

How do I apply for a licence?

PART A:

An overview of the application process for the six new financial market service licences under the Financial Markets Conduct Act 2013

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Do you need a licence?

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PART A: How do I apply? – an overview

To apply for a market service licence you need to read both PART A and PART B of our licensing application guide.

PART A: (this guide) Gives general guidance about the licensing process. This includes information about who needs a licence, how to login to the application portal and how to create a RealMe identity, if you don't already have one (you'll need one before you can apply).

PART B: Gives specific information about the type of licence you're applying for – there is a separate PART B for each of the new licence types.

These guides outline the minimum standards for the licences, set out the questions you'll be asked in the application form, and provide guidance on what you might need to tell us and the types of supporting documents you'll need to provide. Your application can only be made online and you'll need to upload your supporting documents.

You can find the Part B you want here...

B1: [Crowd funding services](#) **B2:** [Peer-to peer lending services](#) **B3:** [MIS managers](#) **B4:** [DIMS providers](#)

B5: [Derivatives issuers](#) **B6:** [Independent Trustees](#)

Please note these guides may be updated from time to time, so please check our website for the latest version before you apply.

This guidance is of a general nature and does NOT replace your own careful reading of the requirements in the Financial Markets Conduct Act 2013 (the 'FMC Act'), applicable regulations, legal or other expert advice on your application. Applicable regulations include the Financial Markets Conduct Regulations 2014 (the 'Regulations') and any other regulations that are made pursuant to Part 9 of the FMC Act (together the 'Applicable Regulations').

We welcome your feedback

If you have any comments or suggestions that can help us improve these guides, please [share them with us](#).

Thank you.

Any questions?

You're welcome to call our information line **0800 434 567** for anything to do with licensing. We're open for calls from 8.30am to 5pm, Monday to Friday. Overseas callers can reach us on +64 3 962 2698.

Six new licences

Who are the new licences for?

The Financial Markets Conduct Act 2013 introduces six new types of financial market service licences. These are for....

- Crowd funding service providers
- Peer-to-peer lending service providers
- Managed investment scheme (MIS) managers
- Discretionary investment management service (DIMS) providers
- Derivatives issuers
- Independent trustees.

To become a licence holder your business must **meet and maintain** eligibility criteria and minimum standards – set out in the PART B sections of our licensing guides.

You can apply for a licence from 1 April 2014. For existing services there are transitional periods.

Who needs a licence?

1. Crowd funding services

A licence to provide **crowd funding services** is for businesses who want to act as an intermediary between companies making share offers and investors – by providing the facility through which offers can be made to investors.

When your service is licensed, companies can offer shares through your service without having to supply product disclosure statements (PDS). See [Part 3](#) of the FMC Act for PDS requirements, and [clause 6](#) of schedule 1 about the exemption.

For the definition of a crowd funding service, see regulation [185](#) of the Regulations. You're not providing a crowd funding service under the FMC Act if your service is only used for charitable or rewards based fund raising, and the donors don't receive shares.

2. Peer-to-peer lending services

A licence for **peer-to-peer lending services** is for businesses who want to provide an intermediary facility to connect borrowers and lenders. This is generally intended for situations where the loan is sought for personal, charitable or small business purposes.

When your service is licensed, borrowers can issue debt securities through your service without having to supply product disclosure statements. See [Part 3](#) of the FMC Act for PDS requirements, and [clause 6](#) of schedule 1 about the exemption.

3. MIS managers

An MIS is a **managed investment scheme**. You'll need a licence if you're the appointed or designated manager of a non-restricted and registered MIS. Specifically you'll need a licence to:

- Make a regulated offer of managed investment products to retail investors
- Register a non-restricted MIS you have been appointed the manager of.

When we grant a MIS licence, it will specify the class of MIS product(s) you offer, and may also specify the product(s) if you only offer a very limited range of products.

There'll be a transition period for any MIS schemes you currently manage – details are available on our website.

What is an MIS?

The definition of an MIS under the FMC Act is very broad (see [section 9](#) of the FMC Act).

- It **includes** collective investment schemes, and most schemes involving participatory securities under the Securities Act 1978.
- It does **NOT include** discretionary investment management services (DIMS), insurance contracts, or schemes that only involve managing separate and direct interests in underlying property.

Any questions?

Please remember you can contact us for information at any time before you apply – and after you're licensed. Just call

0800 434 567

8:30am – 5:00pm
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MIS schemes may be open-ended or closed-ended. **Open-ended** schemes are offered continuously, for example KiwiSaver, superannuation, workplace savings schemes, open-ended unit trusts, and other schemes that invest in relatively liquid assets. **Closed-ended** schemes are more equity-like, such as forestry partnerships and property syndicates that invest in a single asset class.

4. DIMS providers

A DIMS is a discretionary investment management service – an investment arrangement where you make buy–sell decisions about your client's portfolio, rather than your client making those decisions. It includes arrangements where the client has the right to be consulted, or can change a decision you have previously made. DIMS cover a wide range of services and can vary considerably. Section [392](#) of the FMC Act provides the definition of DIMS.

If you are an Authorised Financial Adviser (AFA) and the only type of DIMS you offer to retail clients is 'personalised' DIMS, you do not need an FMC Act DIMS licence. However you will need to be authorised to provide personalised DIMS under the Financial Advisers Act (FA Act). Our website information on [DIMS licensing](#) contains links to further information about personalised DIMS under the FA Act.

Timeline for DIMS licensing under the FMC Act

- From 1 December 2014, all new class DIMS providers will need an FMC Act DIMS licence to provide class DIMS.
- Existing DIMS providers have an exemption until 30 May 2015. If you want to provide class DIMS under your existing authorisation after that date, you or your employer must have applied for an FMC Act DIMS licence and have an independent custodian in place by 30 May 2015.
- From 1 December 2015, anyone providing class DIMS to retail clients must have an FMC Act DIMS licence.

5. Derivatives issuers

If you're in the business of entering into derivatives, you are a **derivatives issuer**. You must be licensed to make a regulated offer of derivatives from 1 December 2014.

A regulated offer includes any offer of derivatives when disclosure must be made to investors, for example, because they are a retail investor.

The FMC Act has a broad definition of a derivative. It includes futures and forwards, options (except options to acquire an equity security, a debt security, or a managed investment product by way of issue), swaps and contracts for difference, margin contracts, rolling spot contracts, caps, collars, floors and spreads. The definition is also wide enough to catch new derivative products as they are developed (see section [8\(4\)](#) of the FMC Act for more details).

6. Independent trustees

This licence is for someone who is, or will be, the **independent trustee** for a restricted managed investment scheme. For the definition of 'independent' please see section [131\(3\)](#) of the FMC Act.

A restricted scheme is identified as 'restricted' on the Register of Managed Investment Schemes. It includes KiwiSaver schemes, and workplace superannuation or legacy schemes. See section [6](#) of the FMC Act for more information.

Please remember

You can contact us for information at any time before you apply – and after you're licensed – just call **0800 434 567**, 8:30am – 5:00pm, Monday to Friday.

Do you need a licence?

Create a RealMe login

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Information for applicants

Getting started

You'll need one person authorised by your board or governing body to complete the application. If that's you, you'll need a RealMe login before you can get started.

RealMe is an all-of-government login service and is a personal, individual login (you may know this as your igovt login). If you don't have one you can use the link supplied here to create one.

Your online application form must be completed by one person and we'll ask you to upload a copy of your authority to apply (there's a [template](#) on our website for this). If for some reason that person can't complete the application please call us on **0800 434 567**.

7. You'll need a RealMe login

Our online application portal uses the all-of-government shared login service, known as RealMe (provided by the Department of Internal Affairs). **This is a personal and individual login**, not a shared one.

RealMe was formerly known as igovt. If you had an igovt login, your username and password will work here. We recommend you use the same RealMe login that you originally used (or will use) to apply for registration on the Financial Services Provider Register. The idea is that you use the same RealMe login to manage government online services. **But you can use any RealMe account you consider secure – or create a new one.**

If you don't have a RealMe login, please go to [Create your RealMe](#) login now and follow the instructions. Please keep a note of the RealMe login you use as you'll need to re-use this each time you login.

The screenshot shows the RealMe login interface. At the top, the FMA logo is visible. Below it, there are two informational messages in light blue boxes with close buttons (X). The first message states: "You have been transferred here from Financial Markets Authority so you can login with RealMe®. Please use the RealMe login you used to apply for registration on the Financial Services Provider Register. Return to Financial Markets Authority e-services". The second message states: "If you had an igovt login, your username and password will still work here." Below these messages, there are two main sections. On the left, the "RealMe" logo is followed by "Username" and "Password" fields, each with a "I forgot my [username/password]" link. A blue "Login" button is at the bottom of this section. On the right, a yellow box titled "Create a RealMe login" contains text explaining the service and a blue button labeled "Create your RealMe login now".

Do you need a licence?

Create a RealMe login

Register as an FSP

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Any questions?

Already an FSP?

You'll need to select the new service you want to be licensed for on the FSP register as well as completing this application.

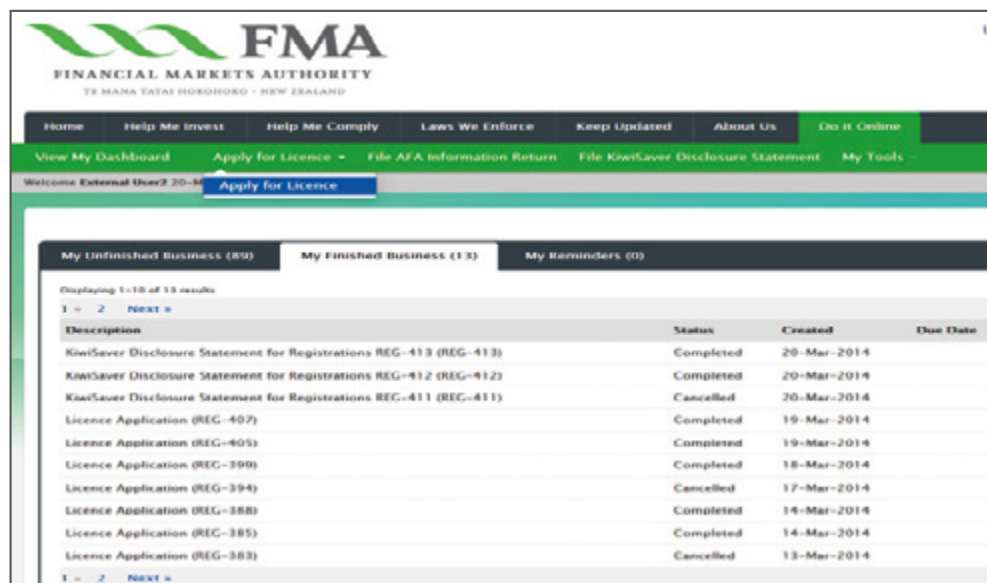
8. You'll need an FSP registration number

This is your financial service provider number and you'll be asked for this number right at the start of your application. You must have one before you can go any further with your application.

- To get an FSP number you need to apply for registration on the FSP Register at www.fspr.govt.nz. As this process can take up to five working days we suggest you apply in advance. You must submit and pay for your application before applying for your licence. Your registration will be completed once your licence is granted. [Read the step-by-step instructions.](#)
- If you're already registered as an FSP, you need to log in to your FSP Register account and select the financial market service/s you want to be licensed for (we can't grant a licence until you do this). The licensed service won't be publicly visible on the register until we issue your licence. [Read the step-by-step instructions](#)

9. Now you're ready to go...

Log in to RealMe. After you've logged in you'll arrive at your Dashboard. This is where you'll see the status of any work you're doing using your RealMe account. To start your application, simply select the 'Apply for licence' tab.



Description	Status	Created	Due Date
KiwiSaver Disclosure Statement for Registrations REG-413 (REG-413)	Completed	20-Mar-2014	
KiwiSaver Disclosure Statement for Registrations REG-912 (REG-912)	Completed	20-Mar-2014	
KiwiSaver Disclosure Statement for Registrations REG-411 (REG-411)	Cancelled	20-Mar-2014	
Licence Application (REG-407)	Completed	19-Mar-2014	
Licence Application (REG-405)	Completed	19-Mar-2014	
Licence Application (REG-399)	Completed	18-Mar-2014	
Licence Application (REG-394)	Cancelled	17-Mar-2014	
Licence Application (REG-388)	Completed	14-Mar-2014	
Licence Application (REG-385)	Completed	14-Mar-2014	
Licence Application (REG-383)	Cancelled	13-Mar-2014	

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What we ask

Use the Part B guides

Our Part B guides for each licence type list the questions we ask and the things we ask you to provide.

There are also comments to explain what evidence and supporting documents we are looking to see. It's really important you download and read the Part B guide for the licence you're seeking before you begin your application.

It's all done online

You apply for your licence online and upload any supporting documents straight into the application. We don't accept hard copy applications or documents unless we specifically request them.

Completing your application

10. Filling in your online application

The online application form is in sections, with each section represented by tabs along the top of the screen. You can fill in the sections in any order and return to them at any time – for instance if you've still got questions to answer, or you want to change something.

You don't have to complete all the questions in one section before moving on to the next, but you do have to complete all mandatory questions before the system will allow you to submit your application. Mandatory questions are marked with an asterisk. To help you check what you still need to do, when you return to a section it will show you at the top of the page which questions are left to be filled in.

The questions are a mix of narrative fields where you can explain something in your own words – and questions where you are asked to answer either YES/NO, enter a value, or select from a list. Where we ask you to fill out an accompanying form, the system provides an online link to the form.

If you want related bodies linked to your application, they will have to fill in a separate application.

Licence Application

Applicant Details Application Details Fit & Proper **Capability** Operational Infrastructure Financial Resources

Governance Upload Documents End of Form Review

Capability

SKILLS AND EXPERIENCE OF YOUR SENIOR MANAGEMENT TEAM

- * Explain or demonstrate how your management team collectively has the right skills and experience.

I require more space and will upload a supporting document on the 'Upload Documents' step.

Please provide details for each management team member who is not already listed in the Fit and Proper section.

Add Senior Manager

I will upload a supporting document on the 'Upload Documents' step.

ROLES AND RESPONSIBILITIES

- * Explain or demonstrate how you document the roles, responsibilities and accountabilities of your management team.

I require more space and will upload a supporting document on the 'Upload Documents' step.

I will upload a supporting document on the 'Upload Documents' step.

Useful tips

You can check out the questions first and create a document offline with all your narrative answers. Then you can cut and paste your answers in – or just upload the whole document and refer us to the different sections as you answer the questions. That way your work is also saved and safe!

11. Uploading documents

In the narrative fields you have 4000 characters, enough space for a brief explanation. But you're also given the option to attach a supporting document. We'll ask you for the document name and a reference to the specific part you want us to read in relation to that question – you can then upload the document at the time, or at any stage, by going to the 'Upload Documents' tab. You can upload documents in Microsoft Word format (DOC, DOCX, XLS, XLSX or RTF), Portable Document Format (PDF) and certain image formats (JPG, PNG, BMP and GIF).

You can also refer to different sections of the same document in answer to different questions. So you can, for example, look at all the questions before you start, then work out your answers off-line and either cut and paste the answers into the narrative fields, or name the document and reference different parts as you go through the form.

Please note when you upload the document it should have the same name you've referred to in your answers – so we can read your correct answer. Thank you.

12. Saving your work

We strongly recommend you save your work regularly as you are filling in the form because the form does NOT save itself automatically.

After saving the form you can safely log out and later resume where you left off.

After you've saved your application form it's listed under the 'My Unfinished Business' tab on your dashboard – to resume your work you simply click on its link.

Because the form doesn't save itself automatically, it can only be recovered up to the point you last saved it. If there's no activity detected for 30 minutes a **warning** that the session will end is displayed on your screen. If no activity is detected for a further 30 minutes, the session ends automatically – and your work is only saved up to the point you last clicked the 'Save & Exit' button. So if you're intending to move away from your work we recommend you save first so you don't lose any of it.

Please remember

If you need help at any stage you're welcome to call us on **0800 434 567**

Final steps

At the end you're asked to certify that you've told us everything material to the licence. You'll then get a chance to review your application before you click 'submit'.

Don't forget to say **YES** when you're asked if you want a PDF copy of your application.

After you submit your application, we may ask you to provide more information to help us make a final decision on your application.

Submitting your application

13. Submitting your application

The last section of the form is a 'Review' screen so you can check all the details you've entered. At the end of that, there's a 'Submit' button.

The 'Submit' button is only activated once all mandatory fields have been filled in with valid data. If there are any fields still needing attention, that section is highlighted by an orange triangle in the tab bar at the top of the screen. Visiting the highlighted section will reveal the fields which need attention.

These are the main things you need to know:

- You won't be able to submit your application until all the mandatory questions have been answered and any mandatory documents have been attached
- Once you've submitted you'll be asked for payment (there's more about this on the next page)
- Next you'll have a once-only chance to download a PDF copy of your application – we recommend you do this because you won't be able to open or view your submission again (for security and privacy reasons)
- If for some reason later on you need another copy, you'll need to contact us about it
- Once the submission process is complete you'll be returned to your Dashboard – where the record of your application will sit under the 'Unfinished Business' tab
- As soon as practical (usually the next working day) we'll receive your application for assessment – and at this stage the record of your application will move from 'My Unfinished Business' tab to the 'My Finished Business' tab on your Dashboard

The system will give you an automated acknowledgement to let you know your application has gone through. After that, we'll only be in touch again during your application processing if we need any further information.

If for some reason we need to place limits on your licence, or decline your application, we'll contact you first so you have the chance to discuss it with us. And if your licence is granted we'll contact you before we issue the licence so you can see and acknowledge the conditions we intend to set.

Any questions?

Call us on
0800 434 567
 8:30am – 5:00pm
 Monday to Friday
 for anything to do with licensing

Final steps

90 days to apply

You have 90 days from the time you start your application to submit it. If you don't submit by then, your unfinished application is removed from the system.

So please allow enough time to check you've included everything we need to know about and have arranged for your fee payment – so there are no last minute hold-ups when it comes time to submit.

Fees and payments

14. Fees and payments

After selecting submit, you're asked to pay the fee. The submit process is not complete until you do this. If you can't pay at this point, you can exit and come back later once you've arranged for payment. You will be unable to submit until payment has been received.

The application system will tell you the total amount to pay once you've reached that stage. You'll find fee details [on our website](#). Here are the key points:

- There's a standard application fee for each licence type – this covers a certain number of hours to assess your application (this includes assessing related bodies you want authorised under your licence).
- If more time is needed, we charge an hourly rate to complete the assessment – we'll contact you and advise when this happens.
- There is a discount if your application is for a subsequent licence or for multiple types of licences (see below).
- If you're licensed, you'll also need to pay an annual levy which recovers the ongoing cost of the licensing regime.
- When you've paid you'll see a 'Payment Confirmation' screen – with a downloadable invoice.
- If you're a related body, you will not be asked to pay a fee.
- You may pay by:
 - credit card
 - internet banking/direct payment.
- If you pay by credit card please check your limit is sufficient to cover the total fee – please note there is a credit card surcharge.
- If you're applying from overseas, the credit card option is not available. **You'll need to instruct your bank to also accept the FMA's bank charges associated with the funds transfer.**
- Each individual application needs to be paid separately – this ensures we can identify your payments in the system.

Important Note:

Your fees must be paid before the system will allow you to submit your application.

1. To pay by credit card follow the on screen instructions.
2. To pay by internet banking or to make direct payment follow these steps:

Any questions?

Call us on

0800 434 567

8:30am – 5:00pm

Monday to Friday

Frequently asked questions

15. When can I apply?

You can apply from 1 April 2014. For peer-to-peer lending and crowd funding services you need to have a licence before you start operating. But for some types of licence there are different lead-ins or transitional periods. Details are on our website.

16. Can I print out an application form to prepare answers?

No, sorry, you can't print out a form, but the Part B guide lists every question as well as information to help you answer them. If you'd like all the questions in your own document, you can copy and paste them all from the 'Review' tab. You can also print the screen you're in from your browser.

17. Can I change my answers, or add and remove documents?

Yes, right up until the time you've submitted your application you can change whatever you like. You can go back into any section at any stage to change an answer – and you can go to the 'Upload Documents' tab to view, add or delete documents you've uploaded.

18. How long will it take to get a licence?

There's no easy answer to this as it depends on how well prepared your application is, whether all supporting documents have been provided, how long it takes to assess, and whether we need to come back to you for information. It'll also depend on how many applications we're trying to assess at the same time. But we think it's as important as you do – so we'll be as quick as we can.

19. Do I have a grace period to supply extra information?

You have 90 days from the time you start your application until the submission process must be completed. If there is something you can't supply for a good reason you can always tell us that in the form. You can also ring our information line if there is some problem preventing you from completing the application form.

20. Can I apply for a limited licence?

Yes, you can ask for limits on your licence, for example if you only want to offer certain types of financial products, or you want limits on the amounts you deal with. This may make it easier for some smaller businesses to meet the minimum standards. We may also impose limits if we consider the applicant can only deliver a limited service – but we would always discuss this with you first.

21. What happens to my information and documents?

The information you supply in your application is held securely by the FMA and used for the ongoing administration and monitoring of your licence.

22. Does the same fee apply if I make a subsequent application for another market service licence?

No there's a reduced fee, provided you make the subsequent application within six months of submitting the previous application. This recognises the lower costs for us since we'll have recently already assessed some of the same information. In most cases it will be a 50% discount, but there's a 15% discount for a derivatives issuer licence.

23. Can I apply for more than one licence at the same time?

Yes, you can apply for multiple licences (the exception is for independent trustees – you can't apply for another licence type in the same application). If you apply for more than one licence in the same application you won't have to repeat certain core information and will receive a fee discount.

24. Will there be conditions?

Yes all licences will have conditions. Some of these will be standard and these are published on our website. Others may be specific to the type of licence, or in some cases to the particular business or applicant. We will inform you of any additional specific conditions that apply before we make a final decision on your application.

25. How long will my licence last?

The standard licence duration is five years from the effective date, but in some cases we may shorten this. We may also add specific conditions to your standard conditions.

26. Is there any other guidance I can read?

You'll find a range of guidance papers and other information on our website www.fma.govt.nz

Anything else you'd like to know?

You can also visit our [website](#) for information about licensing.

Or you can call us – and if it's about something others might also want to know we can add it to our online FAQs.

Any questions?

If you have any questions about applying for a licence please call the FMA helpline. **0800 434 567**. 8:30am – 5:00pm. Monday to Friday.

Do you need a licence?

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Any questions?

Not sure about what something means?
Call us on
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Glossary

Some terms used in our guides

AFA	Authorised Financial Adviser
DIMS	Discretionary Investment Management Service
FA Act	Financial Advisers Act 2008
FMC Act	Financial Markets Conduct Act 2013 ('the Act')
FSP	Financial service provider registration number
FSPR	Financial Service Provider Register
MIS	Non-restricted and registered Managed Investment Scheme
MIP	Managed investment products
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NTA	Net tangible assets
NZ GAAP	New Zealand Generally Accepted Accounting practice
PDS	Product disclosure statement
QFE	Qualified Financial Enterprise
RBNZ	Reserve Bank of New Zealand
Regulations	Financial Markets Conduct Regulations 2014
SIPO	Statement of Investment Policy and Objectives

Related body: A related body corporate as defined in section [400](#) of the FMC Act (these related companies may be authorised under your licence to provide all or part of the licensed service).

Authorised body: Is a related body corporate authorised under your licence to provide all or part of the licensed service.

Systems, processes, procedures and arrangements: We use these terms throughout the guides to refer to how you manage the licensed business. What's required depends to a degree on your business and we'll take the size, complexity and nature of your business into account when we assess your application.