

QoN 010-12 – Definition of advice

Does your definition of advice include the provision of ongoing administration assistance, and not just the provision of an annual Review document? How is this supported or not by current legislation?

Answer:

Financial product advice is defined in s766B of the Corporations Act 2001 (the Act) as a recommendation or a statement of opinion, or a report of either of those things, that:

- (a) 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 an interest in a particular financial product or class of financial products; or
- (b) could reasonably be regarded as being intended to have such an influence.

Whether or not the provision of ongoing administration assistance meets the legal definition of advice turns on what those services involve. However, if the services provided do not meet the above definition, for example, assisting a client update or change their contact details with product issuers for the investments they hold, those services would not be considered financial product advice.