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COMPLETE

- **Started:** Wednesday, February 17, 2016 3:38:56 PM
- **Last Modified:** Wednesday, February 17, 2016 5:59:41 PM
- **Time Spent:** 02:20:44
- **IP Address:** Redacted

PAGE 2: Chapter 3 - Barriers to achieving the outcomes

Q1: 1. Do you agree with the barriers outlined in the Options Paper? If not, why not?

Agree that there are barriers to achieving the desired outcomes. In particular consumers receiving advice from people without the skills or training to provide advice

Q2: 2. Is there evidence of other major barriers not captured in the Options Paper? If so, please explain.

Not I am aware of

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Q3: 3. Which options will be most effective in achieving the desired outcomes and why?

Package 2 looks like it will go some way to achieving desired outcomes. In addition individual advisers incl those at QFE entities should be licensed/regulated. This ensures compliance and the ability to track those who have skills and expertise to provide advice.

Q4: 4. What would the costs and benefits be of the various options for different participants (consumers, financial advisers, businesses)?

Respondent skipped this question

Q5: 5. Are there any other viable options? If so, please provide details.

Only as mentioned that all advisers need to be individually registered incl those at QFE and larger firms. This way care, skill and expertise is able to be regulated and managed.

Q6: 6. What implications would removing the distinction between class and personalised advice have on access to advice?

Consumers may not distinguish the difference between class advice and personalised advice. Removing this distinction creates a duty of care for all advisers in terms of advice they provide.

Q7: 7. Should high-risk services be restricted to certain advisers? Why or why not?

Firstly need to decide what "high risk" services are. Adviser should only be providing advice in the area where they have skills and training. This may mean some areas of advice will have higher risk, but if the adviser has skills to provide this advice then no need to restrict except in terms of the advisers abilities.

Q8: 8. Would requiring a client to 'opt-in' to being a wholesale investor have negative implications on advisers? If so, how could this be mitigated?

Respondent skipped this question

Q9: 9. What ethical and other entry requirements should apply to advice platforms?

I do not agree that automated advice or Robo advice is appropriate in the current environment. To protect consumers and foster quality advice, the current system requires that advice be personalised and automated advice does not conform to this. Automated or Robo advice systems are essentially used by providers as a way of attracting business (sales). Since these automated advice systems are already in place they need to conform to requirements of care and skill when providing advice,

Q10: 10. How, if at all, should requirements differ between traditional and online financial advice?

Agree that online financial advice needs a human adviser who is available to provide further advice of a personalised nature to consumers

Q11: 11. Are the options suggested in this chapter sufficient to enable innovation in the adviser industry? What other changes might need to be made?

Need to make sure automated advice providers are accountable for their advice.

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Q12: 12. If the ethical obligation to put the consumers' interests first was extended, what would the right obligation be? How could this be monitored and enforced?

The current regulation framework should be monitoring this. All advisers should put client interests first.

Q13: 13. What would be some practical ways of distinguishing 'sales' and 'advice'? What obligations should salespeople have?

Sales is providing a product or service to an order taker. It is rare for sales to occur without some sort of advice component eg In a clothing store you may ask the attendant how you look when trying on a garment seeking their advice and opinion. Salespeople need to convey the limitations of their advice capabilities.

Q14: 14. If there was a ban or restriction on conflicted remuneration who and what should it cover?

Respondent skipped this question

Q15: 15. How can competency requirements be designed to lift capability, without becoming an undue barrier to entry and continuation in the profession?

Just because competency requirements exist doesn't necessarily mean capability will be lifted. It needs to be effective but attainable and cost effective.

Q16: 16. Should all advisers be subject to minimum entry requirements (Option 1)? What should those requirements include? If not, how should requirements differ for different types of advisers?

A minimum entry requirement such as a Diploma in Business or other industry qualification is ideal. Different types of advisers need specific requirements for their area of advice, ie financial planning, life and risk etc.

Q17: 17. What are the benefits and costs of shifting to an entity licensing model whereby the business is accountable for meeting obligations (Option 1)? If some individual advisers are also licensed (Option 2), what specific obligations should these advisers be accountable for?

There is a benefit of having individual advisers licensed because this way you know the care skills and competency of each adviser. This could allow for each adviser to attain a competency relevant to a specific area of advice.

Q18: 18. What suggestions do you have for the roles of different industry and regulatory bodies?

Industry and regulatory bodies seek to re-inforce the positive aspects of advice, ie effective, cost efficient

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Q19: 19. What do you think is the most effective way to disclose information to consumers (e.g. written, verbal, online) to help them make more effective decisions?

The current disclosure requirement is quite prescriptive and doesn't necessarily provide relevant info to consumers

Q20: 20. Would a common disclosure document for all advisers work in practice?

Provided it is able to be used to convey the info consumers need.

Q21: 21. How could remuneration details be disclosed in a way that would be meaningful to consumers yet relatively simple for advisers to produce?

The process to disclose remuneration already exists.

Q22: 22. Is there any evidence that the existence of multiple schemes is leading to poor outcomes for consumers?

No

Q23: 23. Assuming that the multiple scheme model is retained, should there be greater consistency between dispute resolution scheme rules and processes? If so, what particular elements should be consistent?

Scheme rules and consistency do not need to be the same. Only in that the schemes will deal effectively with issues as they arise.

Q24: 24. Should professional indemnity insurance apply to all financial service providers?

Yes

Q25: 25. What is the best way to get information to consumers? Who is best placed to provide this information (e.g. Government, industry, consumer groups)?

Industry and consumer groups - Government for register/regulation of advisers.

Q26: 26. What terminology do you think would be more meaningful to consumers?

Simplifying adviser designation and adapting terminology to match that of consumer understanding even if this is not technically correct.

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Q27: 27. Do you have any comments on the proposal to retain the current definitions of 'financial adviser' and 'financial adviser service'?

No

Q28: 28. Are those currently exempt from the regime posing undue risk to consumers through the provision of financial advice in the normal course of their business? If possible, please provide evidence.

Respondent skipped this question

Q29: 29. How can the FA Act better facilitate the provision of international financial advice to New Zealanders, without compromising consumer protection? Are there other changes that may be needed to aid this, beyond the technological options outlined in Chapter 4.2?

It may be difficult to prevent advice coming from abroad outside of the jurisdiction.

Q30: 30. How can we better facilitate the export of New Zealand financial advice?

Not sure that NZ financial advice should be exported. We don't know what the issues, restrictions or requirements are in other countries.

Q31: 31. Do you have any comments on the proposal to retain the current approach to regulating broking and custodial services?

No

PAGE 7: Chapter 5 - Potential packages of options

Q32: 32. What are the costs and benefits of the packages of options described in this chapter?

Package 2, or a variation of this seems like the best way forward

Q33: 33. How effective is each package in addressing the barriers described in Chapter 3?

Package 2 seem the best package to address barriers.

Q34: 34. What changes could be made to any of the packages to improve how its elements work together?

Changes to include individual adviser registration or licensing.

Q35: 35. Can you suggest any alternative packages of options that might work more effectively?

Respondent skipped this question

PAGE 8: Chapter 6 - Misuse of the Financial Service Providers Register

Q36: 36. Do you agree with our assessment of the pros and cons of the options to overcome misuse of the FSPR?

Mostly, but not all aspects

Q37: 37. What option or combination of options do you prefer and why? What are the costs and benefits?

Prefer package 2 with individual adviser licensing.

Q38: 38. What are the potential risks and unintended consequences of the options above? How could these be mitigated?

Potential risk is that advice become costly to consumers and to advisers/adviser firms

Q39: 39. Would limiting public access to parts of the FSPR help reduce misuse?

Possibly

PAGE 9: Demographics

Q40: 1. Enter your name and/or the name of the group of people, business, or organisation you are providing this submission on behalf of.

Stephen Clarke

Q41: 2. Enter your email address or other contact details

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Q42: 3. Are you providing this submission:

-
- As an individual

Q43: 4. Please select if your submission contains confidential information:

Respondent skipped this question