



#40

## 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?**

Absolutely

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

Access to advice should be as simple and clear to the consumer as possible. The risks to the advisers and suppliers should also be acknowledged. A balanced approach

**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?**

It seems to work well

**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?**

Try to simplify it. A principles based approach.

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

Absolutely. Totally agree with the SHARE and PAA submissions here

**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?**

Competence is the key. There are very complex risk situations, primarily in the business insurance sphere with the potential to very damaging if the adviser gets it wrong. Yet Category 2

**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?**

Competence is the key The real distinction should be between the adviser and the policy peddler at the QFE

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

Code should apply to all - including share brokers, lawyers and accountants Why should we have a distinction?

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

Definitely I am a RFA with Share and have always disclosed commissions

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

Consistency. as in Q10 above

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

Yes. They protect the consumer and the adviser

**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?**

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

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

*Respondent skipped this question*

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

*Respondent skipped this question*

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

The code should be the basis of the legislation. A principled approach.

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

More input from advisers. Top heavy with institutions

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

*Respondent skipped this question*

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

*Respondent skipped this question*

**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, YES, YES!!! A huge percentage of bad behaviour I have heard of in the market emanates from the Banks  
Same rules for all please

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

*Respondent skipped this question*

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

As in Q22 above, they tend to peddle one company's product, often inferior. The same rules for all please

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

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

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

*Respondent skipped this question*

**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?**

Yes and they have done a good job - finance company top heavy

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

Very good

### **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.**

Simplicity. One code for all. Especially the QFE'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?**

As in question above, one rule for all. Level playing field needed, especially the QFE's whose conduct has been less than exemplary. Sales seems to have become a dirty word. It is a benefit as long as the advice and disclosure is transparent. Under insurance is still rife

**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?**

It seems there is a perception that the advice will be better if there is no commission What you will end up with is the top 1% insured and the rest not willing to pay the fee

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

Nothing wrong with commissions, conflicts of interest of soft-dollars ( Doctors, Pharmacists, Manufacturing companies etc would agree I'm sure) as long as transparently disclosed Again -one rule for all, transparent code, simplicity

**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?**

YES - across the board - no distinction between adviser types - why should there be? BUT - access to advice is critical and Kiwis don't like and aren't used to paying for life assurance advice. NZ's under insurance problem surely is bad enough as it is In 37 years I have never had negative comments from clients regarding commissions (business revenue, not profit), or any soft dollar trips - people are entirely comfortable with it. Indeed I would be interested to hear of just how many complaints regarding commissions or soft dollar trips the FMA has received from the public - there is no perceived problem The quality and transparency of advice is what is paramount.

**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 - you would lose a significant number of career advisers, clients are fee-adverse and the extra savings would be retained by the suppliers and probably paid out to the advisers in rent free offices and the like to help them ensure their sales income The worst result of course, is that we would probably revert to sole agencies with QFE type selling predominant and little broad scoped advice for the client

**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)?**

On the way - one set of rules for all - AFA's, RFA's and (especially), QFE's

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

A level playing field as in the question above

**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?**

*Respondent skipped this question*

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

Simplicity. Still too complex

**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?**

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

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

*Respondent skipped this question*

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

*Respondent skipped this question*

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

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

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

*Respondent skipped this question*

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

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

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

*Respondent skipped this question*

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

Very. I think all the professional bodies have worked hard and effectively in this space. I was on the Board of the PAA for a five year term (2005 - 2010) and I know much emphasis was placed on education

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

Absolutely. Practical ideas, understanding of the adviser, consumers and suppliers. The perfect position to positively add value

**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?**

QFE quality of advice largely unregulated and costs far less per capita than individual advisers

**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?**

Not understood by the public

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

Ease of access to information Marketing

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

I support the PAA submission

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

Ease of access, transparency and fairness

**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?**

*Respondent skipped this question*

**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?**

*Respondent skipped this question*

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

*Respondent skipped this question*

**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?**

Competition - Great!

**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 - Impacts on ease of access and fairness (as above)

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

Yes. Assists fairness and ease of access

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

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

*Respondent skipped this question*

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

Why not? Transparency protects everyone

**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?**

It seems to be - scary

**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?**

Has to be good - the Ambulance at the top of the cliff

**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:**

Stephen Shearer. Owner and Director of Shearer and Company Limited (t/a SHARE) est. 1978

**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?**

- 
- 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:**

- 
- No