

The type of clients an adviser works with affects the type of adviser they are, and what they need to do to comply. The types of client are retail and wholesale.

Wholesale

Wholesale clients are defined in s5C of the Financial Advisers Act 2008 and include:

- any other financial adviser or broker who receives the service in the course of business as a financial adviser or broker
- a person who is in the business of providing any other financial service and receives the financial adviser service or broking service in the course of that business
- a person whose principal business is the investment of money or who, in the course of and for the purposes of the person's business, habitually invests money
- an entity to which at least one of the following applied at the end of each of the last two completed accounting periods
 - at the balance date, the net assets of the entity exceeded \$1 million
 - the turnover of the entity (or a related body corporate) for the accounting period exceeded \$1 million
- a local authority, a Crown entity, a State enterprise, the Reserve Bank of New Zealand, and the National Provident Fund
- a person who falls within the Securities Act 1978 if the service relates to securities offered to that person in a private offer of securities
- an eligible investor (this is a person who certifies in writing that they have sufficient knowledge and skill to be treated as a wholesale client. The adviser must be satisfied that this is the case).

Retail

Retail clients are any clients who are not considered 'wholesale' clients.

Different classes of advice

A key distinction is to differentiate between “personalised” advice and “class” advice.

Personalised service or advice means it is given to a client who is readily identifiable by the adviser and, either the adviser has taken the person’s individual financial situation into account, or the client would, in the circumstances in which the service is provided, expect their individual situation to be taken into account.

Class advice or a class service is **not** a personalised service or advice, for example, a general, non-client specific view about an investment or making a recommendation or giving an opinion about a class of financial products (e.g. KiwiSaver).