

Code of Professional Conduct for Financial Advice Services

Submission Template

Submissions close Monday 30 April 2018

Please send submissions to:

code.secretariat@mbie.govt.nz or

Code Working Group
c/o Code Secretariat (Poppy Haynes and Max Lin)
Ministry of Business, Innovation & Employment
PO Box 1473
Wellington 6140
New Zealand

Information about you

<i>Share your details</i>	
i.	<p>Please provide your name and (if relevant) the organisation you represent</p> <p>Joanne Mahon Chief Communications & Brand Officer Southern Cross Healthcare Group</p>
ii.	<p>Please provide your contact details</p> <p>Joanne Mahon Chief Communications & Brand Officer Southern Cross Healthcare Group</p> <p>Level 12, AMP Centre 29 Customs Street West Auckland 1010 PO Box 6772, Wellesley Street, Auckland 1141 Phone: S 9 (2) (a) Email: S 9 (2) (a)</p>
iii.	<p>Please provide any other information about you or your organisation that will help us understand your perspective (e.g. the financial advice situations you have experience with)</p> <p>Southern Cross Medical Care Society (Southern Cross) is New Zealand’s leading health insurance business with more than 800,000 members.</p>
iv.	<p>Please indicate whether your submission contains any information that is confidential or whether you do not wish your name or any other personal information to be included in a summary of submissions. (See page 2 of this document)</p> <p>N/A</p>

Ethical behaviour

Keep your client’s data confidential

i.	<p>In which situations, if any, should the retention, use or sharing of anonymised bulk customer data be subject to Code standards?</p> <p>Southern Cross does not believe that the Code should set out standards for the retention, use or sharing of anonymised bulk customer data for the reasons set out in J. below (existing laws already cover this area and the risk of dual compliance, repetition and conflict is high).</p>
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J. **Do you agree that the Code should cover the various aspects of maintaining client confidentiality discussed in this paper?**

Southern Cross does not agree that the Code should cover the various aspects of maintaining client confidentiality discussed in the draft Code.

We not aware of any particular problem in the industry that requires specific laws in this regard.

Southern Cross' view is that there are already suitable wider legal obligations relating to the confidentiality and use of client/customer information, most notably including the Privacy Act 1993 (currently under review) and common law obligations relating to confidentiality.

A new set of requirements in the Code would create unnecessary compliance (including increased cost) and potentially raise issues of ambiguity and/or conflict, e.g. where code requirements differ or do not fully overlap with principles in existing legislation (including future privacy law reform).

Ethical processes in Financial Advice Provider entities

M. **Should the Financial Advice Provider be required to have a publicly available corporate code of ethics? Are there particular situations where a corporate code of ethics should be or should not be required?**

Southern Cross believes that it would be greatly preferable for each Financial Advice Provider to have their own corporate code of ethics or equivalent, that is publically available. In our view a better approach would be for the Code to reference a principle "that each Financial Adviser Provider must develop and maintain a suitable code of ethics or similar that is publically available."

Firstly, many organisations will, under other corporate governance rules/regimes have independently developed codes and policies on ethics and conduct. While they may need reviewing in the light of the Bill and Code, those codes tend to cover all employees and officers across many business areas not just financial advice areas. As such any code of ethics on financial advice to consumers should be developed in the context of these organisation wide policies as well as the code requirements.

Secondly, allowing each Financial Advice Provider to develop and maintain their own corporate code of ethics (as opposed to a prescribed code of ethics) would help to ensure that the code of ethics accurately reflects how the ethical obligations of that particular Financial Advice Provider are embedded into its business and processes.

In line with other code principles it would also allow each Financial Advice Provider to tailor the design, documentation, implementation and monitoring of its ethical obligations and provide more flexibility, more engagement and involvement in the process and less compliance cost.

Particular competence, knowledge and skills

XX.	<p>In what ways do you think this proposed standard contributes to, or detracts from, the legislative purposes (for example ensuring the quality and availability of advice, avoiding unnecessary compliance costs, and promoting innovation and flexibility)?</p> <p>Please see our comments on YY below.</p>
YY.	<p>What alterations, if any, would you suggest to the baselines we have nominated: specialist strand for product capability, Level 5 for discipline capability, and relevant degree (or other degree plus Level 6) for planning capability?</p> <p>The draft Code currently proposes that the Financial Advice Provider and any Financial Adviser or Nominated Representative involved in giving product advice, must have in aggregate, the competence, knowledge and skill to give the financial advice to the minimum standard reasonably expected of an individual who has attained the New Zealand Certificate in Financial Services (Level 5).</p> <p>The AFA Code currently requires under Code Standard 16 that to be an AFA, that financial adviser must attain the components of the New Zealand Certificate in Financial Services (Level 5) that are relevant to the financial adviser services provided by the AFA, or a recognised alternative qualification or designation.</p> <p>Southern Cross believes that the Code should include the same requirement that only the components of the New Zealand Certificate in Financial Services (Level 5) that are relevant to the financial advice services being provided are required to be completed. For example, Southern Cross would require its Financial Advisers and Nominated Representatives providing financial advice in relation to health insurance only, to complete, or complete the equivalent of, the core component and the financial advice strand and at least one other specialist strand only.</p>