reputational harm.

Failure to comply with this policy may result in additional supervision, file remediation, restriction of authorisation, or review of an Authorised Representative's authorisation — up to and including termination — as well as any consequences arising under law or regulation. Raising a question in good faith about whether an SOA or ROA is appropriate is encouraged.

12. Acknowledgement

All advisers and staff are required to read, understand, and comply with this Policy. Should you have any questions, require guidance, or wish to report a compliance issue, please email support@insightmp.com.au or support@iip.net.au.