

Financial Advisers (Certified Investment Management Analyst) Exemption Notice 2017

Pursuant to section 148 of the Financial Advisers Act 2008, the Financial Markets Authority, being satisfied of the matters set out in section 148(3) of that Act, gives the following notice.

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Notice

1 Title

This notice is the Financial Advisers (Certified Investment Management Analyst) Exemption Notice 2017.

2 Commencement

This notice comes into force on 19 May 2017.

3 Revocation

This notice is revoked on the close of 18 May 2022.

4 Interpretation

(1) In this notice, unless the context otherwise requires,—

Act means the Financial Advisers Act 2008

AFA application means an application to be an Authorised Financial Adviser under the Act

CIMA certificate holder means an individual who has been granted certification by IMCA under the CIMA Certification Program and who is currently certified and entitled to use the CIMA® and Certified Investment Management Analyst® designation

CIMA Certification Program means the Certificated Investment Management Analyst certification program owned by IMCA

Code means the Code of Professional Conduct for Authorised Financial Advisers approved by the Minister and brought into force by Gazette notice under section 94 of the Act

IMCA means Investment Management Consultants Association Inc. a non-profit professional association and credentialing body incorporated in Colorado, United States of America

structured professional development has the same meaning as in the Code.

- (2) Any term or expression that is defined in the Act or the Code and used, but not defined, in this notice has the same meaning as in the Act or the Code.

5 Exemption from Core Component

A person who is a CIMA certificate holder is exempted from Code Standard 16 to the extent that Code Standard requires that person to attain the Core Component of the New Zealand Certificate in Financial Services (Level 5) to be an Authorised Financial Adviser and provide the financial adviser services provided or to be provided by that person.

6 Conditions of exemption in clause 5

The exemption in clause 5 is subject to the conditions that the person:

- (a) confirms to the FMA in writing when he or she makes an AFA application that he or she has prepared a professional development plan that includes each of the following matters:
- (i) it identifies any gaps or deficiencies in that person's competence, knowledge and skills compared, in each case, with the learning outcomes for the Core Component; and
 - (ii) it states how those gaps or deficiencies could be addressed through structured professional development; and
- (b) keeps written records of that professional development plan and of any structured professional development completed to address those gaps or deficiencies.

7 Exemption in clause 5 will cease to apply

The exemption in clause 5 will cease to apply on the date that is 12 months after the date a person relying on that exemption becomes an Authorised Financial Adviser if that person has not completed structured professional development to address the gaps or deficiencies in the person's competence, knowledge and skills referred to in clause 6 that are identified in his or her professional development plan.

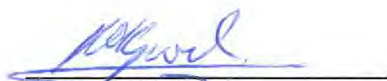
8 Exemption from Investment Strand

A person who is a CIMA certificate holder is exempted from Code Standard 16 to the extent that Code Standard requires that person to attain the Investment Strand of the New Zealand Certificate in Financial Services (Level 5) to be an Authorised Financial Adviser and provide the financial adviser services provided or to be provided by that person.

9 Condition of exemptions in clauses 5 and 8

The exemptions in clauses 5 and 8 are subject to the condition that the person notifies the FMA in writing that he or she intends to rely on that exemption when he or she makes an AFA application.

Dated at Auckland this 15th day of May 2017.



Nick Kynoch
General Counsel
Financial Markets Authority

Statement of reasons

This notice comes into force on 19 May 2017 and is revoked on the close of 18 May 2022.

The notice exempts certain people, on conditions, from the requirements under Code Standard 16 of the Code of Professional Conduct for Authorised Financial Advisers (the Code) to attain the Core Component and Investment Strand of the New Zealand Certificate in Financial Services (Level 5) in order to be an Authorised Financial Adviser (AFA) and provide certain financial adviser services.

The exemptions apply to a person who has been granted certification by Investment Management Consultants Association Inc. under the Certified Investment Management Analyst (CIMA) certification program and who is currently certified and entitled to use the CIMA® and Certified Investment Management Analyst® designation (CIMA certificate holder).

A person must notify the FMA if he or she intends to rely on an exemption under this notice when making an AFA application. In addition, the exemption from the Core Component is subject to the conditions that the person:—

- confirms to the FMA in writing when he or she makes an AFA application that he or she has prepared a professional development plan that includes each of the following matters:
 - (i) it identifies any gaps or deficiencies in the person's competence, knowledge and skills compared, in each case, with the learning outcomes for the Core Component; and
 - (ii) it states how those gaps or deficiencies could be addressed through structured professional development; and
- keeps written records of that professional development plan and of any structured professional development completed to address those gaps or deficiencies.

The exemption from the requirement to attain the Core Component will cease to apply to a person if he or she fails to complete structured professional development to address the gaps or deficiencies in the person's competence, knowledge and skills compared, in each case, with the learning outcomes for the Core Component identified in their professional development plan within 12 months of authorisation. Completion of that structured professional development within 12 months will also be imposed as a condition of authorisation if a CIMA certificate holder is approved as an AFA.

The Financial Markets Authority (FMA), after satisfying itself as to the matters set out in section 148(3) of the Act, considers it appropriate to grant these exemptions because—

- the CIMA certification program provides a post-graduate level specialist program designed for investment and wealth professionals and suited to those involved in any aspect of constructing multi-asset and multi-manager portfolios. The program goes beyond the minimum education standards required under the Code in terms of complexity and depth in certain areas:
- we are satisfied that a CIMA certificate holder will have qualifications that are comparable to the topics and associated learning outcomes under the Investment Strand:
- we are further satisfied that the costs of requiring CIMA certificate holders to attain the Core Component would be unreasonable or not justified by the benefit of compliance in circumstances where:—
 - holders will already have some of the required knowledge, competence and skills under the Core Component through completing the CIMA certification program and other competency requirements under the Code:
 - conditions will require holders to identify any gaps or deficiencies in their competency, knowledge and skills compared, in each case, with the learning outcomes for the Core Component and how they could be addressed through structured professional development in a written professional development plan:
 - the exemption from the Core Component will cease to apply if those gaps or deficiencies in their competency, knowledge and skills are not addressed through structured professional development within 12 months:
 - Code Standard 14 will in any event prevent holders providing a financial adviser service unless they have the necessary competence, knowledge and skill to do so:
- in forming a view on the adequacy of the nature and content of the CIMA certification program, the FMA has taken advice from the Code Committee who set the competency requirements in the Code. The Code Committee confirmed that if they had been asked to consider the CIMA certification program as an alternative designation for the Core Component and Investment Strand in the Competence Alternatives Schedule of the Code in the context of a review of the Code, it is likely that the Committee would have allowed this:
- we are satisfied that, for the reasons given above, granting the exemptions would not undermine consumer protection.