

29 January 2015

Financial Markets Policy  
Ministry of Business, Innovation and Employment  
PO Box 3705  
Wellington

By email: faareview@mbie.govt.nz

**SUBMISSION on Part 3: Misuse of the FSPR  
Review of Financial Advisers Act 2008 and the Financial Service Providers  
(Registration and Dispute Resolution) Act 2008 Options Paper**

**1. Introduction**

Thank you for the opportunity to make a submission on part 3 of the Financial Advisers Act 2008 and Financial Service Providers (Registration and Dispute Resolution) Act 2008 Options Paper. This submission is from Consumer NZ, **New Zealand's leading consumer organisation**. It has an acknowledged and respected reputation for independence and fairness as a provider of impartial and comprehensive consumer information and advice.

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**2. General comments**

Consumer NZ agrees changes are required to the current legislation to address misuse of the Financial Service Providers Register (FSPR).

Our answers to the questions in part 3 of the Options Paper are set out below.

***Question 37 – What option or combination of options do you prefer and why?  
What are the costs and benefits?***

In our view, a combination of options is likely to achieve the best result.

We believe stronger registration requirements are necessary to prevent misuse of the register. The grounds for de-registration should also be expanded to ensure the intent of these provisions can be achieved. We agree with the ministry that existing deregistration powers have not been fully effective.

We think the territorial scope of the Financial Service Providers (Registration and Dispute Resolution) Act should be amended so all financial service providers that carry on a financial service business in New Zealand are captured and any off-shore entities that are not providing financial services here are precluded from registering on the FSPR.

Cases where off-shore providers have misleadingly used their registration to imply they have some form of official endorsement provide evidence of the problems with the existing process. In instances where these companies have failed, the financial dispute resolution schemes have proved ineffective in seeking redress for customers.

Requiring trust service providers and company service providers to register on the FSPR also seems to be a sensible option.

In our view, the consumer benefits and the reputational benefits to New Zealand of amending the legislation are likely to significantly outweigh any additional administrative costs.

***Question 38 – What are the potential risks and unintended consequences of the options above? How could these be mitigated?***

No comment.

***Question 39 – Would limiting public access to parts of the FSPR help reduce misuse?***

Although limiting public access to the FSPR may help reduce misuse we do not support option 5 or option 6. One purpose of the FSPR is to enable the public to access information about financial service providers. Removing or limiting public access to the FSPR would require substantial changes to the legislation and would result in the register no longer being a useful tool for consumers or advisers.

Consumer NZ supports the introduction of a more user-friendly and detailed register.

Thank you for the opportunity to make a submission on the Options Paper. If you require any further information, please do not hesitate to contact me.

Yours sincerely

Sue Chetwin  
Chief Executive