



29 March 2017

Ministry of Business, Innovation and Employment  
By email: [faareview@mbie.govt.nz](mailto:faareview@mbie.govt.nz)

### **Consultation Paper: New Financial Advice Regime**

We refer to the consultation paper titled “New Financial Advice Regime” (“**Consultation paper**”) and the draft Financial Service Legislation Amendment Bill (“**The Bill**”) and proposed transitional arrangements published by the Ministry of Business, Innovation and Employment (“**MBIE**”). We would like to thank MBIE for the opportunity to make a submission.

NZX Limited (“**NZX**”) supports the submission made by the Securities Industry Association (“**SIA**”) in respect of its comments regarding the co-mingling of client funds.

Earlier in March, NZX submitted to the FMA regarding exemptions for non-NZX broker on the same issue. NZX agree with the assessment made by the SIA in its submission and notes that 77P(1A), carried over to the exposure draft of the legislation as s431X, is problematic for the reasons outlined in that submission. It is unlikely that these issues will be resolved as there appears to be no other option besides having a buffer in client accounts. We ask MBIE to revisit whether a blanket prohibition of comingling should be carried over “as is” to the new legislation.

NZX again thanks MBIE for the opportunity to submit comments on the Consultation Paper and is happy to discuss any of these comments further.

Yours sincerely  
**REDACTED**

Hamish Macdonald  
**NZX Head of Policy and Legal**