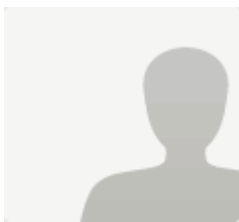


#27



COMPLETE

PAGE 2: Role and regulation of financial advice

Q1: Do you agree that financial adviser regulation should seek to achieve the identified goals? If not, why not?

Respondent skipped this question

Q2: What goals do you consider should be more or less important in deciding how to regulate financial advisers?

Respondent skipped this question

Q3: Does this definition adequately capture what financial advice is? If not, what changes should be considered?

Respondent skipped this question

Q4: Is the distinction in the Financial Advisers Act (FA Act) between wholesale and retail clients appropriate and effective? If not, what changes should be considered?

Respondent skipped this question

Q5: Is the distinction in the Act between a personalised financial service and a class service appropriate and effective? If not, what changes should be considered?

Yes

Q6: Is it appropriate to have different requirements on advisers depending on the risk and complexity of the products they advise upon?

Yes of course

Q7: Does the current categorisation system accurately reflect the level of complexity and risk associated with financial products? If not, how could it be improved?

No, AFAs providing advice on low risk insurance products have to apply same standards as higher risk investment products which over complicates things for advisers and clients. Can drive some execution only transactions when personalised advice would be better.

Q8: Do you think that the term Registered Financial Adviser (RFA) gives consumers an accurate understanding of what these advisers are permitted to provide advice on and the requirements that apply to them? If not, should an alternative term be considered?

Not at all, some clients think RFA is higher authorisation than AFA - everyone providing financial advice needs same authorisation - maybe AFA - insurance, AFA - financial advice, AFA - mortgage broker etc

Q9: Are the general conduct requirements applying to all financial advisers, including RFAs, appropriate and adequate? If not, what changes should be considered?

Yes but everyone should have same requirements as AFAs

Q10: Do you think that disclosing this information is adequate for consumers? Should RFAs be required to disclose any additional information?

Common disclosure needed

Q11: Are there any particular issues with the regulation of RFA entities that we should consider?

Unsure

Q12: Are the costs of maintaining an adviser business statement justified by its benefits? If not, what changes should be considered?

No, these are only used by the FMA and of no benefit for clients.

Q13: Is the distinction between an investment planning service and financial advice well understood by advisers and their clients? Are any changes needed to the way that an investment planning service is regulated?

Not at all - lets be more explicit about what is actually being provided 'investment planning' is too vague.

Q14: To what extent do advisers need to exercise some degree of discretion in relation to their clients' investments as part of their normal role?

Unsure

Q15: Should any changes be considered to reduce the costs on advisers who exercise some discretion, but are not offering a funds management-type service?

Unsure

Q16: Are the current disclosure requirements for Authorised Financial Advisers (AFAs) adequate and useful for consumers?

Adequate yes, useful no. Remuneration disclosure pointless unless disclosing business costs also, this is based on assumption that commission drives advice which is no the case. Clients are really not interested, and can't believe the paperwork provided for a simple discussion.

Q17: Should any changes be considered to improve the relevance of these documents to consumers and to reduce the costs of producing them?

Yes, how about a single document with generic range of fees/charges shown with clients to sign separate terms of engagement type document as they already do with most businesses, also remove remuneration disclosure which clients do not care about.

Q18: Do you think that the process for the development and approval of the Code of Professional Conduct works well?

Unsure

Q19: Should any changes to the role or composition of the Code Committee be considered?

Unsure

Q20: Is the Financial Advisers Disciplinary Committee an effective mechanism to discipline misconduct against AFAs?

Unsure

Q21: Should the jurisdiction of this Committee be expanded?

Unsure

Q22: Does the limited public transparency around the obligations of Qualifying Financial Entities (QFEs) undermine public confidence and understanding of this part of the regulatory regime?

Unsure

Q23: Should any changes be considered to promote transparency of QFE obligations?

Unsure

Q24: Are the current disclosure requirements for QFE advisers adequate and useful for consumers?

Unsure

Q25: Should any changes be considered to improve the relevance of these documents to consumers or to reduce the costs of producing them?

Unsure

Q26: How well understood are the broker requirements in the FA Act? How could understanding be improved?

Unsure

Q27: Are these requirements necessary and/or adequate to protect client assets? If not, why not?

Unsure

Q28: Should consideration be given to introducing disclosure requirements for brokers? If so, what would need to be disclosed and why?

Yes, why not - they probably deal with larger commissions and fees than many AFAs would so why have a separate structure for brokers? They should have to disclose both fees and commissions and in particular when they are receiving both.

Q29: What would be the costs and benefits of applying the broker requirements in the FA Act to insurance intermediaries?

Unsure

Q30: Are the requirements on custodians effective in reducing the risk of client losses due to misappropriation or mismanagement?

Unsure

Q31: Should any changes to these requirements be considered?

Unsure

Q32: Is the scope of the FA Act exemptions appropriate? What changes should be considered and why?

Unsure

Q33: Does the FA Act provide the Financial Markets Authority (FMA) with appropriate enforcement powers? If not, what changes should be considered?

Unsure

Q34: How accessible and useful is the guidance issued by the FMA? Are there any improvements you would like to see?

Email updates good but more explicit direction would be appreciated rather than guiding principles.

PAGE 3: Key FA Act questions for the review

Q35: What changes should be considered to make the current regulatory regime simpler and easier for consumers to understand? For example, removing or clarifying the distinction between AFAs and RFAs.

Single authorisation class with different underlying sub authorisations.

Q36: To what extent do consumers understand that some financial advisers' primary roles may be selling financial products, rather than solely acting as an unbiased adviser to their clients?

They probably don't but how do you uncover those who are sales agents vs truly unbiased adviser?

Q37: Should there be a clearer distinction between sales, information provision, and advice? How should such a distinction be drawn? What should or should not be included in the definition of financial advice?

Yes, advice needs to be explicit personalised opinion, execution only does cover ability to provide information without advice.

Q38: Do you think that current AFA disclosure requirements are effective in overcoming problems associated with commissions and other conflicts of interest?

No - don't automatically assume there is a problem with commissions leading to conflict of interest - prove there is a problem and then consider how to address.

Q39: How do you think that AFA information disclosure requirements could be improved to better assist consumer decision making?

Make them shorter, combine into single document with really important details. Don't assume disclosure requirements actually assist consumer decision making!

Q40: Do you support commission and conflict of interest disclosure requirements being applied to all financial advisers? If so, what requirements are appropriate for different adviser types?

Yes, same requirements for all.

Q41: Do you think that commissions should be restricted or banned in relation to financial advice, and if so, in what way? What would be the costs and benefits of such an approach?

No, will drive lower end of market out of receiving financial advice as it will be uneconomic for advisers and unaffordable for clients to pay fees.

Q42: Has the right balance been struck between ensuring advisers meet minimum quality standards and ensuring there is competition from a wide range of providers (and potential providers)?

Unsure

Q43: What changes could be made to increase the levels of competition between advisers?

Plenty of competition at present - but make the banks play on the same field rather than staff hiding behind QFE status.

Q44: Do you think that the Code of Professional Conduct for AFAs strikes the right balance between requiring them to understand their clients and ensuring that consumers can get advice on discrete issues?

Unsure

Q45: To what extent do you think that the categorisation of types of advice and advisers is distorting the types of advice and information that is provided?

Unsure

Q46: Are there specific compliance requirements from the FA Act regulation that have affected the cost and availability of independent financial advice?

All of it!

Q47: How can regulatory requirements be made less onerous without reducing the quality and availability of financial advice?

As previous, simplified disclosure good start with same authorisation requirements for all advisers.

Q48: What impact has the Anti-Money Laundering and Countering Finance of Terrorism Act had on compliance costs for advisers? How could these costs be minimised?

Increased compliance costs, remove requirements for majority of simple low risk transactions.

Q49: What impact do you expect that KiwiSaver decumulation will have on the market for financial advice in New Zealand? Are any specific changes to regulation needed to specifically promote the availability of KiwiSaver advice?

More need for advice but may be limited pool of advisers willing to offer other than banks with funds in winddown mode.

Q50: What impact do you expect that the introduction of the Financial Markets Conduct Act (FMC Act) will have on the market for financial advice in New Zealand? Should any changes to the regulation of advice be considered in response to these changes?

Unsure

Q51: Do you think that international financial advice is likely to increase? Is the FA Act set up appropriately to facilitate and regulate this?

Unsure

Q52: How beneficial are the current arrangements for trans-Tasman mutual recognition of qualifications? Should further arrangements be considered?

Unsure

Q53: In what ways do you expect new technologies will change the market for financial advice?

More advice provided remotely / email / Skype etc, reducing some overheads but creating new problems.

Q54: How can government keep pace with technological developments to ensure that quality standards for advice are maintained, without inhibiting innovation?

More online tools, template model reports etc

Q55: Are the minimum ethical standards for AFAs appropriate and have they succeeded in fostering the ethical behaviour of AFAs?

Yes

Q56: Should the same or similar ethical standards apply to all types of financial advisers?

YES

Q57: What is an appropriate minimum qualification level for AFAs?

Current is fine (I have higher qualification so can say this without trying to avoid further training) - what would be achieved by higher qualification level other than further reduce the pool of advisers?

Q58: Do you think that RFAs (for example insurance or mortgage brokers) should be required to meet a minimum qualification relevant to the area of advice they specialise in? If so, what would be an appropriate minimum qualification?

Yes, same as AFAs with relevant endorsement

Q59: How much consideration should be given to aligning adviser qualifications with those applying in other countries, particularly Australia?

Some

Q60: How effective have professional bodies been at fostering professionalism among advisers?

IFA very good, others unsure

Q61: Do you think that professional bodies should play a formal role in the regulation of financial advisers and if so, how?

Of course, these are practitioner bodies with real world knowledge of client needs

Q62: Should any changes be considered to the relative obligations of individual advisers and the businesses they represent? If so, what changes should be considered?

No

Q63: Is the QFE system achieving its goals in terms of consumer protection and reducing compliance costs for large entities? If not, what changes should be considered?

Unsure

PAGE 4: Role of financial service provider registration and dispute resolution

Q64: Do you agree that the Register should seek to achieve the identified goals? If not, why not?

What do you mean?

Q65: What goals do you consider should be more or less important in reviewing the operation of the Register?

Unsure

Q66: Do you agree that the dispute resolution regime should seek to achieve the identified goals? If not, why not?

What do you mean?

Q67: What goals do you consider should be more or less important in reviewing the dispute resolution regime?

Unsure

PAGE 5: How the FSP Act works

Q68: Does the FMA need any other tools to encourage compliance with financial service provider (FSP) registration? If so, what tools would be appropriate?

No

Q69: What changes, if any, to the minimum registration requirements should be considered?

None other than same standard for all

Q70: Does the requirement to belong to a dispute resolution scheme apply to the right types of financial service providers?

Unsure

Q71: Is the current framework for the approval of dispute resolution schemes appropriate? What changes, if any, should be considered?

Unsure

Q72: Is the current framework for monitoring dispute resolution schemes adequate? What changes, if any, should be considered?

Unsure

Q73: Is the existence of multiple schemes and the incentive to retain and attract members sufficient to ensure that the schemes remain efficient and membership fees are controlled?

Unsure

Q74: Should the \$200,000 jurisdictional limit on the size of claims that dispute resolution schemes can hear be raised in respect of other types of financial services, and if so, what would be an appropriate limit?

Unsure

Q75: Should additional requirements to ensure that financial service providers are able to pay compensation to consumers be considered in New Zealand?

Unsure

PAGE 6: Key FSP Act questions for the review

Q76: What features or information would make the Register more useful for consumers?

Easier to understand, clear details on authorisation

Q77: Would it be appropriate for the Register to include information on a financial adviser's qualifications or their disciplinary record?

Maybe

Q78: Do you consider misuse of the Register by offshore financial service providers is a significant risk to New Zealand's reputation as a well-regulated jurisdiction and/or to New Zealand businesses?

Unsure

Q79: Are there any changes to the scope of the registration requirements or the powers of regulators that should be considered in response to this issue?

Unsure

Q80: What are the effects of (positive and negative) competition between dispute resolution schemes on effective dispute resolution?

Unsure

Q81: Are there ways to mitigate the issues identified without losing the benefits of a multiple scheme structure?

Unsure

Q82: Are the current regulatory settings adequate in raising awareness of available dispute resolution options? How could awareness be improved?

Unsure

PAGE 7: Demographics

Q83: Please provide your name and/or the name of the group of people, business, or organisation you are providing this submission on behalf of:

Ross Frater / Core Advice Ltd

Q84: Please provide your contact details:

18(d)

Q85: Are you providing this submission:

Q86: If submitting on behalf of an organisation:How many people are in the organisation, or work in the organisation, that you are providing this submission on behalf of?

1

1-5

Q87: I would like my submission (or specified parts of my submission) to be kept confidential, and explain my reasons for this, for consideration by MBIE:

No
