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QFE Renewal Guide

This guide is for qualifying financial entities (QFEs) who wish to renew their QFE status

It gives guidance on how to apply for renewal of QFE status.

Document history

This version was issued in October 2015 and is based on legislation and regulations as at the date of issue.

www.fma.govt.nz

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Background

In 2010, a regime was introduced under the Financial Advisers Act 2008 (FA Act) to regulate individuals and businesses providing financial adviser services. The status of existing Qualifying Financial Entities (QFEs) and QFE Groups will soon be due for renewal. Under section 75C of the FA Act, existing QFEs and QFE Groups can renew their status for a five year term.

If you choose not to renew your QFE status, you and your QFE advisers must stop offering financial advice permitted under your QFE status when that status expires. An entity may be fined up to \$50,000, for offering financial adviser services without an authorisation¹.

¹ Refer to section 114 of the FA Act.

Summary

We encourage you to make a note of your QFE status expiry date, and apply for renewal up to twelve weeks beforehand.

If you have applied but we have not determined the application before the close of the 60th day after the expiry date, your QFE status will remain in place until we make a decision on your application. If you have not applied for renewal before the close of the 60th day after your expiry date, your QFE status will automatically lapse.

We have tried to make the renewal process and our assessment of your application as straightforward as possible. Our approach will be to satisfy ourselves that you remain capable of continuing to meet the eligibility criteria, the legislative obligations and the terms and conditions of the grant of your QFE status.

Our approach will be guided by an assessment of:

- whether you meet the legislative criteria and governance and compliance criteria for renewal²
- your conduct and compliance history over the period of your QFE status, based on the information we hold about you
- your procedures and processes as set out in your Adviser Business Statement (ABS).

This is in order to satisfy the FMA that you continue to have the capacity to meet your obligations and maintain procedures to ensure adequate consumer protection for retail clients.

Please note that it is important to us that QFEs meet the required standards of disclosure, governance, conduct and consumer protection on an ongoing basis.

The renewal application form will be an editable PDF that you complete and return to us by email. If and when we move to a web-based application process, this will be communicated on our website's [QFE licensing forms and resources page](#).

In addition to completing the application form, you will need to provide:

- your ABS, current at the date of your application. For QFE groups this must include information for all associated entities
- information about your business, as outlined in the appendix to the application form
- consent of any nominated associated entity
- confirmation that you have paid the application fee.

Once we have granted your renewal we will notify you and the Registrar of Financial Service Providers, and will publish the status of your renewal on our website.

² See page 7 – 'the criteria we will use to assess your application'.

How to apply

The application form

We will publish the PDF renewal application form, the associated entity consent form, and other relevant information and documents on the [licensing forms and resources page](#) of our website. There are two renewal application forms, one for QFE and one for QFE Group applications.

The forms are in editable PDF format. You should complete the application form, print it, sign and date it and email it with together with any other relevant documents to renewals@fma.govt.nz. You must also pay the application fee, using the payment process set out on the application form.

QFE Group applicants must also email the associated entity consent form of any nominated associated entity, for each associated entity with the QFE Group application.

We can accept your application from up to twelve weeks before your expiry date.

If you have applied but we have not determined the application before the close of the 60th day after the expiry date, your QFE status will remain in place until we make a decision on your application.

If you have not applied for renewal and paid the renewal fee before the close of the 60th day after your expiry date, your QFE status will automatically lapse.

If and when we move to a web-based application process, this will be communicated on our website's [QFE licensing forms and resources page](#).

The application fee

You will need to pay the FMA a fee of \$4,600.00 (inclusive of GST) to renew your QFE status. This fee is set by regulation 4(2) of the Financial Advisers (Fees) Regulations 2010 and by section 75 (2) (b) of the FA Act. Payment instructions are included in the application form and you must pay the fee when you submit your application.

You will need to pay by direct transfer to the FMA's bank account. Please note that we can't accept credit card payments for renewal applications.

An associated entity doesn't need to pay a renewal fee.

The information you will need to provide

In addition to completing the application form, you will need to provide:

- your Adviser Business Statement (ABS), current at the date of your application. This should contain the expected information set out in the QFE Adviser Business Statement Guide, available on the [licensing forms and resources](#)

[page](#) of our website. If you have submitted your ABS to us within the last three months we will accept that as being your current ABS. QFE groups must include information for all associated entities

- QFE data information about your business, as outlined in the appendix to the application form – QFE Groups should include information from associated entities
- consent from any associated entity of a QFE group
- confirmation that you have paid the application fee.

We encourage you to refresh your ABS as part of their renewal application process, to ensure your ABS is up to date.

The QFE data you will need to provide is outlined in the application form available on the [licensing forms and resources page](#) of our website. For QFE Groups please provide the combined data of the QFE and the associated entities for the whole Group. The data we will need includes:

- number of retail customers
- retail funds under management, annual premium income and total value of your loan book
- the category one, two and KiwiSaver products you offer
- the number of Authorised Financial Advisers, QFE advisers and nominated representatives for whom you are responsible
- business structure information such as the number of branches, licensed auditor and number of brokers/agents
- other entities you or your parent/group are regulated by
- types of adviser remuneration.

Authentication

Your application will need to be signed or authenticated by a director or senior manager of your entity who is authorised to do so. It will include a confirmation by the authorised person that the applicant is eligible to apply and is not disqualified under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 (FSP Act).

For a QFE Group application, you will need to submit a consent for each proposed associated entity, signed or authenticated by a director or senior manager who is authorised to do so by the associated entity. Each nominated associated entity will need to consent in writing to being nominated and to comply with the terms of the applicant's QFE status.

The criteria we will use to assess your application

Legislative criteria	Description
Registration under section 66 (1) (a) and (b) of the FA Act	You remain registered on the FSPR and are not disqualified from registration in terms of section 14 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008. You have not been barred from applying for QFE status.
Capacity under section 66 (1) (c) of	You have the capacity to:

the FA Act

- discharge your ongoing obligations under section 76 of the FA Act and all other obligations under the FA Act or related regulations
- comply with the terms and conditions of your QFE status
- maintain procedures to ensure your retail customers are adequately protected.

Procedures under section 65 (3) of the FA Act

You have procedures for:

- training employees and nominated representatives
- setting standards for employees and nominated representatives and
- monitoring those standards.

Associated Entity: QFE group policy criteria under sections 65 (2) , 67 (5) and 67A of the FA Act

- Nominated associated entities must be registered, entitled to be registered, be an affiliated entity, or exempt from registration on the Financial Service Providers Register (FSPR)
- How the associated entity is directly connected to the applicant
- The FMA is satisfied about the provision of personalised services for certain category one products by the entity's QFE advisers
- The FMA is satisfied about the way the QFE is to supervise the associated entity.

Governance and compliance criteria

Description

People

Described in detail under the people heading in the QFE ABS Guide. Points to note:

- You should be clear about which staff members are providing financial advice
- We will assess how the competence and supervision of your advisers contributes to appropriate sales and advice practices and enhanced consumer protection.

Process

Described in detail under the processes heading in the QFE ABS Guide. Points to note:

- Systems and processes needed to ensure information to customers is presented in a consistent, timely and understandable manner
- Customers are given consistent and suitable recommendations
- Appropriate records should be kept, and management should receive timely and relevant information in order to make informed decisions.

Professionalism

Described in detail under the professionalism heading in the QFE ABS Guide. Please note:

Associated Entity(s): QFE Group
Policy criteria

- The FMA will also consider how you address the expectations detailed in our strategic priorities, including expectations of directors and their use of management information, how conflicts of interests are addressed and the requirement for effective governance structures and processes
- We expect to see an effective compliance framework that is subject to regular review and testing.

The FMA will consider:

- the closeness of responsibility for advice and product between the QFE and the associated entity(s)
- how their relationship enables the QFE to take responsibility for advice
- how the associated entity(s) are connected to the QFE
- the business impact of including the associated entities' products within the QFE's group
- the QFE's capacity to be responsible for associated entity advisers.

Conditions of renewal

Your authorisation was issued subject to the standard terms and conditions for QFEs. Your renewed QFE status will also be issued subject to the standard conditions for QFEs. We may add specific new conditions when we renew your status; if we do, we will let you know beforehand.

When your renewed QFE status will take effect

Your renewed QFE status will take effect from your expiry date. For example, if your status expires on 1 December, your renewal takes effect the same day. If your application for renewal has been made but not determined before the close of the 60th day after the expiry date, the QFE status continues until we have made a decision about your renewal.

Renewal period

Renewed QFE status will be for five years. We may vary this but only in exceptional circumstances. We will consult with you if we are considering a period of less than five years for your renewal.

If your renewal is likely to be declined

If it is likely that we will not renew your QFE status, we will let you know in writing. You will have an opportunity to make submissions to support your application. You may also be given an opportunity to meet with us to discuss your submissions.

If your QFE status expires

Your QFE status will automatically expire if you have not applied for renewal and paid the renewal fee by the end of the 60th day after your QFE status expiry date.

If your status expires, we will let you and the Registrar of Financial Service Providers know in writing. The registrar will then remove your QFE status from the FSP Register. You may submit a new application for QFE status, together with a new application fee.

Where to get help

[Our helpline](#)

To talk to someone about your renewal application, phone 0800 434 567 (+64 3 943 4222 for overseas callers)

[Our contact details](#)

Postal address: Financial Markets Authority PO Box 1179 Wellington 6140 or Financial Markets Authority DX Box CX10033, PO Box 106 672, Auckland 1143

Email for renewals applications and queries: renewals@fma.govt.nz.

FAQs

Questions

Answers

Can I apply online, and return to the application if I can't finish it in one go?

No, there is no online application available. You need to fill out the downloadable form, print it, sign it and email it back to us at renewals@fma.govt.nz

When can I start to renew my QFE status?

You can start your renewal up to twelve weeks before your expiry date. The application form will be available on our website.

How do I pay the renewal fees?

Payment details are in the application form.

Can I continue to provide QFE services while waiting for my status to be renewed?

Yes, provided you have applied for renewal within 60 days after your QFE status expiry date.

Who do I submit the renewal form to?

You submit the form to the FMA by email renewals@fma.govt.nz

How long will my QFE status be valid for?

Five years. We may offer a longer or shorter period but only under exceptional circumstances.

Do I need to resubmit an adviser business statement (ABS) with my renewal application?

You must submit a current ABS. If you have submitted an ABS to us in the three months prior to your renewal application, you don't need to submit a new ABS. If not, we encourage you to review and update the information in your ABS before applying for renewal.

What if I miss the deadline for renewing my QFE status?

If you have not applied for renewal and paid the renewal fee before the close of the 60th day after your expiry date, your QFE status will automatically lapse. Once your QFE status has lapsed, you can't apply for renewal but must reapply for QFE status.