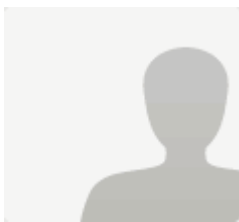


#28



## COMPLETE

PAGE 2: Role and regulation of financial advice

**Q1: Do you agree that financial adviser regulation should seek to achieve the identified goals? If not, why not?**

*Respondent skipped this question*

**Q2: What goals do you consider should be more or less important in deciding how to regulate financial advisers?**

*Respondent skipped this question*

**Q3: Does this definition adequately capture what financial advice is? If not, what changes should be considered?**

*Respondent skipped this question*

**Q4: Is the distinction in the Financial Advisers Act (FA Act) between wholesale and retail clients appropriate and effective? If not, what changes should be considered?**

*Respondent skipped this question*

**Q5: Is the distinction in the Act between a personalised financial service and a class service appropriate and effective? If not, what changes should be considered?**

yes

**Q6: Is it appropriate to have different requirements on advisers depending on the risk and complexity of the products they advise upon?**

yes.

**Q7: Does the current categorisation system accurately reflect the level of complexity and risk associated with financial products? If not, how could it be improved?**

no. AFA's providing advice on category 2 products have to apply the same standards as category 1 products which in some instances is uneconomic so execution only transactions are used.

**Q8: Do you think that the term Registered Financial Adviser (RFA) gives consumers an accurate understanding of what these advisers are permitted to provide advice on and the requirements that apply to them? If not, should an alternative term be considered?**

no. should be removed & RFA's made to operate under the same rules as an AFA. Some consumers believe an RFA is of higher standing than an AFA.

**Q9: Are the general conduct requirements applying to all financial advisers, including RFAs, appropriate and adequate? If not, what changes should be considered?**

yes

**Q10: Do you think that disclosing this information is adequate for consumers? Should RFAs be required to disclose any additional information?**

yes, same as an AFA.

**Q11: Are there any particular issues with the regulation of RFA entities that we should consider?**

as above

**Q12: Are the costs of maintaining an adviser business statement justified by its benefits? If not, what changes should be considered?**

no. Given it is potentially only ever seen by the FMA, it is overkill.

**Q13: Is the distinction between an investment planning service and financial advice well understood by advisers and their clients? Are any changes needed to the way that an investment planning service is regulated?**

no. Distinctions within AFA designation need to be made clearer.

**Q14: To what extent do advisers need to exercise some degree of discretion in relation to their clients' investments as part of their normal role?**

unsure

**Q15: Should any changes be considered to reduce the costs on advisers who exercise some discretion, but are not offering a funds management-type service?**

unsure

**Q16: Are the current disclosure requirements for Authorised Financial Advisers (AFAs) adequate and useful for consumers?**

more than adequate, not entirely sure if they are useful to consumers. Remuneration disclosure is pointless. It does not give the client a full picture of the situation. To be accurate we need to also give clients details of expenses for running our business, not just the income. What other industry discloses income in this manner? Do you go & buy a new car & ask the dealer how much money he's making on it? of course not. If you're happy with the product, you buy it!!!

**Q17: Should any changes be considered to improve the relevance of these documents to consumers and to reduce the costs of producing them?**

1 single document would be better with general range of fees charged & then a terms of engagement (as used by most advisers anyway) outlining the service & any fees to be charged for the service.

**Q18: Do you think that the process for the development and approval of the Code of Professional Conduct works well?**

unsure

**Q19: Should any changes to the role or composition of the Code Committee be considered?**

unsure

**Q20: Is the Financial Advisers Disciplinary Committee an effective mechanism to discipline misconduct against AFAs?**

unsure

**Q21: Should the jurisdiction of this Committee be expanded?**

unsure

**Q22: Does the limited public transparency around the obligations of Qualifying Financial Entities (QFEs) undermine public confidence and understanding of this part of the regulatory regime?**

unsure

**Q23: Should any changes be considered to promote transparency of QFE obligations?**

unsure

**Q24: Are the current disclosure requirements for QFE advisers adequate and useful for consumers?**

unsure

**Q25: Should any changes be considered to improve the relevance of these documents to consumers or to reduce the costs of producing them?**

unsure

**Q26: How well understood are the broker requirements in the FA Act? How could understanding be improved?**

unsure

**Q27: Are these requirements necessary and/or adequate to protect client assets? If not, why not?**

unsure

**Q28: Should consideration be given to introducing disclosure requirements for brokers? If so, what would need to be disclosed and why?**

yes. look at the amount or percentage of claims made to the insurance ombudsman, they will tend to be around these type of products, so they should also have to meet some standards as well.

**Q29: What would be the costs and benefits of applying the broker requirements in the FA Act to insurance intermediaries?**

unsure

**Q30: Are the requirements on custodians effective in reducing the risk of client losses due to misappropriation or mismanagement?**

unsure

**Q31: Should any changes to these requirements be considered?**

unsure

**Q32: Is the scope of the FA Act exemptions appropriate? What changes should be considered and why?**

unsure

**Q33: Does the FA Act provide the Financial Markets Authority (FMA) with appropriate enforcement powers? If not, what changes should be considered?**

unsure

**Q34: How accessible and useful is the guidance issued by the FMA? Are there any improvements you would like to see?**

needs to be more specific as it is not prescriptive. Everyone ends up second guessing whether they are doing things properly or not

### **PAGE 3: Key FA Act questions for the review**

**Q35: What changes should be considered to make the current regulatory regime simpler and easier for consumers to understand? For example, removing or clarifying the distinction between AFAs and RFAs.**

removal of distinction between afa & rfa

**Q36: To what extent do consumers understand that some financial advisers' primary roles may be selling financial products, rather than solely acting as an unbiased adviser to their clients?**

they don't understand that that is how some operate, especially QFE advisers. Unsure if clients are actually concerned about it but they need to know.

**Q37: Should there be a clearer distinction between sales, information provision, and advice? How should such a distinction be drawn? What should or should not be included in the definition of financial advice?**

yes, because plenty of adviser overstep the mark in regards to providing advice on products they are not authorised to sell

**Q38: Do you think that current AFA disclosure requirements are effective in overcoming problems associated with commissions and other conflicts of interest?**

no. commissions don't necessarily lead to a conflict of interest. FMA automatically assumes an adviser has sold a product that pays the highest commission, often not the case, as we have to act in the best interest of the client.

**Q39: How do you think that AFA information disclosure requirements could be improved to better assist consumer decision making?**

you are assuming that disclosure requirements actually assist in consumer decision making. The consumer has to read & understand it firstly.

**Q40: Do you support commission and conflict of interest disclosure requirements being applied to all financial advisers? If so, what requirements are appropriate for different adviser types?**

yes

**Q41: Do you think that commissions should be restricted or banned in relation to financial advice, and if so, in what way? What would be the costs and benefits of such an approach?**

no. A group of consumers will end up in the situation where it's un-economic for an adviser to provide advice to them. Execution or no advice sales would increase. In the case of insurance, premiums will not reduce accordingly as has been proven in Australia

**Q42: Has the right balance been struck between ensuring advisers meet minimum quality standards and ensuring there is competition from a wide range of providers (and potential providers)?**

unsure

**Q43: What changes could be made to increase the levels of competition between advisers?**

unsure

**Q44: Do you think that the Code of Professional Conduct for AFAs strikes the right balance between requiring them to understand their clients and ensuring that consumers can get advice on discrete issues?**

unsure

**Q45: To what extent do you think that the categorisation of types of advice and advisers is distorting the types of advice and information that is provided?**

unsure

**Q46: Are there specific compliance requirements from the FA Act regulation that have affected the cost and availability of independent financial advice?**

all of it

**Q47: How can regulatory requirements be made less onerous without reducing the quality and availability of financial advice?**

simpler disclosure requirements & same standards to be met by all advisers

**Q48: What impact has the Anti-Money Laundering and Countering Finance of Terrorism Act had on compliance costs for advisers? How could these costs be minimised?**

Give advisers some credit in that they may actually know who their clients are.

**Q49: What impact do you expect that KiwiSaver decumulation will have on the market for financial advice in New Zealand? Are any specific changes to regulation needed to specifically promote the availability of KiwiSaver advice?**

more need for advice but a smaller pool of adviser to provide that advise.

**Q50: What impact do you expect that the introduction of the Financial Markets Conduct Act (FMC Act) will have on the market for financial advice in New Zealand? Should any changes to the regulation of advice be considered in response to these changes?**

unsure

**Q51: Do you think that international financial advice is likely to increase? Is the FA Act set up appropriately to facilitate and regulate this?**

unsure

**Q52: How beneficial are the current arrangements for trans-Tasman mutual recognition of qualifications? Should further arrangements be considered?**

unsure

**Q53: In what ways do you expect new technologies will change the market for financial advice?**

unsure

**Q54: How can government keep pace with technological developments to ensure that quality standards for advice are maintained, without inhibiting innovation?**

unsure

**Q55: Are the minimum ethical standards for AFAs appropriate and have they succeeded in fostering the ethical behaviour of AFAs?**

yes

**Q56: Should the same or similar ethical standards apply to all types of financial advisers?**

yes

**Q57: What is an appropriate minimum qualification level for AFAs?**

level 5, as it stands

**Q58: Do you think that RFAs (for example insurance or mortgage brokers) should be required to meet a minimum qualification relevant to the area of advice they specialise in? If so, what would be an appropriate minimum qualification?**

yes, level 5 as per AFA requirements

**Q59: How much consideration should be given to aligning adviser qualifications with those applying in other countries, particularly Australia?**

unsure

**Q60: How effective have professional bodies been at fostering professionalism among advisers?**

generally very good

**Q61: Do you think that professional bodies should play a formal role in the regulation of financial advisers and if so, how?**

no

**Q62: Should any changes be considered to the relative obligations of individual advisers and the businesses they represent? If so, what changes should be considered?**

unsure

**Q63: Is the QFE system achieving its goals in terms of consumer protection and reducing compliance costs for large entities? If not, what changes should be considered?**

no.

**PAGE 4: Role of financial service provider registration and dispute resolution**

**Q64: Do you agree that the Register should seek to achieve the identified goals? If not, why not?**

unsure

**Q65: What goals do you consider should be more or less important in reviewing the operation of the Register?**

unsure

**Q66: Do you agree that the dispute resolution regime should seek to achieve the identified goals? If not, why not?**

unsure

**Q67: What goals do you consider should be more or less important in reviewing the dispute resolution regime?**

unsure

#### **PAGE 5: How the FSP Act works**

**Q68: Does the FMA need any other tools to encourage compliance with financial service provider (FSP) registration? If so, what tools would be appropriate?**

no

**Q69: What changes, if any, to the minimum registration requirements should be considered?**

none

**Q70: Does the requirement to belong to a dispute resolution scheme apply to the right types of financial service providers?**

unsure

**Q71: Is the current framework for the approval of dispute resolution schemes appropriate? What changes, if any, should be considered?**

unsure

**Q72: Is the current framework for monitoring dispute resolution schemes adequate? What changes, if any, should be considered?**

unsure

**Q73: Is the existence of multiple schemes and the incentive to retain and attract members sufficient to ensure that the schemes remain efficient and membership fees are controlled?**

unsure

**Q74: Should the \$200,000 jurisdictional limit on the size of claims that dispute resolution schemes can hear be raised in respect of other types of financial services, and if so, what would be an appropriate limit?**

unsure

**Q75: Should additional requirements to ensure that financial service providers are able to pay compensation to consumers be considered in New Zealand?**

no

#### **PAGE 6: Key FSP Act questions for the review**

**Q76: What features or information would make the Register more useful for consumers?**

i haven;t met a consumer yet who has looked at the register

**Q77: Would it be appropriate for the Register to include information on a financial adviser's qualifications or their disciplinary record?**

yes

**Q78: Do you consider misuse of the Register by offshore financial service providers is a significant risk to New Zealand's reputation as a well-regulated jurisdiction and/or to New Zealand businesses?**

unsure

**Q79: Are there any changes to the scope of the registration requirements or the powers of regulators that should be considered in response to this issue?**

unsure

**Q80: What are the effects of (positive and negative) competition between dispute resolution schemes on effective dispute resolution?**

unsure

**Q81: Are there ways to mitigate the issues identified without losing the benefits of a multiple scheme structure?**

unsure

**Q82: Are the current regulatory settings adequate in raising awareness of available dispute resolution options? How could awareness be improved?**

unsure

**PAGE 7: Demographics**

**Q83: Please provide your name and/or the name of the group of people, business, or organisation you are providing this submission on behalf of:**

Anthony Mullen - Advsier

**Q84: Please provide your contact details:**

18(d)

**Q85: Are you providing this submission:**

- 
- As an individual

**Q86: If submitting on behalf of an organisation: How many people are in the organisation, or work in the organisation, that you are providing this submission on behalf of?**

*Respondent skipped this question*

**Q87: I would like my submission (or specified parts of my submission) to be kept confidential, and explain my reasons for this, for consideration by MBIE:**

- 
- No