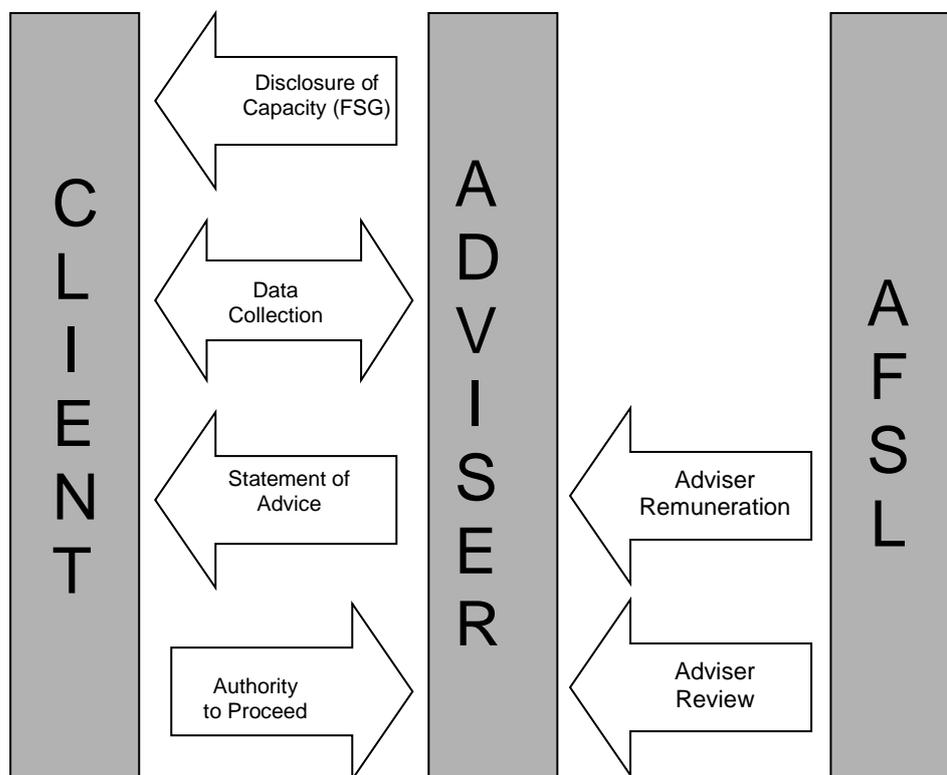


1. Dealing with Clients

Our offer to clients is based on personal advice and consultation. The client's relationship with Integrity Financial Planners shall therefore be through their adviser.

IFP will not communicate directly with clients unless requested to do so by the client and/or in the case of a dispute or complaint. Advisers will be informed of any direct dealings between IFP and their client.

Advisers have a responsibility to ensure that all dealings with clients are properly managed and to maintain adequate files and documentation on behalf of the AFSL.



2. Services

Integrity Financial Planners Offer

IFP representatives provide impartial financial advice to clients to help them improve their lifestyle by building wealth and/or producing sustainable income, depending on their particular needs.

Aims	<ul style="list-style-type: none">• To give clients confidence in their financial well being and in their financial arrangements• Deliver a quality personal and interactive advisory service to clients• Provide objective advice that is based on client needs and in the best interest of clients and not influenced by relationships with other companies, institutions or fund managers• Identify and manage any conflicts of interest, taking care to avoid any conflicted remuneration• Provide expert advice
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Services	<ul style="list-style-type: none">• Personalised financial advice based on personal consultation between the adviser and the client• Provision of advice and recommendations regarding personal insurances, investments and financial planning• Facilitation of advice regarding other financial issues including finance, accounting and legal issues• Implementation of financial planning strategies and placement of personal insurances and investments• On-going advice and reviews of clients strategies, investments and insurances and advice regarding their ongoing financial position
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IFP offers ongoing review services. This may include the following:

Administration Service	<p>Adviser implements financial products on behalf of clients.</p> <p>Adviser acts as the mailing address for the client's investment portfolio, forwarding on relevant information on a monthly basis, (relevant information is determined between adviser and client).</p>
Record Keeping	<p>A record keeping service for all investment transactions which will facilitate:</p> <ul style="list-style-type: none">• Regular valuation of investments and portfolio review.• Reports to assist in the preparation of the annual income tax return.• Recording of capital gains tax information and calculation of indexed cost base, to assist in the preparation of accounts at point of disposal. <p>This will normally be achieved through the use of master trust or wrap services.</p>
Financial Planning Review	<p>The opportunity for a regular face to face discussion with the adviser in regard to all aspects of the client's strategy, investments and financial circumstances.</p>
Investment Review	<p>Regular review of investments with reweighting of investments in line with the client's investment strategy when necessary.</p> <p>A written portfolio review report on a half yearly or annual basis.</p>
Investment Opportunities	<p>Inclusion of clients in special investment offers and projects as identified by IFP and review of investment opportunities identified by clients.</p>

Generally speaking IFP does not offer active monitoring of investment portfolios. If advisers wish to provide such a service they must ensure that they have systems to enable frequent valuation of clients' portfolios and can instigate immediate action across particular groups of clients if required.

3. Fees

Financial Planning and Investment

Integrity Financial Planners will normally charge clients a fee for the services we provide in relation to financial planning.

Advice in relation to insurance products is normally paid for by commissions paid by product suppliers.

Charging a fee for service is consistent with the management of a professional advisory business that is focussed on providing impartial advice to clients to meet their needs. Charging fees enables us to ensure that the advice we give is independent of any product supplier and not influenced by the commissions that they offer.

Individual financial planning practices operating within the IFP group will determine their own fee structures to suit the nature of their clients, the services provided and needs of the particular business. Fee structures should be developed in consultation with IFP.

Following is a fee structure used as the framework for a number of IFP practices. This structure is provided for guidance only.

Initial consultation

The initial consultation between the adviser and client will be free. This will include a discussion of the services we offer, the client's financial circumstances and objectives and possible solutions to their needs.

During this discussion the adviser and client should agree whether or not the adviser is to proceed with the development and provision of written recommendations and the basis on which the adviser will charge for their services.

Written recommendations

If, during the initial consultation, it is agreed that the adviser will prepare written recommendations a fee may be charged for preparing this report. This will normally be charged based on an hourly rate or on the basis of fixed charges for certain types of service; eg. a fixed fee of \$1,500 for completion of a Transition to Retirement SOA.

To provide the client with certainty advisers should agree a maximum fee with the client prior to undertaking any work to be charged for or preparing any report.

Implementation of recommendations

If the client proceeds with the investment recommendations advisers may charge an implementation fee. This fee will normally be a % of the value of the funds invested (unless the funds are sourced from gearing and then the % method cannot be used). The rate applied is likely to decrease depending of the level of funds invested. The suggested maximum rate is 2.0% (plus GST).

The client may choose to pay this account personally or have the amount deducted from their investment or (for insurance only) have the adviser receive the amount from the product supplier in the form of a commission.

Ongoing Advice and Reviews

The fee for ongoing advice and reviews will normally be either a set \$ value or a % of the value of the portfolio (the % method cannot be used for geared funds). The recommended fee is

1.0% per annum of the investment portfolio, scaled down for larger portfolios (plus GST). This fee will be agreed with the client before establishing the portfolio.

Clients may choose to pay this fee personally or it may be deducted on an ongoing basis from the investment. Most portfolio services (wrap accounts or master trusts) will allow us to set an ongoing adviser fee to be deducted from the investment. In the case of Insurance advice generally the product provider will pay ongoing commissions to Integrity Financial Planners.

All fees must be fully disclosed to the client in dollar terms as well as on a % basis.

Explicit ongoing fees paid by the client to IFP should be deductible to the client.

GST

GST will be levied on all fees and is currently applied in addition to the fees outlined above.

Insurances

Remuneration for the placement of insurances will normally be on a commission basis, as is standard industry practice. Few products are currently structured to allow for discounting of adviser commissions for insurance products.

All commissions received for placement of insurances must be fully disclosed to clients.

Invoicing

All fees for financial planning and investment advice are to be invoiced in the name of Integrity Financial Planners and paid to IFP. It is a legal requirement that fees are paid to the licensee, not to the individual adviser or corporate representative.

Advisers may issue invoices on behalf of IFP. A copy of a sample invoice is included. Refer Doc C1.

Invoices should include an invoice or reference number that includes letters that clearly identify the adviser practice issuing the invoice. Appropriate codes can be agreed with IFP.

All monies received by representatives as payment of fees must be forwarded to IFP along with a copy of the invoice. These will be processed in the bi-monthly brokerage payments to representatives.

Clients may pay fees directly to IFP via:

- Mail - Cheque payable to Integrity Financial Planners,
Mail to PO Box 1140 Croydon, Vic 3136
- Online - We accept Credit Cards, which can be paid thru Nab TransAct website.
Visa, Mastercard, and AMEX - 1% surcharge.
- Direct credit - Pay direct to
Integrity Financial Planners Pty Ltd,
National Aust Bank BSB 083 125
Account 54 248 3887.
Please quote Reference No. shown on invoice

Alternative payment mechanisms may be implemented on arrangement with IFP.

4. Disclosure of Capacity

Representatives must ensure that all clients understand the capacity in which the adviser is acting.

When providing financial product advice (including investment, superannuation and life products) the representative acts as an authorised representative of Integrity Financial Planners Pty Ltd (IFP). IFP is responsible for the advice provided to the client by its authorised representative. Advisers should explain this relationship to clients.

Some advisers may act in more than one capacity with a particular client. For example;

- the adviser may act as the client's accountant, as a partner and representative of XYZ Accountants, and;
- the adviser may act as the client's investment adviser, as a representative of IFP.

In such cases the adviser must clearly distinguish in what capacity they act and the principal who is responsible for each particular item of advice.

Correspondence regarding issues associated with the adviser's different capacities should be separated and care must be taken to ensure that client correspondence is provided on the correct letterhead.

Office and administration staff should be made aware of these issues and ensure the correct stationery is used on all occasions.

Disclosure of the adviser's capacity must effectively occur at the initial client appointment and be included in all written advice.

Financial Services Guide

The Corporations Act requires that all retail clients or prospective retail clients be provided with a Financial Services Guide (FSG) before any financial services are provided or any arrangement to provide such services is made. The FSG should therefore be provided to clients at, or prior to, the first meeting with the client.

If dealings with a client are not face to face, (eg. by phone, mail or email) then an FSG is to be emailed or mailed to the client before any advice is given.

The FSG will enable the client to;

- identify the individual representative;
- identify the licensee responsible for the financial service;
- identify what services the representative is authorised to provide;
- understand the nature of the services offered;
- understand how the representative, the licensee and any related persons or companies will be paid;
- identify any associations or interests which might influence the advice, and;
- identify dispute resolution procedures that they may access.

Integrity Financial Planners has a standard FSG. This should be adapted for each practice to identify individual advisers and the services they provide. All FSG's must be dated and approved by IFP.

Representatives are required to have records which may be kept electronically showing, for each client, when they received an FSG and what version of the FSG they received.

Identity Guidelines for Business Documents and Promotional Activity

Key business documents which include;

- letterheads;
- Financial Services Guides
- Statements of Advice, and;
- business cards;

and all promotional material relating to advisory services provided under the license, including;

- web pages;
- brochures;
- circulars and flyers;
- advertisements;
- counter displays,;
- external signs, and;
- seminar and presentation material;

must disclose in clear terms that the adviser acts as an authorised representative of IFP and include the AFS License number.

An adviser's own registered business name may also be used on such documents but its use must not create the impression that the representative is conducting a financial services business in their own right and must not confuse or mislead clients as to the identity of the licensee.

IFP has standard formats for adviser documents. Alternative formats may be approved. Representatives should contact IFP for sample letterhead formats and assistance in preparing documents.

All business documents and promotional material is to be submitted to IFP for approval.

Advisers implementing any form of client campaign or seminar are to submit all materials to IFP for approval before implementing the activity.

5. Know Your Client

The Corporations Act requires that advisers have a reasonable basis for their advice. To establish a reasonable basis there are two key components;

- know your client, and;
- know your product.

An adviser who makes a financial product recommendation to a client in circumstances where the client is reasonably likely to act on that advice must satisfy these provisions.

Exceptions to the know your client provisions are:

- General financial product advice such as seminars, newsletters, circulars and advertisements, provided appropriate warnings and disclaimers are provided;
- Execution only services without any advice being provided, in which case IFP requires that the client sign a form acknowledging that no advice is required or has been given.

To satisfy the know your client provisions the adviser must seek and have regard to information they have about the client's objectives, situation and needs. ASIC considers that an adviser must carry out a full needs analysis to comply with these requirements. This requires the adviser to either;

- have adequate information about the client's needs, objectives and circumstances, or;
- to have made reasonable enquiries to obtain that information.

The adviser must determine what constitutes adequate personal information in each case, however ASIC considers the minimum to be;

- needs and objectives for income, capital growth, security, retirement income, liquidity and the time period being planned for;
- personal financial circumstances (assets and liabilities) and expected retirement benefits (including partner), and;
- other info eg. employment security, family commitments, expected retirement age etc.

If a client refuses to provide information, the adviser must make them aware of the risks of not doing so. The adviser is required to warn the client if any advice they are providing is based on incomplete or inaccurate information. If the client continues to decline to provide such information, the adviser must use his professional judgement and consider the following options:

- Transaction only service (no advice), if appropriate
- Decline Advice

When advising clients using information collected previously or based on other relationships (eg. being the client's accountant) any previously obtained information that is pertinent to the advice being given should be updated and/or expressly confirmed with the client.

Advisers must maintain records of information they had at the time of giving the advice.

Data Collection

Advisers must be able to demonstrate that they have complied with the "know your client" provisions and that they have information regarding the client's needs, objectives and circumstances.

IFP advisers should use a data collection form to achieve this. Using a data collection form fulfills a number of objectives:

- It ensures that all issues have been covered with a particular client and that the adviser has not neglected a particular issue;
- It ensures that the adviser can demonstrate a process that is always applied when gathering client data:

- It provides a standard format for recording data, making it easier to translate data into client management systems and financial plans:
- It provides a standard format for ease of access to information at a future date.

An acceptable Data Collection Form is included. Refer Documents C2.1 and C2.2

Generally speaking the form is meant as one on which the adviser records information. It is not intended to be given to the client to be completed by them. The adviser is the expert - the client may well not have sufficient understanding to complete the information accurately or correctly.

Many advisers use an abbreviated questionnaire for clients to complete prior to the initial meeting. This practice is quite acceptable as a basis for further data collection and provided the data obtained on this form is discussed and clarified by the adviser and the client.

Some IFP advisers prefer not to use a Data Collection Form. This is generally because they have existing long term and deep relationships with their clients (as they may be long standing clients of the accounting practice) or they find such forms interfere with the client/adviser discussion. In these circumstances client data must still be collected and kept on file in a manner that is retrievable.

As a minimum, advisers who have consciously decided not to use a standard data collection form should complete a data collection checklist to be kept on file (Refer Doc. C3). By completing the checklist during or at the end of a client interview, the adviser can ensure that all relevant issues have been discussed and have evidence of a process that ensures that this is always the case.

In this case the checklist should be attached to the notes taken during the interview, which should cover all relevant issues.

Where advisers have a long standing relationship with a client and know them well, relevant information should be confirmed with the client. This can be achieved by summarising the adviser's understanding of the client's needs, objectives and circumstances in a Statement of Advice and having the client acknowledge that this information is correct.

Subsequent Advice/Reviews

Any advice given subsequent to previous advice must be based on an up to date knowledge of the client's needs and circumstances.

Before providing such advice advisers should actively seek to identify any changes to the client's circumstances. Details of up-dated information and records that show that information has been reviewed should be retained on file.

Financial Product Advice

Financial product advice means a recommendation or a statement of opinion, or a report or any of those things, that:

- Is intended to influence a person or persons in making a decision in relation to a particular financial product or class of financial products; or
- Could reasonably be regarded as being intended to have such an influence.

There are two types of financial product advice: personal advice and general advice.

Personal Advice

Personal advice is financial product advice that is given or directed to a person (including electronic means) in circumstances where:

- a) The provider of the advice has considered one or more of the person's objectives, financial situation and needs; or
- b) A reasonable person might expect the provider to have considered one or more of those matters.

General Advice

General advice is financial product advice that is not personal advice.

General advice is a recommendation or statement of opinion, or a report on either, about financial products but in formulating the advice, the representative has not considered the person's objectives, financial situation and needs. The advice can be intended to influence persons in making a decision in relation to a financial product or class of financial products.

If a representative provides general financial product advice the client must be given a warning by that representative that:

- a) In preparing the advice, the client's objectives, financial situation and particular needs have not been taken into account; and
- b) Before making a decision on the basis of the advice the client needs to consider, with or without the assistance of a representative, whether the advice is appropriate in light of his or her particular needs, objectives and financial circumstances; and
- c) The client is to obtain a relevant Product Disclosure Statement and read it.

Furthermore, when providing general advice the obligations of common law still apply i.e. adopt duty of care, diligence and competence in preparing the advice, disclosure of conflicts of interest that may affect the advice. Care must be taken to ensure that presentations are suitable for the purpose for which the investors to whom they are provided are reasonably likely to use them.

Where a client approaches you and requires financial planning advice Integrity Financial Planners Pty Ltd regards this as the client requiring personal financial product advice.

General advice must be accompanied by appropriate disclosures and disclaimers as above or refer to appropriate wording set down in Doc C4.

This disclaimer should be presented in the same manner as the information or advice is delivered.

Acting in the Best Interest of the Clients and The Safe Harbour Protection

The best interest duty and related obligations now explicitly state that the individual providing the advice, including employees of a licensee (the provider in Legislation and the advice provider in RG 175) must act in the best interest of the client. This requires that you demonstrate that you have carried out steps/processes reflecting the consideration of the best interest of the client.

The Act provides a Safe Harbour; this means that if you follow the steps outlined you will be deemed to have met the 'best interest obligation'. The Safe Harbour steps are not compulsory under the legislation however we have decided to adopt the Safe harbour steps and you must follow our direction to use them. The steps outlined in this section of the manual are designed to satisfy the process.

In brief you are still required to:

- Make reasonable inquiries and record adequate information about the client to gain an understanding of the client's objectives financial situation and particular needs ("objectives and needs") or any one of them requested by the client;
- Analyse that information and determine the scope of advice (e.g. a reasonable inquiry of potential margin lending clients would include sighting and verifying their payslips or tax returns, investment and superannuation statements as a minimum and then

conducting appropriate research on their income and expenses to assess both affordability and suitability);

- Conduct research into alternative strategies and recommend only strategies that meet the client's needs and objectives;
- Obtain and carry out adequate research about a range of financial products that may be considered suitable but only if product recommendations are needed to satisfy the needs and objectives of the client;
- Prepare recommendations that take into account these factors and which may reasonably be expected to match the client's objectives and needs; and
- Include with the recommendations an explanation of why the recommended action is expected to suit the client's objectives and needs.

Priority Rule

You are also required to determine if you are putting the client's interests above your own interests or that of your licensee, employer or associates of any of those. This does not mean that the client would need to be worse off as a result of implementing the advice; you could receive a benefit but the client is not better or worse off. In this situation you may be deemed to have put your interest ahead of the client's.

Scope or Scalability of Advice

Clients can engage you for a number of reasons. Some clients may only want advice on a specific objective or need, some may have a couple of objectives, while others may require advice on their complete financial situation. In reality all advice is scaled to some extent. You will need to discuss the client's objectives initially and this will assist you to determine the scope of the advice. This will define what level and type of information you need to collect and record for the client data records.

Once you start the collection of information you may find that the scope originally agreed is not appropriate for the client's circumstances or the fee to provide the scope is beyond the client's affordability. You would need to renegotiate the scope at this time, obtain the client agreement and record this process before proceeding further. You cannot just amend the scope of the advice without the client's prior agreement.

When A Client Provides Incomplete or Inaccurate Information

You must make reasonable attempts to obtain the information you require to provide advice. If you have satisfied that measure and are still aware that you are giving advice that is based on incomplete or inaccurate information relating to the client's relevant personal circumstances or you are reckless as to whether that information is incomplete or inaccurate, you must warn the client that the advice is, or may be, based on incomplete or inaccurate information.

You must warn the client that:

- The advice is or may be based on incomplete or inaccurate information relating to the client's personal circumstances; and
- Because of that, the client should, before acting on the advice, consider the appropriateness of the advice, having regard to the client's relevant circumstances.

Therefore your warning to the client must enable the client to clearly understand that:

- Because the client did not provide all the relevant personal circumstances information or the relevant personal circumstances information is inaccurate your advice may not be appropriate to the client's requirements because you do not have all the information you require to make an appropriate recommendation. The client should consider the appropriateness of your advice having regards to their relevant personal circumstances.

This warning is to be given to the client orally when you become aware of the incomplete or inaccurate information and also include it in your SOA or ROA.

The SOA or ROA should also contain general indication of what you believe is incomplete or inaccurate.

In any situation where a client has not provided sufficient information to enable you to meet your best interest duty, even about a specific objective, you must decline to make any personal recommendations at all and record a file note accordingly.

6. Giving Advice

The provision of advice is the core activity of Integrity Financial Planners.

Advice to be in Writing – Statement of Advice

Regulations require that a “Statement of Advice” be provided in ALL circumstances where representatives provide personal advice as an authorised representative to retail clients.

Any oral advice or recommendations are to be confirmed in writing as soon as possible after the advice is given.

The Statement of Advice must contain the following:

- The title “Statement of Advice” on the cover or near the front of the document
- Name and contact details of the representative and of IFP (including the license number)
- A summary of the client’s financial objectives and situation, risk profile and needs
- The scope of the advice (what is being covered by this advice and any specific exclusions)
- The subject matter of the advice that has been sought by the client
- A statement setting out the advice provided
- The basis of the advice (an explanation of why the advice is appropriate and how it achieves the client’s needs and objectives)
- A concise statement of how the advice is in the clients best interest. Consider a “Best Interest” statement i.e. a paragraph that summarises how the advice is in the clients best interest.
- A concise statement of reasons why the advice is appropriate, including in light of the alternatives considers and the advantages and disadvantages for the client if they follow the advice. The key measure of appropriate is that your client is likely to be in a “better position”
- A generic description of the alternative strategies and classes of financial products and products considered.
- Details of remuneration or other benefits to be received by the representative, licensee or other associate that might reasonably be expected to be capable of influencing the advice (see Disclosure of Fees, Commissions and other Interests)
- Warnings regarding any limitations to the advice or possibly inappropriate advice due to incomplete or inaccurate information supplied by the client

And if switching between financial products (including from cash to another financial product) the following must be included:

- Lost benefits and consequences of replacement.
- Costs incurred including acquisition and termination costs.
- Comparison of benefits (pecuniary or otherwise that may be lost).

The Statement of Advice is to clearly explain what advice has been given and the basis for the advice. This will ensure that both the representative and the client have a clear and agreed understanding and a record for future reference of what advice has been given and how this advice meets the needs and objectives of the client.

The client should check the accuracy of the information provided and satisfy themselves that the advice is appropriate.

Before implementing any advice the client should sign an “Authority to Proceed” which acknowledges that they have received, read and understood the Statement of Advice and are satisfied that it is appropriate. Ref Doc C5.

Statement of Advice incorporating previous advice by reference

When providing supplementary advice you may be able to shorten the SoA by reference to the relevant information that was in the original SoA(s)

The supplementary SoA will incorporate by reference all information from the previous eligible SoA that may be relevant.

You must first decide if it is appropriate to use this incorporation by reference method. The criteria to assist you in making this decision come directly from ASIC Regulatory Guide 175.63 as follows:

“There is no requirement to include a statement or information (other than a statement or information required by s961H and 947D) in an SOA provided to a client if:

- (a) The SoA refers to the statement or information;*
- (b) The SoA provides sufficient details about the statement or information to enable the client to
 - (i) identify by a unique identifier the document, or part of the document, that contains statement or information; and*
 - (ii) decide whether or not to read the statement or information or obtain a copy of the statement or information**
- (c) The document containing the statement or information has already been given to the client, or is given at the same time as the SoA; and*
- (d) The SoA states that a copy of the statement or information may be obtained from the providing entity on request, at no charge:*

Note: Providing entities must keep any SoA (together with any document, or part of a document mentioned in the SoA for seven years from the date on which the SoA was provided to the client”

If you cannot comply with all of the above we require that you provide the client a new SoA. For example, if the scope of your original advice was insurance based and now the client has some money to invest, you must provide a new SoA for investment only as the original advice was not relevant. Alternatively, you may combine a review of the insurance with the investment so that the next review can be performed using a single SoA.

On the other hand if you have done a full SoA and you need to change an insurance recommendation you can now do an abbreviated SoA incorporating information about the insurance recommendations in the original SoA.

The Statement of Advice Content (with incorporation) checklist

- The written advice must be in the form of an SoA. A letter, memo email or other format referring to the original advice is not sufficient.
- The SoA must give the client enough information so that the client can decide if they should read the original advice.
- It must at or near the beginning identifying the original advice document(s) by a unique identifier.
- It must state when the original advice was given.
- A statement at or near the beginning that the client can obtain a copy of the original advice document(s) free of charge and how the copy can be obtained.
- Where applicable- information in respect to the replacement of one product for another given in full (charges, lost benefits, significant consequences etc.).
- Where applicable – a warning in respect to incomplete or inaccurate information given in full.
- Where the information in respect to remuneration and conflicts relate specifically to the new personal advice, the information must be provided in full

- As the seven (7) year retention period for the original advice document(s) recommences from the giving of the new advice a copy of the original(s) should be kept with the new advice.

Verbal Advice

A written or electronic Statement of Advice is required in ALL circumstances that representatives provide personal advice to retail clients regarding financial products.

Any verbal advice must be followed up with a written Statement of Advice or Record of Advice. If a Statement of Advice is required, this must be completed within five days of the advice being provided and prior to the product being implemented.

Record of Small Investment Advice (ROSIA)

This document can be used in place of the SOA in limited circumstances. These are:

1. When financial products are not:
 - Life risk insurance, except where it is part of a superannuation product; and
2. If the advice is about consolidation of superannuation funds the advice must be to invest in one of the funds of which the client is already a member; and
3. The amount of investment subject to the advice is less than \$15,000.

The total of the investment, subject to the advice, must be calculated in accordance with the legislation. To calculate if the advice meets the \$15,000 threshold the following must be taken into account;

1. If the advice in respect of acquiring
 - a Managed Investment Scheme or
 - Superannuation (only applies to a superannuation fund that the client already holds)

The total value of the investment is: the amount to be invested PLUS the cost of the initial investment PLUS the amount of any further contributions (for the next 12 months to the recommended investment.

2. If the advice is in respect of disposing of
 - A Managed Investment Scheme
 - Superannuation (only applies to a superannuation fund that the client already holds)

The total value of the investment is: the value to the client of the redemption PLUS reasonable cost related to the redemption of the product.

3. If the advice involves disposing and acquiring i.e. replacement, then the higher total value must be used in working out the exemption.
4. If the advice is in respect of acquiring or disposing
 - Securities
 - Right issues
 - Options over unissued shares
 - Partly paid shares
 - Debentures
 - Stapled securities

The total value of the investment is: the value of all the financial investments that are the subject of the advice.

If you provide oral advice to the client and the ROSIA will be the means of confirming that advice you must follow the same steps as outlined under the previous heading for SoAs.

If you use the exemption you must:

- Keep a record of the advice as per the ROA requirements
- Give the client a copy of the RoA that contains all relevant (usual) remuneration details, as soon as possible and before any transaction takes place.

The contents of the ROSIA are specified in the legislation. Those requirements and our own requirements are as follows:

- A statement setting out the advice
- Information about the basis on which the advice is or was given.
- If you recommend that the a client consolidate their super funds or replace an existing financial product then the replacement of product must be included
- Clear disclosure of commissions, fees, and other interests relating to the recommendations made.
- Use letterhead indicating that you represent Integrity Financial Planners Pty Ltd who hold an AFS Licence and that you act as an authorized representative. This should include the contact details as well
- A statement setting out any warnings in respect of incomplete or inaccurate information and a general indication of what was incomplete or inaccurate.

Record of Advice

A Record of Advice can be used for existing clients only, in situations where

- A SoA has previously been given to the client that sets out the client's relevant personal circumstances
- The client's relevant personal circumstances in relation to the further advice are not significantly different from those relating to the previous advice
- The basis on which the further advice is given is not significantly different from the basis on which the previous advice was given

For you to use a record of advice the following conditions must be met:

- The client must have previously received personal advice from you
- The client's circumstances cannot have significantly altered since the previous personal advice was provided
- The basis of the personal advice cannot be significantly different from the previous personal advice
- The class of the financial product must be the same as the previous personal advice
- Classes of financial products are
 - Superannuation
 - Retirement Savings Account
 - Securities
 - Life insurance risk
 - Life insurance investment
 - Government debentures
 - Stocks and bonds
 - Deposit products
 - Managed investment schemes, including IDPS
 - Managed investment schemes, excluding IDPS
 - Standard Margin Lending facilities
 - Non-standard Margin Lending facilities

There is no definition of significant in the legislation. Therefore the ordinary meaning of the word should be applied – meaningful, major effect, fairly large in amount or quantity. Consequently you and the client will determine what is significant for that particular client. Examples for you to consider in making judgement are:

- Increase or decrease in salary of greater than 10%
- Marriage or divorce
- Loss of employment
- Birth of a child

Therefore when in doubt take the conservative approach and prepare an SoA. Also if providing advice about a different class of product to that in the original advice consider including a review of the existing product with the new advice in the SoA so that you can rely on a Record of Advice in the future.

Format of the Record of Advice

The Record of Advice can be a file note or other document. Integrity Financial Planners Pty Ltd requires that the Record of Advice:

- confirms that the client's present circumstances were checked against the information held for the previous advice (specifically identified) and there was no significant change.
- Includes brief particulars of the recommendations made and the basis on which the recommendations are made.
- Includes details of any remuneration that will be received by the licensee and/or representative because of the further advice.

In addition where there is a recommendation to replace one product with another the required information in respect of "switching" products must also be given i.e.

- Any charges the client will or may incur in respect of exiting the existing product
- Any charges the client will or may incur in respect of acquiring the recommended product.
- Any pecuniary or other benefits that the client will or may lose (temporarily or otherwise) as a result of taking the recommended action, such as insurance or shareholder discounts that form part of the existing product, and where necessary a clear statement that these benefits will be lost or reduced with the recommended product.
- Information about any other significant consequences for the client of taking the recommended action, that the providing entity knows, or ought reasonably to know, are likely. Information about significant consequences include, but not limited to;
 - An explanation of the differences in fees between the existing product and the recommended product.
 - A comparison of the fees applicable for the existing product and the recommended product (this includes ongoing fees charged by the product issuers and commissions received)
 - Details about any insurance that forms part of the existing product including associated costs.
 - Bring to the client's attention the impact higher fees and costs have on potential returns.

If, after research by the licensee / representative, any of the above information is unknown the client must be informed of that fact.

Typical examples of when a Record of Advice (RoA) can be used include:

- Reweighting a clients portfolio:
- Changes in sum insured:

There is no requirement to provide a RoA to the client in writing however Integrity Financial Planners Pty Ltd requires that a copy of all RoA's that include involve a recommendation to replace one product with another i.e. "switching" advice are provided to the clients as soon as practical once the advice has been provided.

An RoA can be a letter to the client recording the above.

Making the most of RoAs in practice requires careful use of the initial SoA. SoAs should be drafted with a view to the need to deliver further advice in the future. To facilitate the use of RoAs an SOA should include the following:

- General strategy (eg. asset allocation and use of managed funds or direct shares)
- When and why product changes may be recommended in future
- How cash surpluses will be invested or shortfalls will be met.

An RoA may then be used to provide advice consistent with the above provided no change to client circumstances.

An RoA should not be used (ie. use an SoA) if:

- Client's circumstances as they pertain to the advice have changed
- Where the basis of the advice has changed
- Using a different type of product (e.g. a different managed fund on the same platform is not a different type of product)
- Using a different strategy.

Recommending a change of fund manager / asset class within a Wrap Account or, replacing one share with another, would not necessarily be a significant change in the basis because the class of product has not changed.

However, because of the nature of a Self Managed Superannuation Fund we would recommend that an SOA be given when recommending to a client that an existing retail superannuation fund be replaced with a SMSF even though both funds are 'Superannuation'.

We would also recommend the use of an SOA where the further advice is about different types of insurance to the type recommended in the original advice.

To enable the effective use of RoAs when recommending changes in the future the basis for such changes should be included in the review section of the SoA. Doc C6 includes wordings that could be used in SoAs to facilitate the use of RoAs.

Obligations relating to the execution of the advice remain the same. That is, you are still required to keep copies of client questionnaires and application forms, record your discussions with clients, and make notes regarding alternative strategies/products etc.

No Advice Required or Given

On occasion clients may seek to place an investment or product without taking advice.

Advisers may meet such requests provided that;

- the client signs an Authority to Proceed (no advice), refer Doc C7;
- the adviser explains the potential risks of the investment, and;
- the adviser has no reason to consider the investment inappropriate for the client.

The adviser is required to make a full disclosure of fees, commissions and interests in the transaction even though no advice is provided.

Replacement of Financial Products

Advice will often contain a recommendation to realise or withdraw from a financial product to put the recommended advice in place.

Any advice to redeem or withdraw from a financial product must include full and clear disclosure of;

- information regarding the costs of doing so, and;
- details of any benefits that may be foregone as a result of doing so.

Replacement Recommendation for Existing Financial Products

If your advice is or includes a recommendation that the client dispose of, or reduce the client's interest in, all or part of a particular financial product and instead acquire all or part of, or increase the client's interest in, another financial product additional information must be included in the SoA. This extends to the switching of investment options within a product.

The requirement that you must have a reasonable basis for a recommendation applies equally to situations where you make a recommendation to replace an existing product held by a client. You must carry out sufficient research about the client, existing product and the proposed product to be confident that the advice is appropriate for the client. Copies of the research material used to support the recommendation are to be placed on the client's file.

The following additional information must be included in the Statement of Advice to the extent that the information is known to, or could reasonably be found out by, you:

- i. any charges the client will or may incur in respect of the disposal or reduction;
- ii. any charges the client will or may incur in respect of the acquisition or increase;
- iii. any pecuniary or other benefits that the client will or may lose (temporarily or otherwise) as a result of taking the recommended action;
- iv. information about any other significant consequences for the client of taking the recommended action that the providing entity know or ought reasonably to know, are likely; and

if you are aware that;

- the client will or may incur charges as mentioned in subparagraph i or ii; or
- the client will or may lose benefits as mentioned in subparagraph iii; or
- there will or may be consequences for the client as mentioned in subparagraph iv, but

you do not know, and cannot reasonably find out, what those charges, losses or consequences are or will be the SoA must include a statement to the effect that there will or may be such charges, losses or consequences but you do not know what they are.

Specialist Advice

In some circumstances the client may require specialist advice beyond the scope of that provided by the adviser (eg. legal, taxation, insurance).

Under no circumstances are advisers to provide advice beyond their authority or expertise.

Where such a need has been identified the client should be informed in writing that this advice is beyond the scope of advice provided by the representative and that they should seek specialist advice. The adviser should arrange for such advice to be obtained wherever possible.

If the adviser has any financial interest in referrals made to another adviser (eg an accountant or insurance adviser) this interest must be disclosed to the client.

Where the adviser is qualified and registered to provide specialist advice in another capacity (eg as an accountant) this advice should be clearly separated from that delivered in their capacity as an authorised representative (ie. separate advice on different letterhead).

Subsequent Advice/Placements

Any advice given subsequent to previous advice should also be delivered in writing using a Statement of Advice or Record of Advice (where the advice includes replacement advice).

The adviser should first confirm with the client whether or not there are any material changes to their circumstances, needs and objectives.

Client Reviews

Financial plans and investments are dynamic and should be regularly reviewed. This will depend upon the agreement made between the adviser and client in relation to ongoing reviews.

Advisers should clearly document the basis on which future reviews will occur and who is responsible for initiating reviews.

As a minimum for investment products advisers should recommend to clients that they review their investments at least annually.

It is recommended that advisers offer an ongoing review service that includes regular reporting on investments (at least annually) and the opportunity for a personal consultation and review on an annual basis.

The annual review will include:

- A review of the client's circumstances needs and objectives:
- A review of the client's financial plan against objectives and whether it remains appropriate in the current circumstances.

Any advice provided, including advice to do nothing, is to be provided in writing in the form of a Statement of Advice or written Record of Advice (where the advice includes replacement advice).

If there is no meeting with the client the adviser should ensure that the client has given proper consideration to the written review document and is satisfied with its contents. This can be achieved by obtaining signed acknowledgment by the client.

In relation to insurance products advisers should recommend that clients review their insurances at least annually and when there are changes to their circumstances that impact on their needs in relation to insurances.

It is acceptable for the onus to be placed on clients to initiate reviews for insurance products provided this is explained in the SOA. In this case it is preferred that advisers write to clients on an annual basis to remind them of the need to review their insurances should their circumstances change.

Disclaimers

All written recommendations must be accompanied by appropriate warnings and disclaimers.

IFP's standard disclaimer should be attached to all written recommendations or advice. Refer Doc. C8.

Advice should also contain warnings specifically identifying any limitation to the advice and the possible consequences of that limitation and identifying any risk associated with the recommendations.

Authority to Proceed

Advisers should seek to obtain from clients a signed acknowledgment that they have received, read and understood the advice and that they agree to implement the advice, or not.

Where the client chooses to proceed with the advice an “Authority to Proceed” can be used. Refer Doc C5.

Where a client decides to implement products that differ from those recommended in the SOA this should be noted on the Authority to Proceed.

Where a client does not proceed the adviser may wish to obtain a “decision not to proceed” with a view to limiting any liability to the adviser and the dealer, should the client choose to “do their own thing”, or in fact to not act at all. Refer Doc C9.

Preparing Statements of Advice

Representatives are responsible for the preparation of SoAs.

SoAs are to be prepared for each client on an individual basis, specific to their needs and circumstances.

Representatives will use templates and standard paragraphs in preparing SoAs. From time to time IFP will provide standard wordings and templates to assist representatives prepare SoAs. Care is to be taken by Representatives in using such standard wordings to ensure that any document provided to a client accurately reflects the circumstances and advice relevant to that client.

New representatives may be authorised “under supervision”. Any SoA prepared by an adviser authorised under supervision must be read and signed off by either IFP or another person appointed by IFP.

Providing PDS's to Clients

Representatives must make Product Disclosure Statements (“PDS”) available to clients for any products they recommend. Representatives should ensure, through appropriate systems and processes, that the most recent PDS is given to the client and that any Supplementary PDS is also provided to the client and attached to the PDS.

IFP also recommend that representatives attach appropriate research to the SoA as a means of providing a snapshot of the fund's ICR, Buy / Sell spread, entry and exit fees, past performance, objective, size, etc.

Statements of Advice should draw the client's attention to the PDS, the need to read the PDS and the fact this document explains the fees and risks associated with the recommended products. Doc C10 contains wordings to this effect.

Investor Directed Portfolio Service (“IDPS”)

Where a representative recommends that the client invests via an IDPS (i.e. Wrap or Mastertrust), an electronic copy of the PDS for the IDPS must be provided to the client with the application form.

A PDS for each of the underlying investments to be held within the IDPS must also be provided to the client and the SoA should strongly encourage the client to read each of the PDS's.

Representatives do not need to provide a physical copy of underlying investments PDS's where the adviser reasonably believes that the client can access them by alternative means. This means that where an adviser reasonably believes that the client has access to a computer, the adviser can provide a copy of the PDS (for underlying funds) by providing a pdf containing the documents.

Alternatively, where a representative reasonably believes that the client has access to the internet, a website link or instructions on where to access the PDS will also be sufficient unless the client opts out of this method.

Doc C10 provides a sample template of the disclosure required for providing internet based copies of the underlying funds PDS. This disclosure should be provided immediately following the investment recommendations.

Retail Investments

Where the client is to invest directly into an investment (i.e. not through an IDPS) then an electronic copy of the PDS (and any Supplementary PDS) is to be provided to the client with the application form attached.

7. Disclosure of Fees, Commissions and Other Interests

The Corporations Act requires an authorised representative, when making a recommendation to a client who may reasonably be expected to rely upon that recommendation; to disclose details of all fees, commissions and other benefits that the representative, licensee or associate will (or may) receive from the sale/purchase of any financial products, and which may be reasonably capable of influencing the representative in making that recommendation.

In addition, on 1 July 2013 new "Future of Financial Advice" legislation (FOFA) came into effect, which prohibits IFP and its authorised representatives from accepting "conflicted remuneration", subject to certain exceptions. "Conflicted remuneration" is any benefit, monetary or non-monetary that could reasonably be expected to influence the choice of financial product recommended or the financial product advice. This includes commissions, bonuses and rebates, and most volume-based benefits, but there are some exceptions, such as remuneration for retail life insurance products.

Under FOFA, IFP and your adviser may continue to receive such remuneration where the arrangements were entered into prior to 1 July 2013.

Purpose of Disclosure Provisions

Disclosure assists clients to make well informed decisions when relying on representative's recommendations, by making them aware of any interest which may reasonably be expected to be capable of influencing the representative in the making of the recommendation.

What Must be Disclosed

The following must be disclosed:

(a) Benefits and advantages resulting from a recommendation.

These are any commissions (provided on insurance product) (or other commissions commenced prior to 1 July 2013), fees, or other benefits or advantages which the representative or any associate of the representative receives from;

- making the recommendation, or;
- a transaction resulting from the recommendation.

These commissions, fees, other benefits and advantages can be direct or indirect, financial or non-financial.

(b) Other interests likely to influence the recommendation.

These are other interests of the representative or any associate of the representative, which are reasonably capable of influencing the representative in making the recommendation.

These other interests can be direct or indirect, financial or non-financial.

Some examples of matters which must be disclosed include:

- Representatives own holdings
- Commissions (provided on insurance product or other products prior to 1 July 2013)
- Commission splits (provided on insurance product or other products prior to 1 July 2013)
- Trailing commissions (provided on insurance product or other products prior to 1 July 2013)
- Affiliations with product suppliers issuers and underwriters
- Interests in related entities (including IFP).

Where there is any doubt as to whether a benefit should be disclosed or not, the benefit is to be disclosed.

Form of Disclosure

A written disclosure must be made with all written recommendations and included in the Statement of Advice in a type style and size that is no less legible than the rest of the document. Refer Doc. C11.

This requirement applies to any document that makes a recommendation to a client including records of advice.

Representatives should habitually attach a disclosure to all items of correspondence that could be interpreted as forming a recommendation or advice to invest in a particular product.

Representatives should also take care in using standard formats. The standard disclosure should be adopted to the actual situation as applies to the representative and their client (ie. delete items that are not relevant to avoid confusion and include any items that are not in the standard but are relevant to the representative).

Where a recommendation is made orally, disclosure must also be made orally. Oral advice is to be confirmed in writing along with a written disclosure.

General Advice

ASIC considers that the Conduct of Business Rules apply only when a personal recommendation and not general advice is provided.

A representative who provides general advice must however comply with obligations to fully disclose any conflict of interests that may affect the general advice or reports they provide.

Where representatives prepare a non specific proposal to gain the client's acceptance of an investment strategy, ASIC considers a recommendation has been made and that details of commissions (as accurately as can be determined) must be disclosed.

Disclosure of Dollar Amounts

Many investors are unable to determine the amount of commission that the representative will receive simply by looking at the percentage payable. For this reason the disclosure statements used by IFP will detail commission receivable by the representative in both percentage and dollar values.

Penalties

A breach of the disclosure obligations is an offence punishable by fines and/or imprisonment.

Any representative who breaches the disclosure obligations may also be liable to compensate that client for any loss or damage resulting from reasonably relying on the recommendation.

A breach of disclosure requirements can also give ASIC grounds for exercising its powers to revoke or suspend a licence, or ban a person from the securities industry.

Own Holdings

A representative may recommend shares in a company in which they hold shares. A holding of shares in the same company does not generally need to be disclosed unless a significant volume of trading is likely to be generated through the recommendation and/or the trading is likely to influence the value of the share.

A representative may disclose their own holdings, either in response to a client's query or on the representative's own volition. In doing so, the representative must take care to avoid the possibility of unwarranted assumptions about the suitability of the recommended investment being drawn by the client. If information on the representative's own holdings is given in a manner which is reasonably likely to induce a client to make an unwarranted assumption, this conduct may be a failure to conduct business efficiently, honestly and fairly. (ie. just because the adviser holds an investment does not mean it is a good investment for the client).

IFP representatives should include statements to the following effect in disclosure statements where they hold interests in recommended products:

- It is disclosed that representative NAME and/or associated persons have an interest in investments recommended in this report in the form of shares in XYZ COMPANY which manages recommended investments. Details of these interests are available on request.
- It is disclosed that representative NAME and/or associated persons hold interests in listed securities recommended in this report. Details of these interests are available on request.

Commissions (provided on insurance product) (other products prior to 1 July 2013)

Commissions may take many forms: direct or indirect, flat rate or percentage based, up front or trailing. All commissions must be disclosed in a manner which is easy for the client to understand.

Trailing Commissions (provided on insurance product) (other products prior to 1 July 2013)

When a fund manager pays trailing commissions to a licensee, it is paid for as long as an investor holds an investment in the fund. The fund manager may pay a trailing commission with or without on-going service actually being given to induce the client to hold the investment (eg: providing favourable research or reports on the investments). ASIC considers that regardless of whether or not a client receives any ongoing service, a representative receiving trailing commissions must disclose this information when recommending products which pay trailing commissions.

Where a recommendation is made to retain a product during a review any ongoing trail commissions should be disclosed as they constitute an interest in making the recommendation.

Fee Disclosure Statements

From July 1st, all retail clients that pay an ongoing fee must be provided with an annual Fee Disclosure Statement outlining the amount of fees that the representative has received on their behalf for a period of 12 months.

Please refer to Doc C12 for IFP's Fee Disclosure Policy (this document contains a sample Fee Disclosure Statement).

Associates

Benefits, advantages and other interests of any associate of the representative must also be disclosed.

Some of the more obvious associates whose benefits, advantages and interests must be disclosed include:

- Any related body corporate or unit trust of the representative:
- The directors and secretaries of a related body corporate:
- The representative's partners in a firm carrying on a financial services business:
- Any other person who acts jointly, or otherwise acts together, or under an arrangement, with a representative in relation to making a recommendation.

Where benefits are paid to an associated company or trust this must be disclosed.

Any arrangement to pay referral fees or commissions to other persons such as an accountant or other referrer must also be disclosed.

What is Excluded from the Disclosure Obligation?

A representative does not have to disclose a commission or fee that the representative receives directly from the client. If a client makes a direct payment of commissions or fees to the representative (or their principal licensee), the client is fully aware of that payment.

8. Communicating by Email

Emails are a highly effective mechanism for communicating with clients.

Care needs to be taken with emails to ensure that your capacity is properly disclosed and that any advice is properly documented.

Representatives should establish standard email signoffs to ensure that all emails meet disclosure obligations.

When providing advice in an email the email will normally constitute a record of advice. The prerequisites for using RoAs must be met (ie. the client must have previously received an SoA).

Any fees associated with advice provided in an email must be disclosed in the email.

Doc C13 includes suggested email formats.

9. Implementing Investments

A key component of Integrity Financial Planners' offer is the implementation of investments on behalf of clients.

Systems

The adviser must establish systems such that agreed actions occur on an efficient and timely basis.

There must be mechanisms in place to ensure that applications and cheques are not misplaced or unreasonably delayed within the adviser's office. An untidy office and haphazard processes will not endear the adviser to any person undertaking a review or audit of an adviser's practice and should be avoided.

Applications

All applications must meet legal requirements and the requirements as stipulated by the provider.

Applications may include the adviser's personal details and dealer information for processing of fees.

Payment of Investments/Premiums and Handling Cash

Representatives are specifically directed not to accept or handle cash or any form of negotiable security on behalf of a client.

Payment for the lodgement of investments or premiums must only be accepted in the form of a cheque or money order made payable to the trustee, fund manager or insurer. Cheques should be crossed and marked "not negotiable".

If a client wishes to arrange an investment by paying for the amount to be invested in cash, the investment is to be refused.

Powers of Attorney and Executor role

As a general rule IFP representatives are not to take on powers of attorney on behalf of clients nor act as executors unless approved by IFP.

It is not the preference of the Licensee that an Adviser is appointed in these roles and currently our Professional Indemnity Insurance does not cover Advisers acting in these roles for family members or relatives.

We recognise that there are instances where clients have few other options or a strong preference to appoint their adviser. If approval is granted, then our preference would be that where possible a second person (preferably a family member or relative) is also appointed to the role. We would anticipate that any relevant fees be discussed with the client prior to appointment.

Where the appointment is enacted, IFP will require a record of any fee arrangement that are in place effective for the appointment between the client or on behalf of the client and the Adviser (in their capacity as Adviser, Attorney, Executor or otherwise).

Trust Accounts

A condition of IFP's AFS licence expressly forbids IFP and its representatives from receiving or holding money in trust for clients. Under no circumstances is an adviser to do so.

Some advisers run trust accounts through their associated accounting practice. No funds lodged with the adviser in their capacity as an authorised representative are to be placed in such trust accounts.

Payment of Fees

Clients may pay fees to Integrity Financial Planners in the form of a cheque made payable to Integrity Financial Planners. All such payments received must be forwarded to IFP head office along with a copy of the relevant invoice. Refer Doc. C1.

Clients may also pay fees due to Integrity Financial Planners by Credit Card by telephone at head office.

Taking Instruction by Phone

Generally any client instructions provided by phone to implement a transaction are to be supported by written instruction or confirmation by the client.

For existing clients with an ongoing relationship an email confirmation of the phone instruction will be sufficient.

Phone instructions are to be supported by file notes stating the circumstances of the transaction, including the reason why the instruction has been made verbally and not in writing.

On occasion representatives will provide advice to existing clients by phone. All advice is to be supported by an SoA or RoA as discussed above.

If the situation matches the requirements for an RoA then a file note documenting the conversation will constitute an RoA but must contain all items normally required in an RoA.

10. Handling Complaints

Integrity Financial Planners is a member of the Financial Ombudsman Service (FOS).

IFP and its advisers are required to deal with complaints in a manner that meets the requirements of FOS and Australian Standards guidelines.

What is a Complaint?

A complaint is an expression of dissatisfaction by a client with regard to services provided by IFP or its representative, where the client expects (either implicitly or explicitly) that some action will be undertaken by IFP or its representative to resolve the client's issues.

The services normally provided by IFP are the provision of advice to clients and arranging products/transactions on behalf of clients. A complaint would therefore normally relate to some aspect of the advice provided to the client or the administration of a transaction on their behalf.

Identifying Complaints

Advisers should take care to identify and resolve situations that may develop into a dispute or complaint at the earliest opportunity.

This is good professional practice. In a business that is dependent upon referral the development of a dissatisfied client should be avoided.

Advisers should also consider that what may appear to be initially a relatively minor issue can, in an environment of growing consumerism and involving the sensitive issue of money, become a significant issue and extremely costly to their business.

Maintaining good client records, properly explaining and documenting advice and conducting regular reviews will all serve to minimise complaints and enable quick resolution of any issues.

Advisers should also consider at the outset whether they wish to deal with clients whose attitudes and objectives do not appear consistent with those of the adviser and their practice and who are reluctant to cooperate with the adviser's/dealer's processes.

Verbal Complaints

Any verbal complaint or dispute should be diarised immediately.

The AFS Licensee or Compliance Manager are to be informed within 24 hours of any such complaint or dispute.

Written Complaints

Any written complaint received by the adviser is to be photocopied and forwarded to the AFS Licensee or Compliance Manager within 24 hours.

Dealing with the Complainant

Establish the facts

A note of all relevant facts is to be made and, where possible, relevant words and phrases written down.

Never admit liability

The adviser should not admit liability to the client. Admission of liability may void the adviser's professional indemnity policy.

Detail all relevant file notes and actions

The adviser should make copies of relevant details from client files including written advice and file notes and forward these to the Dealer principal.

Resolve the complaint

Where a complaint is received directly from the client the adviser should attempt to resolve the complaint within 3 days. If the complaint is not resolved within this time frame the client should be advised to put their complaint to the licensee (ie. IFP). The adviser should facilitate this by advising IFP of the complaint.

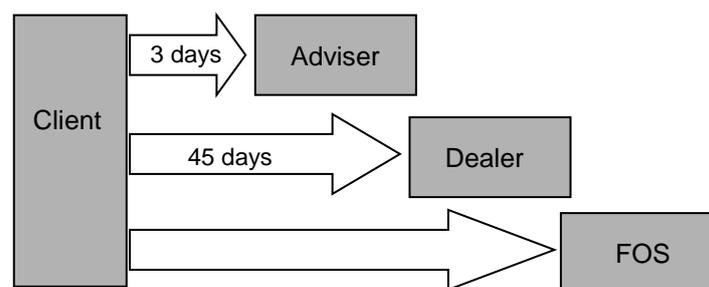
Unresolved Complaints

IFP will send acknowledgment of the complaint to the client within 24 hours

IFP will undertake an investigation of the complaint and make an assessment of the complaint. IFP will attempt to resolve the issues with the client within 45 days.

The client will be advised that they may take their complaint to the Financial Ombudsman Service (FOS). If satisfactory resolution cannot be achieved within 45 days FOS will undertake an investigation and instigate their resolution procedures.

Integrity Financial Planners and its representatives have agreed to be bound by any determination made by FOS.



11. Hawking Financial product

Representatives must not offer financial products for issue or sale in the course of, or because of, an unsolicited meeting or telephone call.

A meeting or phone call is considered to be “unsolicited” unless it takes place in response to a positive, specific and informed request from the client, ie. the client must make a conscious decision to request the meeting with an understanding of the nature of the meeting and the products to be discussed.

IFP representatives are not to undertake telemarketing campaigns with a view to selling products to clients with whom they do not have a previous business relationship.

Representatives may contact existing clients regarding specific product offers where the client has previously explicitly agreed to receive such offers.

These provisions do not generally apply to emails, letters or faxes. Representatives may issue written invitations to clients to consider particular products and/or attend meetings regarding products, provided the client is properly informed as to the nature of the meeting.

Representatives may:

- Promote financial planning services:
- Provide information regarding a particular investment to a client in response to an enquiry from that client:
- Provide advice to invest in a particular investment where the client has enquired about the investment or sought advice from the representative:
- Provide information to existing clients who have previously sought advice from the representative, who have an ongoing relationship with the representative and who the representative has information about that suggests that such an investment may be appropriate to their needs and circumstances.

Representatives who intend to undertake communication campaigns with clients regarding a specific investment or class of investment should discuss this issue with the Licensee.

12. Projections

As a general rule advisers are discouraged from providing projections of returns on investments. Projections can only be estimates and often prove to be inaccurate. They can lead to the creation of expectations that may not be met (thus being misleading) leaving clients open to disappointment and advisers open to litigation.

It is accepted however that in some circumstances projections are an important part of establishing financial plans and are appropriate. In particular it may be necessary to estimate a client's cash flow or to estimate the availability of future capital sums (eg. at retirement).

In all cases advisers must be careful to ensure that:

- projections are based on reasonable assumptions:
- clients understand that they are estimates only and are not guaranteed:
- clients understand the underlying assumptions:
- clients understand the level of risk associated with a projection and the sensitivity to the underlying assumptions.

Income Projections

Projections of income are important to assist in managing cash flows and determining if clients will have adequate funds/income to meet their financial commitments.

When projecting cash flows the following principals should be applied:

- Cash flow projections should be short term, eg for the next 12 months. Cash flow projections for periods that are a number of years away should be viewed with caution. The longer the time frame the greater the risk of the cash flow projections not being met.
- If projecting cash flow from a specific income bearing investment where there is certainty or a defined rate of income or a current level of income that is relatively stable, it is acceptable to use that rate of income (eg. rental income from properties, coupon rates on fixed interest securities, current rates on mortgage trusts or CMTs).
- If projecting cash flows on specific managed funds then it is appropriate to use an estimate for those funds based on historical distributions for the previous 3 years (eg. equity trusts, bond trusts, specific shares).
- If projecting cash flows for a type of investment without specific products or where the above figures are not available then standard "asset class" rates may be used.
- Any projection of cash flows should highlight any risk of those cash flows not being achieved eg. loss of rent due to lack of tenants in a property investment.

IFP's preferred researchers provide projected income rates for various asset classes and investment categories. These rates provided a reasonable basis for making cash flow projections.

Any assumptions made in determining the cash flow, including rates of return, should be noted with the projection.

Growth / Future Value Projections

It may be necessary to provide clients with an estimated future value of their portfolio, eg. the value of investments at retirement in 10 years. The following principles should be applied in making projections of future values.

- Projections of rates of growth in the short term (for periods of less than 5 years) should be used with a great deal of caution (if at all). Growth rates can vary considerably over short periods of time and it is not possible to provide accurate growth projections over such periods.
- Projections should be at portfolio level. IFP's research consultants publish projected total returns for various portfolios for periods of 5 years. These rates should be used when projecting future values.
- Under no circumstances should advisers use the rate of growth achieved by a particular product in the previous 12 months, or even the previous 3 years, to project future values. The use of historical returns from specific assets or products can be unreliable and misleading.
- When providing projections of growth or capital values advisers should refrain from providing year on year figures. It is appropriate to provide an estimated value at a point in 5 years time however illustrations of a capital value for each year can create an impression of straight line capital growth and are likely to be inaccurate and/or misleading.
- Any projection of future values should take into consideration the impact of fees and/or taxes on those values.
- Any projection of future values should highlight any risk of those values not being achieved.

IFP's preferred researchers provide projected income rates for various asset classes and investment categories. These rates provided a reasonable basis for making cash flow projections.

Any assumptions made in determining future values, including rates of return and the reinvestment of income should be noted with the projection.

Disclaimers

Any projection of income or growth should be accompanied by the following disclaimers.

This disclaimer should appear on the same page as the projection to ensure that they are noted in conjunction with the projection.

These projections are for illustrative purposes and should be used as a guide only. These are estimates and are not guaranteed. It is expected that actual outcomes will vary from those illustrated.

The following disclaimer should appear at the end of your disclosure of fees section.

Notes on Projected Illustrations

In this financial plan a number of projections may have been made in order to demonstrate how your personally designed financial strategy is able to meet your needs and objectives.

These projections are for illustrative purposes and should be used as a guide only. These are estimates and are not guaranteed. It is expected that actual outcomes will vary from those illustrated.

Estimates of income and capital growth are based on our assessment of economic conditions and likely investment performance based on past experience. We believe that these projections provide a reasonable basis for future planning however investments should be reviewed on a regular basis and estimates of future values amended over time to reflect actual events.

We do not take responsibility for not achieving these outcomes where external variables, such as changes to government legislation or economic conditions, cause the performance of the recommended investments to vary from the illustrated returns.

Note that you are advised to take care in the use of past returns as they are not necessarily a good indicator of future performance.