

# WRAP ADVISER AND LICENSEE

## PROCEDURE DOCUMENT

From 5 October 2021 the Design and Distribution Obligations reforms (DDO) requires product issuers and product distributors, to work together to fulfil obligations which ensure consumers obtain financial products that suit their objectives, financial situation, and individual needs

This document outlines the distribution requirements for all Wrap platform products under DDO. Avanteos Investments Limited (AIL, we, us) and Colonial First State Investments Limited (CFSIL, we, us) acts as the issuer and distributor of products on the Wrap platform. We require licensees and financial advisers (as the distributors of these products) to provide information back to us on a regular basis to ensure all wrap platform products are distributed as outlined in the relevant Target Market Determinations (TMDs).

### Target Market Determinations (TMDs)

All products issued by us have been identified to be within the scope of DDO. Each product has been issued with a TMD specific to the product type (i.e. superannuation, pension, including term allocated pension and investor direct portfolio services (IDPS)). FirstWrap product TMDs are publicly available at [www.cfs.com.au/tmd](http://www.cfs.com.au/tmd).

We have engaged FE Fundinfo as an external data aggregator to assist with the collection of TMDs and the information contained in TMDs for underlying fund managers and providers of other product types such as managed accounts. When we are considered a distributor of the third-party products we will be required to forward relevant information as outlined in third-party issuer TMDs. Post the compliance date of 5 October 2021, certain third-party issuer TMDs such as managed accounts, insurance and annuities will be available in the investment list from the Wrap platform login page.

### Managing TMDs

#### AIL or CFSIL Issued Products (AIL or CFSIL as the issuer)

Our TMDs will be reviewed every 24-months, however there are conditions outlined in the TMDs that highlight when an out of cycle review may occur. If a product is under review, financial advisers will be able to continue to place additional trades or new applications for the relevant products and/or investment option(s) if distribution is occurring under personal advice. If an out of cycle review occurs, this will be communicated through the distribution channels. The relevant TMD will be removed from the public facing website until the TMD review has been completed.

#### Third-Party Issued Products (AIL or CFSIL as the distributor)

On occasion, third party issuers such as managed funds will conduct a review of the products that are distributed on the Wrap platform. During the review process, financial advisers will be able to continue to place additional trades or new applications for the relevant products and/or investment option(s) if distribution is occurring under personal advice. Once we are notified that the review has been completed, the outcome will be communicated to licensees and advisers.

If FE Fundinfo provide us with an invalid or incomplete TMD for any third-party issuer products, an internal process will commence to ensure that the product is removed from the Approved Product List within 10 business days of being notified. This will prevent the ability for financial advisers to place any new trades or applications for the product and/or investment option(s) until a valid TMD has been received.

### Adviser and Licensee Ongoing Reporting Requirements

#### Personal Advice Exemption

Although personal advice is exempt from the completion of reasonable steps under DDO, financial advisers and their clients will be required to attest that the following by signing a declaration when they lodge the application form:

*I have, for the purpose of retail applicants, taken reasonable steps to ensure distribution of <this product> to the applicant is in line with the Target Market Determination (TMD) and you will notify us in accordance with the requirements in the TMD if you become aware of significant dealings that are not consistent with the TMD. (Note: The reference to 'distribution' in this confirmation refers to 'retail product distribution conduct' within the meaning of section 994A (1) of the Corporations Act 2001 (Cth).*

The form must be signed by both the financial adviser and the member.

To assist licensees and advisers with their reporting obligations, we have provided details of the Wrap requirements below. This applies to complaints, dealings outside of the target market (if requested) and significant dealings outside of the target market. The reporting frequency aligns with the FSC guidelines.

**Please note** we require all reporting to be emailed through to [wrapddo@cfs.com.au](mailto:wrapddo@cfs.com.au) as we work towards an automated solution to cater for licensees and financial advisers reporting.

## 1. Complaints

Licensee and financial advisers should provide complaint information to us as soon as practicable. Complaints can be reported through the existing complaints reporting channels, including:

- Sending an email with the details of the complaint to [complaints@cfs.com.au](mailto:complaints@cfs.com.au)
- Giving us a call on 1300 769 619
- Providing the details of the complaint to your Wrap contact, such as a Strategic Account Manager or a Business Development Manager.

When lodging complaints, please ensure you provide the following details:

- The product (s) the complaints is related to
- Client name and account number
- The date of the complaint
- The nature of the complaint
- The content of the complaint.

## 2. Dealings outside of the target market

Licensee and financial advisers may be requested to provide dealings outside of the target market if required for third-party issued products offered through the wrap platform. A reporting template will be issued to you which will require you to identify any dealings that occurred outside the target market during the reporting period. The reporting template should be emailed to [wrapddo@cfs.com.au](mailto:wrapddo@cfs.com.au).

## 3. Significant dealing outside of the target market

Licensee and financial advisers will inform us of any dealings that have been identified and deemed to be significant through the licensees' and financial advisers' internal assessment process. We will assess and consider the information provided and take any corrective action within 10 business days including notifying the Australian Securities and Investments Commission (ASIC). If the significant dealing is in relation to a third-party issued product, we will onforward this information to the responsible entity when the information is first provided.

The DDO requirement is for information to be provided to the product issuer as soon as practicable, but no later than 10 business days after licensees or advisers become aware of the matter. Details in relation to significant dealings outside of target market should be emailed to [wrapddo@cfs.com.au](mailto:wrapddo@cfs.com.au).

We appreciate that there's no industry standard relating to the definition of a 'significant dealing' and that the parameters and thresholds will vary from distributor to distributor. We would like to suggest that the assessment process should consider the following:

- Volume – many 'outside dealings or a significant proportion of total dealings
- Amount – a single dealing could be significant if its variance from the target market is large enough e.g. An elderly pensioner investing in a high risk geared option with minimum suggested timeframes of 7+ years.

## Reporting Times

- We have defined reporting period as follows:
- Using Calendar quarters - First reporting period will be Q4 (01 October 2021 to 31 December 2021) with all reports to be received by within 10 business days of the end of the reporting period.

**Please note** that as we are also the distributor of third-party issued products, some third-party TMDs may define the reporting period differently or request reporting at different frequencies to the guidelines provided by the FSC. Although we will endeavour to provide feedback to third-party product issuers, there may be adhoc reporting notifications issued via the distribution channels outside of the reporting period listed above.

## We're here to help

To help answer any further questions you might have please visit our [Frequently Asked Questions](#) page on our website. Alternatively, please speak with your local Business Development team or call FirstWrap Service and Support on 1300 769 619, Monday – Friday, 8am – 7pm, Melbourne time.

Avanteos Investments Limited ABN 20 096 259 979, AFS Licence 245531 (AIL) is the trustee of a number of super funds including Avanteos Superannuation Trust 38 876 896 681, Star Portfolio Superannuation Fund ABN 24 276 733 959, Symetry Personal Retirement Fund ABN 24 685 968 122, encircle Superannuation Fund ABN 68 486 630 403 and Ultimate Superannuation Service ABN 97 900 294 767. Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 (CFSIL) is the Operator of investment products on the wrap platform and provides administration and custody services in relation to superannuation, investments, managed discretionary account products and portfolio services.

This document is based on current regulatory requirements and laws as at 30 May 2022. While all care has been taken in preparing the information contained in this report (using reliable and accurate sources), to the extent permitted by law, no one including AIL and CFSIL accept responsibility for loss suffered by anyone from reliance on this information. This document provides general information for the adviser only and is not to be handed on to any investor. It doesn't take into account anyone's individual objectives, financial situation, needs or tax circumstances. You should read the relevant Product Disclosure Statement (PDS) or Investor Directed Portfolio Service Guide (IDPS Guide) and Financial Services Guide (FSG) before making any recommendations to a client. The PDS, IDPS Guide and FSG can be obtained from [www.cfs.com.au](http://www.cfs.com.au) or by calling us on 1800 113 116.

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