



AUTHORISATION MODULE

CONSULTATION



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AU-1.4 Definition of Regulated Investment Services (continued)

Advising on Financial Instruments

AU-1.4.41 Advising on financial instruments means giving advice to an investor or potential investor (or a person in his capacity as an agent for an investor or potential investor) on the merits of buying, selling, subscribing for or underwriting a particular financial instrument or exercising any right conferred by such a financial instrument.

AU-1.4.41A For the purpose of Rule AU-1.4.41, advising on financial instruments includes giving digital financial advice also known as 'robo-advice' or 'automated advice' using a computer program and algorithm to generate the advice.

AU-1.4.42 The activity defined in Rule AU-1.4.41 above does not include advising on mergers and acquisitions, unless otherwise agreed with the CBB on a case by case basis.

AU-1.4.43 The activity defined in Rule AU-1.4.41 above does not include advising on corporate finance.

AU-1.4.44 The following are examples of activities, which may be regarded as an activity as defined by Rule AU-1.4.41:

- (a) A person may offer to tell a client when shares reach a certain value on the basis that when the price reaches that value it would be a good time to buy or sell them;
- (b) Recommendation on the size or timing of transactions; and
- (c) Advice on the suitability of the financial instrument, or on the characteristics or performance of the financial instrument or credit facility concerned.

AU-1.4.45 A person does not carry on an activity specified in Rule AU-1.4.41 by giving advice in any newspaper, journal, magazine, broadcast services or similar service in any medium if the principal purpose of the publication or service, taken as a whole, is neither:

- (a) That of giving advice of the kind mentioned in Rule AU-1.4.41; nor
- (b) That of leading or enabling persons to buy, sell, subscribe for or underwrite a financial instrument.