

To whom it may concern,

My submission focuses solely on the parts of the Financial Services Legislation Amendment Bill related to the Financial Service Providers Register (FSPR). In the submission form provided this covers questions 16 to 21.

Firstly I am encouraged to see the Government taking the long running problems with the FSPR, that are damaging to New Zealand's international reputation, seriously. The changes proposed should certainly strengthen the oversight regime. (The changes are detailed here <http://www.interest.co.nz/news/86078/govt-seeks-lift-focus-nominee-directors-bring-anti-money-laundering-picture-attempt-clean>)

However, I believe the best solution is simply abolishing the FSPR. The FSPR is passed its use by date. New Zealand simply no longer needs it. So why take the risk, by retaining it, that those with the inclination to misuse it, will simply find ways around the new rules and continue doing so?

The key question here is; of what value and use is the FSPR to New Zealand in 2017 and beyond? I argue none, as I have detailed here <http://www.interest.co.nz/opinion/84239/gareth-vaughan-argues-government-should-stop-tinkering-financial-service-providers>

To give some context around the scale of the problem, since 2014 the Financial Markets Authority (FMA) has received enquiries about New Zealand registered financial service providers from 83 countries. Over the same time period the FMA has received 340 misconduct reports about New Zealand registered financial service providers from overseas.

The FMA has, since 2014, had the power to direct Companies Registrar Mandy McDonald to deregister companies from the FSPR where they fail to provide a financial service to New Zealanders or where the FMA believes their only objective is to give the false impression overseas that they are regulated in New Zealand.

For fuller detail on the enquiries and misconduct reports received by the FMA please see this article <http://www.interest.co.nz/business/86572/global-abc-where-new-zealands-financial-service-providers-register-has-been-wrecking>

Another issue I believe needs addressing is the fact that once deregistered from the FSPR companies are able to remain as New Zealand registered companies.

Surely it is illogical that a company is deregistered from the FSPR because it is deemed to be bringing New Zealand's reputation into disrepute overseas, but it is allowed to remain a New Zealand registered company and continue on its merry way?

This issue is addressed in detail in this article here <http://www.interest.co.nz/opinion/86769/gareth-vaughan-argues-companies-office-needs-pull-finger-and-help-fma-out-if-nzs>

Regards,

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