



Westpac New Zealand Limited

Submission to the Code Working Group on the
Consultation: Code of Professional Conduct for Financial
Advice Services

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1. INTRODUCTION

- 1.1 This submission to the Code Working Group is made on behalf of Westpac New Zealand Limited and Westpac Banking Corporation (NZ Branch) (**Westpac**) in respect of the *Consultation: Code of Professional Conduct for Financial Advice Services (Code) (Consultation)*.
- 1.2 Proposed amendments to the existing financial advice regime will have a significant impact on all Westpac's retail businesses, and we welcome the opportunity to provide feedback on the Consultation.
- 1.3 Please find our high level comments on the Consultation below and specific responses to the regulatory questions appended to this submission.
- 1.4 Westpac's contact for this submission is:

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2. EXECUTIVE SUMMARY

- 2.1 Westpac endorses the overarching theme of client centricity that underpins the Consultation's proposals. Client centricity is a key focus for Westpac and is supported by our core values (integrity, service, one team, courage and achievement).
- 2.2 Westpac's purpose is "***To help our customers financially grow a better New Zealand***", and we believe that a client centric Code is consistent with our purpose.
- 2.3 A key challenge will be ensuring that Code obligations are easy to understand (for both industry and consumers), and are able to be right sized across a broad range of financial advice providers and financial products.
- 2.4 In our view, this means that Code minimum standards should directly focus on what constitutes good advice. While we agree that good advice must be supported by appropriate organisational standards, where possible these should be set out in the FMCA licensing minimum standards.
- 2.5 Therefore, we support a Code that:
- (a) Anticipates having in place a FMCA licensing regime for Financial Advice that is broadly similar to existing FMCA licensing regimes.
 - (b) Is designed to fit alongside (rather than compete with or duplicate):

- (i) Financial Advice licensing minimum standards (assuming that similar categories for minimum standards used for other FMCA licenced entities would be used).
 - (ii) Existing FMA guidance for FMCA licenced entities.
 - (iii) Existing Privacy Act or other client confidentiality requirements.
- (c) Is sufficiently flexible to allow financial advice providers (of all sizes) to deliver good advice (in compliance with the Code principles) effectively and efficiently.

2.6 We believe this approach would provide obvious benefits because:

- (a) FMCA licensing regime requirements are inherently more flexible, allowing minimum standards to be tailored to reflect the type of business, and the nature and size of the licensee.
- (b) Adopting a consistent approach, across the various FMCA licensing regimes, maximises clarity around regulatory purpose and intent for licensees and minimises unnecessary compliance costs (particularly for those participants that hold multiple FMCA licences).

3. RESPONSES TO CONSULTATION QUESTIONS

3.1 Our responses to the Consultation questions are appended to this submission.

3.2 We would welcome any further discussion with you regarding this submission or our responses to the Consultation questions.

Principles for drafting the Code

A.	What comments do you have regarding the overarching theme of “good advice outcomes” and the underlying principles?	<p>Westpac supports the principle of minimum standards having a customer-centric focus. However, the concept of “good advice outcomes” may create unrealistic expectations as to the <i>outcome</i> of the advice, rather than process for the provision of the advice, is key.</p> <p>There will be many factors that contribute to a particular investment outcome for an investor and the advice an investor receives will be one such factor. As noted in paragraph 52, a good advice outcome does not necessarily mean that the product being advised on performs well.</p> <p>Given that the Code Working Group’s focus is the outcome of the advice process, and not the overall financial outcome, it may be clearer to use a phrase such as “good advice process” or “good advice”.</p>
B.	Are there any further principles that should be included, or existing principles that should be removed?	No comment

Ethical behaviour

Act with honesty, fairness and integrity

<i>Share your views</i>	
C.	<p>Do you agree with a requirement to act with honesty, fairness and integrity? If not, please set out your reasoning.</p> <p>Westpac agrees with these requirements. However, the concept of “fairness” requires further definition and further guidance is required in respect of its application.</p> <p>The broad definition of “fairness” in paragraph 85 is “just, unbiased, equitable, impartial; legitimate, in accordance with the rules or standards”.</p> <p>It is not clear how the first part of the definition (just, unbiased, equitable and impartial) would apply to the provision of financial advice. The example provided in respect of the concept of fairness (limiting scope of advice following discussion with client) seems to relate more to disclosure concerns than to the ordinary meaning of “fairness”.</p> <p>The second part of the definition (i.e. legitimacy) seems redundant given that Financial Advice Providers are required to comply with the law.</p> <p>If “fairness” is retained, it would be helpful to understand what factors are relevant to determining whether fairness has been achieved in this context. For example, if a provider sells only its own products how will it demonstrate that it is acting fairly? Are third party product comparisons required? Usually, fairness would infer that an appropriate balance has been achieved. Given the requirement to put the customer first, it is not immediately apparent where the balance lies in terms of achieving ‘fairness’, noting that we will need to monitor and report to evidence compliance.</p>

Keep the commitments you make to your client

D. Should minimum standards for ethical behaviour for the provision of financial advice extend beyond strict legal obligations, to include meeting less formal understandings, impressions or expectations that do not necessarily amount to strictly legal obligations? If no, please give reasoning. If yes, please propose how a standard for such commitments might be framed.

As per paragraph 88, Westpac agrees that ethical behaviour means keeping commitments made to clients that do not strictly amount to legal obligations. However, this analysis must be contextual – i.e. there might be situations where the client knew the commitment was mistaken or wrong and it would be unreasonable to expect the nominated representative to keep it (in the absence of a legal requirement to do so).

It would be difficult to determine which (non-legal) commitments are sufficiently important to qualify as relevant ‘commitments’ that are hardwired into the Code. For example, a nominated representative might commit to respond on a credit application before a particular date, but then be unable to respond due to matters outside of his or her control. Would this commitment to respond be a commitment that is enforced for the purposes of the Code? Would the failure to comply with it be a breach of the Code?

Additionally, monitoring and reporting on this type of potential non-compliance would require relevant (non-legal) commitments to be logged and monitored. This would be highly difficult to achieve.

For these reasons, we believe it would be impractical to include minimum standards for ethical behaviour which extend beyond strict legal obligations (for example, commitments as part of the Code’s ethical requirements). These matters would be better addressed in a Financial Advice Provider’s own code of ethics (and are currently addressed in Westpac’s Code of Conduct).

If the Code Working Group is to suggest that a Finance Advice Provider’s own code of ethics is to comply with the Code, does it also need to give consideration to industry codes? For example, the NZ Bankers’ Association Code of Banking Practice and any code of conduct of the Financial Services Council.

E.	<p>If there was a minimum standard requiring Financial Advice Providers – or Financial Advice Providers in some situations – to have their own code of ethics in addition to the Code, how would you frame the requirements for it to deal with keeping commitments?</p>	<p>Westpac already has a code of conduct that deals with many of the concepts included in the proposed principles, including “doing the right thing by our customers”. If a code of ethics is required, we would expect the licensing application to require a Financial Advice Provider to submit a code of ethics (which may be an existing code of ethics or conduct) for approval at licensing, and that the code of ethics would be expected to comply with any relevant FMA guidance. Assuming that the code of ethics would be relevant across a Financial Advice Provider’s entire organisation (see paragraph 103), we would expect any key regulatory components of any code of ethics to be added to the “<i>A guide to the FMA’s view of conduct</i>”, rather than being hardwired into the Code.</p> <p>Financial Advice Providers should be able to operationalise, or add to, those ethical minimum standards in a way that best suits them. That could mean adoption of the ethical standards straight out of the Code or inclusion of the standards into their own code of ethics.</p>
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Manage and fully disclose conflicts of interest

F.	<p>Should the Code include a minimum standard on conflicts of interest in addition to the legislation? <i>[Note that this question differs from the form of the question on page 26 of the consultation document – “Should the Code include a minimum standard on conflicts management? Should it focus on any particular situations?” Westpac addresses both forms of question F in our response]</i></p>	<p>Westpac agrees that the Code should include a minimum standard on conflicts of interest in addition to the legislation. However, the minimum standard should be principles based and sufficiently high-level to allow Financial Advice Providers to identify, avoid and manage conflicts of interest in accordance with their own policies. Requirements relating to the disclosure of conflicts of interest in the minimum standard should also align with the other disclosure requirements for financial advice.</p> <p>The minimum standard must be also be sufficiently broad to ensure that it aligns with any future FMA guidance around specific areas of conflicted conduct that apply across whole of industry (e.g. sales incentives).</p> <p>Additionally, determining and managing conflicts of interest will depend in part on the nature and size of the Financial Advice Provider. Therefore, the minimum standard should not focus on particular situations as it should be broad enough to encompass all conflict situations.</p>
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	In our view, the four elements of professional conduct (as outlined in paragraph 94) should be incorporated as part of the matters relevant to determining whether a Financial Advice Provider meets its FMCA licensing requirements, and not be hardwired into the Code.
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Do no harm to the client or the profession

G.	Do you agree that a person who gives financial advice must not do anything or make an omission that would or would be likely to bring the financial advice profession into disrepute? If not, please set out your reasoning.	Westpac agrees.
H.	Is an additional minimum standard on doing no harm to the client necessary? If so, what standard do you propose?	A minimum standard on doing no harm to the client is unnecessary as this is covered by the overarching ethical obligations.

Keep your client’s data confidential

I.	In which situations, if any, should the retention, use or sharing of anonymised bulk customer data be subject to Code standards?	The retention, use or sharing of anonymised bulk customer data should not be subject to Code standards as this is dealt with under existing law, including the Privacy Act.
J.	Do you agree that the Code should cover the various aspects of maintaining client confidentiality discussed in this paper?	In the absence of a compelling reason, Westpac doesn’t agree that the Code should cover maintenance of confidentiality. The aspects of the maintenance of confidentiality discussed in the paper are dealt with under the Privacy Act and, in respect of Financial Advisers who are banks, the Code of Banking Practice.

K.	<p>Are there other aspects of maintaining client confidentiality to consider? [Note that this question differs from the form of the question on page 28 of the consultation document – “Are there any compliance costs or other aspects of maintaining client confidentiality to consider” Westpac has no comment in respect of the compliance costs]</p>	<p>As discussed in response to questions I and J, Westpac does not consider that the Code should deal with matters of confidentiality, except by way of reference to existing legislation.</p>
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Ethical processes in Financial Advice Provider entities

L.	<p>Do you agree that the Code should require the Financial Advice Provider to document and maintain its “ethical processes”?</p>	<p>Westpac agrees. However, we do not believe that the Code should hardwire the topic areas that must be documented. This is partly because some of the topic areas identified are so high level as to be meaningless without further detail (for example, compliance functions, responsibility for the whole advice process).</p> <p>We believe that it would be better to include that detail as guidance in the licensing minimum standards (where its application can then be right sized for the Financial Advice Provider), as opposed to it forming part of the Code.</p> <p>Additionally, it is likely that topics will evolve, expand or change in the near term, once Financial Advice Providers and the FMA have worked through the practicalities of implementing the Code’s ethical requirements. It is too early to determine what ‘best practice’ process documentation should look like.</p>
M.	<p>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?</p>	<p>We do not object to a requirement to publicise any corporate code of conduct. However, we query whether such publication would add value, as it is unlikely that most customers would read it. In addition, it may not be necessary if minimum standards for ethical behaviour are set out in the Code itself. As an alternative, the Code could provide that, where a Financial Advice Provider has its own code of ethics, they make it known to the client as part of disclosure.</p>

<p>N.</p>	<p>Should Financial Advice Providers also be subject to additional standards in respect of leadership and culture? If so, how should these be framed?</p>	<p>It would be helpful for the Code Working Group to clarify: (a) what additional standards are contemplated and (b) to whom the standards would apply.</p> <p>Many Financial Advice Providers are already existing FMCA licensed entities. There is no apparent reason for treating Financial Advice Providers differently to other FMCA licensees and, therefore, we would expect such standards to be set in a manner consistent with current practice.</p> <p>Currently, FMCA licensees are required to comply with the minimum requirements, which include standards relating to culture and the fitness and propriety of senior management. Additionally, all licensees are expected to comply with “A guide to the FMA’s view of conduct”. Therefore, Westpac does not consider that additional standards in respect of leadership and culture need to be included as part of the Code.</p>
<p>O.</p>	<p>Do you propose other additional standards of ethical behaviour that should apply to Financial Advice Providers?</p>	<p>In our view, the proposed high level principles regarding standards of ethical behaviour are sufficient. Prescriptive requirements regarding what constitutes ethical behaviour are not required.</p> <p>If the Code Working Group believes that further standards are required, to the extent that the standards would be process-orientated, we note that it may be difficult to be prescriptive due to the one-size-fits-all approach of the Code. It should be left to the discretion of Financial Advice Providers to determine how to meet the standards from a process perspective with guidance included in the licensing application (where appropriate).</p>

Ethics training

P.	Do you agree that Financial Advice Providers should be required to meet standards relating to ethics training? If not, please state your reasoning.	Westpac agrees.
Q.	Should ethics training requirements apply to all officers and employees of a Financial Advice Provider, as appropriate to their role and contribution to the process of financial advice provision? If not, please state your reasoning.	Westpac agrees.
R.	Should there be a requirement for ongoing refresher training on ethics?	Westpac agrees. Employees who are required to undertake ethics training as part of the CPD requirements of their professional membership, should be able to use that training to satisfy Code requirements.

Resolving ethical dilemmas

S.	Do you agree that Financial Advice Providers should be required to have in place, and use, a framework for resolving ethical dilemmas that may arise in giving financial advice? If not, please set out your reasoning.	Westpac agrees in principle that Financial Advice Providers should be required to have in place, and use, a framework for resolving ethical dilemmas. However, providers should be able to utilise existing policies and systems for the escalation of ethical issues, and should not be required to establish additional procedures. Can the Code Working Group clarify what sort of framework it is contemplating?
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Compliance functions

<p>T.</p>	<p>Should there be a requirement for explicit sign-off on the soundness of financial advice provided directly by a Financial Advice Provider?</p>	<p>Can the Code Working Group clarify the nature of the sign-off it is contemplating? Would sign off be required for each piece of advice or would the sign off be on the Provider's advice framework and controls? Would this be an internal sign-off process or is regulator sign-off envisaged? If it is regulator sign off, would this obligation be better addressed as part of the licence application process?</p> <p>Can the Code Working Group please clarify the intended purpose behind the sign off, given: (a) the ongoing risk-based monitoring undertaken by the FMA (if external sign off is contemplated) or (b) a provider's own quality assurance (if internal sign off is contemplated)?</p> <p>Westpac considers that the Code is not the appropriate place to impose sign-off requirements for financial advice provided directly by a Financial Advice Provider. The Financial Advice Provider should be free to design its own sign-off processes for advice it provides directly.</p>
<p>U.</p>	<p>Do you agree that Financial Advice Providers should be required to have in place a compliance function aimed at following up on concerns raised by employees and other stakeholders? If not, please set out your reasoning.</p>	<p>What are the "other stakeholders" that the Code Working Group are referring to?</p> <p>For employees, Westpac agrees that Financial Advice Providers should have in place a compliance function aimed at following up on concerns raised by employees. However, there should be no requirement to create a new function if the provider has an existing process. For example, Westpac has a Whistleblowing Policy and existing processes to deal with employee concerns.</p> <p>Again, we believe this level of detail should not be hardwired into the Code. Compliance functions should be covered as part of FMCA licensing.</p>
<p>V.</p>	<p>Should this extend further into an internal audit obligation, having in place processes to systematically test for and detect violations of ethical behaviour?</p>	<p>Westpac is comfortable with there being an independent assurance obligation as described. However, providers should have discretion to design their own processes for testing and detecting violations of ethical behaviour. The Code should focus on the minimum standards of conduct and behaviour expected of advice providers, not on imposing requirements for systems or processes that those advice providers must put in place to ensure advice providers meet those standards.</p> <p>Again, compliance functions should be dealt with under FMCA licensing (not the Code).</p>

W.	Are there any potential compliance costs for small and/or large Financial Advice Providers that need to be considered?	Yes, there will be significant costs relating to changes to multiple systems, policies and all related documentation. Significant training would also be required for implementation. Ongoing compliance monitoring will also require significant expenditure. It is incumbent on all stakeholders to deliver a solution that is as cost-efficient as possible.
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Responsibility for the whole advice process

X.	Do you agree that Financial Advice Providers should be required to be able to demonstrate that they meet the standards of ethical behaviour as if the Financial Advice Provider carried out the whole advice process directly itself? If not, please set out your reasoning.	Westpac agrees.
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Reinforcing good ethical behaviour

Y.	What principle or mechanism do you propose the Code could include to reinforce good ethical behaviour on a day-to-day basis?	The Code should not be so detailed as to include day-to-day operating mechanisms. The Code principles are sufficient and the design of financial advice processes based on those principles would support ethical behaviour. The Financial Advice Provider should have flexibility to design the processes to meet this requirement. Initial and ongoing refresher training, along with an internal code of conduct would reinforce ethical behaviour on a day-to-day basis.
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Conduct and client care

Advice situations

<i>Share your views</i>	
Z.	<p>Are there other delivery methods that should be considered when testing our thinking?</p> <p>We agree that the standards should be “delivery agnostic” (paragraphs 123 and 124). The Code must be broad enough to capture all existing delivery channels (such as phone and video conferencing, meetings, post and email), along with new products (such as peer-to-peer insurance), and future advice models (such as social media and messaging services). The Code needs to be sufficiently high level as to ensure that all financial advice products and advice giving scenarios, now and into the future.</p>

Advice-giving standards

AA.	<p>How do the current client care standards work in practice, especially in advice-giving situations not previously covered by the AFA Code? In answering this question, please ignore “scope of advice” (CS-8) and “suitability” (CS-9 and part of CS-10).</p> <p>We agree with paragraph 128 - the documentation requirements of the current advice model are onerous for AFAs, particularly when giving limited advice in the context of an ongoing client relationship.</p> <p>New Code standards relating to written advice and the documentation of advice should take account of the type of advice given in order to reduce compliance costs and speed of service to clients. For example, a request from a customer to increase insurance cover due to a pay-rise or an increased mortgage should only require relatively simple documentation, whereas a full review of insurances would require fuller documentation.</p> <p>If onerous documentation requirements attach to all advice situations this will negatively impact clients by reducing the speed of service. This will be particularly important when the advice is time-critical or in respect of investments where market conditions can change significantly in short periods.</p>
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BB.	<p>Could any aspect of the current client care standards be worded better? (For example, we are aware that the definition of “complaint” could be improved.)</p>	<p>Westpac agrees that the definition of “complaint” could be improved. Organisations receive client feedback via a range of channels (e.g. social media) and whilst some such comments may be an “expression of dissatisfaction” (as defined in the current care standards), these are not intended to be “complaints” for the purposes of the care standards.</p> <p>Given the removal of the distinction between ‘class’ advice and ‘personalised’ advice, it will be a challenge to ensure that customers clearly understand what level of advice they are receiving.</p>
CC.	<p>Are there any aspects of the current client care standards that could be expanded or clarified (for example, in light of the published findings of the Disciplinary Committee)?</p>	<p>We agree that findings from the Disciplinary Committee could be used to develop examples that are included guidance for the benefit of the industry.</p>
DD.	<p>Are there any potential compliance costs for small and/or large Financial Advice Providers that need to be considered?</p>	<p>Any new obligations would create an additional compliance burden related to the production of processes, policies and related documentation in order to ensure that the standards were being met. Training would be required upon implementation and ongoing compliance monitoring would be required at significant cost to the Financial Advice Provider. However, it is difficult to determine the quantum without having clarity regarding the Code and licensing.</p>
EE.	<p>Are there any additional matters that should be addressed in the advice-giving standards? Those listed above? Others?</p>	<p>No comment.</p>

Advice process

FF.	Do you think there are any other components that should be included in the design considerations of an advice process?	<p>Westpac agrees with the approach in paragraph 133 - the advice process should take account the type and complexity of the advice being given. Advice relating to simple products or simple changes to existing products should be able to be undertaken quickly and simply.</p> <p>An additional component relating to staff competency should also be included. Staff competency levels and product knowledge will be relevant to the design process (i.e. accreditation for high risk products).</p>
GG.	Should the Code include guidance material to help determine what needs to be considered when designing an advice process?	<p>It could, provided that it is clearly directed at ensuring a “good advice process”. It should not be prescriptive. Providers should have discretion to determine their own advice processes, provided that the principles of client-centricity are at the heart of the process.</p>
HH.	Are there any other important aspects you think should be included in the advice process for all types of financial advice activities under the new regime?	<p>Yes, another important aspect is ensuring that clients are made aware of their responsibility to provide full and complete information. The quality of advice is linked to the quality of information provided by the client. The Code should support the principle that clients have a responsibility to provide full and complete information.</p> <p>In respect of paragraph 144, it would be useful to understand whether there is an expectation that product comparisons will be required. It would be difficult for a provider to compare products to which they are unfamiliar, e.g. where the provider doesn’t sell the comparator product.</p> <p>Further, if relying on a third party to compare products (e.g. online services such as “QuoteMonster”), such organisations should only be allowed to compare products if they have approval from the provider of the products they are comparing (so as to ensure accuracy of information).</p>
II.	Should any of the key aspects that we have listed above be removed? If so, why?	<p>No comment.</p>

JJ.	Are there any situations in which an advice process need not be followed?	Yes, no advice process should be required for an “execution only” instruction, as no advice is being provided.
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Personalised suitability

KK.	What comments do you have about a proposed minimum standard on personalised suitability analysis? What are your views on the example above?	Where a Financial Advice Provider can demonstrate the matters outlined in paragraph 141 on a generic basis, no personalised suitability analysis should be required, provided that this is made clear to the client. If the Code requires personalised suitability analysis, it would be helpful to understand what these requirements would be.
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Organisational standards

LL.	What are the practical advantages and disadvantages of including organisational standards as described? What explanatory material or examples could we provide in the Code that might help to make these standards easier to comply with in practice?	Organisational standards should not be included in the Code. These should instead be dealt with as part of FMCA licensing. Some of the proposed standards are already covered by ethical standards in the Code.
MM.	Would implementing these organisational conduct and client care standards create a particular compliance burden for your firm? If yes, please explain why.	Given the overall enterprise wide impact of financial adviser reform, consequential changes will create an additional significant compliance burden. That burden is likely to be reduced if organisational conduct and client care standards are mainly dictated as part of FMCA licensing rather than being hardwired into the Code.

General competence, knowledge and skills

<i>Share your views</i>	
<p>NN.</p> <p>Do you agree with our interpretation of the meaning of “competence, knowledge, and skills”? If not, why not?</p>	<p>Broadly, Westpac agrees with the interpretation set out in the consultation. However, in the context of the definition of “skill”, what does “well” mean? A “skill” should be measurable, however “well” implied that there is a certain level of subjectivity in that assessment. Will the minimum standard provide further explanation of what is intended?</p>
<p>OO.</p> <p>Are there other factors, which contribute to combined expertise, that we have not listed? We are particularly interested in factors that are relevant to financial advice that is given by a Financial Advice Provider directly, including by digital means.</p>	<p>No comment.</p>
<p>PP.</p> <p>What do you think are the advantages of this approach to general competence, knowledge and skills?</p>	<p>The approach provides flexibility for Financial Advice Providers to design an approach to compliance that works best for that provider. This is particularly important given the removal of the “personalised” and “class” advice categories.</p>
<p>QQ.</p> <p>What do you think are the disadvantages of this approach to general competence, knowledge and skills?</p>	<p>As noted in relation to question NN, the approach is somewhat unclear given the element of subjectivity.</p> <p>Additionally, it seems unnecessary to require all persons providing advice to have a Level 5 qualification. The Financial Advice Provider should be able to determine the relevant level of qualification to suit its structure for advice provision (taking into account the combined expertise of the Financial Advice Provider and the individual).</p>

RR.	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)?	No comment.
SS.	What factors should we consider in determining whether to make the proposed unit standard a renewing obligation?	Financial Advice Providers should be able to evidence they are meeting the standard without the need for a renewing obligation, for example, through quality assurance processes.
TT.	What are the advantages and disadvantages of our approach of identifying two types of financial advice? What impact would it have on the type of advice you give and on your compliance costs?	<p><u>Advantages:</u> There is a clear delineation between types of products that can be offered under the different types of advice, taking into account different levels of training and qualifications held by staff providing the advice</p> <p><u>Disadvantages:</u> Customers don't usually distinguish between the different types of advice. Further, there may be overlap between the two categories of advice. The Code should include guidance and examples to assist advisers and clients understand the distinction. Refer also to our comments in paragraph HH in respect of client responsibilities.</p> <p>Implementation of the new approach would likely require significant investment to develop policies, processes and other documentation. Further cost would be associated with training and the design of compliance and quality assurance processes, particularly if more staff are required to hold higher qualification levels than is currently required.</p>
UU.	How should RFA's experience be recognised?	No comment.

VV.	What do you think are the advantages of this approach to particular competence, knowledge, and skill?	An advantage of the introduction of “product advice” would be to allow greater access to financial advice to New Zealanders.
WW.	What do you think are the disadvantages of this approach to particular competence, knowledge, and skill?	Refer to comments in respect of questions TT and XX. The proposed approach would require significant changes to our organisation, including the roles and responsibilities of current staff, and the requirements placed on new job applicants.
XX.	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)?	Westpac is broadly comfortable with the proposed standards, however, it would be beneficial to have further clarification as to what falls in and outside the definitions of “product advice” and “financial planning”. Further guidance in respect of the comments in paragraph 182 would also be beneficial. If staff don’t have to hold a Level 5 certificate, at what point would the customer need to be referred to a specialist for financial planning advice?
YY.	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?	The baseline should not apply to all products and advice giving situations. As discussed above, the level of competency should depend on the type and complexity of the product. Further, certain staff members may require a higher level of competency in certain product and not for others due to the nature of their role. Financial Advice Providers should have the discretion to establish training that is appropriate for staff providing advice in respect of different product types and advice situations.

Other comments

<i>Share your views</i>	
ZZ.	Are there any other comments you would like to make to assist us in developing the Code? Please refer to the “Executive Summary” section of Westpac’s response.