

21 July 2015

Corporate Law
Labour and Commercial Environment Group
Ministry of Business, Innovation & Employment
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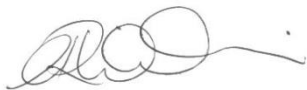
To whom it may concern,

Please find attached my submission to the Review of the Financial Advisers Act 2008.

My submission focuses on some key areas and draws on feedback and experiences I have had with clients.

[9\(2\)\(b\)\(ii\)](#)

Yours faithfully

A handwritten signature in black ink, appearing to read 'Gretchen Williamson', with a long horizontal flourish extending to the right.

Gretchen Williamson
Adviser
Craigs Investment Partners
[18\(d\)](#)

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

It would be very helpful in the management of direct portfolios if a limited and specific level of discretion is allowed to manage corporate actions, such as rights issues, sale facilities and share purchase plans. At times not acting on these events due to a client failing to respond can disadvantage clients. Currently, approval is required from clients before advisers can act on a corporate action. This means that if an adviser is unable to contact clients to gain their approval, either because they are unavailable or the timeframe makes it impossible, the clients may suffer a financial loss.

In our view, retail clients who do not wish to use a DIMS service or a managed fund, should not be at a disadvantage with respect to corporate actions. We submit the FAA allow a limited form of discretion to manage corporate actions.

This exemption would need to be separate to the current contingency DIMS exemption, which is not suitable for this purpose. This exemption would be specific to purchases and sales of securities connected to a corporate action and would operate in the normal course of business. It would therefore be distinct to the contingency DIMS exemption, which can apply to any purchase or sale but is only able to be used in expected or unexpected absences.

Just before Christmas last year APA Group announced an acquisition and this was partially funded via a SPP. It is extremely difficult to get hold of clients over the Christmas/New Year period and the offer was to the clients advantage due to an attractive discount being offered, discretion to take this up would have been very useful.

BHP spun off 10% of the company via South 32, this meant a large number of clients received very small holdings in South 32. South 32 offered a sales facility allowing these small holders to exit at an average price and not pay brokerage this is of course a very attractive means to exit a holding we didn't want clients to add to in the future. The sales facility is in the best interests of these clients and also for South 32 as they don't have a lot of small holders and high admin costs for such a huge register. Approximately 70% of the clients we emailed on this replied and said to go ahead the rest failed to turn it around in the timeframe provided, given how small the holdings were this now becomes a costly exercise for those wanting to exit.

57. What is an appropriate minimum qualification level for AFAs?

Over time I would like to see a relevant bachelor degree be required for new entrants to financial advice. This would raise the professionalism of the industry and thus, help attract high quality young people to the industry.

Within any qualification, advisers should specialise in particular areas, such as wealth management, insurance etc.

A transitional or stepped pathway into the industry, with appropriate safeguards such as supervision, would help reduce the barriers to entry.

It seems peculiar to me that there is a very low recognition of those advisers who have done prior studies. I have a Bachelor of Commerce in Finance and a Post Graduate in Finance and I have completed relevant qualifications in Hong Kong, Sydney and the US to be an Investment Adviser. In other markets they accept my prior qualifications but you also complete regulatory exams which are targeted around securities law. The NZX Diploma while worthy for those that have never studied before overlaps greatly with a BCom and my Post Grad studies but receiving exemptions for certain papers was very difficult. For those that have invested in their education our industry puts little value in these qualifications