

Submission template

Regulations to support the new regime for the conduct of financial institutions

Your name and organisation

| | |
|------------------|----------------------------|
| Name | Privacy of natural persons |
| Email | |
| Organisation/Iwi | Wealthpoint Limited |

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Requirements for fair conduct programmes

1

Do you have any comments on the status quo i.e. no further regulations to support the minimum requirements for fair conduct programmes in the Bill?

[Insert response here]

2

Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(a)?

[Insert response here]

3

Do you have any comments on the proposals regarding distribution of relevant services and associated products? We are particularly interested in how these proposals may be implemented.

In relation to point 54, a 'con' would also be a significant cost and resource on Intermediaries as Financial Institutions would need to ensure distributors were following Financial Institutions' requirements. The extent of the cost and resource would be significant as a Financial Advice Provider (FAP) may have 40 or 50 different Financial Institutions requiring the FAP deal with certain CoFI requirements that will differ from Financial Institution to Financial Institution.

We feel these amendments will be very damaging to the industry.

4

Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(ac)?

[Insert response here]

5

Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(bb) to (bd)?

[Insert response here]

6

Do you have any comments on the proposal to specify further minimum requirements regarding remediation of issues? Are there any further specific remediation principles that should be specified in regulations?

[Insert response here]

7

Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(be)?

[Insert response here]

8

Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(bf)?

[Insert response here]

9

Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(d)?

[Insert response here]

10

Do you have any comments on the proposal to specify further minimum requirements regarding consumer complaints handling?

[Insert response here]

11

Do you have any comments on the proposals to specify further minimum requirements regarding claims handling and settlement?

[Insert response here]

12

Do you have any comments on the proposed definition of 'handling and settling a claim under an insurance contract' means? If so, why?

[Insert response here]

13

Do you have any comments on the discussion regarding customer vulnerability?

[Insert response here]

14

Do you have comments regarding the option of including vulnerable consumers in section 446M(1A)?

15

Do you think any further factors should be added by regulations to the list under section 446M(1A)?

[Insert response here]

16

Do you think any other regulations that could be made under new section 546(1)(oa) are necessary or desirable? Please provide reasons for your comments.

[Insert response here]

Sales incentives

17

Do you have any comments on the status quo (no regulations)?

We are concerned about the unforeseen consequences prohibiting certain sales incentives may have on the market and are not aware of evidence of systemic issues with sales incentives.

Do you have any comments on the option to prohibit sales incentives based on volume or value targets?

18

We are concerned about the unforeseen consequences prohibiting certain sales incentives may have on the market and have not seen evidence of systemic issues with sales incentives.

Some FAPs have commercial arrangements with Financial Institutions whereby the FAP receives funding from the Financial Institution in exchange for distributing their products through Financial Advisers with a strong compliance back office. The drafting of any prohibition on sales incentives would need to be clear so that such arrangements were not inadvertently capture by the prohibition.

The concern is the unknown effect such prohibitions would have on the industry and the availability of financial advice customers will be able to receive as a result.

The cost of the possible compliance burden is likely to be significantly higher than the present risk of customer harm.

What would the likely impacts be for financial institutions, intermediaries and/or consumers of prohibiting sales incentives based on volume or value based targets?

19

The concern is the unknown effect such prohibitions would have on the industry and the availability of financial advice customers will be able to receive as a result.

Do you have any feedback on a more principle-based approach to prohibiting some incentives?

20

It is difficult to both see how this would work in practice and fully understand the full effect of what the compliance burden would be.

There is the risk that a principled approach would cause greater uncertainty and lack of clarity as to what is permitted.

How could a more principles-based approach to prohibiting some incentives be made workable?

21

[Insert response here]

If a more principles-based option was chosen, should there be some incentives specifically excluded?

22

[Insert response here]

Do you think there are any other viable options other than what has been put forward by this discussion document? Please explain in detail.

23

We feel the proposed approach may have unforeseen consequences that do not appear to have been fully assessed against the apparent existing risk of harm to customers.

Are there sales incentives based on volume or value targets that should be excluded from the regulations (i.e. allowed to be offered/given)?

24 Some FAPs have commercial arrangements with Financial Institutions whereby the FAP receives funding from the Financial Institution in exchange for distributing their products through Financial Advisers with a strong compliance back office. The drafting of any prohibition on sales incentives would need to be clear so that such arrangements were not inadvertently capture by the prohibition.

Payments for referring a client from one financial adviser to another financial adviser should not be prohibited.

Conferences, professional development events and membership of professional bodies are all of benefit for the ongoing development of Financial Advisers and should not be prohibited.

25 Do you think there are any other types of incentives that should be excluded from the regulations? Please provide reasons for your comments.

[Insert response here]

26 Do you think that the scope of who can be covered by the regulations poses a risk of unintentionally capturing other intermediaries that are paid incentives but should not be covered?

[Insert response here]

27 Do you agree/disagree that within financial institutions and intermediaries sales incentives regulations should apply to all staff? Why/why not?

[Insert response here]

28 Do you agree/disagree that within financial institutions and intermediaries sales incentives regulations should only apply to frontline staff and their managers? Why/why not?

[Insert response here]

29 Do you think that external incentives should apply to any incentive paid to an agent, contractor or intermediary? Why/why not?

[Insert response here]

30 Do you agree that both individual and collective incentives should be covered? Why/why not?

[Insert response here]

31 Do you have any other comments on the discussion related to incentives?

[Insert response here]

Requirement to publish information about fair conduct programmes

32 Is more detail needed to outline what information should be published regarding financial institutions' fair conduct programmes to assist financial institutions to meet this requirement, or to assist consumers in their interactions with financial institutions?

[Insert response here]

33 Do you have any comments on the options outlined above? What do you think the costs and benefits would be to financial institutions and consumers of the two options?

[Insert response here]

34 This discussion document outlines two options regarding the requirement to publish information about the fair conduct programmes. Do you have any other viable options?

[Insert response here]

Calling in contracts of insurance as financial products under Part 2

35 Do you have any comments on the proposal to declare contracts of insurance as financial products under Part 2?

[Insert response here]

Exclusions of certain occupations or activities from the definition of intermediary

36 Do you think it would be appropriate to exclude people who are subject to professional regulation from the definition of an intermediary (e.g. lawyers, accountants, engineers)?

[Insert response here]

37 Do you think that any other occupations or activities should be excluded from the new proposed definition of an "intermediary"? If so, why?

[Insert response here]

Other comments

[Insert response here]