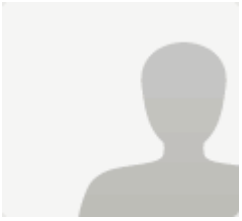

#12

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?

Yes. The identified goal of promoting consumer confidence in sound, effective and efficient financial advice.

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

The goal should be to provide clarity, simplicity and transparency to consumers and an environment that is economically feasible to operate in for financial advisers, with certainty of that environment..

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

Yes, the definition is adequate but the regulations possibly don't capture the reality of all aspects of financial advice. For example the Regulations are heavily slanted towards the provision of financial advice in the managed funds space, but what about 'special partnerships,' syndicated investments, property investments, off shore investments, futures trading, commodity trading, purchasing a diary farms for an investment or rental property. All of these and many others may require 'financial advice.'

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?

The distinction is clear but not many consumers would be aware, and the difference is debatable. Therefore I conclude it is not appropriate and effective. In my opinion their should be a distinction between wholesale and retail investors but rather a distinction between 'transaction no advice' and 'transaction with advice' clients. The consumers should have the right as to how they want to engage. It would be wrong to assume that just because a client had a large amount of wealth that they financially literate.

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?

Mostly it is OK but again little understood by consumers. Maybe 'Class Advice' should be preambled by, "this is Class Advice." I think particularly in the KiwiSaver space consumers do not relate to the difference between 'personalised' and 'class' advice. This is possibly because the least financially literate consumers first engage in the KiwiSaver environment.

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

Yes. The current RFA, AFA, QFE environment is very confusing to consumers. They think that if you are an RFA you must have a superior qualification because they relate it to 'Registered Surveyors' or Registrars in a hospital. There should be one designation - AFA with a denoter. i.e. AFA (risk insurance), AFA (Mortgages), AFA (investments), AFA (banking) etc.

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. See comments above. The QFE environment is misleading because anything other than a transaction requires advice and should be referred to an AFA with the appropriate competency. The QFE environment was put in place to protect banks and large financial institutions who would not have been able to operate. The time has come for the QFE system to be abandoned and the AFA designation to be strengthened and expanded. There should be provision for 'transaction no advice' like banks and sharebrokers where the client instructs what they want done but do not seek advice .

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?

No. The RFA designation should be abandoned and replaced with the AFA designation and all RFA's should be suitably trained and qualified to advise in the field they operate in. Insurance products are complex and consumers situations are often complex. They require suitably qualified people to match the right product to the individual consumers situation.

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

There should be one standard for all.

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

I don't think there should be RFA's. If there are, again they should be subject to the same standards of practice, ethical operation and disputes requirements. RFA's deal in matters of considerable financial concern to the well being of their clients future. Their activity should be subject to the same scrutiny as an AFA.

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

See comments above. These comments apply equally to QFE's. If Financial Advice was available only through and AFA there would be no need for RFA's and QFE's or categories of advice. There would be one standard and one expectation for all, within different designations. e.g. AFA (fire and general broker) could not give advice on mortgages.

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

Probably not at this stage, but it is a great concept and should be expanded. Most AFA's are subject to voluntary audit on their ABS and AML/CFT activity as well as their practice activity. In my opinion AFA's should be subject to bi-annual compulsory audit, to make sure that they are compliant with the various Acts, Regulations and Code. This could be done (as it is now) by independent contractors who in turn would be subject to FMA Audit. This would be little or no additional cost to Advisers (if they are currently subject to audit) and a big saving in time and resources for the FMA. The ABS could contain a lot of information on the Disclosure document and should be available to the public on the Advisors register.

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?

In my opinion it is well understood by advisers but maybe not so much by their clients. I think this depends on the level of engagement. You get into grey areas when you have Real Estate Agents advising on "rental property investments," or accountants advising on retail deposit investments or managed funds, or KiwiSaver for that matter. I don't think changes are need, it just needs everyone operating in the financial services/market area to understand their obligations and responsibility. My earlier comments about designation and audit would sort a lot of those issues out. I don't think that real Estate agents should be stopped from selling 'rental property investments,' I just think that they should make it clear that it is a transaction and not advice is being given.

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?

The DIMS regime is difficult. I understand why it was developed, to limit rogue trading and fraud. However, I think there are simpler ways of achieving the same thing. One way would be for the intermediary, the fund manager/platform provider and the Trustee to be unrelated entities, and the client to have a nominated bank account through which all money must flow. Under the previous regime we had a limited POA for our clients. This allowed us to rebalance within the portfolio in accordance with the mandate, to buy and sell securities in order to obtain cash for them (which went through their nominated bank account) and to hold investments on call for a period of time during market volatility. This was a good service appreciated by our clients. Under the DIMS regime unless we are licenced we are not able to perform these services. I don't believe DIMS was set up for this purpose.

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?

As above we have not licensed for DIMs because of the cost and compliance for a service that we might use 10 - 15 times a year. It is not economical and our clients are worse off because of it.

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

Consumers are bombarded by too much paper. They understand that we have to provide a Primary Disclosure form but they are not interested. They think that if we are authorized and registered then we must be suitably qualified to deal with them. I think the Primary Disclosure should be modified/simplified or absorbed into the Scope of Service document. I also think that a small photo to identify the adviser would be helpful. Public access to the ABS on the Advisers register would also be a step in the right direction. The Scope of Service designates method of payment and agreed amount if a fee on time is being charged. The ABS (which should be available to the Public) should carry details of the Advisers, qualifications, experience and competency. The Secondary Disclosure document within the SOA is helpful

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

One of the major problems is the complex nature of the SOA (Statement of Advice). Consumers find it a bit daunting. It can run from 10 to 60 pages or more depending how complex the situation. The SOA should detail the clients current situation, what is being recommended and why as well as the Secondary Disclosure document requirement. The research and rational should be appended to the clients file and be available upon request. This information should also be subject to the bi-annual audit to ensure that the adviser followed due process in arriving at their recommendations.

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

In my opinion the process for developing and approving the Code ids robust and draws on the appropriate advice.

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

There has been good emphasis put on protecting the consumer but now attention needs to be directed at making things simpler and easier for consumers without losing the main goal. In my opinion this can be achieved by reducing costs to the FMA and compliance complexity and cost to advisers. The tools are there it is just a matter of how they are deployed.

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

It appears to be, but I don't think that it has been severely tested. That in itself is testament to the vast majority of Advisers operating well in the current regime.

Q21: Should the jurisdiction of this Committee be expanded?

The jurisdiction should extend to everyone operating under the Act and providing 'financial advice.'

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?

Yes. The Public don't understand what a QFE is or how it operates. It is time for them to be abandoned. Given my earlier comments there would be no need for QFE's. The Public don't understand that under a QFE they could well be provided with a product that is not in there best interests or reasonable for their purpose. That there are other alternatives. This is particularly true when it comes to specialised area like income protection insurance. As KiwiSaver balances grow qualified advice will become more and more essential.

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

Yes. Given my comments above if there are going to be QFE's then the public needs to be aware that they are not providing advice but rather product of the provider and a limited transaction service.

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

Not sure, but certainly consumers do not know what limited product and that there is no advice through a QFE unless it is referred to and AFA. That is the problem with Disclosure documents, consumers don't understand them and fe read them.

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

They should be briefer, more concise, carry a photo of the person they relate to or better still be incorporated into a Scope of Service.

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

Brokers understand them but again the general public get lost.

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

The requirements of the Act are adequate if they are followed. As mentioned earlier, mandatory audit on a regular basis would ensure that the requirements of the Act are being adhered to. The 'clients assets' will be protected if the broker does their job correctly and is knowledgeable about what they are doing. Best practice audits will flush out those who are not compliant. All should operate under the same Act and scrutiny.

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

It was my understanding that Brokers were required to provide Disclosure.

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

The same as it is for AFA's. Most broker houses as far as I am aware Disclose and run compliant businesses therefore there should be no additional cost. For the consumer it should be transparent and clear. Trust accounts should be separate and subject to audit as should best practice as mentioned previously.

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

It is businesses that operate on the fringe or totally disregard the regulations that cause loss. See comments above.

Q31: Should any changes to these requirements be considered?

Separate Trust accounts subject to audit. It is not the brokers money. Similar to the way and the controls that operate for Solicitor's Trust accounts.

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

No comment.

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

The provides adequate powers the issue is the enforcement or application of those powers.

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

They are helpful and useful. The old adage of innocent until proven guilty can be a problem. If the FMA has someone under investigation then I think that this should be published. I know that can create problems for an innocent party but too often there is no apparent or visible action being taken by the FMA which undermines the FMA's credibility. If someone is under investigation and ultimately cleared then this too should be subject to public announcement.

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.

Discussed previously.

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?

In my opinion it is not an issue. Consumers understand that if they have a problem then they need a product to fix it, they expect that part of the advice process is going to be to sell them a product that is suitable for their needs. In our situation if we are solely providing advice or maybe a second opinion about previous advice then we charge a fee and consumers understand and expect this.

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?

No it is not necessary. Customers know and expect to pay. In most instances the distinction is very blurred and to separate them would add another layer of complexity and cost into a process we are trying to simplify to make more easily understood. The German models draws a distinction between advice and sales. It does not appear to add any advantage to the customer and in a lot of instances creates barriers towards a good outcome to customers according to German adviser whom I have interviewed. It destroys the trust relationship. The customer just wants their problem solved, quickly and effectively in a way they can understand and by someone they feel they can have a professional relationship with.

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

Yes, I definitely do. I think that the Secondary Disclosure document is an effective tool. Consumers should be aware of what they are paying for and to whom, for the services they are receiving. I also think that it is reasonable that conflicts of interest are declared. That sometimes sounds good in theory but can be difficult in practice. e.g. we might be eligible for a bottle of wine, a rugby ticket or even an international trip from a company dependent upon the volume of business we give them. In our practice we don't take them (many others do) but because the potential is there we are required to disclose them. It does distort the actual value we receive. However, having said that it does not appear to be a problem with our clients and they do not take issue with it. We will continue to disclose. The attendance at company conferences whether off shore or on shore provide an opportunity for further learning and peer to peer interaction, which also boosts learning and knowledge.

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

Disclosure needs to be consistent across everyone. I do think that Disclosure of commissions and fees should be in percentages not dollars except where there is a specific fee for specific service. The hourly rate of the adviser and staff should also be part of the Disclosure. Percentages are better because things change through the planning process which affect dollar outcomes. If fees and commissions are expressed in percentage terms then it is clearer to all concerned and does not require the production of continuously amended Secondary Disclosures which become a distraction to main purpose of the advice.

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. See above and all who are involved in providing Financial Advice should have the same level of Disclosure including accountants, solicitors, fire and general brokers, QFE's and others. QFE's should have to declare the limited scope of their advice if such a limit exists. i.e. a bank advising and selling strictly bank product.

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. Remuneration for Financial Advice is generally remunerated in three ways; commission, percentage fee and hourly fee. All are appropriate in differing circumstances. The current system works so why change it. I haven't seen any evidence where lower commissions have resulted in more insurance being sold. In fact the reverse would be true. We need to attract more people to the Financial Services industry and we need to reduce the amount of administration. These are the two major factors that affect productivity. Insurance is different to other commodities. It rarely satisfies an immediate need or want. It is a promise of protection for an event at some future date that might or might not happen. People only purchase insurance because they love someone or they perceive harm from an event at some future date. It is not an easy concept to get across, which is why most people are grossly under insured. this in turn places a greater burden on the Welfare State. So there is a social cost. Commission is the most appropriate method of remuneration because it incentives advisers who work hard and are productive. The product price operates in a competitive market, it should be up to the product providers to determine how they remunerate their advisers. There will be some advisers that will chase the dollars but this is OK providing that they can demonstrate that they have placed the interests of their clients first and that their client has not been disadvantaged.(the bi-annual audit.) In our firm we use renewal commission as our model because we want to grow the value of our business and we want to have the security of a steady flow of income. Other advisers want their commissions up front because they don't want to defer their cash flow and it keeps them incentivise to keep producing. Advisers do an awful lot of work for no remuneration and the commission system is a way of levelling this out. Banks work on salary system and yet some of the worst 'advice' I have seen would come out of Bank insurance. The problem is that bank staff are expected to meet 'insurance sales' targets i order to qualify for their bonuses. There is scant regard to the product being fit for purpose or adequate for the clients needs. We have many examples of clients being pressured by their banks to buy product where there has been no fact find, no research, and no consideration of 'placing the clients interests first and acting with integrity.' Commission is not the problem. Behaving in accordance with the Act, Regulations and Code is the issue. We have disclosed commissions and fees to our clients for some years now and it has never been an issue. I have 40 years of experience over life, fire and general, mortgages, financial planning and investments advising and only once have I been asked about 'my' commission. I put tht same question to aout 12of my colleagues who also have long service and their response was the same Clearly the payment of commission is not an issue with consumers.

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)?

To a degree, no. All should be on the same playing field and be required to give the same level of disclosure and be suitably qualified before they can give advice. It is a growing discipline in it's infancy and may require some transition measures in order to achieve this goal.

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

Competition between advisers is not the issue. The issue is the provision of quality advice and maintaining ethical behavior., along with the attraction of new advisers into the profession. Remuneration levels are low and costs are high which makes it difficult to recruit and train new people into the financial services industry. The growth of Corporate agencies may go some ways towards starting this process, but it is a major problem.

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?

The Code of professional Conduct is a well thought out document suited for it's purpose. It is a very good guiding principal that should have pre-eminence in the supervision of the advisory process.

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?

It is confusing to the Public. Comments made earlier in this submission should over come this.

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

Clearly there has bee a fall out and a drop in numbers of people because they have not been prepared to bring themselves up to a compliant state. This was to be expected but with careful consideration to transition to Authorised status and a continued emphasis on education and the lifting of knowledge over time these issues will be solved. Further consideration needs to be given to attracting further advisers into the Financial Advice business. It is an industry wide problem that requires an industry approach.

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

I have made suggestions in other parts of this submission to simplify the process, that will maintain the current integrity and availability of the advice process. However, we are only at the start and the quality and availability of financial advice needs to continue to grow. Consumers need to have confidence in the advice they are receiving. The current ACT, Regulation and Code set down a very good frame work for this work to commence. Confidence will come from the growth and understanding of the knowledge required, along with the integrity of the people involved and the promotion of a Financial Services profession.

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?

Compliance costs have increased but we accept that it is a necessary international convention. However, common sense should prevail. Some of the reporting requirements are unnecessary and time consuming, and some of the communication is time wasting and irrelevant.

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?

I haven't seen any statistics that relate to 'decumulation.' My expectation is the KS funds will continue to grow but that there might be a slowing of the numbers who start to enter KS as saturation levels are reached. As KS funds increase on an individual basis there will be a growing need for advice. There would be a growing concern around the herd mentality of switching providers especially if this is focussed around 'last years' top performer. This issue made need to be addressed at some future juncture.

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?

I don't have a comment.

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

The main concern would e the entry of scammers into the NZ market as they see maturing KS accounts as an easy mark. We are our own market and people who want to be involved in that market should play by our rules. We also live in a global economy so it is inevitable that international financial advice will increase.

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

I am not aware that there are Trans Tasman mutual recognition of qualifications. If I was to operate in Australia I would expect to be qualified under the Australian regime and vice versa. Apart from that I haven't considered and don't have view on this issue.

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

Clearly new technology will continue to evolve and impact on financial markets and the advice within financial markets. This will be largely a positive thing. It s a matter of watching a developing responses accordingly.

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

Code 1.

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

They are appropriate and I think that the results of the Disputes Resolutions schemes indicate that they are working. It is a work in progress.

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?

Level 5 NCEA. Diploma level designated to the disciplines undertaken. Mostly this going to be done remotely so needs to be adapted to work alongside working advisers. A lot od finacial advice qork is not only academic but dependent on life skills and learning as well. On that basis their needs to be a probationary system or mentoring facility.

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, see above.

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

In my opinion the important consideration is that adviser qualifications meet NZ requirements and NZ consumer expectations with consideration to our international responsibilities. We should not blindly follow the Australian model or any other countries for that matter. There is a lot to be said about the inadequacies of those systems that we do not want to import into NZ.

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

Professional bodies work tirelessly fostering professionalism amongst advisers. As a former National President of the IFA it saddens me to see that there is not more interactive engagement with our peers. Some of this is because of the fragmented nature of the various professional groups, and some of that is because of the personalities involved.

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

Yes. They should have access to Government , be represented on the bodies that have the over arching responsibility for the Acts, Regulation and Code that controls the profession, as well as input into the required education activities. I don't think they should be involved in the 'policing of standards' apart from representation on any authority. Because the organisation is voluntary there is a perception of, 'why would I want to join an organisation that can put me out of business.' This activity is best left to the Disputes Resolution service which is compulsory.

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?

This question has been addressed in the body of this submission.

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?

No. It should be abandoned. Reason are contained else where in the submission.

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?

Yes.

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

I think the Register with Public access is an excellent tool, that could be expanded. As Adviser we could direct consumers and clients to the Register for more information. The Register could carry a copy of the ABS, our CPD record, Adviser primary Disclosure and any Disputes Resolution facts,.The Register t=would then become part of the bi-annual audit requirements to ensure that it was presented correctly. This would over come a lot of the issues around compliance, the cost of compliance and simplify the experience for consumers and clients.

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

Yes.

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

The DRS should encompass the Code as it's guiding principle and uphold the Acts and Regulations as they apply. The DRS also has a role to play in educating advisers where it sees failure in playing the game. I don't understand the term 'goals' in this context.

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?

I think the tools are there they just need to be tweaked to let common sense prevail. A number of suggestions have been made in this submission that will provide a better outcome for consumers with a less onerous compliance regime.

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

Registration requirements are adequate, but the Register could have more effective use.

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

Should be same for everyone.

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

They are appropriate.

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

Appears to be. In my opinion multi choice DRS providers on a commercial basis are preferable to a one only government run agency. The FMA should continue it's over view of the activities of the various Dispute Resolution schemes.

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?

Yes. See above.

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?

In my opinion it should be higher. In the Fire and General, and investment worlds $200,000 is not a lot. The limit should be at least $500,000 maybe a million.

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

This could open a door to litigious and vexatious claims. Advisers and Brokers are required to provide Professional Indemnity insurance. This requirement is adequate.

PAGE 6: Key FSP Act questions for the review

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

As mentioned there should be one qualification - AFA with designations. Like a vehicle licence. That information should be on the Register. along with: - ABS - Disclosure Document - CPD Record - DRS activity - Qualifications - Description of advice available. The Register's content should be subject to Audit for compliance and accuracy.

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

As above.

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?

It could be. If offshore financial service providers are on the registry they should be subject to the same level of scrutiny, audit, qualifications, Disclosure, etc. They should have to meet a level of proof that they reach these standards.

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?

The onus should be on the off shore provider to prove they are compliant, and can meet the standards the same a domestic providers.

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

There could be an issue with consistency, but FMA review should mitigate against this.

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

FMA review should identify and be able to rectify any apparent inconsistencies.

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

It appears to be. In our client disclosure it is quite evident that a Disputes Resolution schemes exists and how you can access that scheme. The process could be shortened to make it easier for consumers. Clients appear to understand this and are cognisant of their ability for recourse if it is required. General: I hope that you get good engagement with the submission process. It is vitally important to the future of the Financial Services sector and for the benefit of consumers. It has taken me four days to complete and research my answers to this survey, and I would have liked to have spent more time on research. If you don't get the engagement you are looking for this will be a major contributing factor. Advisers simply don't have the time for this commitment. It may have been better to divide it up into three or four sections and space them over a few months. That being said it is good to see that the survey is very comprehensive.

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:

Jon Turnbull

Q84: Please provide your contact details:

Q85: Are you providing this submission:

- As an individual
- **Please describe the nature and size of the organisation:** We are a small business with two owner operated advisers and one full time staff member. 9(2)(b)(ii) and are a member of the SHARENZ Group which consists of over 60 advisers.

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?

Respondent skipped this question

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