

Financial Advice on IDPS Policy

Sets out how investors who no longer have a financial adviser linked to their IDPS accounts will be managed.

30/06/2023

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1. Overview

1.1. Introduction

This Policy defines the approach undertaken by the Investor Directed Portfolio Service (**IDPS**) Operators of the in-scope IDPS products (**Products**) in the management of investors who no longer wish to continue their relationship with their financial adviser (in relation to the Products as issued by the Operators) to ensure compliance with ASIC Class Order C/O 13/763 and ASIC Regulatory Guide 148.

1.2. Policy statement

The objective of this Policy is to outline the key features for investors that no longer wish to continue their financial adviser relationship. In particular, the objective is to ensure that there are controls in place with respect to:

- Removing the adviser from the investor account
- Ceasing any adviser remuneration going forward, and
- Allowing the investor to transact on their account.

1.3. Scope and application

This Policy applies to the IDPS Operators within the Insignia Financial group of companies, specifically:

- IOOF Investment Services Limited (**IISL**),
- MLC Investments Limited (**MLCI**), and
- Navigator Australia Ltd (**NAL**).

Collectively known throughout this Policy as the **Operators** unless separately stated.

The Products in scope of this Policy are:

<u>Operator</u>	<u>Product name</u>
Navigator Australia Ltd (NAL)	<ul style="list-style-type: none"> • Expand Extra Investment IDPS • Expand Essential Investment IDPS • Shadforth Portfolio Service Investment IDPS • MLC Navigator Investment Plan Series 2 • MLC Wrap Investments Series 2 • blueprint Investment Plan Series 2 • DPM Investment Service Series 2 • Enevia Platinum Portfolio Investment Solution Series 2 • FC ONE Investment Builder Series 2 • Portfoliofocus – Premium Investment Service Series 2 • PremiumChoice Investment Service Series 2, and • St Andrew’s Investment Plan Series 2 (closed to new investors).

<u>Operator</u>	<u>Product name</u>
MLC Investments Limited (MLCI)	<ul style="list-style-type: none"> • MLC MasterKey Investment Service Fundamentals, and • MLC MasterKey Investment Service (closed to new investors).
IOOF Investment Services Limited (IISL)	<ul style="list-style-type: none"> • Grow Wrap Investment Service IDPS • Voyage Investment Service IDPS • Wealthtrac Portfolio Service IDPS • Mentor Portfolio Service IDPS, and • Rhythm Investment IDPS.

This Policy applies only to the IDPS products and does not include any superannuation products issued by NULIS Nominees (Australia) Limited (**NULIS**), IOOF Investment Management Limited (**IIML**), Oasis Fund Management Limited (**OFM**), and OnePath Custodians Pty Limited (**OPC**).

This Policy applies in the context of an investor advising the Operator that they no longer wish to continue their relationship with their financial adviser in respect of a particular Product (and specifically an account) held by that investor. The investor (in the context of that account) therefore becomes an unadvised investor. In this context this Policy addresses:

- Remuneration paid to financial advisers, and
- How the investor transacts with the Operator.

There may also instances where the linked financial adviser is removed by the financial adviser themselves, by the incumbent licensee, or by the Operator (for instance, where the financial adviser is no longer registered).

All employees, including casual, temporary, and contracted employees as well as executives and non-executive directors and any third parties acting on behalf of the Operators (collectively referred to as 'employees' in this Policy) must comply with this Policy.

The updated Policy will commence upon approval from the Chief Distribution Officer.

2. Requirements of the Policy

This section sets out the processes that are in place to manage requests from investors that no longer wish to continue their relationship with their financial adviser.

2.1 Becoming an Investor

Upon joining a Product, investors' accounts are generally established via a financial adviser, who provides the following services to investors in respect of their Product:

- Initial and ongoing financial advice and guidance,
- Education and financial planning services, and
- Investment instructions to us and brokers, including the online broker, on the investors' behalf.

Some Products allow investors to open accounts directly, with investors able to subsequently link a financial adviser to their account at any time following its establishment.

2.2 Terminating an Adviser Relationship

Should an investor choose to terminate the relationship with their financial adviser, the investor can notify the relevant Product administrator in writing, by email or by contacting the relevant call centre (where calls are recorded).¹

Upon receiving instruction from the investor to terminate their adviser relationship, the adviser will be removed from the investor account and any ongoing remuneration will cease being accrued from the date the adviser is removed.

Upon removal from the investor's account, the adviser will be unable to make enquiries on the investor's account, view the investor's details online, or be permitted to obtain these details from the Operator.

The removal of a financial adviser means that investors may not be able to facilitate purchases or sells of investments online (some products, such as Expand Extra Investment Service, do allow investors to facilitate some transactions online), may not be able to remain in chosen investment options, and/or have limited access to certain investments. Investors may not have access to some product features, such as automatic investment processes.

Investors will be able to provide instructions (in writing, by email or by contacting client services)² to the Operator to facilitate purchases and sells of investments. Investors can continue to facilitate cash withdrawals from the Products' cash account to a pre-nominated bank account.

¹ These methods for notification may vary from time to time. The form of notification is not material to the operation of this Policy.

² These methods for transacting may vary from time to time. The form of notification is not material to the operation of this Policy.

2.3 Changing Adviser

Investor initiated

An investor can change their financial adviser by notifying the relevant Product administrator in writing, by email or by contacting the relevant call centre (calls are recorded).³ The new adviser must be registered with ASIC.

The investor can agree with their new adviser the remuneration that is paid for the services the adviser provides. The new adviser remuneration must be agreed with the adviser and the investor agreement provided to the relevant Product administrator in the prescribed form.

Licensee initiated

The incumbent licensee can also request a change of financial adviser for one or more investor accounts and must confirm if the existing adviser remuneration will remain unchanged.

Where there is change of adviser and licensee on one or more investor accounts, the incumbent licensee must:

- notify the relevant Operator in writing (at least 30 days prior to the effective transfer or assignment date) if the existing adviser remuneration will remain unchanged, and
- provide any information the Insignia Product Issuer reasonably requests.

Once the change is finalised, the new adviser will be able to transact online on the investor's behalf, including providing investment instructions to the Product administrator and brokers, including the online broker.

2.4 Notification to Investors

On receiving a request from an investor to terminate their financial adviser relationship or change their financial adviser, written confirmation, via letter or email, is generally sent to the investor advising them that the Product administrator has acted as per their instruction, including confirming that any adviser service fee that has ceased. Some Products will only send written confirmation to investors when requested (for example, MLC Navigator Investment Service Series 2 and MLC MasterKey Investment Service Fundamentals).

The disclosure document for each Product also provides disclosure to investors on their right to remove, change their adviser, and/ or cease their consent to the deduction of advice fees.

2.5 Related Policy

This Policy should be read in conjunction with the **Advice Fee - Standard**.

³ These methods for notification may vary from time to time. The form of notification is not material to the operation of this Policy.

3. Consequences of non-compliance

Non-compliance with this Policy may result in disciplinary action in line with our Code of Conduct and Managing Performance and Conduct Policy. A breach of the policy may be a breach of legislation or prudential standards. All breaches will be managed in accordance with the Incident & Breaches Policy.

Any exemptions to the Policy must be agreed by the relevant executive policy owner and Chief Risk Officer. It must be tabled at the appropriate Risk and Compliance Committees in a timely manner and may subsequently be reported to the Board(s).

4. Review and approval

This document should be reviewed and updated at least annually by the General Manager, Wrap Solutions and Product Integration and the General Manager, Master Trust and Insurance Products and then approved by Chief Distribution Officer or their nominated direct report. This review is in accordance with the Policy and Document Governance Framework, to ensure it remains appropriate regarding the changing nature of legislation, change in business operations or in the business environment.

This document should be updated more frequently if there is a change in legislation, regulation, or operating environment.

5. Document information

5.1 File Details

Title	Financial Advice on IDPS
Owner	Chief Distribution Officer
Approved by	TBC
Hierarchy level	Level 3 – Procedural Document
Effective date	July 2023
Last reviewed	H2 2023
Next review	H2 2024
Atlas ID	1007430

5.2 Revision History

Version	Date released	Author(s)	Description
2.0	TBC	Phillip Hawkins Scott Marriott Ben Carracher Subin Jose Glen Ryan	IDPS Entity changes + inclusion of NAL and MLCI IDPS products + transition into the Insignia Financial template
1.0	31/05/2021	Glen Ryan	Initial signed off version of the document

Appendix 1: Roles and responsibilities

Roles & responsibilities	
Roles	Responsibility
Wrap Solutions and Product Integration Business Unit	<p>BUs, as the 1st line of defence, are responsible for:</p> <ul style="list-style-type: none">• developing template communications and processes (in accordance with group templates and guidelines)• maintaining, reviewing, and testing processes annually at minimum, or more frequently if material business changes to business operations has occurred. Testing will occur at a Group level• implementing and embedding Business Unit deliverables in line with risk appetite and Policy• ensuring all employees with a designated role in the process be made aware of, and trained for their role, responsibilities, and accountabilities with respect to this policy, providing general education and training for our people• rectifying issues, incidents and action plans arising from testing and internal audit reviews; and• liaising with other BUs to ensure successful operationalisation of this policy.

Appendix 2: Key concepts and definitions

Key concepts and definitions	
Terms	Definitions
Product administrator	<p>NAL is the administrator for MLC Navigator Investment Plan Series 2, including all private label products and all applicable white label products, and has outsourced certain day-to-day operations of the products to MLC Wealth Limited (MLCWL).</p> <p>NAL is also the administrator for Expand Extra Investment IDPS, Expand Essential Investment IDPS and Shadforth Portfolio Service Investment IDPS products, and has outsourced certain day-to-day operations of the products to IOOF Services Co.</p> <p>MLCI is the administrator of the MasterKey Investment Service Fundamentals and MasterKey Investment Service products, and has outsourced certain day-to-day operations of the products to MLCWL.</p> <p>IISL has elected to outsource the administration of the:</p> <ul style="list-style-type: none"> • Oasis badged IDPS products and the Grow Wrap IDPS product to Macquarie Investment Management Limited (MIML). • Rhythm Investment IDPS product to HUB24 Custodial Services Ltd (HUB24). <p>Communications are generally issued and received in the name of these entities (NAL, MLCI, MIML and HUB24), however, for NAL and MLCI, a service company does the work on their behalf.</p> <p>Whilst Operators may outsource certain activities to another party, the Operator retains ultimate accountability for sound and prudent management of the products it offers, including the actions that are performed on its behalf.</p>
ASIC	Australian Securities and Investments Commission
Financial adviser	A person licensed to give financial planning advice
IFL	Insignia Financial Limited
IDPS	Investor Directed Portfolio Service
IISL	IOOF Investment Services Limited

Key concepts and definitions	
Terms	Definitions
Investors	A person who is an investor in one or more IDPS in accordance with the relevant clause of the applicable IDPS Contract
MLCI	MLC Investments Limited
NAL	Navigator Australia Limited
Operator	NAL, MLCI and IISL
Private labels	An offering, generally with a Dealer Group, for the inclusion of their brand and name on their own product and support material. The Dealer Group have their own Deed Poll.
RE	A responsible entity, being the company named in ASIC's record of the scheme's registration as the responsible entity of the investment scheme in accordance with s601EB of the Corporations Act
White labels	An offering, generally with a Dealer Group, for the inclusion of their brand and name on their own product and support material. The Dealer Group utilise the existing Deed Poll.