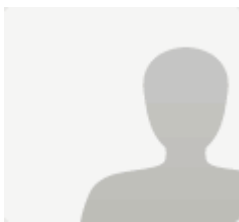


#22



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?

The consumer should be able to clearly see what an adviser (someone who provides advice or a sale) is educated or experienced or qualified to do so, whether the adviser is working for a large organisation or working alone. For the consumer to understand, there has to be no distinction between sales/advice no matter who is giving it. This starts with an education/qualification platform that everyone has to achieve to be in a position to discuss or make a sale to a consumer, and then specialist additions made for the different areas a consumer may enquire in. I am not sure why commission is an issue, it is country wide, it is the same for everyone, the real issue is churn, and this needs to be tackled in a different way. Cutting the commission levels will not stop churn it will only change the amount of money churned, and the problem should be reviewed with the insurance companies cooperation, as they are the ones offering and paying on business issued after moving from one company to another.

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

a level playing field should be top of consideration, the consumer deserves the same qualified person to be able to help them make a choice on what to do. Hiding behind QFE, or RFA is not good enough, one common qualification with add on's for different areas of advice, it should be clear and easily understood by all. The consumer still does not have a clear understanding of the different types of adviser, whether someone working at the bank, or an RFA, or AFA, means very little. The goal shouldn't be to educate the consumer, but raise the standard expected of all, whether advice is provided or just a sale. The consumer should expect the same level of qualification no matter who they deal with. By focussing on different types of qualification the consumer has become muddled and confused, which really shows that what has gone has been a waste of time and effort and cost, particularly if you qualified as an AFA, the consumer does not know what that means. Costs would be reduced once everyone is treated the same.

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

The professionalism of advisers has to be questioned when they have the ability to work in a QFE as an RFA. Or just working under a QFE. The people working in this space are short changing the consumer, and should be treated as an individual, and have the same responsibilities as an AFA for example. Client file keeping, treating clients fairly for example is a guide at the moment, but a liability for an AFA, there should be no distinction. In the past professional bodies had the responsibility to monitor advisers and maintain a code, this seems to have dropped since regulating advisers was brought in,

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?

as a consumer, the same level of care and advice should be taken, despite an individuals level of knowledge. perhaps a no advice model could be used for those consumers that want to do a transaction, and not have the whole full advice process.

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?

good question

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

if an adviser is qualified to provide advice on a particular product, via my earlier suggestion that all sales/advisers have a base centre of qualification with add ons for different areas, then if they are qualified, they can provide advice.

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?

should a consumer expect more from someone working in a QFE, the assumption is that they can help the consumer, how many consumers know they cannot. The current legislation allows sales with no advice under this model, is this treating the consumer fairly?

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 it does not, the current designations do nothing other than confuse the consumer and frustrate the advisers that work under the regime. What confidence can the consumer expect dealing with an RFA compared to an AFA, they don't understand. The base level of qualification should apply to all adviser/sales people, the consumer will understand this,

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

No, they allow a level of advice to be given without the same responsibilities as others under the act. This needs raising for the benefit of the consumer

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

disclosure should be the same for everyone, full stop

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

yes, RFA should have the same care of duty that an AFA has

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

what is the purpose of an adviser business statement?

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?

yes, there is a big difference between monitoring a KiwiSaver and providing an investment planning service, therefore there needs to be two tiers of qualification for advisers working in this space

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?

most of this falls under a re balancing of funds due to a model changing. This is usually made by the Investment company but falls under adviser control for some reason. It really has nothing to do with the adviser but should come under the Investment company

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?

I do not work in this space, however it would appear a little heavy handed at present, and of course expensive

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

if you are looking at the consumer first, then yes, an AFA providing an insurance service has to disclose commission, where as an RFA doesn't, this level of disclosure is unfair, and un-warranted, apart from this, possibly it shows that an RFA should be disclosing more information. It is expected that an adviser gets paid.

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

disclosure of commission should only be given on investment products as these have a direct impact on the consumer

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

if it applies to all, then yes.

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

adoption of the code in whatever form it takes needs to apply to all.

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

I don't know

Q21: Should the jurisdiction of this Committee be expanded?

not sure

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?

most definitely, a level playing field for all, if you want to raise consumer confidence

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

get rid of them

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

no, as above

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

why should a bank or insurance sales force be allowed a diluted effort compared to other advisers working in the same industry, its confusing for the consumer and unfair

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

not applicable to me, however the word broker is confusing as most insurance advisers are brokers, and it is a common term used by them and in the industry, just not lately after the code

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

not sure

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

not sure

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

not sure

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

not sure

Q31: Should any changes to these requirements be considered?

not sure

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

advice given within the industry, should be given by qualified salespeople, not accountants, or lawyers unless they gain the necessary qualifications to do so,

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

not sure

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

any guidance has to be useful

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.

one level only, with qualification to advise or sell those products that an adviser has gained the education, qualification to do so.

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?

as above, sales and advice go hand in hand, a robust process should be followed by all who operate in this space. Unbiased, is that like independent?

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?

there should be none, a sale requires a level of advice, a pamphlet or brochure doesn't give advice

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

no they are not, if you want to tackle the churn within the industry you must engage the insurance companies to combat the advisers that do it. I would suspect AFA's are less likely to churn, as they seem to be the only advisers any checks are made of. raise the level of qualified advisers.

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

less disclosure, as an AFA I have a primary, a secondary and the a supplement to the secondary showing what I get paid exactly, for an insurance product for which I am alone in doing within the industry

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?

conflict of interest definitely supported. Commission disclosure for investment products, definitely supported
Commission on all other products no disclosure is necessary

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?

what is your alternative, a commission payment drives sales, and there are different types depending on the amount of time an adviser has spent in the industry, but there is a choice. having insurance companies pay a level commission that is the same with every company, would definitely stop churn, but in doing so, you would further reduce the people within the industry to offer advise. Churn has to be tackled in another way

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)?

is this something you think applies to all, because until it does, balance?

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

you really want to reduce the competition between advisers, so they stand on their own merits of qualification experience and reputation

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 requires an AFA to act as all advisers should, with some tweaks already mentioned it would be better

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?

already answered, it is confusing to the consumer and unfair to the adviser

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

the cost and time taken of AML/CFT reporting is ridiculous for most advisers who operate in the KiwiSaver space.

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

recognise the areas of risk and legislate for them, don't throw a blanket over most things.

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?

find the level of reporting for who and when. as above. I failed the first audit because what I do in my work wasn't written down correctly in my policy and procedures, another document that I must have, surely the procedure should be provided by the authorities and apply to advisers working in the at risk areas. Auditing nothing to report, \$800 really?

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?

as people grow older and eligible for withdrawal, they could be looking for advice, as most of the consumers have a relationship with their bank and smartphone, they will be short changed, as the perception they deal with an organisation that can help them plan, isn't in reality actually there. Changes to who could sell/advise would greatly improve the help needed at the end when the money is made available

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 do not expect any changes in this area

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

as time goes on the trans Tasman business is likely to increase, I do not know if advisers are set up for this, as we operate in two different markets

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

not sure

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

not sure

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

have a designation for on line business?

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

yes, and most would have already been there

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

yes they should, the consumer deserves this at the very least

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

the same level for all 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 the same as an AFA

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

none, we operate in New Zealand

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

prior to the code and FA act, very well, now they have become lobbying bodies, to understand and try to make the government understand what advisers do and what is required

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

yes, checking on CPD, checking alignment of dispute resolution bodies for all.

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?

obligations should be held by the individual only, education, compliance and reporting for all, including banks.

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?

as above, one level of adviser

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, and make it simpler to find out what the adviser can and cannot give advice on

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

stating more clearly the levels of competence of an adviser

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

not sure

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

making an affordable way to protect the adviser and consumer

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?

clarity of information

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

information should be fed by dispute resolution and education and any other outside supplier to the adviser for compliance

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

it should apply to all individuals

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

not sure

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

not sure

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?

not sure

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?

not sure

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

all adviser should have professional indemnity insurance

PAGE 6: Key FSP Act questions for the review

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

level of advice the adviser can provide in plain english

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

yes

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?

isn't this your area to deal with?

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?

?

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

not sure

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

not sure

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

are you attempting to boost sales for dispute resolution schemes, if the service is in place, why would you promote something we already have to tell people in disclosure

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:

9(2)(a)

Q84: Please provide your contact details:

9(2)(a)

Q85: Are you providing this submission:

-
- As an individual

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?

- 1-5

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
-