

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

## Your name and organisation

Name	<u>Malcolm Papworth</u>
Organisation	<u>TripleA Advisers Association</u>

## 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?

We Agree

2 Do you have any comments on our proposed transitional licensing fees as set out in the discussion document?

We feel \$363 application fee is fair, however, some examples of how the Authorised Body is defined would be advantageous, especially when you have 21% of current AFA's being single Adviser practices, who up until now have been registered on FSPR in their own names but may operate within a company structure within a FAP.

3 Do you have any comments on our assessment of the proposed full licensing fees as set out in the discussion document?

We feel that there should be a NEW licence fee category for the "Single Adviser Business that engages a nominated representative" where the fee should sit between \$575 and \$730.

Reason – Within the 21% of Single Advisory businesses there will be a reasonable number who have staff that are currently helping the Advisor look after their KiwiSaver clients and ParaPlanners who under this new financial advice model would want to take-up the opportunity to up skill these employees to be a "Nominated Representative"

### 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?

WE Agree

5 Do you have any comments on the proposed levy? Are there any further advantages or disadvantages to our proposal?

The initial FSPR registration Levy should be \$230, for all existing people who are already

registered on FSPR site.

The proposed \$460 levy for existing FSPR registrants portrays that FMA are double dipping Levy's.

6

*Should the levy relating to financial advisers be payable by the financial adviser as proposed, or the financial advice provider?*

Financial Adviser – as Financial adviser may work under more than one 'financial advice provider'.

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?*

Keep it Simple in respect to the Tiered levy for each additional nominated representative by just charging \$179 as opposed to introducing a higher tier option

8

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

We feel the annual \$230 levy is fair, then if the single adviser business has a nominated representative that would incur an additional annual levy of \$179, then an additional financial adviser annual levy of \$267 [total would be \$ 676] provides relief at a reasonable cost for these benefits.

#### Changes to levies relating to authorised bodies

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

Based on our comments in point 8, we would not want a single adviser FAP paying an additional \$460 on top of the \$230 or \$676 as above point 8 scenario.

#### Assumptions

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

It is definitely not correct for FMA to assume 'that all current QFE's will apply to become financial advice providers'.

Many of our members who are currently QFE members of Life Insurance companies were advised before 25 December 2018 that they will not be invited to become nominated representatives of that Life Insurance company, for which they are currently in as a QFE.

Since the release of the FMA report into Life Insurance companies in January 2019, we are hearing that some Life Insurance companies are now not considering applying for a financial service provider license.

#### Other comments