



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI

New financial advice regime

TMM Better Business Conference 2018



New financial advice regime

- Background and context
- What is happening now?
- Disclosure regulations
- Licensing fees and the FMA levy
- What are the expected time frames?



What is happening now?

FINANCIAL SERVICES LEGISLATION AMENDMENT BILL

What is it?

The Bill introduces a package of changes to the regulation of financial advice following a review of the Financial Advisers Act. It sets out the duties that will apply to providers and individuals e.g. persons giving advice must prioritise clients' interests.

Where is it at?

The Bill is currently before Parliament. The remaining stages in the process are the Committee of the Whole House, and Third Reading before it becomes law.

How to find out more?

- Visit [Parliament's website](#)
- Visit [MBIE's website](#)

REGISTRATION

What is it?

The Companies Office is making changes to the Financial Service Providers Register (FSPR) to implement the changes to the registration requirements in the new regime.

Where is it at?

In addition to the registration requirements in the Bill, detailed requirements are being developed in regulations, including measures to prevent the misuse of the FSPR.

How to find out more?

- Visit [MBIE's website](#)
- Contact MBIE: faareview@mbie.govt.nz
- Contact the Companies Office: info@fspr.govt.nz

CODE OF CONDUCT

What is it?

A new Code of Conduct for Financial Advice will set standards of conduct and client care, and competence knowledge and skill for those giving financial advice e.g. the Code could require persons giving advice to not bring the financial advice industry into disrepute.

Where is it at?

The new Code is being developed by an independent Code Working Group, who are consulting on a draft Code of Conduct in October/November 2018.

How to find out more?

- Visit the [Code Working Group's website](#)
- Sign up to the [Code Working Group's mailing list](#)
- Contact the Code Working Group: code.secretariat@mbie.govt.nz

DISCLOSURE

What is it?

New disclosure requirements will require certain information to be provided to consumers when receiving financial advice to help them make informed decisions e.g. the regulations could require consumers to be informed of the conduct and client care duties the person giving advice is subject to.

Where is it at?

MBIE consulted on proposals for new disclosure requirements in April-May 2018. Feedback from consultation will feed into development of regulations.

How to find out more?

- Visit [MBIE's website](#)
- Contact MBIE: faareview@mbie.govt.nz

LICENSING

What is it?

Financial Advice Providers that give advice to retail clients will need to be licensed by the Financial Markets Authority (FMA). There will be two phases of licensing: transitional and full. Financial Advice Providers will initially be able to operate under a transitional licence, and will have two years to obtain a full licence. Applicants will need to satisfy the FMA of certain matters before a licence is granted e.g. the FMA could require that the applicant has processes for managing conflicts of interest.

Where is it at?

The FMA is designing the licensing process. This will include an online application form, and guides on who needs a licence and how to apply.

How to find out more?

- Visit the [FMA's website](#)
- Contact the FMA: questions@fma.govt.nz

FEES AND LEVIES

What is it?

MBIE is developing regulations to set licensing fees and levies that will apply in the new regime.

Where is it at?

MBIE will be consulting soon on draft proposals for fees and levies.

How to find out more?

- Visit [MBIE's website](#)
- Contact MBIE: faareview@mbie.govt.nz

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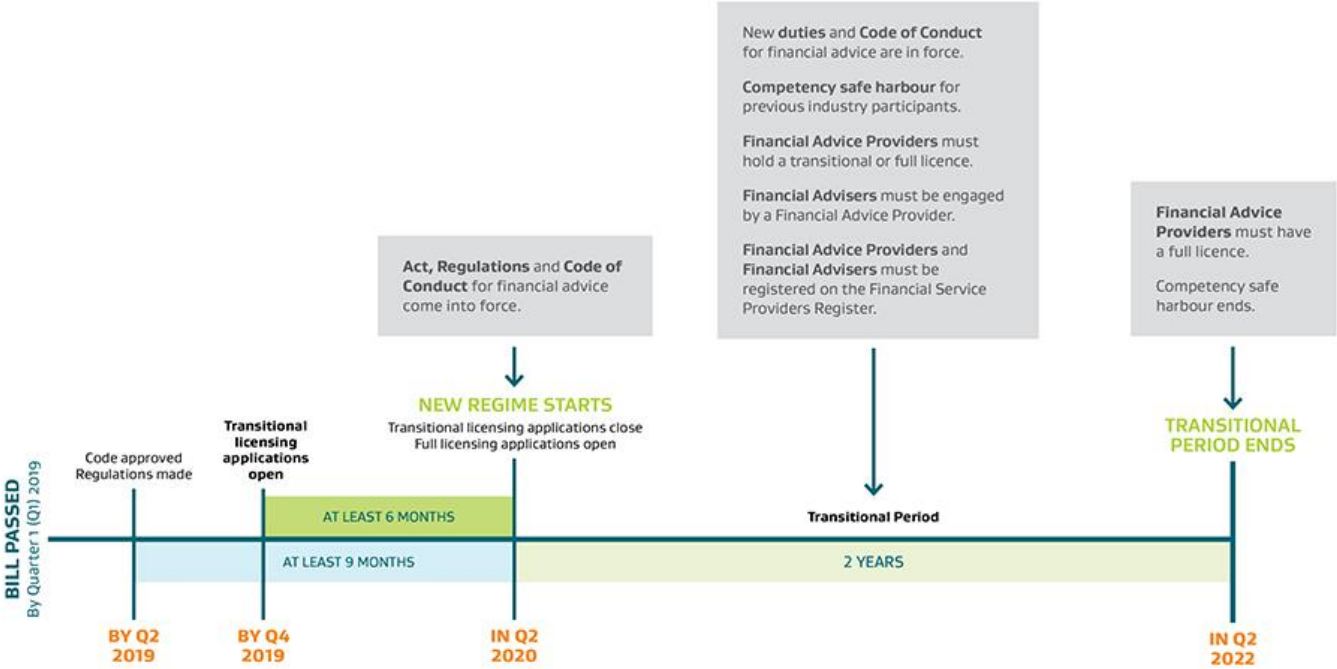
Disclosure regulations

- Our aim is to help consumers make confident and informed financial decisions.
- MBIE is developing regulations that will set the disclosure requirements for the new regime.
- We have completed consumer testing and held industry workshops.
- Consulted on proposals in April-May 2018.
- Want to see consistency in what is disclosed while providing some flexibility in terms of the how information is disclosed.
- Next steps are to refine proposals and seek Government decisions.

Licensing fees and the FMA levy

- Licensing fees allow the FMA to recover the costs of processing licence applications.
- The majority of the FMA's funding is paid by a levy which is charged to financial market participants.
- MBIE to consult on proposed licensing fees and changes to the FMA levy that will apply in the new regime.
- We need your feedback - important that the costs of the regime are fair and reasonable for firms of all sizes.

What are the expected time frames?



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