

#49

COMPLETE

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Q1 Overall, do you agree or disagree with [standard 1] and proposed commentary? **Don't know**

Q2 Please provide any comments on [standard 1] and the proposed commentary.

This Could be better worded by addressing the sophistication asymmetry between advisers and clients. In the commentary you call out "not exploiting clients vulnerabilities or lack of financial knowledge." It should be assumed that Advisers are more sophisticated than clients and responsible for directing clients product choices.

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Q3 Overall, do you agree or disagree with [standard 2] and proposed commentary? **Don't know**

Q4 Please provide any comments on [standard 2] and the proposed commentary.

Acting with integrity should not be isolated to providing financial advice. It could be expanded to include instances where advisers do not provide advice or directing clients away from advice, even though appropriate. This also doesn't mention the client or industry protections.

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Q5 Overall, do you agree or disagree with [standard 3] and proposed commentary? **Disagree**

Q6 Please provide any comments on [standard 3] and the proposed commentary.

To this point the disclosure of conflicts of interest has been so vague and non specific this doesn't add any value to the client. You have an opportunity to make it more prescribed or specific and you should consider that or consider removing it entirely for the markets ability to provide vague, confusing and non specific conflicts provide no value to the client or market. It is also very difficult to for some disclosures to be made accurately or specifically and therefor they can offer little actual value (sales targets incentives, conferences, perks (All Black games)...). Possibly consider a way to provide "any" real value to the client, as little to none has been provided to this point. Some options would include the previous years dollar value of incentives and likelihood of the current years remuneration. I am not sure how this provides value above 431J of the FMCA Act.

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Q7 Overall, do you agree or disagree with [standard 4] and proposed commentary? **Disagree**

Q8 Please provide any comments on [standard 4] and the proposed commentary.

I noted disagree because you are just repeating the 4311 of the FMCA Act, doesn't that just add an extra layer of complexity. My opinion would be to add value, don't just repeat the legislation. Your example calls out a more complex higher risk transactions, possibly consider focusing specifically on the level of advice for the adequate level of risk. More appropriate you might specifically state "Take obvious steps to ensure clients receive suitable advice to meet their best interest."

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Q9 Overall, do you agree or disagree with [standard 5] and proposed commentary? **Agree**

Q10 Please provide any comments on [standard 5] and the proposed commentary.

I love this! I would consider including the clients level of sophistication to "client's situation, needs, goals, and risk tolerance". It might be prudent to note that advice or a sale cannot be provided that is not "suitable" to the client, a bold step that some will hate, but in the clients best interest.

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Q11 Overall, do you agree or disagree with [standard 6] and proposed commentary? **Disagree**

Q12 Please provide any comments on [standard 6] and the proposed commentary.

Seems to be covered in other legislations. I am not sure if you are trying to simplify or it provides added complexity. In one sense it makes it easy for a would be FAP to provide oversight, but does it need to be called out when it is already addressed by other legislation.

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Q13 Overall, do you agree or disagree with [standard 7] and proposed commentary? **Neither agree nor disagree**

Q14 Please provide any comments on [standard 7] and the proposed commentary.

Oddly enough the definition does not address complaints about advice and/or suitability. It would also be helpful here to make a distinction between complaints about product providers, advice and/or administration errors. These are significantly different but Advisers/QFE's (would be FAP's), especially in aligned businesses, struggle with the distinction. You may want to consider suggesting the FMA create a pamphlet noting the process and timelines, that is to be mailed or emailed to each client upon making a complaint. Also, you could include minimum timelines to resolution, larger entities (FAP's) often have little incentive to close or settle. Also, notification to the client of PI Insurance representation or when a lawyer/legal team is representing the entity receiving the complaint. This would allow those making a complaint an understanding that there is a larger information/skill asymmetry benefitting the complainant so they are not easily influenced to stand down or close the complaint.

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Q15 Overall, do you agree or disagree with [standard 8] and proposed commentary? **Neither agree nor disagree**

Q16 Please provide any comments on [standard 8] and the proposed commentary.

This seems to be a necessary but little used catch all. In regards to "a person" how does that address FAP's with nominated representatives?

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Q17 Overall, do you agree or disagree with [standard 9] and proposed commentary? **Agree**

Q18 Please provide any comments on [standard 9] and the proposed commentary. **Respondent skipped this question**

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Q19 Overall, do you agree or disagree with [standard 10] and proposed commentary? **Neither agree nor disagree**

Q20 Please provide any comments on [standard 10] and the proposed commentary.

You bounce between entities and individuals and it is a bit confusing. The ambiguity of this standard, compared to the previous standard, could be confusing for some. Possibly including a suggested target or best practice of a FAP's risk and governance framework would be beneficial. Some consider this to mean that tracking and attaining the old CPD hours is gone entirely.

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Q21 Overall, do you agree or disagree with [standard 11] and proposed commentary? **Don't know**

Q22 Please provide any comments on [standard 11] and the proposed commentary.

As in the previous regime a belief that generic pooled investments are riskier or more complex than certain risk products seems to be naive. Individual DIMS or selling individual securities is likely to require more specific training and added risk for a client. But, advising on a selection of highly diversified funds not overly risky (KS or other diversified pooled assets funds). However, life, IP and trauma can be much more complex and have more significant adverse outcomes as can commercial or farm GI. Specifying investment planning as more risky than others is not accurate and misleading. Possibly consider referencing more complex or risky products, not just investment planning.

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Code Working Group - Online Submission Form

Q23 Overall, do you agree or disagree with [standard 12] and proposed commentary?

Neither agree nor disagree

Q24 Please provide any comments on [standard 12] and the proposed commentary.

Respondent skipped this question

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Q25 Is there anything missing from the draft Code?

Yes

Q26 If you answered yes, what is missing?

Respondent skipped this question

Q27 Do you have any feedback on the examples, or suggestions on other examples that should be included in the draft Code?

Those are noted above. In regards to complaints. Significant conflicts of interest exist between a complainant and a complaine. Often times the complaine being out of their league trying to argue against a 100% conflicted lawyer. This is grossly unfair to the client/complaine and should be addressed.

Q28 Is there anything else you want to say?

Respondent skipped this question

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Q29 Name

Steven Burgess

Q30 Your role or professional title

Director

Q31 Individual or organisational submission

This is a submission on behalf of an organisation (eg employer)

Q32 If you give financial advice...

I am not an AFA, RFA or QFE adviser

Q33 My organisation or I give the following types of advice...

My organisation or I do not give financial advice

Q34 Organisation Name

Compliance Refinery

Q35 Type of organisation

Compliance

Q36 Size of organisation

Small firm (1-10 staff)

Q37 If there are other things we should know about you or your business that would provide context to your answers, please provide details below.

Respondent skipped this question

Q38 Please indicate whether your submission contains any information that is confidential or whether you do not wish your name or any other personal information to be included in a summary of submissions.

Respondent skipped this question

Q39 Please provide your contact details (email and/or phone number) This is the only question that requires an answer. This information would not be released publicly. We may get in touch with you in order to help us understand particular points from your submission.

s 9(2)(a)

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