



#14

## 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, I agree with these goals, although I would add a Goal 0: That simplicity and clarity of the financial adviser structure/model is the over-riding principle. (maybe in less words!)

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

Public confidence (goal 3) in the advisers is the single most important goal. Re Goal 1: I want to see a clear distinction between advice and sales. so much so, that I would want to see that anyone who 'sells' or 'represents', be called a salesman, not an adviser (FA).

**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?**

*Respondent skipped this question*

**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?**

I think this just adds to the confusion really. I want to talk to a person who is an FA. I want to know they are well qualified and experience to advise me in the area I want advice on. If they realise that what I am asking for, is outside their skills I expect them to tell me. so the class service is irrelevant and unnessecary. keep everything personal will build up the trust.

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

Yes, I would expect my adviser to know what they are competent to advise on, and what they are not. The latter only is relevant if I ask something that is out of area, in which case the adviser can tell me.

**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?**

it is too complex, overly detailed and because of this, it hides the wood from the trees. If you put a fence between advice and sales things would be way better.

**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. I just want a Financial Adviser. I am not interested in three titles for the same thing. I want to be able to ask him/her to advise me on my investments/insurance/mortgage etc, and if I ask something that is out of his expertise/skills/qualifications for him to tell me, we can move on. Secondly I don't want anyone who is selling, to be called anything but a salesman, not an FA. No exceptions. FA's can never work for commission.

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

simplify and clarify and trust the FA's to be well qualified. just have FA's, not sales.

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

get rid of RFA's just have FA's

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

no, just do away with RFA, just have FA's

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

no one is ever going to read it. waste of paper.

**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, too complicated. leave this distinction to the FA to worry about, the client just want to talk to a FA, and doesn't want to understand these issues. The FA can say 'yes I can advise you in this are' or no I cant. that is all that is needed.

**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?**

This is relevant to the core advisers ability and competence. Assuming they are well qualified and experienced in the are of investment being advised, then they will use judgement/discretion as appropriate. Does not require legislation, just well trained FA.

**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?**

Advisers should be on salary either by a company or self employed. Never on commission under any circumstance. Commissions and FA, should never be mixed. Financial Salesmen can be on commission or any combination, but must identify themselves as Salesmen under all client situations.

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

I would prefer to see this left to the FA, to decide what is relevant to disclose based on what are the client is being advised on. If in a dispute, it is found that the adviser did not properly disclose relevant information, it would go against him/her.

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

FA's business card or 1 page of information about him given to the client at the start of their first meeting. Also a website register to check the person is qualified as a FA and perhaps a indication of education areas, and years of experience, and whether up to date with continuous education in those areas, would be enough. Similar to lawyers roll.

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

no opinion.

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

*Respondent skipped this question*

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

I would like to see just one disputes body for all disputes with FA's. Salesmen on the other hand, can be governed by existing consumer law.

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

yes, just one committee for a single disputes body, not 4 disputes bodies as at present.

**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, it makes it complicated from a clients point of view. hard to understand. Got to keep it very simple. just have FA's and nothing else. Cant see the need for QFE's at all, its the FA that matters. Regulate them, educate them well, they can do the advising, then we know the difference between advice and selling, which is very hard to tell at present, and causes a lot of loss.

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

get rid of QFE's, make them hire qualified FA's, and use the FA's to do the advice to public, whether one on one, or through the media.

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

Too complicated and too hard to understand, I keep wondering what they are leaving out. Do I trust them, no, so whatever they say and disclose does not increase trust. Better to deal with a good FA who is working in my interest taking my money and giving me good advice that I understand and can trust.

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

keep very simple and no more than 1 page for an FA to give to client, and a simple to navigate website to confirm that the FA is qualified and registred.

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

brokers are salesmen not FA, keep them separate.

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

brokers are salesmen not FA, keep them separate.

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

brokers are salesmen not FA, keep them separate.

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

brokers are salesmen not FA, keep them separate.

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

custodians are not FA's therefore keep them separate. Require regular audits will weed out the odd one who is bad.

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

separate out the FA from salesmen. must be clear and complete.

**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?**

have a single disputes body with teeth to enforce decisions and a compensation pool that the whole industry contributes too. Make the contributions relevant to the risk. i.e. mature areas with known risks are low contribution rate, new areas high risk, high contributions.

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

Must oversee on the basis of clarity and simplicity to the client. make sure the aim of all guidance on this basis so max number of people can understand it.

**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.**

we only want FA, nothing else. And anyone selling products is not an FA, they are a FS - financial salesman including all the ones the banks employ. FA's can understand what they are educated/qualified/experienced to advise on. If the client asks something out of this area, the FA must say, and move on. Trust in the FA is paramount anyway, so if an FA starts advising out of area of expertise it is going to be a problem, followed by a dispute followed by resolution in favour of the client. i.e. it self regulates as long as FA's understand this and there is a good (single) disputes body.

**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?**

this must be banned. FA's provide one thing - independent advice for the client. no commission, no selling, 100% geared to the client and in the clients interest. FS's financial salesmen are different. You cant be the same thing, can only be one at a time. If on the FA register, then you are and FA. If you want to be a FS, then come off the register, tell the client you are now a FS and proceed. Keep these two jobs completely separate.

**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?**

yes absolute a hard clear line between a FA and a Financial Salesmen (FS) see 36. An FA can advise on anything they are skilled to do. no commission, conflicts of interest disclosed.

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

No, it is not clear enough. Ban all commissions for FA's, and they must manage conflicts of interest by disclosure to the client or blind trust or other methods. FA's must be in the business of building trust in their skills in advising a client with no hidden agendas by definitions.

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

FA's should be trained in how to disclose the relevant conflicts depending on what are the client is asking about. Also no commissions to FA's will help.

**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. I support no commissions for any FA's, no exceptions under any circumstance. Otherwise they are Financial Salesmen (FS) and cannot be both at the same time. see point 36.

**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?**

Yes no commission to any FA is my contention. FA's must be paid by the client or an organisation who is selling financial products. The customer is to be offered a free consultation with a FS or a paid consultation with a FA. their choice and the customer will know what they are getting because they either pay for independent advice, or don't pay to be sold something.

**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)?**

yes I think so. Most FA's want to work and are interested in certain areas which means they obtain education experience and continuing education in tehse areas, then communicate with the client this is there area of expertise. that work well from what I have seen.

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

Well, now that kiwisaver is ramping up, once people have a years salary showing on an annual statement, then the government (via FMA) should be recommending people spend say \$250 (perhaps subsidised) to have a consultation with a qualified FA, to advise on their investment. Whether it is in the right are, what goals etc. This would massively increase demand for FA's and help with their funding and training overhead etc.

**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?**

yes, although all FA's should have the same ethics code of conduct, and no commissions or split loyalties.

**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?**

it complicates it. Best to leave it to the FA's to determine what areas of expertise to develop and offer to the market. FA's have to be trusted by clients anyway, therefore we can trust them to represent themselves in terms of the types of advice they can and can not give.

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

keep it simple and low cost and low overhead. but the disputes procedures and a single body and the funding of it is an important area.

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

separate FA's from Financial Salesmen is fundamental and critical. FA's must never be on commission or have split loyalties.

**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?**

yes, see comments on point 43. FA's should see this as a big new area to advise on, as kiwisaver grows.

**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?**

not for most people. they want someone local they can build trust with.

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

yes we should mutually recognise the qualifications provided they are relevant and of sufficient rigour.

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

I expect a budget FA available via video chat will be very popular in the future.

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

Set a framework for the FA's that ensures high quality trustworthy trained skilled people can then be trusted by clients to do this job and let them get on and do it.

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

seems to be, maybe a bit OTT regarding disclosure. must be part of all FA's training.

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

yes absolutely for all FA's the same. Financial Salesmen not the same.

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

2yrs financial course of some type and say 2yrs supervision, then 2yrs lighter supervision. a bit like and apprenticeship really.

**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?**

Call them all FA's, with one or more areas of expertise which can be proven by training and experience defined by the industry and with continuing education and no commissions.

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

if there is a FA's international qualification that would be good to go for. helps our people on the OE, and an adviser with more experience (overseas) is better for the client.

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

not sure

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

yes, in the same way that engineering bodies set standards, and define the training required to get to a certain level of qualification.

**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?**

yes. An FA will always offer the client the best advise for the client regardless of who pays the bill. no exceptions, no commissions no split loyalties. If the business is wanting to sell a service, they can either use a salesman (Financial Salesmen = FS) which is free to the customer, or a FA where the customer will pay, although perhaps if the customer does by the product then the customer may get the advice remitted? needs thinking through. however an FA is always different from a FS.

**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?**

not sure

#### **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. register should have a limited role like the lawyers roll. it should just list those FA's qualified and what area they are qualified to operate in, years of experience in that area, and whether up to date with continuing education papers from professional bodies relevant to that area. Register must be simple and clear.

**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?**

must have a single dispute resolution service for all FA's, must have teeth and a compensation pool.

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

*Respondent skipped this question*

#### **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?**

*Respondent skipped this question*



**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?**

Should be low cost to the client to apply to a single dispute resolution service. Maybe like banks you get the first \$50,000 100% refunded, then a reducing percentage of the loss as the amount claimed for goes up. Under \$50,000 should be like the small claims court, low cost, no lawyers, simple and binding.

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

yes I think all FA's must contribute says 1-3% of earnings into a compensation scheme for the disputes resolution service to compensate from. Then overtime the risks of the different types of FA's can maybe vary the contribution according to risks a bit like the way ACC scheme levies different industries on their risk profile.

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

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

just a register of FA's only, what areas they are qualified in, or currently studying, no of years of advice in area, and current status of continuing education passes in those areas.

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

qualifications yes, record no, the latter managed by the professional body and struck off if necessary.

**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?**

not really. only qualified FA's are allowed on the NZ register.

**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?**

from a client perspective, we only want one dispute resolution service.

**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:**

tony ashworth

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

ph 9(2)(a) , te aroha

**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?**

*Respondent skipped this question*

**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
-