

# Enforcement in the new financial advice regime

This diagram provides an overview of the organisations that play a role in enforcing the new regulatory regime for financial advice or providing redress for consumers.

## Financial Markets Authority (FMA)

- › Responsible for monitoring financial advice providers and considers breaches that have been notified by **clients** and **dispute resolution schemes**.
- › Can take court action against **financial advice providers** (and **financial advisers and nominated representatives**)
- › Has a range of licensing and enforcement tools in the FMC Act including censure and loss of licence for **financial advice providers**.
- › Can direct deregistration or suspension of financial advisers on the FSPR.

Having investigated a complaint against a **financial adviser**, the FMA can refer a case to the FADC.

## Financial Advisers Disciplinary Committee (FADC)

Considers complaints against **financial advisers** and can use a range of disciplinary tools (e.g. direct deregistration, suspend registration, censure, impose conditions on giving financial advice, require training, and/or, fines up to \$10,000).

## Approved Dispute Resolution Schemes (DRS)

- › All **financial advisers** and **financial advice providers** are required to belong to an approved dispute resolution scheme (financial advisers are exempt from being a member if their financial advice provider is).
- › Approved dispute resolution schemes consider complaints raised by **retail clients**, and may award compensation.
- › Schemes are required to notify the FMA if a member has, or is likely to, contravene any financial markets legislation in a material respect.

## Courts of New Zealand

- › Can consider cases brought by the FMA (including cases brought by the FMA on behalf of clients) and have a range of civil liability orders (including pecuniary penalties and compensatory orders) set out in the FMC Act.
- › Can consider cases brought by clients (including complaints that are outside of the DRS's jurisdiction).
- › Can consider appeals against disciplinary decisions of FADC.