

Supplementary
Submission to Code Working
Group

Financial Advice Code

20 November 2018

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This submission is supplementary to our original submission.

This supplementary submission is restricted to just one standard, Standard 11.

Our original submission was inter alia

Standard 11

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We do not think nominated representatives should be able to provide investment plans as defined in the Statute. We think that in reality, most nominated representatives will simply be salespersons for their financial advice provider's own products.

When preparing a presentation for the recent SIFA Conference, we reacquainted ourselves with section 32 (2) of the new schedule 5 to be inserted into FMCA (if and) when FSLAB is finally passed.

(2) However, the code must not include limits on the types of financial advice that may be given by a person because the person is a nominated representative.

This would restrict the Code from saying a nominated representative cannot do Investment Plans.

Hence our submission on Standard 11 is likely to be ruled out as is stands.

However we think the issue is important, and therefore we make this amended submission which would have a similar effect by ensuring only appropriately qualified nominated representatives were able to do investment plans.

The Code is specifically allowed to make different rules for different types of financial plans e.g. Investment plans.

Amended submission

Our amended submission is that the competence knowledge and skills requirement for all humans doing investment plans should be the qualification outcomes of the Investment Strand of NZ Certificate in Financial Services Level 5.

This is not limiting the types of financial advice nominated representatives can do. It's putting them in exactly the same position as financial advisers with respect to Investment Plans.

Not all financial advisers will be able to do Investment Plans under the Code. Similarly not all nominated representatives will be able to do investment plans.

In both cases, a financial adviser or a nominated representative will be able to do Investment plans if they meet the proposed CKS requirement.