



#36

## 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?**

Yes

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

That every adviser operates within NZ Law and is honest.

**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?**

Not effective. I have a university degree in Commerce and have been giving appropriate financial advice for over 30 years and now may no longer do so because of this Act.

**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?**

Not effective. Having a Level 5 qualification is meaningless because all it does is give guidelines on producing something in writing.

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

See my answer to Q5. Because of the nature of the products and avoidance of "risk" everything is watered down so that there is very little distinction anyway. Virtually everybody ends up in a "Balanced Fund" of some sort. Bank "advisers" are obliged to sell their employers' products, while AFAs and RFAs usually are able to offer a wider selection. Banks are happy with the scheme as it tends to give them better access to clients, so they have an unfair advantage.

**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. The consumers do not know or care about that. Remove the difference between RFA and AFA . I have always educated my clients to understand the different products. Make the SUPPLIERS of the products more responsible!

**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. A Financial Adviser is provides Financial Advice. That is what consumers see. Investment and Risk are both financial advice.

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

Disclosure document should show what advice may be given. More responsibility should be carried by the product providers. They should be liable for the products they market, if they fail and not the adviser.

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

Consumers do not understand. I explain in detail what advice I may give.

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

Too much regulation has made it unattractive to bring new persons into the industry.

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

No - it is a waste of time, and money.

**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.

**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?**

If they do their work correctly, there should be no trouble.

**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?**

Yes. Get rid of Dispute regulation and all the other parasites who think they know hwhat Regulation means.

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

No - absolutely useless. My old document was far better.

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

Yes.

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

No

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

Get rid of it. It is just a bureaucratic waste of money. The Code is "common sense" and covered by NZ law.

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

No. It assumes that the blame lies with the adviser and he/she is guilty until proven innocent. An excuse to fine somebody.

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

Definitely not.

**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?**

Yes

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

Yes - all advisers should be under the same obligations.

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

No - consumers trust them because they work for a bank.

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

Yes

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

*Respondent skipped this question*

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

No. This whole Act assumes advisers are acting in self-interest, and that clients are the "unwitting prey". My clients trust me and have been with me for many years. We depend on this relationship of TRUST and are not criminals.

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

*Respondent skipped this question*

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

*Respondent skipped this question*

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

NO

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

Yes

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

*Respondent skipped this question*

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

More than enough.

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

Not very.

### **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.**

All should be subject to the same rules, but the amount of reporting is far too much.

**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 mostly do not.

**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?**

*Respondent skipped this question*

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

Clients understand that we advisers need to be remunerated in some way.

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

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

**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. Cost would be high. Banks would love it as it suits their way of distribution.

**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)?**

NO

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

If banks played by the same rules, there would be more choice. and effective competition.

**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?**

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

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

Yes - having to pay for some research models.

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

Reduce the cost and amount of reporting required.

**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?**

Audits and their cost.

**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?**

Advisers earn very little from this type of advice. It plays into the hand of the banks, and so does not provide a decent amount of competition.

**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?**

More advisers will exit the industry.

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

It may do. No.

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

Not at all.

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

More business is done online.

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

*Respondent skipped this question*

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

Not at all. Ethical behaviour and advice and qualifications and knowledge are not necessarily taught.

**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?**

Something better than Level 5.

**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

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

Some

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

Fair.

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

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

**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?**

It does not because it is just another entry somewhere.

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

*Respondent skipped this question*

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

No - get rid of them. They are another parasite.

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

The history of complaints made since the inception of regulation and see what has occurred.

#### **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?**

Certainly not.

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

*Respondent skipped this question*

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

No

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

Get rid of the schemes. Consumers have other protection bodies they can appeal to.

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

*Respondent skipped this question*

**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?**

This serves to increase costs and their wanting to appear useful.

**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?**

*Respondent skipped this question*

**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?**

A name and address.

**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?**

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

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

*Respondent skipped this question*

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

*Respondent skipped this question*

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



*Respondent skipped this question*

**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:**

Glenn Gilbert

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

18(d)

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

- 
- As an individual
  - **Please describe the nature and size of the organisation:** Sole proprietor with the occasional part-time staff.

**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?**

- 
- 1-5

**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:**

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- No