

Submission on discussion document: *Exposure draft: Financial Markets Conduct (Regulated Financial Advice Disclosure) Amendment Regulations 2019*

Your name and organisation

Name	Tony Dench, CEO
Organisation	SHARE NZ Limited

Responses to discussion document questions

1	<p>Will the proposed record-keeping requirement be workable in practice?</p> <p>The progressive nature of the proposed disclosure requirements is welcome and ought to assist the client to develop a better understanding of the information disclosed at each point in the advice process and, based on that, make decisions about whether to continue with a provider or adviser.</p> <p>We believe that the record keeping requirements will be workable in practice and can be built relatively easily into the advice processes that SHARE operates and stored within SHARE Xplan CRM system.</p> <p>We note MBIE's intention to liaise with the FMA to ensure a corresponding treatment of the record keeping requirements is included in these regulations and FMA's proposed standard condition.</p>
2	<p>Do you have any comments on the drafting of the Regulations that will require information to be made publicly available?</p> <p>This seems to be appropriate, useful and makes sense.</p>
3	<p>Do you have any comments on the draft Regulations that will require the disclosure of information when the nature and scope of the advice is known?</p> <p>This seems to be appropriate, useful and makes sense.</p> <p>At a practical level, calculating the amount or value of "commissions or other incentives" may create some difficulty and / or inconsistency between advisers or providers in terms of being precise and transparent. These can also change as the advice process progresses.</p> <p>We acknowledge that a reasonable attempt to value these commissions or other incentives will most likely satisfy the regulations and provide the relevant information to the client but we note again that this may lead to inconsistency between advisers or providers.</p> <p>An annual return from each Licenced FAP to FMA detailing commissions or other incentives</p>

received in the preceding 12 months could be a useful way of minimising any such inconsistencies and promoting transparency.

4

Do you have any comments on the draft Regulations that will require the disclosure of information when the financial advice is given?

This seems to be appropriate, useful and makes sense.

Highlighting the duties in the FMC Act that the person is required to meet fits well at this point in the advice process.

5

Do you have any comments on the draft Regulations that will require the disclosure of a provider's complaints handling and dispute resolution processes when a complaint is received?

This seems to be appropriate, useful and makes sense.

6

Do you have any comments on the draft Regulations that set the manner in which information must be disclosed?

This seems to be appropriate, useful and makes sense.

The balance of providing prescribed information at prescribed relevant stages but being flexible in the way the information is given reflects the principles-based approach taken in other legislative and regulatory reform in the insurance sector.

7

Are there instances in your business when regulation 229D might apply to someone who is not the one to give advice to the client? Please give examples and provide any comments on how the draft Regulations apply in such scenarios.

Not considered to be a likely scenario in SHARE.

8

Do you have any further comments on new regulation 229A to 229H of the draft Regulations?

No

9

Do you have any further comments on new Schedule 21A in the draft Regulations?

No

The essential items to be disclosed and recorded ought to be available in advice businesses currently. On that basis, building the disclosure and record keeping into advice processes should be relatively straightforward.

Given that the aim of the new legislation is to promote consumer understanding of and confidence in the financial services industry, bringing these disclosure regulations into place promptly should be a priority.

General view

SHARE is a nationwide network of more than 70 financial advisers supported by a further 70 staff across 23 offices providing advice on Insurance, Investments, Mortgages. Around half of SHARE advisers are AFAs with the balance being RFAs. All SHARE advisers operate under the SHARE brand and SHARE currently provides policies, processes and procedures to assist advisers.

SHARE supports the intermediated advice model and it is likely that SHARE will apply to become a licensed Financial Advice Provider under the Financial Markets Conduct Act with all SHARE advisers becoming Financial Advisers under that licence.

We appreciate MBIE taking a consultative and considered approach and fundamentally agree with the outcomes being sought as outlined in the Exposure Draft and see this as an opportunity to further enhance consumer understanding of and confidence in the financial services.

Thank you for the opportunity to contribute to this important discussion.



8th November 2019

Tony Dench
CHIEF EXECUTIVE OFFICER