



#29

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?

I think the goals of the review are correct

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

Ensuring The NZ public are given more choice and full advice to make informed choices is most important.

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

No comment

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?

no comment

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?

It isn't working when a client believes they are getting advice and choice when they are not. Consumers generally believe that what they are being offered by QFE,s is good advice and the bets available for their situation when in fact they aren't being given full advice or choices and often the products used are limited and not correct for their situation. QFE,s should disclosed that they are another offering choices or giving full advice.

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

The public need to be able to understand and differentiate between full advise and being sold one product by a bank Rfa,s and Afa,s have to understand the different products and choices available to clients and advise based on the clients individual circumstances QFA.s do not and this needs to be clearly highlighted to clients so they have a choice to buy a product which may or may not meet their needs or choose to have full advice and make appropriate choices.

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?

There isn't a difference between Rfa.s and Afa,s in terms of risk product advice. There needs to be a change in disclosure for QFE,s as per Q6

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?

See Q 6 and 7

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

Advisers that aren't giving advice need to make it clear that they are purely selling product which is limited and does not represent full advice and May or may not be suitable to the clients situation.

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

I think all advisers should have to fully disclose.

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

No comment

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

No comment

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 comment

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?

No comment

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?

No comment

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

No comment

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

No comment

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

No comment

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

No comment

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

No comment

Q21: Should the jurisdiction of this Committee be expanded?

No comment

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 all advisers should disclose the same things

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

As Q 22

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

No they do not clearly alert customers that they are not giving advice and are purely selling a product from a limited stable of products.

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

No comment

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

No comment

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

No comment

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

No comment

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

No comment

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

No comment

Q31: Should any changes to these requirements be considered?

No comment

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

No comment

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

No comment

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

No comment

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.

If this supports and clarify the advice process I agree that Rfa,s and QFE,s use the same rules as Afa,s

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?

Consumers do not understand this and the impact of having no advice.

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?

If a no advice sale is being made this has to be clearly explained in the same way as it must be clearly explained when signing legal documents.

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

No comment

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

No comment

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?

No comment

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?

Restricting or banning commissions will see a huge reduction in RFA and AFA advisers and force clients to go to banks and have limited advice. The general NZ public and people that need good advice are not in the mind set of paying fees for this advice. The way the current structure works allows good RFA or AFA,s to run a professional business with support staff and full compliance and to take a moderate salary whilst fully supporting clients through the advice process full application, ongoing reviews and claims procedures.

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)?

More and more business is being done by banks and they don't offer choice or advise so No

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

There would be more choice and competition if banks had to say when they aren't giving advice

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?

No comment

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?

No comment

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

No comment

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

No comment

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?

No comment

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?

No comment

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?

No comment

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

No comment

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

No comment

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

No comment

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

No comment

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

No comment

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

No comment

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

No comment

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?

No comment

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

No comment

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

No comment

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

No comment

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?

No comment

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 comment

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?

No comment

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

No comment

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

No comment

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

No comment

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 comment

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

No comment

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

No comment

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

No comment

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

No comment

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?

No comment

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?

No comment

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

No comment

PAGE 6: Key FSP Act questions for the review

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

No comment

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

No comment

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?

No comment

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?

No comment

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

No comment

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

No comment

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

No comment

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:

Christina Jarvis for HCD Ltd trading as Insurance Partners and Quartz Investments Ltd trading as Insurance Online

Q84: Please provide your contact details:

18(d)

Q85: Are you providing this submission:

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- On behalf of an organisation
 - **Please describe the nature and size of the organisation:** Insurance brokers all RFA,s total RFA,s in the companies are 5 total people in the businesses are 8. 2 of the RFA,s are commission based the other 3 are salary based. We give full risk advice across personal and business products tailored to the clients situation and review clients situations regularly plus help them fully through the claims process.

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?

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- 6-19
 - **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