

Submission on discussion document: *Financial advice provider licensing fees and changes to the FMA levy*

Your name and organisation

Name	Paul Carrick
Organisation	The AMP Adviser and Adviser Business Association INC

Responses to discussion document questions

FMA licensing fees

- 1 *Do you agree with the identified objectives for fee setting? Are there other objective which should be considered?*

No objections
- 2 *Do you have any comments on our proposed transitional licensing fees as set out in the discussion document?*

No
- 3 *Do you have any comments on our assessment of the proposed full licensing fees as set out in the discussion document?*

That there is full understanding for applicants around what constitutes entities such as a FAP giving advice on its own behalf, what an authorised body is and is not .

This is important so that fee charging is appropriate and in some cases an entity may better treated as a “look through “ and not attract fees to avoid unfair fee charging.

For example what would now be construed as a dealer group sets up a FAP, underlying that is a number of business entities that employ FAs and they are the only people in that business providing advice (the FAs will be accounted for) to then make the business entities also pay licencing would not appear appropriate.

Changes to the FMA Levy

- 4 *Do you agree with the identified objectives for setting the levy amounts that will apply in the new financial advice regime? Are there other objectives which should be considered?*
- 5 *Do you have any comments on the proposed levy? Are there any further advantages or disadvantages to our proposal?*
- 6 *Should the levy relating to financial advisers be payable by the financial adviser as proposed,*

or the financial advice provider?

Having the Licence paid by FAP for FA's, then the levy by FA is not consistent, given that there will be many differing contractual arrangement types between FAP and FA's, an alternative is that there is a commercial agreement between FAP and FA, then the decision could lie with individual parties of who pays what component rather than the legislated split

7 *Do you have any comments on the alternative options set out in the discussion document? Are there other options, or variations on the alternative options, that should be considered?*

If the approach is to Levy on Volume Basis then it should be applied across all areas, not just confined to Investment, if this methodology is combined with a hybrid of Per person as above, then there is a danger in double fee collection and un-required complexity

8 *What would the costs and benefits be of providing relief to single adviser businesses?*

If there are more single adviser benefits than your assumptive model, overall fee collection will suffer, if you assume that single adviser equals low monitoring by FMA and therefore low fee then this assumption could be misplaced

Changes to levies relating to authorised bodies

9 *Do you have any comments on the proposed changes to the levies that relate to authorised bodies?*

If the fees are already being paid by another providers licence, including NRs and FAs and the Authorised Entity is not providing advice in its own right, the Authorised Body should be "looked through" and no levy applicable

Assumptions

10 *Do you have any comments on the assumptions used in this paper as outlined in Annex 1 of the discussion document?*

The assumptions underestimate the number of FAPS that could have a nominated Representative, and appears to have the basis that "NR's would be in large FAPS", whereas the use of a NR is equally applicable for small businesses to allow those businesses to deliver customer outcomes in an effective, compliant and cost efficient way.

It would be disappointing if the beliefs behind the Assumptions of how the market participation will look, prohibits or reduces the flexibility of the different entities to deliver financial advice to new Zealanders in an effective way.

Other comments