

How to have your say

Submissions process

The Ministry of Business, Innovation and Employment (MBIE) seeks written submissions on the questions raised in this document.

- Submissions on the questions in Part 3 of this paper (relating to the Financial Service Providers Register) are due by **5pm on Friday 29 January 2016**.
- Submissions on the questions in Part 1 and Part 2 of this paper are due by **5pm on Friday 26 February 2016**.

Your submission may respond to any or all of these questions. We also encourage your input on any other relevant work. Where possible, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples.

Please include your name, or the name of your organisation, and contact details. You can make your submission:

- By filling out the submission template online.
- By attaching your submission as a Microsoft Word attachment and sending to faareview@mbie.govt.nz.
- By mailing your submission to:

Financial Markets Policy
Ministry of Business, Innovation & Employment
PO Box 3705
Wellington
New Zealand

Please direct any questions that you have in relation to the submissions process to:

faareview@mbie.govt.nz.

Use of information

The information provided in submissions will be used to inform MBIE's policy development process, and will inform advice to Ministers on the operation of the Financial Advisers Act 2008 and the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

We may contact submitters directly if we require clarification of any matters in submissions.

Submissions are subject to the Official Information Act 1982. MBIE intends to upload PDF copies of submissions received to MBIE's website at www.mbie.govt.nz and will do so in accordance with that Act.

Please set out clearly with your submission if you have any objection to the release of any information in the submission, and in particular, which part(s) you consider should be withheld, together with the reason(s) for withholding the information under that Act.

If your submission contains any confidential information, please indicate this on the front of the submission, mark it clearly in the text, and provide a separate version excluding the relevant information for publication on our website.

MBIE reserves the right to withhold information that may be considered offensive or defamatory.

The Privacy Act 1993 establishes certain principles with respect to the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information you supply to MBIE in the course of making a submission will only be used for the purpose of assisting in the development of policy advice in relation to this review.

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Chapter 3 – Barriers to achieving the outcomes

1. Do you agree with the barriers outlined in the Options Paper? If not, why not?
Yes, definitely
2. Is there evidence of other major barriers not captured in the Options Paper? If so, please explain.
RFA's and QFE's not having to disclose fees, commissions, etc.

Chapter 4 – Discrete elements

3. Which options will be most effective in achieving the desired outcomes and why?
Between option 2 and 3 with alterations. I don't think RFA's have to have a Level 5 qualification as some of it is investing, etc, but they do need to have some qualifications, perhaps a level 3 or such that pertains to them. I also think that new Financial Advisers making up portfolios, etc., have to have a higher than Level 5 qualification as they do not have the experience. Need a Level 7 (CFP or equivalent). I don't think Salespeople is a good word. RFA's and QFE do need to go under the FMA. Tellers, etc., at Banks need to refer clients/customers to Financial Advisers and not be able to sign people up for KiwiSaver or risk insurance.
4. What would the costs and benefits be of the various options for different participants (consumers, financial advisers, businesses)?
The benefits would be greater competency and better outcome for consumers.
5. Are there any other viable options? If so, please provide details.
Where does sales and advice stop and start? There should be no sales as such.

4.1 Restrictions on who can provide certain advice

6. What implications would removing the distinction between class and personalised advice have on access to advice?

Class advice is no advice so this needs to be addressed.

7. Should high-risk services be restricted to certain advisers? Why or why not?
Yes, please note No.3. Some Level 5 advisers do not know very much about the markets, etc. only Managed Funds especially any new advisers coming into the industry.
8. Would requiring a client to 'opt-in' to being a wholesale investor have negative implications on advisers? If so, how could this be mitigated?
Shouldn't

4.2 Advice through technological channels

9. What ethical and other entry requirements should apply to advice platforms?
Level 7
10. How, if at all, should requirements differ between traditional and online financial advice?
If the adviser has a Level 7 and is ethical with competency this should not make a difference as long as they so a SOA
11. Are the options suggested in this chapter sufficient to enable innovation in the adviser industry? What other changes might need to be made?
As above

4.3 Ethical and client-care obligations

12. If the ethical obligation to put the consumers' interests first was extended, what would the right obligation be? How could this be monitored and enforced?
By AFA's, RFA's and QFE's to all have some qualification and work under a DIMS licencee
13. What would be some practical ways of distinguishing 'sales' and 'advice'? What obligations should salespeople have?
I don't think there should be salespeople in the industry
14. If there was a ban or restriction on conflicted remuneration who and what should it cover?
Everyone

4.4 Competency obligations

15. How can competency requirements be designed to lift capability, without becoming an undue barrier to entry and continuation in the profession?
If doing the job right shouldn't be a barrier.
16. Should all advisers be subject to minimum entry requirements (Option 1)? What should those requirements include? If not, how should requirements differ for different types of advisers?
As above, RFA's to have at least a Level 2 or 3, new AFA's to have a Level 7. QFE's should not be able to give advice.

4.5 Tools for ensuring compliance with the ethical and competency requirements

17. What are the benefits and costs of shifting to an entity licensing model whereby the business is accountable for meeting obligations (Option 1)? If some individual advisers are also licensed (Option 2), what specific obligations should these advisers be accountable for?
Just one licensing model whether entity or individual.

18. What suggestions do you have for the roles of different industry and regulatory bodies?
I don't think Lawyers, Accountants, Brokers should be allowed to give financial advice.

4.6 Disclosure

19. What do you think is the most effective way to disclose information to consumers (e.g. written, verbal, online) to help them make more effective decisions?
All 3 as there is different age groups
20. Would a common disclosure document for all advisers work in practice?
Not really
21. How could remuneration details be disclosed in a way that would be meaningful to consumers yet relatively simple for advisers to produce?
Similar to what AFA's have now.

4.7 Dispute resolution

22. Is there any evidence that the existence of multiple schemes is leading to poor outcomes for consumers?
Yes
23. Assuming that the multiple scheme model is retained, should there be greater consistency between dispute resolution scheme rules and processes? If so, what particular elements should be consistent?
Yes
24. Should professional indemnity insurance apply to all financial service providers?
Yes

4.8 Finding an adviser

25. What is the best way to get information to consumers? Who is best placed to provide this information (e.g. Government, industry, consumer groups)?
All groups as different age groups
26. What terminology do you think would be more meaningful to consumers?
Letting consumers know the difference between RFA's, AFA's and QFE's

4.9 Other elements where no changes are proposed

The definitions of 'financial adviser' and 'financial adviser service'

27. Do you have any comments on the proposal to retain the current definitions of 'financial adviser' and 'financial adviser service'?

No

Exemptions from the application of the FA Act

28. Are those currently exempt from the regime posing undue risk to consumers through the provision of financial advice in the normal course of their business? If possible, please provide evidence.

Yes, they are, as they very often tend to entice consumers into one off investments instead of diversifying and where they get a benefit.

Territorial scope

29. How can the FA Act better facilitate the provision of international financial advice to New Zealanders, without compromising consumer protection? Are there other changes that may be needed to aid this, beyond the technological options outlined in Chapter 4.2?

No

30. How can we better facilitate the export of New Zealand financial advice?

Media

The regulation of brokers and custodians

31. Do you have any comments on the proposal to retain the current approach to regulating broking and custodial services?

Not really

Chapter 5 – Potential packages of options

32. What are the costs and benefits of the packages of options described in this chapter?

A lot of benefits rather than costs.

33. How effective is each package in addressing the barriers described in Chapter 3?

Option 2 and 3 most effective

34. What changes could be made to any of the packages to improve how its elements work together?

As above.

35. Can you suggest any alternative packages of options that might work more effectively?

Package 4

Chapter 6 – Misuse of the Financial Service Providers Register

36. Do you agree with our assessment of the pros and cons of the options to overcome misuse of the FSPR?
Yes to a degree
37. What option or combination of options do you prefer and why? What are the costs and benefits?
Option 2 and 3 with some changes as above.
38. What are the potential risks and unintended consequences of the options above? How could these be mitigated?
That it is not done right as has happened before.
39. Would limiting public access to parts of the FSPR help reduce misuse?
Not sure

Demographics

1. Name:
Redacted
2. Contact details:
R Enter your email address, or other contact details here.
3. Are you providing this submission:
 As an individual
 On behalf of an organisation
(Describe the nature and size of the organisation here)

4. Please select if your submission contains confidential information:

I would like my submission (or specified parts of my submission) to be kept confidential, and attach my reasons for this for consideration by MBIE.

Reason: Redacted