



MARCH 2019

SUMMARY OF DISCLOSURE REQUIREMENTS IN THE NEW FINANCIAL ADVICE REGIME

In February 2019, the Government agreed on the disclosure requirements which will apply in the new financial advice regime after the Financial Services Legislation Amendment Bill comes into force.

The disclosure regulations are to be prescribed in regulations and we are aiming to consult on draft regulations soon. This factsheet provides a summary of the disclosure requirements that will apply.

The requirements have been designed to provide flexibility in order to help businesses tailor their disclosures to meet the needs of their clients and fit within their advice processes. The approach is consistent with the proposals set out in the discussion document released in April 2018.

What information needs to be disclosed?

Any firm or individual who gives regulated financial advice to retail clients will need to disclose the following:

- **Licensing:** information about the licence held by the financial advice provider
- **Duties:** information about certain duties that the person giving advice is subject to
- **Services:** information about the financial advice service that can be provided, including the financial advice products and product providers that can be advised on, and other limitations on the advice
- **Fees:** information about the applicable fees and costs relating to the financial advice
- **Conflicts of interest:** information relating to the commissions, incentives or other conflicts of interest that a client might perceive as having potential to materially influence the financial advice
- **Complaints handling:** information about the complaints handling and dispute resolution arrangements
- **Disciplinary history:** information about recent Financial Adviser Disciplinary Committee proceedings, where the disciplinary committee publicly notified the action
- **Convictions or other proceedings:** information about recent criminal convictions, civil liability findings, or adverse findings from a court or other tribunal, if these would be perceived as relevant to a client's ability to rely on the advice
- **Bankruptcy proceedings:** in the case of financial advisers, information about recent instances of being adjudicated bankrupt, or admitted to the no asset procedure



When does disclosure need to be provided?

Rather than requiring full up-front disclosure, which we heard can be overwhelming for consumers, different information will be given as it becomes relevant to the client at certain points in the advice process. This will allow consumers to receive the information that they need, when they need it, and allow businesses to develop disclosures that fit within their existing processes.

- Financial advice providers will be required to disclose general information on their website (or make this information available to consumers on request if they do not have a website). This includes information about their licence, dispute resolution arrangements, and the scope of advice they can provide.
- Any person who gives regulated financial advice to retail clients will be required to disclose certain information about themselves and the services that they can provide by the point at which the nature and scope of the advice is known.
- This will be followed by more detailed information that relates specifically to the client when making a recommendation. This includes details of fees that will apply and relevant commissions and other conflicts of interest.
- In addition, those giving financial advice will be required to inform retail clients of their ability to access redress via the relevant approved dispute resolution scheme, when they receive a complaint.

How will disclosure be provided?

Because financial advice can be provided in a range of ways, the disclosure requirements will be flexible in terms of how disclosure must be provided. It can be provided verbally, electronically, or in writing. However, disclosure must be provided in writing if requested by the client.

Any disclosure must be clear, concise and effective, and use plain language to ensure that consumers can understand the information they have been provided.