

November 2019

Summary of key themes: Submissions on proposed standard conditions for financial advice provider transitional licences

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www.fma.govt.nz

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Executive summary

We would like to thank all submitters for their feedback on our [consultation on the proposed standard conditions for financial advice provider \(FAP\) transitional licences](#). We received 30 written submissions from a wide range of stakeholders including financial advisers, industry bodies, banks, insurers and law firms. We appreciate the points raised and the effort put into submissions.

This document contains a summary of some key themes raised in those submissions. We have included comments in response to some points raised. We have also attached a collation of written submissions. This may withhold some information in accordance with the Official Information Act 1982 and Privacy Act 1993.

The broad themes are split into the following topics:

1. Record-keeping
 - a. General
 - b. Manner in which records are kept
 - c. How long records must be kept
 - d. What records must be kept
 - e. Other feedback
 - f. Feedback on costs and benefits
2. Internal complaints resolution process
 - a. General
 - b. Definition of complaint
 - c. Nature of complaints process
 - d. Records and disclosure
 - e. Other feedback
 - f. Feedback on costs and benefits

Key themes – Record-keeping

General

Most submitters supported a standard condition requiring FAPs to keep records.

Manner in which records are kept

A number of submitters suggested that the standard condition should allow records in a language other than English. They said it would be both convenient and in line with responsibilities in respect of vulnerable customers to keep records of advice in the language it was given, particularly if the client did not have a sufficient understanding of English. Communicating the advice in the customer's own language helps ensure they fully understand the advice given to them. Another key comment made was that the standard condition should allow records to be kept electronically, including digital records, and video and voice recordings. Some submitters commented that when complying with the requirement that records demonstrate compliance with regulatory requirements, FAPs should also be able to rely on their systems and processes. For instance, the system design for a digital advice facility could be considered alongside the data captured to determine compliance. Similarly, rather than keeping individual copies of generic documents provided to a customer, financial advisers should be able to rely on centralised records of these documents.

FMA comments

One purpose of this condition is to allow us to effectively monitor the financial advice and service provided. Records must be kept in a way that allows them to be conveniently inspected and reviewed by us. To promote access to financial advice, we recognise that records can be kept in any language. However, an accurate summary should be kept in English and, if required by us, an accurate English translation provided. The standard condition has been amended accordingly. We have also amended the standard condition to delete the reference to 'written' and allow records to be kept in any form, including electronic, or video or audio recordings. Records must be kept in a form and manner that ensures the integrity of the information and enables it to be conveniently inspected and reviewed by us. This may mean records need to be indexed or searchable, or otherwise provide a way for us to easily identify and review the information the record contains. The explanatory note now clarifies that whether records demonstrate compliance with various regulatory requirements may be assessed in conjunction with the FAP's systems, processes and controls.

How long records must be kept

Submissions were received on the 7 year time-limit. Queries included when the 7 year period begins.

FMA comments

We think the requirement to keep records for a minimum of 7 years strikes an appropriate balance between ensuring that relevant information remains available for monitoring and enforcement, and not imposing unreasonable compliance costs. Keeping records helps FAPs because it provides a history of advice activity in relation to the client and helps demonstrate compliance with relevant obligations. We have clarified in the condition that the time period

starts on the later of the date on which the advice was given and the date on which the record was created. We have also specified that records must be created and kept in a timely manner. This is to ensure they accurately reflect the matter to which they relate. If subsequent advice is given and the adviser references or relies on information in an earlier record (e.g. client circumstances recorded in the earlier record are referred to and confirmed as still correct or updated before further advice is given) then the time period for the earlier advice record starts again.

What records must be kept

Submitters asked for clarification on the definition of ‘record-keeping’ and what is included and excluded. In particular, clarity was sought on whether the records required were records of the policies, procedures and controls of the FAP business, information and advice given to the client, required disclosures, or all three.

FMA comments

The condition requires the FAP to keep adequate records. To be ‘adequate’, records must clearly demonstrate compliance with regulatory requirements. This is compliance of:

- the FAP
- the people engaged by the FAP; and
- the regulated advice provided to retail clients.

This is likely to require an FAP to keep records of their policies, procedures and controls, relevant information and advice given to the client, and any required disclosures. We have clarified in the explanatory note that records will need to include a record of all regulated financial advice given to retail clients. We anticipate that the draft disclosure regulations MBIE are consulting on will insert an additional licence condition requiring FAPs to keep a record of each disclosure made in accordance with those regulations.

Other feedback

Some submitters noted that there are upcoming changes to record-keeping obligations under the Credit Contracts and Consumer Finance Act 2003 (CCCFA) regime that could potentially cross over with the financial advice regime (to the extent a market participant is caught by both regimes). They suggested record-keeping obligations for FAPs should be delayed to reduce the duplication of effort in changing impacted systems and processes twice.

Submitters asked for clarification on the interaction between record-keeping requirements and standard 5 of the new Code of Professional Conduct for Financial Advice Services.

Some submitters thought FMA should only have access to records where lawful and in accordance with the Privacy Act.

FMA comments

We acknowledge some participants who are subject to both regimes may want to minimise compliance costs by aligning their record-keeping systems and processes for the two regimes. However, we think it is important in order to protect retail clients that records for financial advice services are kept from the outset of the new regime. The flexibility of the record-keeping condition should help minimise the likelihood that established record-keeping systems and processes will need to be significantly changed to comply with the CCCFA requirements.

Standard 5 of the new Code of Professional Conduct for Financial Advice Services provides that a person who gives financial advice must take reasonable steps to protect client information against loss and unauthorised access, use,

modification or disclosure. The commentary to the standard states that client information about a client should only be used, retained or disclosed:

- for the purposes of giving advice
- for a directly related purpose
- if use, retention or disclosure is required or permitted by law; or
- as agreed by the client.

Complying with licence conditions is a legal obligation. Therefore FAPs may retain client information for the purposes of complying with the record-keeping condition without breaching standard 5.

We are satisfied that the FMA's access to client records under the condition is consistent with the Privacy Act. Providers should ensure they comply with Privacy Act requirements in relation to their financial advice services, and advise clients that they are required by law under the conditions of their licence to make their records available for inspection by the FMA at all reasonable times and that the FMA may access the client's personal information in the course of that inspection.

Feedback on costs and benefits

A majority of submitters currently keep some form of electronic record of client interactions and advice given. File notes and copies of advice (both written and electronic) and voice recordings are the most common forms of records. Many have a CRM system or a centralised database. One submitter also conducted 'financial health checks' or fact finding and risk disclosure questionnaires, and kept a central store of those records.

Most submitters did not consider the record-keeping requirement would be a barrier to entry. One commented that all robust businesses should keep secure records of client interactions. A business without strong records would risk harm to its clients, because it would be unable to evidence interactions at times of claim or dispute. However, a small minority thought the requirement for records, even when reasonable, would create an additional cost barrier to entry, or even create a barrier for some existing providers to remain.

Feedback confirmed that the record-keeping requirement is a sensible minimum standard, as it is consistent with good business practice and necessary to produce good client outcomes. The objective of the requirement is to determine how a provider complies with the obligations, rather than simply complying. Therefore, it is appropriate to elevate this aspect of good business practice to a regulatory obligation.

Most submitters agree that there will be no or little additional compliance costs associated with the record-keeping condition. However, a small minority thought there would be substantial costs to implement new systems to ensure record-keeping obligations are met, and in particular to demonstrate compliance with the new duties and regulations. One of this group considered, however, that the benefits of record-keeping would outweigh the costs because this was a key part of their strategy to improve conduct and culture.

Some submitters thought that with the upcoming changes to record-keeping requirements under the CCCFA, FAPs will have to accommodate two changes to processes. They commented that it would reduce compliance costs if these changes were to happen simultaneously.

Some submitters commented that they did not expect there to be significant additional compliance costs providing the requirements allowed the systems, processes and controls of the FAP to be taken into account when demonstrating compliance, and allowed records to be kept in a variety of forms and not just in writing.

One submitter commented that, as drafted, the standard condition would limit their ability to support non-English speaking customers.

Key themes – Internal complaints resolution process

General

There was general overall support by submitters for an internal complaints resolution process requirement.

Definition of complaint

A common theme in submissions was that the definition of ‘complaint’ needs to be amended for consistency with definitions used in the market. Submitters noted that the words “trivial or vexatious” could be applied subjectively to statements/feedback from customers, leading to inconsistency across the industry. Many of the submissions preferred an ISO standard definition. For example, ISO 10002: “An expression of dissatisfaction made to an organisation, related to its products or services, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.” Some submitters thought that a complaint that is resolved at first instance should not be considered a complaint.

FMA comments

We have amended the definition of complaint to make it consistent with the current industry standard. We consider that a complaint that is resolved at first instance is still a complaint. Complaints provide useful information about the provider’s financial advice service. A record of a complaint that is resolved at first instance and any action taken in relation to the matter should be kept. We have clarified (for consistency with the draft disclosure regulations) that a complaint includes a complaint about a failure to provide a service or give advice.

Nature of internal complaints resolution process

Submitters suggested that the timeliness of the complaints resolution process would be a useful matter to keep track of for monitoring purposes. Some submitters thought that specific timeframes should be given. Another submission called for clarification that an ‘acknowledgement’ can occur in various ways (verbal/writing/social media) and that a complaint that is resolved at first point of contact is deemed to be acknowledged. Another submitter considered that ensuring complaints handling is fair, timely and transparent plays an important part in improving policies and procedures to ensure delivery of good customer outcomes. Similarly, another submitter thought that a significant flaw in the wording was that there was no expectation for a fair client outcome or timeliness. It was noted that could lead to a lack of fair outcomes for unsophisticated clients.

FMA comments

We have amended the condition to require that the FAP’s internal complaints resolution process provides for complaints to be dealt with in a fair, timely and transparent manner. This principles-based approach means prescriptive requirements, such as how an acknowledgement should be made or specific timeframes that must be met, are not needed. We have, however, amended the condition to require that records are kept of the date on which a complaint is made and any action taken in respect of it.

Disclosures in relation to internal complaints resolution process

Access to the complaints process on the provider's website, information in initial disclosure documents, and updates on the progress of an internal complaint investigation were other suggestions to improve accessibility. One submitter thought the standard should be consistent with existing obligations or obligations being developed under the disclosure regulations. Another questioned whether the disclosure requirements would be more appropriately addressed in the disclosure regulations.

FMA comments

We agree that disclosure requirements in relation to the internal complaints procedure are best left to the regulations. The draft disclosure regulations require a FAP to make information on how to make a complaint, and an overview of its internal complaints resolution process, publicly available. The information must be made available prominently on its website if it has one, and be provided on request. This information must also be disclosed when advice is given to the client. The draft regulations also require that an overview of the FAP's internal complaints resolution process is given to a retail client as soon as practicable after a complaint is received.

Other feedback

One submitter suggested that the condition should put requirements around what happens if a person is engaged by two FAPs and/or if there is a 'super-FAP' to provide clarity about whose internal complaints resolution process should be used.

FMA comment

We don't think it is appropriate to deal with this through a standard condition. However, the internal complaints resolution process for any FAPs that are a party to such an arrangement should clearly explain how complaints are to be dealt with in these circumstances. This may require FAPs to work together to reach an arrangement to deal with complaints in fair, timely and transparent manner. We will consider these multiple-FAP scenarios during the transitional licensing period and this may be dealt with subsequently through conditions imposed by us or through regulations.

Feedback on costs and benefits

Feedback was mixed on whether additional compliance costs would result. Most considered that the costs would be minimal as they already have systems in place that would be tweaked as appropriate.

Some submitters noted concerns over raising or lowering barriers to entry. Some stressed that the requirement should apply equally, regardless of business size or sophistication. Others stressed that the barriers should be kept low to ensure a level playing field.

Most submitters already have complaints management policies and processes in place, and anticipated few additional compliance costs associated with complying with the condition. However, one submitter noted that they would need to implement a central complaints tracking process. Others said some businesses (e.g. new entrants) would need to establish a new process. Others commented that there would be no additional costs providing the condition did not impose requirements beyond what the current external dispute resolution schemes see as appropriate.

No adverse impacts are expected from the process requirement, with some submitters stating it would instead have a positive effect on business. Some submitters thought that businesses should have a transparent way for current and

potential clients to provide feedback to the business. The effective handling of good complaints is a key aspect of good conduct within the industry.

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Feedback: Proposed standard conditions for financial advice provider transitional licences

Please submit this feedback form electronically in both PDF and MS Word formats via email to consultation@fma.govt.nz with 'Feedback: Proposed standard conditions for financial advice provider transitional licences' in the subject line. Thank you. Submissions close at 5pm on Friday, 26 July 2019.

Date: 26 July 2019

Number of pages: 5

Name of submitter: [REDACTED]

Company or entity: AIA New Zealand and Sovereign

Organisation type: Insurance provider

Contact name (if different):

Contact email and phone: [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers.</i></p> <p><i>You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
Record keeping condition		
1. Do you agree or disagree with the proposed standard condition? Please provide your reasons.	<p>AIA generally supports the proposed standard condition but notes the following points:</p> <p><u>"Adequate written records"</u></p> <p>The condition requires a licence holder to keep "adequate written records" to demonstrate compliance.</p> <p>By referring to "written records", this does not take into account technological advances including voice memos or recorded telephone or video calls. These types of communications are becoming more commonplace in the provision of financial services (including financial advice). Further, these records will likely provide a more accurate record of a customer interaction than a file note and can be readily converted into a transcript if required. The condition should recognise that records may be retained in both written and non-</p>	<p><u>"Adequate written records"</u></p> <p>The proposed standard condition on record keeping should permit the record to be kept in any form, not necessarily only in written form. The focus of the standard should be on the accuracy of the record rather than its form.</p> <p>Greater certainty should also be provided as to the matters for which records should be kept as the list provided is non-exhaustive.</p> <p><u>Records must be in English</u></p> <p>The standard condition should be amended to allow a licence holder to hold non-English records provided they can be converted into English within a reasonable timeframe by an appropriate translation service, if required.</p> <p><u>Seven year retention</u></p> <p>We recommend that the commencement of the seven year</p>

Question number	Comment	Recommendation
	<p><i>written form.</i></p> <p><u><i>Records must be in English</i></u></p> <p><i>We do not support the proposal to require records to be in English as this may conflict with our responsibilities around vulnerable customers. While most of our business records are in English, in some cases, where it is apparent a customer has a limited ability to understand English, we may communicate in the customer's own language to ensure they understand what is being said to them. We also have application forms written in Mandarin and may look to expand our range of application documentation to other languages as we develop our vulnerable customer framework.</i></p> <p><u><i>Seven year retention period</i></u></p> <p><i>The condition proposes a seven year timeframe for retaining records but is unclear as to the trigger for commencement of the seven year period (i.e. would this be from the date the record is created or from the termination of the relationship?) This can be compared to current Code Standard 13, which explains how the seven year timeframe is measured.</i></p>	<p><i>retention period be clarified in the proposed condition.</i></p>

Question number	Comment	Recommendation
	<p><u>Existing customers</u></p> <p><i>Licence holders may engage nominated representatives or financial advisers at any time. Often, these people will have existing client relationships (and corresponding records) when they are engaged by a licence holder. Where existing records are relevant to financial advice services provided on behalf of the relevant licence holder (for example, where the records relate to previous financial advice and the current engagement is an annual check-up, or relates to a discrete element of the previous advice) then, under the standard condition, the licence holder would be responsible for the adequacy of those existing records notwithstanding the fact it was not in a position to oversee or control their content at the time. In turn, the licence holder would have potential liability if the existing records were not adequate. A similar issue arises for any records held by third parties that pre-date commencement of the new regime.</i></p>	<p><u>Existing customers</u></p> <p><i>The standard condition should be amended to clarify that a licence holder is not responsible for the records of a nominated representative or financial adviser relating to the period before that person was engaged by the licence holder, or before commencement of the regime.</i></p>
2. What written records do you currently keep for your financial advice business?	<p><i>All advice documents for Sovereign QFE advisers are kept and are available via a centralised database which is accessible both by the advisers and the QFE licence holder/insurance provider.</i></p> <p><i>Independent financial advisers engaged by AIA currently maintain their own records. We do not generally oversee this process.</i></p>	
3. Would the proposed standard	<i>As drafted the standard condition would cause a</i>	<i>See our recommendations above.</i>

Question number	Comment	Recommendation
<i>condition create any additional compliance costs for your business? If so, please detail those costs.</i>	<i>considerable increase in costs associated with ensuring all records are transcribed into written form (from call recordings etc.).</i>	
<i>4. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.</i>	<i>As drafted the standard condition would limit our ability to support non-English speaking customers.</i>	<i>See our recommendations above.</i>
<i>5. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.</i>	<i>We have no comments on this question.</i>	
<i>6. Do you have any other comments on the proposed condition or how it is drafted?</i>	<i>We have no further comments.</i>	
Internal complaints process condition		
<i>7. Do you agree or disagree with the proposed standard condition? Please provide your reasons.</i>	<i>AlA supports the requirement for there to be an internal complaints process covering the proposed core requirements to ensure all customer complaints are dealt with efficiently and consistently across all financial advisers and nominated representatives under a licence.</i> <i>Subject to our one recommendation across, we are comfortable with the proposed standard condition as currently worded.</i>	<i>We recommend clarification that an “acknowledgement” can occur in various ways (verbal/writing/social media) and that if resolved at first point of contact it is deemed to be acknowledged.</i>
<i>8. Do you currently have an internal complaints process for your financial advice business?</i>	<i>Yes</i>	
<i>9. Would the proposed standard condition create any</i>	<i>We have no comments on this question.</i>	

Question number	Comment	Recommendation
<i>additional compliance costs for your business? If so, please detail those costs.</i>		
<i>10. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.</i>	<i>We have no comments on this question.</i>	
<i>11. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.</i>	<i>We have no comments on this question.</i>	
<i>12. Do you have any other comments on the proposed condition or how it is drafted?</i>	<i>We have no further comments.</i>	
Feedback summary – <i>if you wish to highlight anything in particular.</i>		
<p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p>		
Thank you for your feedback – we appreciate your time and input.		

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Date: 26 July 2019

Number of pages: 1

Name of submitter: [REDACTED]

Company or entity: Astute Financial Management

Organisation type: Mortgage and Insurance Head group/Aggregator

Contact name (if different):

Contact email and phone: [REDACTED]

Questions on internal complaints process condition

7. Do you agree or disagree with the proposed standard condition?

Yes – but the explanatory note regarding what the definition of a complaint is – is out of date.

8. Do you currently have an internal complaints process for your financial advice business? **yes**

9. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs. **No -as they already exist.**

10. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be. **no**

11. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case. **no**

12. Do you have any other comments on the proposed condition or how it is drafted?

Just that the explanatory note which mentions the terms' trivial, vexatious 'appears to be out of date with the international definition of what a complaint is.

Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.

Thank you for your feedback – we appreciate your time and input.

Submission to:

Financial Markets Authority

Consultation: Proposed standard conditions for financial advice provider
transitional licences

Bank of New Zealand

26 July 2019

1 Introduction

- 1.1 Bank of New Zealand ('BNZ') has prepared this response to the Financial Markets Authority's *Consultation: Proposed standard conditions for financial advice provider transitional licences*. BNZ welcomes this opportunity to respond to the consultation and acknowledges the hard work that has been done to develop the proposed standard conditions.
- 1.2 BNZ has also contributed to, and supports, the submission of the New Zealand Bankers Association.
- 1.4 Our responses to the questions raised in the consultation are set out below.

Questions on record keeping condition

2. Do you agree or disagree with the proposed standard condition? Please provide your reasons.

- 2.1 BNZ supports the introduction of a record keeping condition as part of the transitional licensing requirements for financial advice services. However, BNZ considers that a formal condition would be better introduced once there is certainty of record keeping requirements across regulatory regimes. For example, we are aware that there are impending obligations on record keeping under the CCCFA regime that potentially cross over with the FSLAA regime (to the extent a market participant is caught by both regimes). Without this, there is the potential for confusion for frontline staff which will inevitably impact the way we discuss products and services with customers, and this may be adverse from a customer's perspective.
- 2.2 To implement the CCCFA record keeping requirements, BNZ will need to create new systems and processes, to uplift from the current record-keeping standards in the Responsible Lending Code. Ideally we would like to ensure that our record keeping solution for FSLAA also meets the record keeping requirements under the CCCFA in order to ensure there are efficiencies in the regimes.
- 2.3 However, as the detailed requirements for the CCCFA will not be known until the regulations are promulgated it is difficult for us to do that now. If the timing of these two requirements are not broadly aligned it is very likely that there will be duplication of effort as impacted systems and processes will need to be changed twice. This will impact on a customer's experience of seamless financial service and the quality of conversations.

3. What written records do you currently keep for your financial advice business?

- 3.1 All BNZ AFAs currently keep records of their financial advice as required under the Code of Professional Conduct for Authorised Financial Advisers. Other retail staff currently keep records of any "financial health checks" they offer customers, and all non-AFA bankers generally are required to keep records of meetings, advice and interactions with customers. BNZ is currently reviewing its current record keeping to ensure customer interactions are recorded in a consistent manner.

- 4. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.**
 - 4.1 BNZ considers that there may be significant compliance costs to implement new systems to ensure we are meeting the record keeping obligations under various regulations on an ongoing basis. A full scoping of the costs has not yet been completed. However, improving conduct and culture is part of BNZ's strategy and adequate record keeping is part of that strategy. With that in mind, BNZ considers that the benefits will outweigh the costs.
- 5. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.**
 - 5.1 The main adverse impact would be if the condition is pushed through as part of the transitional licence requirements in a compressed time and BNZ must rework its record keeping solutions when the CCCFA record keeping requirements are finalised. BNZ would strongly urge the FMA to consider the overlapping requirements here and align the timing for compliance.
- 6. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.** BNZ has no comment on this.
- 7. Do you have any other comments on the proposed condition or how it is drafted?**
 - 7.1 All concerns as stated above.

Questions on internal complaints process condition

- 8. Do you agree or disagree with the proposed standard condition? Please provide your reasons.**
 - 8.1 BNZ agrees with the introduction of a condition for an internal complaints process as part of the transitional licence. The Hayne Final Report and the reviews by the Reserve Bank of New Zealand and the Financial Markets Authority into the retail banking and insurance industries in particular, have focussed organisations on uplifting their policies and procedures to ensure they deliver good customer outcomes. A big part of this is ensuring that complaints handling is fair, timely and transparent.
- 9. Do you currently have an internal complaints process for your financial advice business?**
 - 9.1 Yes, our internal complaints process has been reviewed as part of the Reserve Bank of New Zealand and the Financial Markets Authority review into the retail banking and insurance industries. We are continuing to work with the Banking Ombudsman on the development of an industry complaints dashboard. We are confident that our current processes and procedures will meet the requirements of the condition as drafted.

10. **Would the proposed standard condition create any additional compliance costs for your business?** If so, please detail those costs.
- 10.1 We do not expect considerable increases in compliance costs as a result of this condition.
11. **Would the proposed standard condition have any other adverse impact on your business?** If so, please describe what this would be. No comment.
12. **Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.** No comment
13. **Do you have any other comments on the proposed condition or how it is drafted?** No.

Should FMA have any questions in relation to this response, please contact:

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] [REDACTED]
[REDACTED] [REDACTED]
[REDACTED] [REDACTED]

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Name of submitter: [REDACTED]

Company or entity: Cigna Life Insurance New Zealand Limited

Organisation type: Life Insurance company

Contact name (if different):

Contact email and phone: [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers. You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
<p>1. Do you agree or disagree with the proposed standard condition? Please provide your reasons.</p>	<ul style="list-style-type: none"> Agree with a licence condition outlining the need for adequate written records in relation to financial advice service however disagree with the restricted definition of "written records" as this does not reflect the multiple forms in which records may be kept – e.g. via electronic means. 	<ul style="list-style-type: none"> Suggest that the draft standard condition is amended to "...written or electronic records" to reflect that records can be kept in various forms – e.g. recorded phone conversations and sales calls in our Cigna Contact Centre.
<p>2. What written records do you currently keep for your financial advice business?</p>	<ul style="list-style-type: none"> We keep written records for approximately 60 Insurance Advisers who meet face to face with customers. In our Contact Centre, we record phone conversations. 	<ul style="list-style-type: none"> See above note
<p>3. Would the proposed standard</p>	<ul style="list-style-type: none"> The proposed standard condition in its current wording (restricted to 	<ul style="list-style-type: none"> Suggest electronic records are accepted in addition to written

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<p><i>condition create any additional compliance costs for your business? If so, please detail those costs.</i></p>	<p>written records only) would likely result in significant compliance costs for our business. If electronic records were to be included, this would not substantially impact our business from a compliance point of view.</p>	<p>records. Requiring all phone conversations and file notes to be transcribed at the time of the conversation would have significant resourcing impacts and compliance costs on our business.</p> <ul style="list-style-type: none"> • Suggest these costs are disproportionate given that a recording of a phone call (which is easily accessed and can be converted into written form if required) is sufficient to meet the record keeping requirement and would also satisfy the intent behind the requirement.
<p><i>4. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.</i></p>	<ul style="list-style-type: none"> • See above note 	<ul style="list-style-type: none"> • See above note
<p><i>5. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.</i></p>	<ul style="list-style-type: none"> • No comment 	<ul style="list-style-type: none"> • No comment
<p><i>6. Do you have any</i></p>	<ul style="list-style-type: none"> • Maintaining adequate records of customer 	<ul style="list-style-type: none"> • See above note

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<p><i>other comments on the proposed condition or how it is drafted?</i></p>	<p>interactions can be achieved by multiple methods, which should be recognised in the wording of the standard condition – a focus on ‘written records’ is too narrow and does not align with the FMA’s preference for a principles-based approach</p> <ul style="list-style-type: none"> As recognised by the FMA on page 8 of the Consultation document, methods chosen to keep records will depend on a business’s personal preferences and the nature and scale of the business – this should include electronic forms of record keeping. 	
<p><i>7. Do you agree or disagree with the proposed standard condition? Please provide your reasons.</i></p>	<ul style="list-style-type: none"> Agree with a licence condition relating to internal complaints processes but suggest a variation to the definition of ‘complaint’ to encourage clarity and consistency across the industry. 	<ul style="list-style-type: none"> Suggest that the definition of complaint is amended -the words “trivial or vexatious” could be applied subjectively to statements/feedback from customers, leading to inconsistency across the industry. Suggest something similar to the following definition of ‘Complaint’ which is well aligned with the current Fair Insurance Code: an expression of dissatisfaction made to our organisation by a customer (current or potential) in relation to any products or service where a response or resolution is explicitly or implicitly expected.

<p>8. Do you currently have an internal complaints process for your financial advice business?</p>	<ul style="list-style-type: none"> • We have an internal complaints process that can be commenced directly via our website or by any front-line staff member, and recorded via an internal database. • Our current internal complaints process allows for: <ul style="list-style-type: none"> ➤ Complaints to be acknowledged as soon as practicable (our current internal service levels require us to acknowledge customers' complaints within 48 hours) ➤ Clients to be given information about our complaints process and how it works (information outlined in our policy wordings) ➤ A written record to be kept of all complaints and the action taken to resolve them, in the form of a complaints database which stores all complaints and outlines any internal actions taken. • We belong to the Insurance and Financial 	<ul style="list-style-type: none"> • See above note
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	Services Ombudsman Scheme (IFSO) - if a resolution cannot be reached internally with a customer, a letter of deadlock is issued and IFSO are able to settle any disputes with customers.	
9. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.	<ul style="list-style-type: none"> No, because we already have internal complaints processes in place for resolving customer complaints – no additional compliance costs will be required. 	<ul style="list-style-type: none"> See above note
10. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.	<ul style="list-style-type: none"> See above note 	<ul style="list-style-type: none"> See above note
11. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.	<ul style="list-style-type: none"> No comment 	<ul style="list-style-type: none"> No comment
12. Do you have any other	<ul style="list-style-type: none"> No comment 	<ul style="list-style-type: none"> No comment

<i>comments on the proposed condition or how it is drafted?</i>		
Feedback summary – <i>if you wish to highlight anything in particular.</i>		
<p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p>		
Thank you for your feedback – we appreciate your time and input.		

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Feedback: Proposed standard conditions for financial advice provider transitional licences		
Please submit this feedback form electronically in both PDF and MS Word formats via email to consultation@fma.govt.nz with 'Feedback: Proposed standard conditions for financial advice provider transitional licences' in the subject line. Thank you. Submissions close at 5pm on Friday, 26 July 2019.		
Date: 2019-07-28 Name of submitter: [REDACTED] Company or entity: Compliance Refinery Organisation type: Compliance Consultancy services. Contact name (if different): Contact email and phone: [REDACTED]		
Question number	Comment	Recommendation
<i>You don't need to quote from the consultation document if you use page numbers. You may insert additional lines or pages - please label each additional page with your name & organisation.</i>		
1. Do you agree or disagree with the proposed standard condition? Please provide your reasons.	Strong record keeping should be a main tenant of licensing. As a larger FAP, we don't feel there should be a lower bar for smaller entities or single adviser businesses. It could encourage a race to the bottom and a fragmenting of the larger businesses to achieve that. The way it currently reads, and the current industry view is that the smaller businesses will have a different expectation, which should not be the case. It should be about the customer.	Change the wording from the size of the business to how the business operates. Larger FAP's shouldn't have a higher bar, the bar should be level across the industry.
2. What written records do you currently keep for your financial advice business?	N/A	You could change the wording in this to technology systems and ask a more pointed question. As an example, there is a big difference between Xplan and a 30k customer build CRM that is barely functional and has security issues and key person risk.
3. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.	N/A	N/A

4. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.	No. Record keeping and technology is a way to quickly increase the service level and provide more value to clients. As noted above, it should be encouraged, not have lower bars set for some and a race to the bottom.	
5. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.	It does not create a barrier to entry, at this point it appears to be in line with what any small, medium or large size business would currently require operating a standard business. It is also in line with the expectations around other FMA related legislations require. The market is actually looking forward to a higher barrier to entry and increased professional standards. The barrier to entry in a lot of cases is that smaller businesses struggle to be attractive landing places for quality candidates that are considering entering the industry.	
6. Do you have any other comments on the proposed condition or how it is drafted?	The FMA needs to ensure that the standards are consistent across the industry and not discourage larger FAPS from forming and establishing a high standard for best practice. Please don't set an artificially low bar for single adviser businesses.	Ensure standards are consistent across the industry.
7. Do you agree or disagree with the proposed standard condition? Please provide your reasons	The current standard condition as it reads could be more robust. Complaints is probably one of the weakest executed and least understood in the industry. Most Advisers don't understand what a complaint is and certainly don't investigate or resolve them quickly. A significant flaw in the wording is that there is no expectation for a fair client outcome or timeliness. That approach can promote a lack of fair outcomes for unsophisticated clients. This is a highly conflicted area for sophisticated advisers dealing with unsophisticated clients.	Note specified timelines for client resolution and an obligation of a fair outcome to the client. Also, helpful would be the creation of an independent disclosure pamphlet outlining the process and the client's options that adviser has to provide to clients.

8. Do you currently have an internal complaints process for your financial advice business?	N/A	This should be the lowest possible bar. It would be excellent to have prescriptive guidelines from the FMA to ensure clients receive a fair experience.
9. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs	N/A	No, this a general cost of doing business and this is something that would be considered as part of the customer services levels most if not all business utilises either within financial services or outside of financial services.
10. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.	Not observed through my clients in the industry.	N/A
11. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.	No. This is customer service, all businesses in financial services or elsewhere have to remediate complaints. It is minimum bar of service and cost of doing business in any industry.	N/A
12. Do you have any other comments on the proposed condition or how it is drafted?	Once again, I don't think we should encourage a low bar. Clients tend to be very unsophisticated in the products they purchase from financial advisers, that are experts in them. Clients deserve additional protections to ensure they complaints are handled properly. There should be consideration for a fair outcome, which somehow the condition does not mention.	Implement a client fairness clause to this standard condition.
<i>Feedback summary – if you wish to highlight anything in particular.</i>		
Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.		

Thank you for your feedback – we appreciate your time and input.

Feedback: Proposed standard conditions for financial advice provider transitional licences

Date: 26 July 2019

Number of pages: 4

Name of submitter: [REDACTED]

Company or entity: Fidelity Life

Organisation type: Life Insurance

Contact name (if different):

Contact email and phone: [REDACTED]

Question number	Comment	Recommendation
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*You don't need to quote from the consultation document if you use page numbers.
You may insert additional lines or pages - please label each additional page with your name & organisation.*

Proposed record keeping standard condition

1. Do you agree or disagree with the proposed standard condition? Please provide your reasons.

Overall, we agree with the proposed standard. However, we make the following comments for consideration:

- The standard should be consistent with existing obligations such as under the Privacy Act and other relevant legislation. For example, records should be retained in line with specified periods under some legislation.
- The standard should be technology neutral. The proposed standard condition requiring records to be in writing does not take into consideration other records held, such as telephone/voice recordings.
- The standard needs to be practical and work in a range of advice situations, across all delivery methods and record keeping forms. For example,

	<p>telephone/voice recording should be an adequate means of record keeping.</p> <ul style="list-style-type: none"> Any requests for information should be consistent with all relevant law, including Privacy. 	
2. What written records do you currently keep for your financial advice business?	As a life insurance product provider, we hold a range of product, policy and customer records relating to being a life insurer.	
3. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.	The requirement that records must be in writing will create additional compliance and resource costs.	
4. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.	No.	
5. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case	No.	
6. Do you have any other comments on the proposed condition or how it is drafted?	<p>The proposed standard condition states that records must be kept for at least seven years. Can you confirm when the retention period starts?</p> <p>The example on page 8 states that records will need to include a copy of any disclosure statement(s) provided to clients. We should be able to rely on a master set of disclosure statements that our processes require to be provided to customers and when.</p>	

<i>Proposed internal complaints process standard condition</i>		
7. Do you agree or disagree with the proposed standard condition? Please provide your reasons.	<p>Overall, we agree with the proposed standard condition that the licence holder must have an internal process for resolving client complaints.</p> <p>However, the standard should be consistent with existing obligations or obligations being developed under the disclosure regulations.</p>	<p>We recommend the definition of complaints on page 9 be reviewed and updated to ensure consistency with other complaint definitions such as, by Dispute Resolution Schemes and other best practice definitions, for example the AS/NZS Standard 10002, complaints management.</p> <p>It is problematic if licence holders are required to assess complaints received to consider whether they were trivial or vexatious, rather than having a process to deal with all complaints received. This may lead to unintended consequences.</p>
8. Do you currently have an internal complaints process for your financial advice business?	Yes.	
9. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.	No.	
10. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.	No.	
11. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.	No.	

<p>12. Do you have any other comments on the proposed condition or how it is drafted?</p>	<p>The standard provides for complaints to be resolved and a response provided to the client as soon as practicable. We query whether 'resolved' is appropriate, as some complaints may need to be referred to a Dispute Resolution Scheme to deal with.</p>	
<p>Feedback summary</p> <p>In general, we support the intention of the proposed standard conditions for financial advice provider transitional licences to ensure licence holders continue to meet requirements and to help the FMA effectively monitor licensed holders.</p> <p>We also note that the criteria the FMA will assess in full licensing will be more comprehensive than transitional licensing and ask that the FMA consult further on any additional full licensing requirements and conditions.</p>		
<p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p>		

Feedback: Proposed standard conditions for financial advice provider transitional licences

Please submit this feedback form electronically in both PDF and MS Word formats via email to consultation@fma.govt.nz with 'Feedback: Proposed standard conditions for financial advice provider transitional licences' in the subject line. Thank you. Submissions close at 5pm on Friday, 26 July 2019.

Date: 25 July 2019

Number of pages: Four

Name of submitter: [REDACTED]

Company or entity: Financial Advice New Zealand (the Association)

Organisation type: Financial advisers membership association

Contact name (if different):

Contact email and phone: [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers.</i> <i>You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
Questions on record keeping condition	Comment and Recommendation from Association	
<p>1. Do you agree or disagree with the proposed standard condition? Please provide your reasons.</p> <p>Solution requires:</p> <p>1. Records must demonstrate how you, and any person engaged by you, have complied with the Act, Regulations and Code and..</p> <ul style="list-style-type: none"> • Include information about any regulated financial advice, and • Copies of any written information or documents in connection with the service • Records can be kept by another person on the licence holders behalf • Records must be in writing – paper or electronically • Must be true and clear copy for the original – state but 	<p><i>The definition of record keeping could be confusing for FAPs and advisers.</i></p> <p><i>Is it one of the following?</i></p> <p><i>Records of policies, procedures and controls to ensure compliance to the Act and regulations? (as per the condition)</i></p> <p><i>Information and advice given to clients? (as per the explanatory notes)</i></p> <p><i>Required disclosures? (as per the explanatory notes)</i></p> <p><i>Or all of the three above?</i></p> <p><i>The 'condition' wording and the 'explanatory note' are confusing and appear contradictory. There seems to be a requirement to demonstrate/keep evidence of compliance AND a requirement to keep client records/disclosures. For example:</i></p> <p><i>The 'condition' wording says the FAP must maintain written records in relation to the financial advice service, and goes on to say "The records must demonstrate how you.... <u>have complied</u> with the FMC Act and FMAC Regulations."</i></p> <p><i>So is this about the FAPs documented evidence of compliance to the Act and regulations? If so, are the 'records' a FAP must keep are those that demonstrate compliance to the FMC Act and FMC Regulations - policies, procedures and controls.</i></p> <p><i>Conversely, the 'explanatory note' defines 'adequate written</i></p>	

<p><i>not be certified as an original</i></p> <ul style="list-style-type: none"> • Computer or device has back ups capability • Records are accessible <p>2. Records kept for 7 years.</p>	<p><i>records' in a two-part manner;</i></p> <p><i>One, "without limitation, any information about any <u>regulated financial advice</u> given to retail clients"</i></p> <p><i>and two,</i></p> <p><i>"copies of any written information or documents required by or for the purposes of the FMC Act and FMC regulations and new code in connection with the <u>service</u>."</i></p> <p><i>Part one is a very broad definition. Presumably it is <u>any information</u> to the client - the advice itself, and information about the advice services.</i></p> <p><i>Part two, presumably, refers to the required disclosures under the FMC Act? That is under Duty 4310 Duty to make prescribed information available</i></p> <p><i>Recommendation:</i></p> <p><i>Clarification of the definition of 'record keeping' and what is included and excluded. A full case study would be helpful.</i></p> <p><i>Recommendation:</i></p> <p><i>In relation to regulated advice to a client and information it ought to be permissible to record and store these in hard copy or electronically, and all format ought to be accepted such as; English and Maori written formats, video with audio, video without audio (e.g. NZ sign language) and pure audio formats – <u>as long as such formats can be transcribed to written form.</u></i></p> <p><i>It is noted that client information under the new Code Standard 5 (CS5) is only allowed to be retained <u>for the purpose of giving financial advice to the client.</u></i></p> <p><i>In the case a client who left the services of a FAP, the client information ought be destroyed or returned under CS5. Does the proposed record keeping regulatory requirement for 7 years mean information of former client needs to be held longer?</i></p> <p><i>In the case of a client who only had an initial engagement with an adviser, or maybe got to the stage of receiving recommendations, but failed to implement and /or authorise those recommendations, what are the regulatory requirements for record-keeping in light of CS5?</i></p> <p><i>Recommendation: clarification of this FAP requirement and CS5 retention requirement.</i></p> <p><i>Written records will be changed constantly with changes to the financial advice service in question, industry best practice and regulatory changes - to ensure their ongoing compliance.</i></p> <p><i>The question arises do a FAPs 'records' in all their versions require to be kept for 7 years?</i></p> <p><i>Recommendation: It would be logical that these 'records' be securely stored and accessible for the life of the FAP license and at</i></p>
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	<i>the cessation of the FAP license kept for a period of 7 years.</i>	
2. What written records do you currently keep for your financial advice business?	<p><i>We support, as best practice, always providing the client written advice, which ought to be secured stored and accessible for reference.</i></p> <p><i>However, clients are often given other supporting information and generic prescribed regulatory disclosures. Unless this information were personalised to the client it would be onerous to a FAP to store every generic files provided a client. What ought to be recorded was when the information was sent/acknowledged by the client a copy held on file for reference.</i></p>	
3. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.	<p><i>There will be substantial costs to FAPs to build, adapt and document the policies, procedures, processes and controls to demonstrate compliance to the new duties and regulations (record keeping condition)</i></p> <p><i>The Association supports regulation to ensure client statement and records of advice are kept in a transcribable manner.</i></p>	
4. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.	<i>Time disruption to principals and compliance personnel will be substantial to comply with proposed standard condition 1</i>	
5. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.	<p><i>Yes. New entrants to the licensed regime often lack the knowledge and expertise to build, adapt and document the policies, procedures, processes and controls to ensure compliance to duties and regulations.</i></p> <p><i>Secondly, new entrants often have very limited financial resources to employ external human resources to meet this standard condition.</i></p>	
6. Do you have any other comments on the proposed condition or how it is drafted?	<i>The requirements of transitional license condition 1 could be better understood by FAPs and advisers by describing what the purpose of condition is and what are the desired outcomes.</i>	
Questions on internal complaints process condition		
7. Do you agree or disagree with the proposed standard condition? Please provide your reasons.	<p><i>Yes. The four listed points of the internal process ought to indicate the besides the 'resolution' outcome for the client the 'deadlock' outcome is also an option and the consumer has the option to refer the matter to external dispute resolution through an Approved Disputes Resolution Scheme.</i></p> <p><i>We believe the definition of complaint should align with the new Australia and New Zealand standard of complaint handling ISO10002 defines complaint as:</i></p> <p><i>"expression of dissatisfaction made to an organisation, related to its product or service, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected"</i></p>	

8. Do you currently have an internal complaints process for your financial advice business?	<i>We encourage all Members to refer to their Approved Disputes Resolution Service for expert advice on internal complaints processes and the Association holds joint CPD events on the topic.</i>
9. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.	<i>There is initial setup and ongoing training costs for any business process, but a fair and transparent internal disputes process will be helpful to clients and reduce costly referrals to external dispute resolution bodies or the courts.</i>
10. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.	<i>None. Quite the reverse – a fair and transparent internal disputes process is likely to help the client’s attitude, opinion and trust of the adviser and the FAP.</i>
11. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.	<i>None foreseen as the Approved Dispute Resolution Schemes and Association provide resources and CPD help in this area.</i>
12. Do you have any other comments on the proposed condition or how it is drafted?	<i>None</i>
Feedback summary – if you wish to highlight anything in particular.	
<p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p>	
Thank you for your feedback – we appreciate your time and input.	

19 July 2019

Financial Markets Authority

By email consultation@fma.govt.nz

Dear FMA

Proposed standard conditions for financial advice provider transitional licences

Thank you for the opportunity to comment on the proposed standard conditions for financial advice provider transitional licences.

Our comments are limited to the proposed definition of “complaint” in the internal complaints process condition. We are making this submission collectively as the proposed definition of complaint will have a similar impact on all of the financial dispute resolution schemes.

A complaint is defined on page 9 of the consultation document as:

“a statement of dissatisfaction communicated to you by a client about your financial advice service, other than a statement of dissatisfaction that is trivial or vexatious or that the client indicates is not intended to be a complaint.”

The risk with this definition is that it may encourage financial services providers to define a complaint according to its merits. For example, a financial service provider may dismiss a contact that we would describe as a genuine complaint on the basis that the provider believes it is trivial or vexatious, without fully understanding the thresholds for those terms.

We encourage the members of our schemes to use the broader definition of complaint in ISO 9000:2015:

“an expression of dissatisfaction made to an organisation, related to its product or service, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected”.

This definition is also used by some schemes in their terms of reference (rules).

We strongly prefer that definitions in professional standards for financial services providers are consistent with the approach we are promoting with our members, with the schemes’ rules and international best practice. A broad, customer-centric approach to defining a ‘complaint’ is particularly important in terms of promoting accountability and accessibility to complaints processes.

We note the Australian Securities and Investment Commission is currently consulting on the definition of a complaint in AS/NZS 10002:2014, which is an expanded version of ISO 9000:2015:



Banking
Ombudsman
Scheme



INSURANCE & FINANCIAL SERVICES
OMBUDSMAN

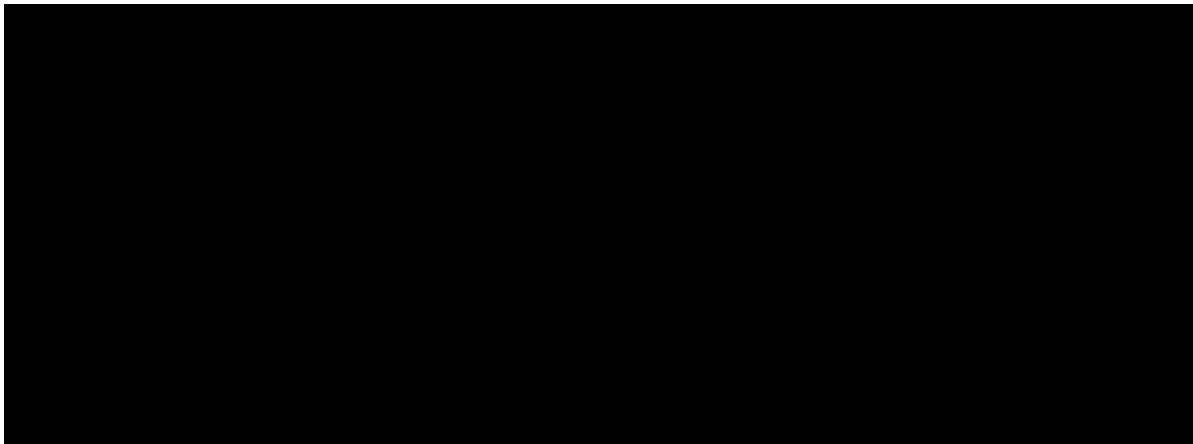


FINANCIAL
DISPUTE
RESOLUTION
SERVICE

[An expression] of dissatisfaction made to or about an organisation, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.

We trust this submission is helpful in concluding your review. Please do not hesitate to contact any of us if we can be of any further assistance.

Yours sincerely



25 July 2019

Financial Markets Authority
Email: consultation@fma.govt.nz

To whom it may concern:

Feedback: Proposed standard conditions for financial advice provider transitional licences

Our submissions are informed by our role as a not-for-profit independent dispute resolution scheme which investigates complaints across a broad spectrum of financial advice, services, and products. In the 2018/2019 year, FSCL formally investigated 258 complaints. Of the 258 complaints investigated, 41 were about financial advice (encompassing complaints about insurance advisers, insurance brokers, mortgage brokers, and investment advisers).

It is extremely common in the financial advice complaints we investigate for us to be charged with determining, on a balance of probabilities, what was most likely to have been discussed when advisers are giving their clients oral advice. This is because, unfortunately, it is common for advisers not to keep contemporaneous file notes of the advice they provide. Attached as appendix A is a case note of a complaint we investigated, which demonstrates this point.

It is also very common in cases we investigate for the adviser to miss the fact their client has made a complaint. This often means that by the time the client contacts FSCL, the relationship between the client and the adviser has deteriorated significantly, making it more difficult for FSCL to resolve the complaint. Attached as appendix B is a case note demonstrating this point.

For the above reasons, we strongly support the inclusion of the record keeping and internal complaints process standard licence conditions for financial advice providers (FAPs), in relation to both transitional and, eventually, full licensing. We consider the draft conditions could be strengthened, and we set out our suggested amendments to the conditions' wordings in sections 1 and 2 below.

1. The record keeping condition

- 1.1. As noted above, contemporaneous file notes are invaluable evidence when we investigate financial advice complaints. We are likely to place weight on contemporaneous file notes in deciding whether the advice in question was reasonable and provided in line with good industry practice, and the adviser complied with their legal obligations. File-noting is a fundamental process in the work of all professionals, and we see no reason why the financial advice profession should not be required to take this accountability step in its day to day work.

Records to be released to the FMA and the financial dispute resolution schemes (DRSs)

- 1.2. We suggest the record keeping condition could be strengthened by stating in the last sentence: “You must ensure the records are kept for at least seven years and provide them to us **or your dispute resolution scheme** on request as soon as practicable.” It will not only be the FMA, but also the DRSs, which could seek access to FAPs’ records.
- 1.3. This wording would be in line with the proposed addition of section 9CA into the Credit Contracts and Consumer Finance Act 2003, which requires a lender to provide records not only to the Commerce Commission, but also the lender’s DRS. Our terms of reference (TOR) already require our members to provide us with all the information we request when investigating complaints. However, the addition of this wording in the licence condition would strengthen our ability to seek the information we need from financial advisers when investigating complaints.
- 1.4. Similarly, we consider the last sentence of the condition’s explanatory note should be amended to read: “...and the records are available for inspection by the FMA or **your dispute resolution scheme** on request.”

FAPs to retain the records of the advice given by any persons engaged by the FAP

- 1.5. We consider the condition should make it clear that FAPs need to retain records of the advice given by ‘any persons engaged by you’ (i.e., financial advisers (FAs), nominated representatives (NRs), or advice given by any other method (for example, robo-advice)), even if the FAs or NRs cease being retained by the FAP, or the robo-advice method is no longer used.
- 1.6. In particular we are concerned that FAs or NRs may change employers or the FAP they are retained by, or leave the industry, and the records of the advice the FAs or NRs provided while under the umbrella of the original FAP, will be lost. The FAP under which the FA or NR was engaged at the time the advice was given, should retain the records.

- 1.7. If the client book of a FAP were later sold, we would expect that the new FAP should be required to keep the records of all the advice given by the FAs or NRs under the umbrella of old FAP (and take responsibility for any complaints arising out of that advice).

Seven-year time limit

- 1.8. We observe in passing the potential problems that could arise with the seven-year time limit for FAPs to retain records. Our TOR state at paragraph 8.1(i) that a complainant can bring a complaint to FSCL if more than six years have passed since the act or omission causing the complaint, if it was **reasonable** for the complainant to only have discovered the complaint at some point after those six years. The nature of financial advice, particularly insurance advice, is that it may not be known for many years after the advice was provided (more than six or seven years), that there was an error with the advice.
- 1.9. We recognise the limitations around how long client records can reasonably be expected to be retained by financial advisers. However, the FMA may wish to consider Part 2 of the Limitation Act 2010, in particular, section 14. This speaks to the issue of consumers reasonably discovering they have a complaint, more than seven years after they were provided the advice causing the complaint.
- 1.10. We suggest the FMA could consider whether it would be practical for FAPs to be required to retain records of advice it has given to a client for seven years after it has ceased giving advice to that client (for example if the client dies, or moves to another adviser).

2. The internal complaints process condition

Definition of a complaint

- 2.1. Regarding the definition of a 'complaint' in the explanatory note, please see the joint submission from the four DRSs.

FAPs to take responsibility for complaints about FAs or NRs employed or retained by the FAP

- 2.2. In the same vein as our submissions above at paragraphs 1.5 to 1.7, we consider the complaints condition could be strengthened by the first sentence reading: "...in relation to your financial advice service, **including the advice provided by financial advisers and nominated representatives employed or retained by you, or advice provided via another method (for example, robo-advice)** that provides for..."

Several FAPs involved with one complaint

- 2.3. We also observe in passing that we foresee problems arising out of the fact there could be several FAPs involved in one complaint. With reference to section 76 of Schedule 4 of the Financial Markets Conduct Act 2013, we understand there could be an entity licenced as a FAP, (a 'super-FAP') which has other FAPs registered as authorised bodies under the super-FAP's licence.
- 2.4. This could present confusion to consumers if they have a complaint which spans several types of financial advice. For example, say a consumer received advice from a FA engaged by firm X (which is a FAP), about purchasing a home. The consumer received both mortgage broking advice, and life insurance advice. Firm X's FAP licence covers advice given by FAs engaged by it in relation to mortgage broking advice. However, in terms of the giving insurance advice, the FAP is actually an authorised body of a super-FAP.
- 2.5. The consumer complains about both the mortgage broking, and the insurance advice they receive. However, because the two facets of the complaint relate to the advice of two different FAPs, the complaint may have to be (in our view, artificially, and impractically), separated into a complaint about two different FAPs.
- 2.6. This scenario would be further complicated if the FAP and the super-FAP belong to different dispute resolution schemes. Yet another complication could be if the original FA who provided the advice was engaged by two FAPs (that is, engaged under one for mortgage broking, and the other for insurance advice), and those two FAPs were authorised bodies under two different super-FAPs. The issue also highlights problems that could arise with disclosure – would the original FA need to provide separate complaints process information to the consumer in relation to the different facets of financial advice they are providing?
- 2.7. We urge the FMA to strongly consider whether it is possible within the licensing conditions, to streamline any possible problems that may arise if an NR or FA is engaged by two FAPs, and/or if there is a super-FAP. From the consumer's perspective, it will be best for the complaint to be dealt with by a 'principal FAP'. The principal FAP would take the lead on the complaint in terms of being the point of contact for the consumer and, if applicable, the DRS. Any contractual arrangements in terms of liability, or the requirement to access records to provide to the FMA or the DRS, would need to be resolved or addressed between the FAPs/super-FAPs.
- 2.8. In the least, we ask the FMA to consider making it a licensing requirement for a FAP that may be seeking to have under its ambit an NR or FA whose advice will span several FAPs and/or super-FAPs, to have a well-documented and highly effective

internal complaints process which will minimise, as much as possible, any confusion for the consumer. Please also see our comments below on the accessibility of a complaints process, in paragraphs 2.11 and 2.12.

Include specific timeframes in the condition

- 2.9. We also consider the licensing condition could be strengthened if the FMA considered the wording of paragraphs 39 to 46 of the Fair Insurance Code 2016 (the FIC), attached in appendix three for ease of reference. Instead of complaints being acknowledged ‘as soon as practicable’, and ‘complaints to be resolved and a response provided to the client as soon as practicable’, we consider the condition should include specific timeframes. The timeframes in the FIC are a good reflection of industry best practice.
- 2.10. Moreover, our TOR require FSCL’s members to give their final decision on a complaint to the complainant within 20 working days after the member first received the complaint, otherwise we will consider the complaint to be deadlocked and commence a formal investigation. In addition, our TOR state that for any dispute that has been ongoing for more than 40 working days, we will consider it deadlocked. We consider the condition’s wording should align more closely with the DRSs’ TORs in this respect.

Include more detail in the condition about the information FAPs need to provide about the complaints process

- 2.11. Similarly, the requirement to give retail clients information about how the complaints process works, could be strengthened by including some of the requirements in the FIC. For example, the requirement to tell the complainant who the person dedicated to investigating the complaint is, and to give regular updates on the progress of the internal complaint investigation.
- 2.12. A complaints process should be easily accessible. The condition could be strengthened by making it a requirement for the FAP’s complaints process to be easily accessible on its website or, at the very least, in the FAP’s standard form initial disclosure documents to be provided each time a client engages the FAP to provide a financial service.

Records of referring clients who complain to the FAP’s DRS

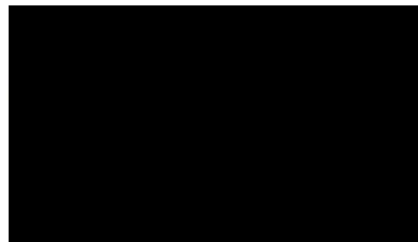
- 2.13. We consider the requirement to keep a written record of the complaint investigation could be strengthened by amending it to read: “a written record to be kept of all complaints and the action taken to resolve them, **including when and how the client was referred to your dispute resolution scheme**”. When investigating complaints, it is helpful to see when and how the client was referred to FSCL, because often the

client is complaining about the financial service provider (FSP)'s complaints handling process itself.

- 2.14. In addition, best practice is for FSPs to ensure they advise their client about the FSP's DRS both at the time they first make the complaint, and at the time the FSP provides its final decision on a complaint. This is also a requirement under our TOR. We consider the complaints condition could be strengthened by including a further requirement that clients must be told about the DRS upon the FAP receiving a complaint (although, in any event, we understand this may be a legal requirement under the new disclosure regulations still being drafted).

Thank you for considering our submissions. Please contact us should you wish to discuss our submissions in more detail.

Yours sincerely



“Whose responsibility is disclosure when an adviser (or another intermediary) is involved?”

In August 2014, Walter was hit in the head by a cricket ball during a game of indoor cricket. The subsequent post-concussion syndrome which he suffered as a result of this injury meant he was unable to continue working. In December 2015, Walter submitted an income protection claim under his life insurance policy. His insurer then requested his full medical details, declined his claim and cancelled the policy (retrospectively) from its inception on the basis Walter did not disclose the full details of his mental health history and history of drug and alcohol use.

The insurer argued Walter's insurance application would not have been accepted had it known the extent of his mental health history and history of drug and alcohol abuse. The insurer said it had no reason to request full details of Walter's medical history upon his application in 2013.

Walter complained to his adviser, claiming that the adviser did not fulfil his duties to make clear the importance of disclosing all medical information. When the adviser rejected Walter's complaint, Walter complained to FSCL.

Material information

The adviser filled out the form for Walter in his presence before having Walter sign it and initial every page. Walter and the adviser disagreed about what Walter disclosed to the adviser, and what the adviser wrote down on the application form. Walter said he disclosed more about his past drug and alcohol use, and the adviser's decision not to include this information implied the information was not necessary or material to the insurer.

The adviser's view

The adviser provided us with his *usual* advice process, and maintained that he made it very clear to Walter that all information must be disclosed.

The adviser pointed to the fact that he ensured Walter initialled every page. The application form was also accompanied by a provision which said:

In order for us to advise you properly and select a suitable insurance policy for you, you agree to:

- *Provide full and accurate information to us when we complete your fact find and needs analysis.*
- *Complete the application forms for the policies you have selected truthfully and disclose all relevant matters on the form, missing nothing out.*

In addition to this at the end of the application form, the adviser had the client write “this form was completed truthfully” which Walter had signed next to.

Walter's view

Walter said he disclosed to the adviser more than was written down on his application form and that the adviser was “very blasé about everything.” Walter maintained that his adviser filled out the form for him and did not include all the information which he gave to the adviser. He also said the adviser used language like “they're not going to crucify” you for “having smoked a bit of weed” and implied that the insurer would request Walter's full medical records.

Walter said the adviser should have made it clear the insurer may not request his medical records upon receiving his insurance application. Walter said he felt rushed to complete the form because he and the adviser met at his house, and by the time the meeting had finished it was after 10pm. Walter said the adviser was responsible for making it “crystal clear” what Walter was expected to disclose on the application form.

Review

It was clear that there were some deficiencies in the adviser's advice process with a lack of documentation or file notes detailing the steps he took with Walter. As a result, it was a *‘he said, she said’* situation where it was difficult for us to determine where the truth of matter lay. We said it would have been helpful if the adviser had kept file notes of what was discussed.

As the professional, the adviser is responsible for keeping contemporaneous file notes.

Furthermore, the adviser's usual advice process and the duty of disclosure section in the application form give an impression that Walter's full medical records would be requested. As a matter of best practice, the adviser could have made it clearer that the insurer would not necessarily seek all Walter's medical records.

However, there was insufficient evidence that the adviser intentionally told Walter not to disclose certain information about his medical history and drug and alcohol use. As Walter had signed the proposal form, saying that this form was completed truthfully, the onus was on him to read the form and correct any mistakes, errors or omissions.

Although the adviser's processes could have been better there was no guarantee that Walter would have been in any better position. We found it likely that the insurer would not have insured Walter had he fully disclosed his mental health history, drug and alcohol abuse. As a result, we did not uphold Walter's complaint.

Our insight

Whether one is using an adviser or not in order to obtain insurance, the onus is on the person seeking insurance to ensure that all the information obtained or detailed in an application form is correct.

It is also important to remember that insurers will not automatically obtain all of your medical records when seeking insurance.

This case also shows how important it is for an adviser to keep contemporaneous file notes/memoranda detailing actions taken and advice given to clients.

“We direct you to cancel our director’s insurance”

A company held 3 director s insurance policies for Boris, one of its directors. During 2015, Boris s interest in the company was bought out by the other directors. Once Boris s exit was finalised, the company contacted their usual adviser (Michael) at its insurance advice firm (the adviser firm), on 1 February 2016. Michael was Boris s brother.

Boris receives advice from the adviser firm

On 2 March, another of the adviser firm s advisers told the company that Boris was receiving advice from him about retaining some of the policies under his own name, and his ongoing insurance requirements. The adviser sought the cancellation paperwork from the insurer and sent this to Boris on 7 March. On 11 March, the adviser told the company he had sent Boris the change of ownership forms to sign, and that the remaining company directors also needed to sign them.

Policies not yet cancelled

On 12 April, the company contacted the adviser saying the policies had not been cancelled. The same day, Boris emailed the company saying he had ‘been slack’ in getting the forms to the remaining company directors for signing. Also that same day, the adviser sent an internal email to a colleague saying that Michael would need to follow up with his brother Boris about cancellation. The adviser said he had sent the forms to Boris, received no reply, and the matter was out of his hands.

In April 2016, the company received the signed cancellation forms from Boris. On 15 June, the company returned the completed forms to the adviser. One of the policies (policy A) was cancelled on 15 July but, by 12 October, the adviser firm discovered the other two policies (policies B and C) had not been cancelled. Policies B and C were finally cancelled at the end of October 2016.

The company complains

From at least October 2016, the company had expressed dissatisfaction with the delays in the adviser firm effecting the policy cancellations, and had requested a refund of the premiums paid during that delay. The company continued corresponding with Michael about the complaint.

Eventually, in October 2017, Michael introduced the company to the adviser firm s complaints manager. Michael told the complaints manager that he tried to sort the matter out at a ‘mates level, that ‘that was his mistake, with too many conflicts of interest, and he ‘should have registered it as a formal complaint.

The adviser firm’s response to the complaint

The adviser firm s complaints manager fully investigated the complaint and said the adviser firm would accept responsibility for:

- A lack of communication with the company, including the delay in resolving the matter when it became a complaint.
- Internal administrative errors between July and October 2016.
- Policy A s premiums for June and July 2016, and policy B and C s premiums from June to October 2016.

The complaints manager said the adviser firm sincerely regretted the errors made, and that he had discussed the complaint with the staff members concerned, to ensure the situation did not occur in the future. The company did not accept the adviser firm s offer to resolve the complaint and complained to FSCL.

Dispute

The company considered the adviser firm should take responsibility for the premiums paid during the full period of delay, from February to October 2016. The adviser firm said it was prepared to accept responsibility for the delays caused by its staff members, but would not accept responsibility for the delays it said were caused by other people.

Review

Reasonable for the adviser firm to advise Boris

The company first told the adviser firm the policies needed to be cancelled on 1 February 2016. The adviser firm then advised Boris about taking over personal ownership of the policies, and his ongoing personal insurance requirements. This process took until 7 March 2016, when the adviser sent Boris the cancellation forms.

We said it was reasonable for the adviser firm to advise Boris about taking over the policies personally. When a director intends to take over policies personally, it will take a certain amount of time for them to receive advice on, and consider the changes, in a practical sense. We said a period of 5 weeks was not an unreasonable time for this to occur.

Responsibility for the delays from 7 March onwards

After the forms were sent to Boris on 7 March, we said the responsibility for signing the forms and returning them to the adviser firm was with Boris and the other company directors. This meant the delay from 7 March until the forms were returned on 15 June, could not be attributed to the adviser firm. From 15 June it was the adviser firm's responsibility to action the cancellations. We therefore agreed that the adviser firm should compensate the company for the June and July premiums in relation to policy A, and the June to October premiums in relation to policies B and C (\$9,880).

Inconvenience

We also said the adviser firm should pay the company a further \$500 for the inconvenience caused by its delays in both recognising the company's complaint, and reviewing the complaint through its internal complaints process. It took a year from when the company first expressed dissatisfaction about the delays in processing the policy cancellations, for the complaint to reach the complaints manager. This caused considerable and unreasonable delay in the company being referred to FSCL, and the complaint being resolved.

Resolution

Both parties accepted our view, and agreed that the adviser firm would pay the company \$10,380 to resolve the complaint.

Insights for participants

This complaint highlights the importance of ensuring all staff are aware of, and trained in, how to recognise complaints. Staff also need to know a firm's process and policy around escalating complaints to a complaints manager or complaints team. Once the complaints manager received the complaint it was dealt with very well, but the complaint should have reached him sooner. If this had occurred, it is unlikely the complaint would have escalated to FSCL.

What happens when you make a complaint

- 39. We are committed to high standards of customer service. If you are not satisfied with any aspect of our service, please advise us and we will try to put it right.
- 40. If we cannot put a customer service issue right for you, you can make a complaint.
- 41. A complaint is an expression of dissatisfaction made to us related to our products or services, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.
- 42. Any complaint you make will be referred to our internal dispute resolution process.

Our responsibilities

- 43. If you make a complaint to us, we will:
 - » Acknowledge receipt within 5 business days of receiving your complaint.
 - » Give you the name and contact details of the person handling your complaint.
 - » Ensure that someone experienced who has not been handling your case fully investigates your complaint.
 - » Respond to your complaint within 10 business days of the date we have all the information we need to determine your complaint. Where further information, assessment or investigation is required, we will agree reasonable timeframes with you. If we cannot agree on reasonable timeframes, you can contact our independent external dispute resolution scheme about those timeframes.
 - » Update you at least once every 20 business days, or another such interval as we may agree with you, until your complaint is resolved.
- 44. If we cannot resolve your complaint to your satisfaction through our internal dispute resolution process within 2 months, we will explain our reasons to you in writing and provide you with a 'deadlock' letter so you can take your complaint to our independent, external dispute resolution scheme.
- 45. If you feel your human rights have been breached you can contact the Human Rights Commission on 0800 496 877 or through its website: www.hrc.co.nz

Your responsibilities

46. If our internal dispute resolution process does not resolve your complaint, please let us know. You may be able to refer your complaint to our independent, external dispute resolution scheme. We must tell you which scheme we are registered with and provide you with their contact details.

What happens if we breach this Code

47. As a member of ICNZ, we are committed to follow the Fair Insurance Code.

48. Our independent, external dispute resolution scheme can consider breaches of this Code. We are bound to comply with the decision of that scheme. If our scheme decides that we have significantly breached the Code, we must report that breach to ICNZ.

49. We can be reprimanded, fined or expelled from ICNZ by its Board for significant breaches of this Code. The independent, external dispute resolution schemes report significant breaches of this Code to ICNZ for this purpose.

How we will promote this Code

50. We will advise you where you can access a copy of this Code when you take out or renew your insurance cover with us.

51. ICNZ will promote this Code and make copies widely available.

26 July 2019

Financial Markets Authority
PO Box 1179
Wellington 6140

By email: consultation@fma.govt.nz

Feedback: Proposed standard conditions for financial advice provider transitional licences

This submission is from the Financial Services Council of New Zealand Incorporated (FSC).

The FSC is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 44 members comprise 95% of the life insurance market in New Zealand, and manage funds of more than \$47.5bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver, professional services and technology providers to the financial services sector.

Our submission has been developed through consultation with FSC members, and represents the views of our members and our industry. We acknowledge the time and input of our members in contributing to this submission.

The FSC's guiding vision is to be the voice of New Zealand's financial services industry and we strongly support initiatives that are designed to deliver:

- strong and sustainable consumer outcomes
- sustainability of the financial services sector
- increasing professionalism and trust of the industry.

[Redacted signature block]

Yours sincerely

[Redacted signature block]

Feedback: Proposed standard conditions for financial advice provider transitional licences

Please submit this feedback form electronically in both PDF and MS Word formats via email to consultation@fma.govt.nz with 'Feedback: Proposed standard conditions for financial advice provider transitional licences' in the subject line. Thank you. Submissions close at 5pm on Friday, 26 July 2019.

Date: 26 July 2019

Number of pages: 4

Name of submitter: [REDACTED]

Company or entity: Financial Services Council

Organisation type: Industry association

Contact name (if different):

Contact email and phone: [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers.</i></p> <p><i>You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
Record keeping condition		
<p>1. Do you agree or disagree with the proposed standard condition? Please provide your reasons.</p>	<p><i>Our members support the general intention of this proposed standard condition for FAP transitional licences.</i></p> <p><i>However, by referring to "written" records, it is not technologically neutral. Consequently, it does not allow for a full range of functionally equivalent record-keeping forms.</i></p> <p><i>This is particularly pertinent for situations where the advice interaction lasts only a few minutes. In such situations the availability of advice is often dependent on technology to minimise process costs for customers.</i></p> <p><i>It is also relevant for more generic advice situations, including where customers are not required and do not</i></p>	<p><i>(a) The proposed standard condition on record keeping should permit the record to be kept in any form, not necessarily only in written form. For example, the recording of a phone call should be sufficient. Requiring the call to be transcribed or file notes made for every call is not practical, and is costly and unnecessary if the actual recording is available. There are other examples, particularly with increasing uses of technology, such as counter staff using voice memos or customers (named or unnamed) using online tools and calculators that give advice.</i></p> <p><i>(b) The example on page 8 envisages a copy being kept of any disclosure statements provided to the client. It should also be made clear that reliance may be placed generically on a centralised master record of disclosures or settings for calculators/online tools used for particular date ranges.</i></p>

Question number	Comment	Recommendation
	<i>wish to input their names and contact information.</i>	
<i>2. What written records do you currently keep for your financial advice business?</i>	<i>No comment</i>	
<i>3. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.</i>	<i>No comment</i>	
<i>4. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.</i>	<i>No comment</i>	
<i>5. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.</i>	<i>No comment</i>	
<i>6. Do you have any other comments on the proposed condition or how it is drafted?</i>		<p><i>The condition requires the records to be provided on request. We suggest "request" be followed by "when lawfully required".</i></p> <p><i>We recommend that the condition clarifies when the 7 year retention period begins (eg for customers with long-running relationships, is it 7 years from the end of the relationship?)</i></p>

Question number	Comment	Recommendation
Internal complaints process condition		
7. Do you agree or disagree with the proposed standard condition? Please provide your reasons.	<p><i>Our members support the general intention of this proposed standard condition for FAP transitional licences.</i></p> <p><i>However, the part of the condition requiring retail clients to be given information about the process and how it works is a disclosure requirement.</i></p>	<p><i>The disclosure aspect of the proposed standard condition on complaints should be dealt with under the disclosure regulations, not as a licence condition. The disclosure regulations can then deal with matters like when and how frequently the information would need to be provided.</i></p>
8. Do you currently have an internal complaints process for your financial advice business?	<i>N/A</i>	
9. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.	<i>No comment</i>	
10. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.	<i>No comment</i>	
11. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.	<i>No comment</i>	

Question number	Comment	Recommendation
12. Do you have any other comments on the proposed condition or how it is drafted?		<p><i>We recommend clarification that “acknowledgement” can occur in various ways (verbal/writing/social media) and that if resolved at first point of contact it is deemed to be acknowledged.</i></p> <p><i>We recommend that the definition of complaint in the condition’s explanatory note make reference to NZ/AUS Standard 10002 on Handling Internal Complaints.</i></p>
Feedback summary – if you wish to highlight anything in particular. <i>No comment</i>		

Feedback: Proposed standard conditions for financial advice provider transitional licences

Please submit this feedback form electronically in both PDF and MS Word formats via email to consultation@fma.govt.nz with 'Feedback: Proposed standard conditions for financial advice provider transitional licences' in the subject line. Thank you. Submissions close at 5pm on Friday, 26 July 2019.

Date: 26th July 2019

Number of pages: 2

Name of submitter: [REDACTED]

Company or entity: Finzo NZ Limited

Organisation type: Integrated financial solutions to retail and wholesale advice businesses

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers.</i></p> <p><i>You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
Record Keeping Condition		
Q1. Do you agree or disagree with the proposed standard condition	Agree. As a society that is becoming more litigious record keeping in financial services is vital	Record keeping standard condition should be mandatory for a transitional and full licences.
Q2. What current records do you currently keep for you financial advice business?	As a business that currently provides a custodial platform and back office support to financial advisers, documentation retained is as per AML/CFT Act 2009. Additionally, all client communication and meetings are documented within our CRM.	We intend to seek a FAP licence that will offer services to adviser businesses nationally. Our assurance programme and document retention will reflect our licence conditions and industry best practice
Q3. Would the proposed standard condition create any additional compliance costs for your business?	No	
Q4. Would the proposed standard condition create any adverse impact on your business?	No	
Q5. Does the proposed standard condition create a barrier to enter the market	It does not create a barrier for advisers that are committed to providing regulated financial advice that is in the best interests of the client.	The proposed standard condition will maintain high bar for the industry. It requires investment by the licence holder that demonstrates a commitment to the industry.

<i>Q6. Do you have any other comments on the proposed condition and how it is drafted?</i>	<i>Record keeping needs to be secure whether it is electronic or written form.</i>	<i>A cyber security policy needs to be a requirement as part of a record keeping policy. Particularly, when viewed in conjunction with the Privacy Act</i>
Internal complaints process condition		
<i>Q7. Do you agree or disagree with the proposed standard condition?</i>	<i>Agree. Every expression of dissatisfaction should be recorded and concluded to the satisfaction of the client.</i>	<i>The process should be documented and preferably built into a thread within a CRM</i>
<i>Q8. Do you currently have an internal complaints process for your financial advice business?</i>	<i>Yes. Workflow built into CRM</i>	
<i>Q9. Would the proposed standard condition create any additional compliance costs?</i>	<i>No</i>	
<i>Q10. Would the proposed standard condition have an adverse impact on your business?</i>	<i>No</i>	
<i>Q11. Does the proposed standard condition create a barrier to enter the market?</i>	<i>There should be barrier to entry of advisers to not want to take the satisfaction of clients seriously.</i>	
<i>Q12. Do you have any other comments on the proposed standard condition and how it is drafted?</i>	<i>A complaints process should be accompanied with the Financial Advice Provider having Professional Indemnity cover. This is in the best interests of the client.</i>	<i>The standard condition should include the Financial Advice provider having PI cover at a level that covers the potential liability they could face. The absence of PI cover means the taxpayer has to foot the bill</i>
Feedback summary – if you wish to highlight anything in particular.		
<p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p>		
Thank you for your feedback – we appreciate your time and input.		

Feedback: Proposed standard conditions for financial advice provider transitional licences

Please submit this feedback form electronically in both PDF and MS Word formats via email to consultation@fma.govt.nz with 'Feedback: Proposed standard conditions for financial advice provider transitional licences' in the subject line. Thank you. Submissions close at 5pm on Friday, 26 July 2019.

Date: 23 July 2019

Number of pages: 4

Name of submitter: [REDACTED]

Company or entity: Fisher Funds Management Limited

Organisation type: Financial Service Provider FSP38581. Managed Investment Scheme Manager.
Discretionary Investment Scheme Manager.

Contact name (if different):

Contact email and phone: [REDACTED]
[REDACTED]

Question number	Comment	Recommendation
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You don't need to quote from the consultation document if you use page numbers.

You may insert additional lines or pages - please label each additional page with your name & organisation.

Questions on record keeping condition

Condition: You must maintain adequate written records in relation to your financial advice service. The records must demonstrate how you, and any persons engaged by you to give regulated financial advice to retail clients, have complied with the FMC Act, the Financial Markets Conduct Regulations (FMC Regulations) and the new code. You must ensure the records are kept for at least seven years and provide them to us on request as soon as practicable.

1. Do you agree or disagree with the proposed standard condition? Please provide your reasons	Fisher Funds agrees with the proposed standard condition and regards it as consistent with client, regulatory and market expectations of good client outcomes.	Fisher Funds recommends that the proposed standard condition regarding record keeping is included in transitional licences.
2. What written records do you currently keep for your financial advice business?	With respect to our financial advice business, we currently keep written records, including the following: <ul style="list-style-type: none"> • client application forms • client deposits and withdrawals • client name, type (e.g. individual, entity), and contact details • client tax residency status and prescribed investor rate • clients' completed FactFinds and risk preference 	

	<p>questionnaires (for personalised advice)</p> <ul style="list-style-type: none"> • statements and records of advice provided to clients (for personalised and class advice) which provide the basis for adviser recommendations regarding suitability etc. • client investment records • client correspondence, including client instructions • client transaction records • investment authority forms for Fisher Funds model portfolios (DIMS) • customer due diligence records for AML/CFT purposes • AFA and QFE Disclosure statements • Other written information and documents provided to or received from the client in connection with personalised services provided by our AFAs <p>(Note: in some instances, information , records and documents may be held either by our external registry provider on our behalf and by the client's external financial adviser)</p>	
3. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.	The proposed standard condition is unlikely to create any additional compliance costs for Fisher Funds as we already operate a technology solution to store client records.	
4. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.	The proposed standard condition is unlikely to have any adverse impact on our business.	
5. Does this proposed standard condition create a barrier to enter the market? If so, please	Fisher Funds is of the view that the proposed standard condition does not create a barrier to enter the market.	

explain why this is the case.		
6. Do you have any other comments on the proposed condition or how it is drafted?	Fisher Funds is of the view that maintaining complete and accurate records in relation to our financial advice business should form part of any standard conditions for transitional licences.	
Questions on internal complaints process condition		
Condition: You must have an internal process for resolving client complaints in relation to your financial advice service that provides for: <ul style="list-style-type: none"> • complaints to be acknowledged as soon as practicable • retail clients to be given information about the process and how it works • complaints to be resolved and a response provided to the client as soon as practicable • a written record to be kept of all complaints and the action taken to resolve them 		
7. Do you agree or disagree with the proposed standard condition? Please provide your reasons.	Fisher Funds agrees with the proposed standard condition and regards it as consistent with client, regulatory and market expectations of good client outcomes.	Fisher Funds recommends that the proposed standard condition regarding an internal complaints process is included in transitional licences.
8. Do you currently have an internal complaints process for your financial advice business?	<p>Fisher Funds currently has an internal complaints process applicable to the whole business, including our financial advice business.</p> <p>The process is referred to in our Complaints Management Policy, which is approved by the Board and regularly reviewed.</p>	
9. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.	The proposed standard condition is unlikely to create any additional compliance costs for Fisher Funds as we already have a formal complaints management policy and process in place.	
10. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.	The proposed standard condition is unlikely to have any adverse impact on our business.	
11. Does this proposed standard condition create a barrier to enter the market? If so, please	Fisher Funds is of the view that the proposed standard condition does not create a barrier to enter the market.	

explain why this is the case.	We would expect that all financial service providers have a formal complaints policy in place.	
12. Do you have any other comments on the proposed condition or how it is drafted?	Fisher Funds is of the view that having an internal complaints process should form part of any standard conditions for transitional licences.	
Feedback summary – <i>if you wish to highlight anything in particular.</i>		
Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.		
Thank you for your feedback – we appreciate your time and input.		

[REDACTED]

From: [REDACTED]
Sent: Monday, 29 July 2019 10:32 AM
To: Consultation
Subject: Proposed standard conditions for financial advice provider transitional licences

Follow Up Flag: Follow up
Flag Status: Completed

Good morning, apologies for the slightly late response on this. We have a short submission on the proposed record-keeping condition. A licence is required when financial advice services are provided to retail clients. Accordingly, we think the proposed record-keeping condition should be more closely tied to that. As drafted, the condition relates to financial advice services generally, not financial advice services that are provided to retail clients. For firms that provide financial advice services to both wholesale and retail clients, this creates a wider record-keeping obligation in relation to the wholesale clients than would otherwise apply. We do not think that the conditions of licence should create incentives for providers to segregate their retail and wholesale client businesses; this would be inefficient and raise providers' costs. As a result, we submit that the condition should be "You must maintain adequate written records in relation to financial advice services provided to retail clients".

Regards
[REDACTED]

[REDACTED]

 FORSYTH BARR

[REDACTED]

P: PO Box: 5266, Wellington 6145

W: www.forsythbarr.co.nz

 [@forsythbarr](https://twitter.com/forsythbarr)

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IAG New Zealand submission

to the

Financial Markets Authority

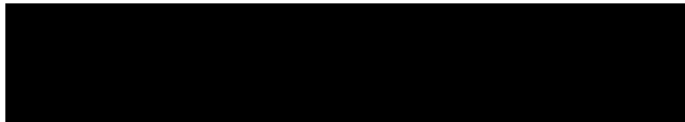
on the

**Consultation Paper: Proposed Standard
Conditions for FAP Transitional Licences**

11 July 2019

1. Introduction

- 1.1 This submission is a response by IAG New Zealand Ltd (IAG, we) to the Financial Markets Authority (FMA) on the Consultation Paper: Proposed Standard Conditions for FAP Transitional Licences, June 2019 (Consultation Paper).
- 1.2 IAG is New Zealand's leading general insurer. We insure more than 1.8 million New Zealanders and protect over \$650b of commercial and domestic assets across New Zealand. We receive more than 650,000 claims a year and pay \$1.365b in settling them. IAG brands include State, AMI, NZI, and we also underwrite the general insurance provided by some of New Zealand's leading financial institutions, including ASB, BNZ, Westpac and The Cooperative Bank.
- 1.3 IAG's contact for matters relating to this submission are:



2. General comments

- 2.1 The consultation paper proposes two standard conditions of transitional licenses requiring prospective Financial Advice Providers to:
- Maintain adequate written records in relation to their financial advice service; and
 - Have internal processes for resolving client complaints in relation to their financial advice service.
- 2.2 IAG supports the inclusion of both conditions in transitional licenses.

3. Specific questions

Record keeping

Do you agree or disagree with the proposed standard condition? Please provide your reasons.

- 3.1 We agree with the proposed condition. Good record keeping of customer interactions is a basic business practice and provides the basis for ongoing customer engagement, quality assurance and service improvement, complaints handling and dispute resolution, and compliance and risk management, amongst many other activities.
- 3.2 The condition also mirrors other obligations for holding and securing customer information, including the Privacy Act and CPS 234.

What written records do you currently keep for your financial advice business?

- 3.3 Current systems (across all brands) within IAG NZ capture and holding key information which forms the basis of a customer file note. This covers sales, underwriting and claims. These file notes are maintained electronically and supporting voice recordings logged. Examples of the types of information held include:
- Policy documentation sent to customers recording customer answers to underwriting questions that form part of the wider advice interaction;
 - System and file notes recording customer interactions;
 - Completed quote and proposal documentation that contain customer information which informs part of advice interactions;
 - Completed external assessments/calculations such as Need2Know.org.nz calculations, external reports etc that inform advice interactions; and

- Recorded telephone conversations of advice interactions

Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.

3.4 No, the proposed standard condition is very much business-as-usual.

Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.

3.5 No, there would be no other adverse impacts on our business.

Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.

3.6 We believe it is mandatory that records are kept that demonstrate how advice is given to client customers. An inability to do this should be a barrier to entry.

Do you have any other comments on the proposed condition or how it is drafted?

3.7 The Consultation Paper contemplates non-written records such as voice recordings. We recommend that the FMA confirm that the 7-year retention period also applies to voice recordings and other non-written records.

Internal complaints process

Do you agree or disagree with the proposed standard condition? Please provide your reasons.

3.8 We agree with the proposed condition. A proper process for resolving customer complaints is a fundamental requirement of any good business and an obligation we already have as an insurer.

3.9 As member of the ICNZ we are required under the Fair Insurance Code (FIC) to have and refer customer complaints to an internal disputes resolution service that meets the minimum requirements set out in the FIC.

- 3.10 As a Registered Financial Service Provider, we must be a member of an Approved Dispute Resolution Service (ADRS). The Insurance and Financial Service Ombudsman scheme is our ADRS. As a participant of that scheme we are required to “must operate a bona fide internal complaints handling service in relation to its Financial Services for the benefit of Complainants and publicise to users of their Financial Services the availability of that service”.

Do you currently have an internal complaints process for your financial advice business?

- 3.11 Yes, as outlined in the IAG NZ Adviser Business Statement.

Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.

- 3.12 No, the proposed standard condition is very much business-as-usual.

Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.

- 3.13 No, there would be no other adverse impacts on our business.

Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.

- 3.14 We believe it is mandatory that customers have easy access to well-publicised, free, fair, and transparent complaints processes. An inability to provide this should be a barrier to entry.

Do you have any other comments on the proposed condition or how it is drafted?

- 3.15 We recommend that the FMA provide commentary on if and how they should be notified by a Financial Advice Provider of material changes to their complaints handling process during the transitional licencing period.

Feedback: Proposed standard conditions for financial advice provider transitional licences

Please submit this feedback form electronically in both PDF and MS Word formats via email to consultation@fma.govt.nz with 'Feedback: Proposed standard conditions for financial advice provider transitional licences' in the subject line. Thank you. Submissions close at 5pm on Friday, 26 July 2019.

Date: 26 July 2019

Number of pages:

Name of submitter: [REDACTED]

Company or entity: Insurance Brokers Association of New Zealand Inc. (IBANZ)

Organisation type: Professional Association

Contact name (if different):

Contact email and phone: [REDACTED] [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers.</i></p> <p><i>You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
1	Yes, we agree with the proposed standard condition on record keeping.	
2	<p>General insurance brokers will normally retain records of all discussions with clients (the insured) and insurers on the client's insurance programme. Financial records of transactions with these parties will also be retained.</p> <p>The records are kept to protect the insured's interests as well as fulfilling any requirements of the broker's professional indemnity insurer.</p>	
3	Without knowing the detail of what records will need to be retained under the standard condition it is difficult to determine any additional costs which may be incurred. If we assume the proposed conditions will not extend beyond what is currently required to protect the parties, as mentioned in question 2, then we do not foresee significant additional costs.	
4	Not that we are aware of.	
5	We do not believe this will create a barrier given that any broking business will have record keeping requirements regardless of the licensing requirements. Again, this assumes that licensing will not impose significantly greater requirements than those already observed by brokers.	
6	No.	

7	<p>We agree, these conditions reflect the requirements of dispute resolution schemes. However, we disagree with the “Explanatory note” which in our view has an incorrect definition of what constitutes a complaint. We recommend the basis for an internal complaints process should be the New Zealand Standard on complaints handling – AS/NZS 10002:2014 Guidelines for complaint management in organizations. This defines a complaint as:</p> <p><i>‘An expression of dissatisfaction made to or about an organisation, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.’</i></p> <p>The Standards principles can be grouped into nine categories:</p> <ul style="list-style-type: none"> • Visibility • Accessibility • Responsiveness and clear communication • Objectivity and fairness • Charges – cost free • Confidentiality • Customer-focused approach • Accountability and empowerment • Continual improvement and prevention 	
8	As a professional association we do not have a financial advice business however we do have our own complaints system and manage issues involving breaches of our code of professional conduct. Our members are also required to have their own internal complaints process.	
9	Assuming our members already have a complaints process as required by IBANZ and their compulsory dispute resolution scheme, we do not see any additional costs. That is if the licensing condition does not extend beyond what the current schemes see as appropriate.	
10	We believe an internal complaints process has a positive impact on a business.	
11	No this will not create a barrier given it is already a requirement when providing financial advice.	
12	No.	
<p>Feedback summary –</p> <p>IBANZ is the professional association for general insurance brokers. We are responding to this consultation from an industry perspective not as a business within the sector.</p>		

Feedback: Proposed standard conditions for financial advice provider transitional licences

Please submit this feedback form electronically in both PDF and MS Word formats via email to consultation@fma.govt.nz with 'Feedback: Proposed standard conditions for financial advice provider transitional licences' in the subject line. Thank you. Submissions close at 5pm on Friday, 26 July 2019.

Date: 25 July 2019

Number of pages: 4

Name of submitter: [REDACTED]

Company or entity: Insurance Council of New Zealand (ICNZ)

Organisation type: Industry Association

Contact name (if different): NA

Contact email and phone: [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers.</i></p> <p><i>You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
1	<p><i>We agree with having a licence condition related to record keeping but consider the requirement for <u>written</u> records is not flexible enough to recognise the various ways in which advice is provided and how this might be recorded. In particular, advice is often given over the telephone (particularly likely in the case of nominated representatives) and a recording of that phone call should be sufficient to meet a record keeping requirement. To require phone calls to be transcribed or file notes made for every call is unnecessary if the actual recording is available. It would also be impractical and disproportionately costly.</i></p> <p><i>There may be also be other examples, such as in relation to advice given in person by front line staff. With the availability of technology, it is conceivable that the staff member may make a voice memo recording of the advice given that can be saved as an electronic file rather than writing notes.</i></p> <p><i>We recognise the requirement for written records is based on the current Code of Professional Conduct for Authorised Financial Advisers ('AFA Code'), however, given the scope of entities subject to licensing under the new financial advice regime, it is important that different methods of providing advice are taken into account and we advocate that the requirements are technology neutral, which is</i></p>	<p><i>Amend the record keeping licence condition by replacing 'written records' with 'written or other electronic records', or similar.</i></p>

	<i>consistent with a principles based approach. For the same scope related reason it is also important to recognise that the specific requirements in the current AFA Code don't apply to all the entities that will be licensed under the new regime.</i>	
2	<i>While ICNZ is not a financial advice business, we note our members keep different kinds of records including both written records (often electronic or digitised) and recordings of telephone conversations with customers etc.</i>	<i>Note comments.</i>
3	<i>We do not expect the proposed requirement will impose significant compliance costs on our members so long as the various types of records currently kept can be used (written records whether on paper, electronic or digitised and recordings of telephone conversations with customers etc.).</i>	<i>Note comments.</i>
4	<i>No specific comments further to those made in response to Questions 1-3.</i>	<i>Note comments.</i>
5	<i>No specific comments further to those made in response to Questions 1-3.</i>	<i>Note comments.</i>
6	<i>No further comments.</i>	<i>NA</i>
7	<p><i>We agree with including a proposed standard condition on internal complaints processes, but changes are required to the definition of 'complaint' in the Explanatory note to ensure it is workable and consistent with other requirements.</i></p> <p><i>We note the definition of 'complaint' used is from the current code of conduct for AFAs and is not in line with modern standards for complaints handling. There are two issues with the proposed definition:</i></p> <ul style="list-style-type: none"> <i>• it potentially treats a customer interaction that begins with a statement of dissatisfaction but is resolved on the spot as a complaint, when this is more sensibly considered a customer service issue as no further investigation or resolution is required; and</i> <i>• determining whether a complaint is, or is not, 'trivial or vexatious' is inherently subjective and could lead to inconsistent application across entities.</i> <p><i>Utilising this definition therefore risks both false positives and false negatives and inconsistent application. In recognition of these issues, in the</i></p>	<p><i>Replace the current definition of 'complaint' in the explanatory note for this proposed standard condition with the following:</i></p> <p><i>'A complaint is verbal or written advice that the customer is dissatisfied with your products or services, or the complaints handling process itself, and expects something to be done about it.'</i></p> <p><i>This should also be supported by commentary to indicate that a customer service issue resolved at first interaction/in the first instance is not a complaint.</i></p>

	<p><i>current Fair Insurance Code we use the following definition of complaint in paragraphs 40-41:</i></p> <p><i>'If we cannot put a customer service issue right for you, you can make a complaint.</i></p> <p><i>A complaint is an expression of dissatisfaction made to us related to our products or services, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.'</i></p> <p><i>We note this definition in the Fair Insurance Code is very similar to the definitions in the standard ISO 10002: 2018 (Quality management — Customer satisfaction — Guidelines for complaints handling in organizations) and the Australian/New Zealand version (AS/NZ 10002:2014 — Guidelines for complaint management in organizations).</i></p> <p><i>As part of ensuring the Fair Insurance Code is written in plain language, we are subtly amending this aspect as follows in upcoming revisions to the Code:</i></p> <p><i>'If we can't put a customer service issue right for you, you can make a complaint.</i></p> <p><i>A complaint is verbal or written advice that you are dissatisfied with our products or services, or the complaints handling process itself, and you expect something to be done about it.'</i></p> <p><i>We recommend that the plain language version to be used in the upcoming Fair Insurance Code is adapted for the proposed standard condition on internal complaints processes.</i></p>	
8	<i>All ICNZ members, regardless of whether they will be licensed financial advice providers under the new regime, are required to have internal dispute resolution processes by virtue of the Fair Insurance Code.</i>	<i>Note comments.</i>
9	<i>No specific comments further to those made in response to Question 7.</i>	<i>NA</i>
10	<i>No comments.</i>	<i>NA</i>
11	<i>No comments.</i>	<i>NA</i>
12	<p><i>We note two further matters relevant to the proposed standard condition on internal complaints processes.</i></p> <p><i>In regard to the requirement that complaints are to be acknowledged/resolved 'as soon as practicable', we note the Fair Insurance Code provides specific requirements that apply to ICNZ members and which</i></p>	<i>Note comments.</i>

	<p><i>are detailed in paragraphs 43 and 44 of the current Code.</i></p> <p><i>We note the current AFA Code (Code Standard 11) also includes a requirement to refer to how to complain to external dispute resolution schemes.</i></p>	
<p>Feedback summary – if you wish to highlight anything in particular.</p>		
<p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p>		
<p>Thank you for your feedback – we appreciate your time and input.</p>		

26 July 2019

Financial Markets Authority
Level 2, 1 Grey Street
PO Box 1179
Wellington 6140

Submission on Consultation Paper—Proposed standard conditions for financial advice provider transitional licences

- 1 This is a submission by Kensington Swan on the Financial Markets Authority ('FMA') *Proposed standard conditions for financial advice provider transitional licences* consultation paper dated 25 June 2019 ('Consultation Paper').

About Kensington Swan

- 2 Kensington Swan is one of New Zealand's premier law firms with a legal team comprising over 100 lawyers acting on government, commercial, and financial markets projects from our offices in Wellington and Auckland.
- 3 We have extensive experience advising a range of existing financial advice provider businesses, QFEs, existing market services licensees under the Financial Markets Conduct Act 2013 ('FMC Act') and potential financial advice provider licensees. We frequently assist our clients in meeting regulatory compliance obligations in relation to the provision of regulated financial advice.

General comments

- 4 We support the approach contemplated under the Consultation Paper, of minimising the extent of the conditions that will be imposed on transitional financial advice provider licensees. We believe it is appropriate over the pending transitional period to avoid over-complicating the compliance obligations of a new category of market services licensees, many of whom will not previously have experienced operating under the FMC Act. However, we believe some adjustments are required to make the conditions more efficient and workable in practice.

Specific responses to Consultation Paper questions

- 5 **1. Do you agree or disagree with the proposed record keeping condition?**
 - 5.1 We agree with the imposition of a requirement for licensees to maintain adequate records in relation to their financial advice services. Maintaining adequate records should be standard practice for a licensee irrespective of the imposition of this condition. Elevating this aspect of good business practice to the level of a regulatory obligation is appropriate, as is the objective of those records in needing to demonstrate how the licensee and persons engaged by the

licensee have complied with their regulatory obligations in giving regulated financial advice to retail clients.

- 5.2 However, we disagree with the requirement that those records must be maintained in written form. It is possible that some client interactions will most easily and accurately be captured in a form that is not in writing (such as recordings of call centre conversations, assuming those are lawfully captured). Requiring all such records to be converted into written form as a licence condition is inefficient, and imposes an unnecessary burden upon licensees.
- 5.3 We recommend that the requirement for records to be in writing be removed from the standard record keeping condition. The commentary relating to methods and tools already requires that records must be kept in a form that allows them to be easily accessed and converted into written form, which should be sufficient for regulatory verification purposes.
- 6 **7. Do you agree or disagree with the standard internal complaints process condition?**
- 6.1 We agree with the requirement for licensees to have an internal complaints process. Most (if not all) will already be required to have such a process in place as part of their approved dispute resolution scheme ('ADRS') membership in any case, as noted in the Consultation Paper commentary. Our concern is that the process outlined in the proposed condition, coupled with the adoption of the complaint definition from the current Code of Professional Conduct for Authorised Financial Advisers, may result in licensees needing to run two internal complaints processes given the inconsistencies with ADRS membership rules.
- 6.2 We support the adoption of a tighter definition of complaints for the purposes of the licence condition, along the lines proposed, to avoid capturing expressions of dissatisfaction for which no resolution is required. However, this will conflict with the common ADRS definition which does not include the proposed qualifications and will capture a broader range of expressions of dissatisfaction regarding financial advice services. We recommend this conflict be acknowledged and addressed in the commentary or the standard condition itself, to ensure that licensees do not need to implement two different internal complaints processes.

Further information

- 7 We are happy to discuss any aspect of our feedback on the Consultation Paper. Thank you for the opportunity to submit.

Yours faithfully
Kensington Swan

[Redacted signature block]

[Redacted text]

[Redacted text]

[Redacted signature block]

[Redacted text]

[Redacted text]

Feedback: Proposed standard conditions for financial advice provider transitional licences

Please submit this feedback form electronically in both PDF and MS Word formats via email to consultation@fma.govt.nz with 'Feedback: Proposed standard conditions for financial advice provider transitional licences' in the subject line. Thank you. Submissions close at 5pm on Friday, 26 July 2019.

Date: 24 July 2019

Number of pages: 3

Name of submitter: [REDACTED]

Company or entity: Milford Asset Management Limited

Organisation type: Investment Firm/ Fund Manager

Contact name (if different): [REDACTED]

Contact email and phone: [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers.</i></p> <p><i>You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
1.	<p>Do you agree or disagree with the proposed standard condition? Please provide your reasons.</p> <p><i>We agree with the proposed standard condition to maintain adequate written records in relation to the financial advice services provided.</i></p>	
2.	<p>What written records do you currently keep for your financial advice business?</p> <p><i>We retain records as required by the Code of Professional Conduct for Authorised Financial Advisers, the Financial Markets Conduct Act 2013, the Financial Advisers Act 2008 and the Financial Markets Conduct Regulations 2014. These records include (but are not limited to); Adviser and Service disclosure documentation, fact find and risk tolerance questionnaires, investment plans, investment authorities, scopes of service, written information about personalised services, application forms, client agreements, product disclosure statements and customer due diligence documentation.</i></p>	

3.	<p>Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.</p> <p><i>The proposed standard condition does not create any additional compliance costs for our business as we are already retaining records in relation to the financial advice services provided.</i></p>	
4.	<p>Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.</p> <p><i>We do not believe the proposed standard condition would have any adverse impact on our business.</i></p>	
5.	<p>Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.</p> <p><i>Record retention is good business practice. Any financial service provider should already have processes and systems in place to retain records. Providers should not be entering the market if they do not already have adequate record keeping processes in place.</i></p>	
6.	<p>Do you have any other comments on the proposed condition or how it is drafted?</p> <p><i>We look forward to reviewing the standard condition once it has been finalised.</i></p>	
7.	<p>Do you agree or disagree with the proposed standard condition? Please provide your reasons.</p> <p><i>We agree with the proposed standard condition for providers to have an internal process for resolving complaints in relation to financial advice services.</i></p>	
8.	<p>Do you currently have an internal complaints process for your financial advice business?</p> <p><i>Yes, we currently have an internal complaints process in place.</i></p>	

9.	<p>Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.</p> <p><i>The proposed standard condition will not create any additional compliance costs for our business.</i></p>	
10.	<p>Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.</p> <p><i>The proposed standard condition will not create any adverse impact on our business.</i></p>	
11.	<p>Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.</p> <p><i>The effective handling of client complaints is a key aspect of good conduct within the industry. We do not believe this will create a barrier to enter the market.</i></p>	
12.	<p>Do you have any other comments on the proposed condition or how it is drafted?</p> <p><i>We look forward to reviewing the standard condition once it has been finalised.</i></p>	
<p>Feedback summary – if you wish to highlight anything in particular.</p>		
<p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p>		
<p>Thank you for your feedback – we appreciate your time and input.</p>		

Submission

to the

Financial Markets Authority

on the

Consultation paper: Proposed standard conditions for financial advice provider transitional licences

26 July 2019

About NZBA

1. NZBA works on behalf of the New Zealand banking industry in conjunction with its member banks. NZBA develops and promotes policy outcomes that contribute to a strong and stable banking system that benefits New Zealanders and the New Zealand economy.
2. The following seventeen registered banks in New Zealand are members of NZBA:
 - ANZ Bank New Zealand Limited
 - ASB Bank Limited
 - Bank of China (NZ) Limited
 - Bank of New Zealand
 - China Construction Bank
 - Citibank, N.A.
 - The Co-operative Bank Limited
 - Heartland Bank Limited
 - The Hongkong and Shanghai Banking Corporation Limited
 - Industrial and Commercial Bank of China (New Zealand) Limited
 - JPMorgan Chase Bank, N.A.
 - Kiwibank Limited
 - MUFG Bank, Ltd
 - Rabobank New Zealand Limited
 - SBS Bank
 - TSB Bank Limited
 - Westpac New Zealand Limited

Background

3. NZBA welcomes the opportunity to provide feedback to the Financial Markets Authority (**FMA**) on its Consultation paper: *Proposed standard conditions for financial provider transitional licences* (**Consultation Paper**) and commends the work that has gone into developing Consultation Paper.
4. If you would like to discuss any aspect of the submission further, please contact:

████████████████████	████████████████
██	██
██████████	██
██	██
██	

Introduction

5. NZBA supports the proposal to impose two standard conditions under the transitional licences for financial advice providers (**FAPs**), namely the maintenance of financial advice service records and the requirement to have an internal process for resolving customer complaints.
6. NZBA has some comments on the standard conditions discussed in the Consultation Paper, should FMA proceed with these proposals.

Record keeping

7. NZBA supports the proposal to impose a standard condition requiring the maintenance of financial advice service records.
8. NZBA strongly submits that the standard is agnostic as to the medium for record keeping to better reflect the channels through which customers seek financial advice.
9. Accordingly, the reference to 'written' format, in the proposed standard condition on page 7 of the Consultation Paper, should be removed. We suggest that it be replaced with 'relevant records' which would align it with existing record keeping obligations that apply under QFE, AFA and FMCA licences. If 'adequate' is to be retained, NZBA requests that further clarification of this term in the context is also provided.
10. The example on page 8 suggests that an individual copy of a disclosure statement provided to a client must be kept by the FAP. NZBA submits that rather than keeping individual copies of generic documents provided to a customer (such as disclosure statements), FAPs should be able to rely on centralised records of these documents.
11. We also request clarification as to whether this condition is intended to apply to records at an entity level or at a retail client level. The proposed standard condition appears to imply that it applies to records demonstrating compliance at an entity level (see the note on page 8 that "this is to ensure licence holders (and any authorised bodies) continue to meet the requirements assessed at licensing and so we can effectively monitor compliance with their obligations"). This contrasts with the explanatory note on page 7 which appears to relate to records at an individual client basis (see the statement that it will "include, without limitation, information about any regulated financial advice given to retail clients and copies of any written information or documents in connection with the service").
12. NZBA also makes the following drafting suggestions on the proposed standard condition:
 - (i) 'new code' should be replaced with 'Code of Professional Conduct for Financial Advice Services',
 - (ii) 'FMC Act' should be defined as 'Financial Markets Conduct Act',
 - (iii) the wording "provide them to us on request" should be amended to "provide them to us when lawfully requested".

13. Finally, FAPs that will also be subject to the proposed new CCCFA regime will have additional record keeping obligations. However, providers will lack clarity on the solutions needed to meet those obligations until such time as regulations relating to the new lender responsibility principles are promulgated. NZBA requests FMA give consideration to potential overlapping requirements and considers introducing the record keeping condition once there is certainty of record keeping requirements across the regulatory regimes. If the timing of these two requirements are not aligned it is very likely that there will be duplication of effort as impacted systems and processes will need to be changed twice. This will impact on a customer's experience of a seamless financial service and the quality of conversations.

Internal complaints process

14. NZBA supports the proposal to impose a standard condition requiring a FAP to have an internal process for resolving client complaints.
15. The proposed standard condition on page 9 of the Consultation Paper requires that "retail clients are to be given information about the process and how it works". This implies a one-off provision of information about the complaints process. We consider this should be amended to reflect that the customer relationship is ongoing, and often customers will want to make a complaint at a date after the initial interaction. The proposed standard condition could be amended to state that "information should be available for retail clients about the complaints process and how it works". FAPs would be able to meet this by having complaints information displayed clearly on their websites or in brochures in branches. NZBA also queries whether the disclosure aspect is more appropriately addressed in the disclosure regulations.
16. FMA should also consider the ongoing work of the Banking Ombudsman Scheme (BOS) and its members in the creation of the BOS complaints dashboard, which will include a definition of 'complaint'. We note the FMA's proposed definition of a complaint is based on the definition in the Code of Professional Conduct for Authorised Financial Advisors and is out of step with currently accepted international complaints handling standards.
17. Under the proposed complaint definition, we consider that FAPs may take a narrow approach in determining whether a complaint is legitimate, rather than reviewing all complaints received. The narrow scope of the definition may have the consequence of limiting a client's ability to have their complaint considered, which we think is contrary to the intention of the condition.
18. We also consider that, from a certainty and efficiency perspective, there should be alignment with the definition proposed by the FMA in the explanatory note to the proposed standard condition.
19. Finally, NZBA requests clarification of 'acknowledgement' in the proposed standard condition. In NZBA's view 'acknowledgement' can occur in various ways, including verbally, in writing, or via social media channels – and if the engagement is resolved at the first point of contact it is deemed to be acknowledged.

**Submission on “Proposed standard conditions for financial advice provider transitional licences”
consultation**

26 July 2019

Introduction

1. This is a submission on behalf of Nikko Asset Management New Zealand Limited (Nikko). Nikko is a licensed MIS Manager and provides digital advice on its free to use platform “GoalsGetter”, pursuant to the Financial Advisers (Personalised Digital Advice) Exemption Notice 2018 (“the Exemption”).
2. Nikko is in a unique situation because it is currently the only entity in New Zealand that provides financial advice and yet has no human advisers.
3. Subject to some small but important edits to address the matters below, we are not opposed to the two proposed new conditions:
 - a. **On record keeping:** We would be able to demonstrate compliance with the FMCA and FAA though a combination of record keeping and the implications of system design, but not exclusively through record keeping; and
 - b. **On internal complaints process:** If part of the intent is to maintain a record of complaints for monitoring purposes, it would be useful to:
 - i. Have FMA comment as to the threshold between a query and a complaint; and
 - ii. Record dates when complaints were received and responded to as a requirement.

Questions on record keeping:

Do you agree or disagree with the proposed standard condition?

4. We agree with the proposed standard condition, provided that businesses can use a combination of records and system rules to demonstrate compliance, rather than records alone. Our proposed drafting change is set out below:

Condition: You must maintain adequate written records in relation to your financial advice service.

The records must together with relevant policies, records of systems rules and processes demonstrate how you, and any persons engaged by you to give regulated financial advice to retail clients, have complied with the FMC Act, the Financial Markets Conduct Regulations (FMC

Nikko Asset Management New Zealand Limited

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www.nikkoam.co.nz

Regulations) and the new code. You must ensure the records are kept for at least seven years and provide them to us on request as soon as practicable.

5. It is possible that our requested drafting change is relevant to digital advice only. Our reasoning for the request is set out below.

Reasons

6. GoalsGetter currently automatically captures data about what it recommends each time an end customer uses it. It also records the inputs that go into the recommendation. This automation means that in some ways it is more efficient at retaining records of its advice than a human adviser would be.
7. We use the captured data on a daily basis for our own quality assurance processes to ensure that the tool is operating as it should i.e. that what it recommends makes sense relative to the information a person has put in. (This is where we consider the risk of the tool to arise.)
8. However, there are some limitations in terms of what information we can capture:
 - a. We often will not know the identity of the end user because we only have that information if the end user logs in and/or provides an email address; and
 - b. For advice disclosure, we rely on the fact that GoalsGetter is designed so that a person cannot get to a point where he or she receives advice unless he or she has first clicked through a 'filter' page disclosing the limitations of GoalsGetter (including that it advises on Nikko products only) because that is how the system rules have been set up. We cannot **record** that a specific person has specifically read the warning, especially if we do not know who that person is.
9. Therefore the way that we would demonstrate that our tool has complied with the law is through a combination of the data we have captured (as to what the tool has recommended each time it is used) plus the design of the tool (which does not allow people to receive advice in the first place unless they have clicked through the disclosure statements first).
10. The aspect that has caused us some concern in the consultation paper is the "example":

"Example

To show you have complied with your disclosure obligations your records will need to include a copy of any disclosure statement(s) provided to your client. If disclosure was made verbally, you should

keep a transcript of the disclosure or retain a file note, made at the time of the conversation, recording the key details.”

11. As discussed above, GoalsGetter cannot keep records about provision of adviser disclosure documents to specific customers that meet the “example”. However, on the basis of our system design plus the data we do capture, we believe we would have a good basis for being able to assert that we had kept adequate records to demonstrate compliance with the FAA and the FMCA.
12. As far as record keeping to demonstrate compliance with the Code is concerned, we will no doubt find some basis for arguing that our computer programme “treats customers fairly” and “acts with integrity” (as per Code standards 1 and 2). However, we would rather be complying with obligations that are more pertinent to the real risks presented by a digital tool.
13. An important issue for us going forward will be to keep making the point that digital advice tools are not the same as human advisers. They are their own thing, have different strengths, different possibilities as to what they can do to human advisers, and more pertinently they have different risks to manage.
14. In particular, a digital tool cannot break the rules that it operates on. Therefore if a digital tool is set up so that a customer has to click through a disclosure page before the customer is able to proceed, you can rely on that being the case all of the time, whereas a human adviser always has a physical choice as to whether to provide every customer with a disclosure document. In contrast, digital tools can be vulnerable to errors in programming and so a scenario may arise in which it provides information that is incorrect or nonsensical as a result of the rules that it is bound to follow. Thus the kinds of information that needs to be monitored and recorded as between human advisers and digital advisers to obtain comfort that they are performing their work as they should is different.

What written records do you currently keep for your financial advice business?

15. See above.

Would the proposed standard condition create any additional compliance costs for your business?

16. If the standard condition is edited as we have requested i.e. that we can collect data on what was advised and can infer adviser disclosure compliance by way of the design of the tool, then we have no issues based on current requirements. If it is not acceptable to infer compliance on adviser disclosure by the design of the tool, then that creates a very serious issue for us.

17. If regulatory obligations were to change, such that we had to collect some new kind of information that we do not currently collect, that may or may not create an issue depending on what level of change would need to be made to the programme.

Would the proposed standard condition have any other adverse impact on your business?

18. See above.

Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.

19. Not if it is tweaked so as to be applicable for digital advice, if it is left as is then it will be difficult for digital tools to operate as they do today as discussed above.

Do you have any other comments on the proposed condition or how it is drafted?

20. Our proposed edits are critical unless FMA wishes to signal that its current drafting already allows us to use the combination of records plus system rules already. Our concern stems from the “example” given in the paper, which seems to suggest we cannot infer some aspects of compliance from design rules and that there has to be a specific record in respect of each person vis a vis adviser disclosure.

Questions on internal complaints process condition

Do you agree or disagree with the proposed standard condition? Please provide your reasons.

21. We have no concerns with the condition in general. However, we consider that it would be useful for the FMA to address two issues.
22. Issue 1: the fourth bullet should be expanded as follows: “ a written record to be kept of all complaints and the action taken to resolve them, **together with records of the relevant dates**”. We consider that the timeliness of the complaints resolution process is a useful matter to keep track of for monitoring purposes.
23. Issue 2: Different businesses may have different views as to what constitutes a complaint that should be formally recorded versus a query (which may still require that a matter be resolved). For monitoring to be meaningful it would be useful for the FMA to create a common understanding of the threshold at which a matter should be recorded as a complaint.

24. We note that the second bullet of what an internal complaints process must do includes a requirement that a customer be informed “about the process and how it works”. This suggests that a “complaint” would not be a matter that can immediately be resolved and responded to as it comes in, but would require a matter to be looked into or worked through.

Do you currently have an internal complaints process for your financial advice business?

25. Yes and we provide a copy of our complaints register to our Supervisor every month.

Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.

26. No because this is something we already do.

Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.

27. No.

Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.

28. No. It would be in most businesses’ own interests to have a complaint handling process.

Do you have any other comments on the proposed condition or how it is drafted?

29. No.

Contact person:

[REDACTED]
[REDACTED]
[REDACTED]

Feedback: Proposed standard conditions for financial advice provider transitional licences

Please submit this feedback form electronically in both PDF and MS Word formats via email to consultation@fma.govt.nz with 'Feedback: Proposed standard conditions for financial advice provider transitional licences' in the subject line. Thank you. Submissions close at 5pm on Friday, 26 July 2019.

Date: 24 July 2019 Number of pages: 2

Name of submitter: [REDACTED]

Company or entity: NZ Financial Services Group Limited / Loan Market

Organisation type: Head Group

Contact name (if different):

Contact email and phone: [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers.</i></p> <p><i>You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
1	Agree. Good business practice.	FMA comments state the records must be in English. We question this where English is a second language for a customer. To provide the best customer outcome, any financial recommendation to them from an adviser could be in the customer's preferred language to ensure understanding. However this does pose problems for a licence holder and the FMA if an interpretation is not available.
2	As a Head Group we do not offer financial advice to retail clients. This is done by our members who maintain records. These records would predominantly be held in the NZFSG MyCRM client management system.	The explanatory note states that the licence holders authorised bodies can maintain records required. Suggest this be expanded to include Financial Advisers as well as authorised bodies.
3	Under our current structure we do not have authority to access our members' customer records under MyCRM. There will be compliance costs in us changing customer declarations to authorise us to do this. We have	

	<i>factored this into the changes we need to make.</i>	
4	<i>No.</i>	
5	<i>No</i>	
6	<i>Perhaps make it clearer that the written records relate to personalised advice given to a customer, not just an overview of the process that is used.</i>	<i>Could modify the condition to read ...in relation to your financial advice service and the personalised financial advice given to each customer.</i>
7	<i>Agree – Good business practice</i>	
8	<i>Not as a Head Group</i>	
9	<i>Yes</i>	<i>As a licence holder complaints about our members would pass to us to investigate and resolve. This will involve extra processes and time.</i>
10	<i>No</i>	
11	<i>No</i>	
12	<i>No</i>	
Feedback summary – <i>if you wish to highlight anything in particular.</i>		
Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.		
Thank you for your feedback – we appreciate your time and input.		

Feedback: Proposed standard conditions for financial advice provider transitional licences

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Date: 22 July 2019

Number of pages:

1

Name of submitter:

Company or entity: NZX Limited

Organisation type: Licensed market operator

Contact name (if different):

Contact email and phone:

[illegible]

Feedback summary – if you wish to highlight anything in particular.

On review of the Consultation Document, NZX has no objection to either of the proposed conditions on transitional licenses, which are reasonable and proportionate.

Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.

Thank you for your feedback – we appreciate your time and input.

26 July 2019

Financial Markets Authority
via email to consultation@fma.govt.nz

Dear Sirs,

Feedback: Proposed Standard Conditions for Financial Advice Provider Transitional Licences

Name of submitter : [REDACTED]
Company or entity : Partners Life
Organisation type : Life and health insurer, Qualifying Financial Entity
Contact name (if different) : [REDACTED]
Contact email and phone : [REDACTED]

Thank you for the opportunity to submit on the proposed standard licensing conditions for financial advice provider transitional licences.

Partners Life supports the proposed conditions.

We note that these requirements were included in the draft Code of Conduct for financial advice services, but they were process-based, rather than principle-based. They were removed from the approved Code of Conduct, and all remaining standards are principles-based. We agree that licensing conditions is an appropriate place for these requirements to reside.

Partners Life supports the changing financial advice regime and looks forward to the opportunity to continue to be involved in proposed changes as they progress.

Our answers to consultation questions follow.

1	We agree with the proposed licensing condition. Robust records are an essential component of any business, to evidence business transactions. We note that modern technology allows records to be kept in aural or visual formats and submit that these formats should be as acceptable as electronic and physical written records.
2	Our Insurance Specialist Service uses XPlan to keep written records of all interactions with clients. Telephone and face-to-face interactions are followed up with email confirmation.
3	The proposed standard would not create any additional compliance costs for our business.
4	The proposed standard would not have any other adverse impact on our business.
5	The proposed standard would not create a barrier to enter the financial advice market. All robust businesses should keep secure records of client interactions. A business without strong records would risk harm to its clients, because it would be unable to evidence interactions at times of claim or dispute.
6	We have no other comments on the proposed licence condition.
7	We agree with the proposed licensing condition. Clients should always have a transparent and robust way to provide positive and negative feedback to a business. This contributes to good customer outcomes.

8	We currently have an internal complaints process for our financial advice business. All feedback is recorded centrally, and monitored for trends (in addition to resolving individual cases).
9	The proposed standard would not create any additional compliance costs for our business.
10	The proposed standard would not have any other adverse impact on our business.
11	The proposed standard would not create a barrier to enter the financial advice market. All robust businesses should have a transparent way for current and potential clients to provide feedback to the business.
12	We have no other comments on the proposed licence condition.

About Partners Life

Established in 2010, Partners Life is a NZ financial services company specialising in life insurance and medical insurance. Our individual risk protection products target middle- and upper-income New Zealanders, and key personnel of established New Zealand businesses. Our medical products are designed to pay for non-acute medical costs where the customer elects to have tests or treatment provided privately, rather than through the public system.

Partners Life has grown rapidly since inception, and now has a leading market share of life insurance new business annual premium income. The Partners Life philosophy is to share the value it creates with all stakeholders, including customers, advisers, shareholders and staff.

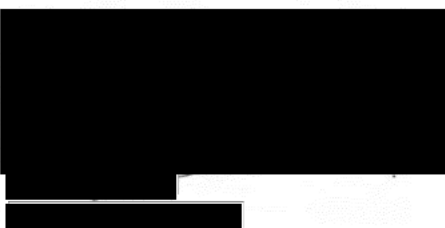
Partners Life has been built from the ground up by a highly experienced team with an outstanding track record as a model growth life insurance business:

- proven best-in-class products;
- powerful adviser distribution proposition;
- highly efficient, scalable systems and processes;
- global partners provide reinsurance support;
- best practice underwriting; and
- highly capable management team with extensive experience.

Partners Life aspires to become the most valuable and valued life insurance company in New Zealand as measured by: customer satisfaction, product value, employee engagement, brand awareness, adviser satisfaction, customer retention, efficiency and profitability. Partners Life is focused on achieving its ambitions without creating legacy systems or processes.

Partners Life's products are distributed by non-aligned financial advisers. We support the proposed regime, and we are actively engaging non-aligned advisers about the potential changes and what they may mean for their businesses. We are also a Qualifying Financial Entity with a small and growing internal adviser service. We intend to apply for a licence as a financial advice provider, so these licensing conditions are relevant to our business.

Yours faithfully,



Feedback: Proposed standard conditions for financial advice provider transitional licences

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Date: 25/06/2019

Number of pages:

Name of submitter: [REDACTED]

Company or entity: Pathway to Security Ltd

Organisation type: Life Advisor

Contact name (if different): [REDACTED]

Contact email and phone: [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers.</i></p> <p><i>You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
Will this licence make the already dishonest advisers become Honest?		

Feedback summary – if you wish to highlight anything in particular.

Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.

Thank you for your feedback – we appreciate your time and input.

Feedback: Proposed standard conditions for financial advice provider transitional licences

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Date: 11th July 2019

Number of pages:

Name of submitter: [REDACTED]

Company or entity: Penberthy Insurance Limited

Organisation type: Insurance Broker

Contact name (if different):

Contact email and phone: [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers. You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
1	Agree	
2	<i>We keep client records of all documentation that is sent to our client, emails regarding discussions with clients and written file notes. We also record all our phone calls</i>	
3	<i>I do not believe that we would incur any additional costs to our business as we are already doing this</i>	
4	<i>There would be no adverse impact on our business</i>	
5	No	
6	Yes	<i>Recommend that the FMA make it clear exactly what records they want kept on clients file</i>
7	Agree	
8	<i>We have an internal complaints process currently but it is informal so we will make it formal by way of an Internal Complaints process</i>	

	<i>document. We also belong to FSCL.</i>	
9	No	
10	No	
11	No	
12	<i>At this stage I have no further comments.</i>	
<p>Feedback summary – <i>if you wish to highlight anything in particular.</i></p> <p>We are looking forward to the new changes, however, I think the standard conditions should be wider and should include regular audits of trust accounts and client files; proper disclosure of when a Broker appointment applies as quite often we find the larger broking houses advise clients to sign a broker appointment before they can review their insurance which is not correct. There should also be a condition that you have to advise clients that they are in a scheme and therefore their policies are not re-marketed or designed for them.</p>		
<p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p>		
<p>Thank you for your feedback – we appreciate your time and input.</p>		

Feedback: Proposed standard conditions for financial advice provider transitional licences

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Date: 23 July 2019

Number of pages: 4

Name of submitter: [REDACTED]

Company or entity: Red Owl Consulting Ltd

Organisation type: Provision of consulting services on Managing Operational and Compliance Risks

Contact name (if different):

Contact email and phone: [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers.</i></p> <p><i>You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
1. Do you agree or disagree with the proposed standard condition? Please provide your reasons.	<p><i>As recognised in the current Code, I consider that it is reasonable to expect that records will be maintained in writing relating to services delivered to assist in demonstrating compliance. However, I note that the proposed condition extends well beyond the current Code Standard in requiring the records to demonstrate compliance with the Act, Regulations and the new Code, rather than the current Code requirement to demonstrate compliance with selected current Code provisions.</i></p> <p><i>It is also useful to see it stated bluntly that this requirement is about demonstrating compliance rather than necessarily otherwise supporting good client outcomes, albeit one hopes that complying will assist in delivering good client outcomes, even while noting that it is entirely</i></p>	No recommendation

	<p><i>possible to deliver good client outcomes without otherwise maintaining documentation to prove compliance.</i></p> <p><i>Finally, I note the requirement that the records be retained in English. While understanding the obvious reason why this is proposed, I simply note that the Maori language is an official New Zealand language and that I understand that the IRD now permits records to be retained in the Maori language.</i></p>	
<p><i>2. What written records do you currently keep for your financial advice business?</i></p>	<p><i>Not applicable.</i></p> <p><i>However, I was surprised to see this question asked as part of the consultation. Is there not some risk that this may discourage financial advice businesses from responding, if it means that they are required to disclose current practices, or face some risk that they might become a focus of FMA attention if they choose not to answer the question?</i></p>	<p><i>No recommendation</i></p>
<p><i>3. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.</i></p>	<p><i>Not applicable to my business, but I believe that it will almost certainly increase costs for many financial advice businesses. I leave it to such businesses to detail the costs.</i></p>	<p><i>No recommendation</i></p>
<p><i>4. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.</i></p>	<p><i>No adverse impact as it is not directly applicable to my business.</i></p>	<p><i>No recommendation</i></p>
<p><i>5. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.</i></p>	<p><i>Almost certainly because, as noted above, it is entirely possible to deliver good client outcomes without maintaining such records, hence the requirement for additional records, even when reasonable, will create additional cost barriers to entry, or may even create a barrier to some existing providers remaining.</i></p>	<p><i>No recommendation</i></p>
<p><i>6. Do you have any other comments on the proposed condition or how it is drafted?</i></p>	<p><i>Yes. The example provided regarding retention of disclosure documents is potentially problematic, suggesting as it does that "To show you have complied with your disclosure obligations your records will need to include a copy of any disclosure statement(s) provided to your client. If</i></p>	<p><i>If this example is maintained, explicitly state whether or not the establishment and maintenance of central records of generic</i></p>

	<p><i>disclosure was made verbally, you should keep a transcript of the disclosure or retain a file note, made at the time of the conversation, recording the key details.”</i></p> <p><i>As worded, it could imply that the actual disclosure made (or transcript or summary of verbal disclosure) must be attached to every established record of client advice provision, rather than explicitly permitting establishment and maintenance of central records of generic disclosures, with the client record simply referencing or linking to the relevant central record.</i></p>	<i>disclosures, with the client record simply referencing or linking to the relevant central record, is permitted.</i>
<i>7. Do you agree or disagree with the proposed standard condition? Please provide your reasons.</i>	<i>Agreed, as I support the concept that organisations should have thought about and established an internal process to deal with complaints</i>	<i>No recommendation</i>
<i>8. Do you currently have an internal complaints process for your financial advice business?</i>	<i>Not applicable to my business.</i>	<i>No recommendation</i>
<i>9. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.</i>	<i>Not applicable to my business.</i>	<i>No recommendation</i>
<i>10. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be.</i>	<i>Not applicable to my business, but I express the view that a well designed internal complaints process should not create any adverse impact, rather the contrary.</i>	<i>No recommendation</i>
<i>11. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.</i>	<i>Not in my view.</i>	<i>No recommendation</i>

<p>12. Do you have any other comments on the proposed condition or how it is drafted?</p>	<p><i>I note the statement that “retail clients to be given information about the (complaints) process and how it works.”</i></p> <p><i>This statement is unclear in that it does not state whether the information on internal complaint processes is required to be provided to every client and, if so, when, or whether it is only required to be given to a client in the event of a complaint.</i></p> <p><i>I submit that the information should only be required to be provided in the event of a complaint.</i></p> <p><i>In the event that the FMA means that this information is required to be given to every client, then I suggest that such a requirement should instead be embedded in the regime disclosure regulation, which is as yet incomplete and for which consultation is yet awaited. Dependent upon the final disclosure regulations, the question therefore arises whether guidance on disclosure of internal complaints processes will be needed at all. By the way, where is the Ministry consultation on the draft disclosure regulations, originally expected to be released in June?</i></p>	<p><i>Subject to the yet to be finalised disclosure regulations, I recommend that information on the internal complaints process should only be required to be given to a client in the event of a complaint.</i></p>
<p>Feedback summary – if you wish to highlight anything in particular.</p> <p><i>I express my appreciation that this consultation is being undertaken, even while expressing my disappointment that the FMA provided no information prior that the consultation would be undertaken, nor has the FMA yet provided any information as to whether consultation is planned on the standard conditions or criteria that will be applied to full licensing. I use this opportunity to request that the FMA consider releasing information as to whether or not consultation will be undertaken on the standard conditions or criteria that will be applied to full licensing and, if so, the approximate timing and timeframe for such consultation.</i></p> <p><i>Thank you for the opportunity provided to complete submission. No part of this submission is required to be held confidential.</i></p>		
<p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p>		
<p>Thank you for your feedback – we appreciate your time and input.</p>		

Feedback: Proposed standard conditions for financial advice provider transitional licences

Please submit this feedback form electronically in both PDF and MS Word formats via email to consultation@fma.govt.nz with 'Feedback: Proposed standard conditions for financial advice provider transitional licences' in the subject line. Thank you. **Submissions close at 5pm on Friday, 26 July 2019.**

Date: 26th July 2016

Number of pages: 2 (including this one)

Name of submitter: [REDACTED]

Company or entity: SHARE NZ Limited

Organisation type: Financial Adviser Group

Contact name (if different): [REDACTED]

Contact email and phone: [REDACTED] [REDACTED]

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers. You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		

<i>Record Keeping</i>		
Agree	<p>SHARE uses XPLAN to create, maintain and manage client data and records.</p> <p>We consider that this, together with SHARE's systems and processes, would be sufficient to meet the proposed condition and see no incremental cost as a result.</p>	This condition is a sensible minimum standard.
<i>Internal Complaints Process</i>		
Agree	<p>SHARE has an established internal complaints resolution process that we consider would be sufficient to meet the requirements of the proposed condition.</p> <p>We see no incremental cost as a result.</p>	This condition is a sensible minimum standard.

Feedback summary – if you wish to highlight anything in particular.

SHARE is a nationwide network of more than 70 financial advisers supported by a further 70 staff across 23 offices providing advice on Insurance, Investments, Mortgages. Around half of SHARE advisers are AFAs with the balance being RFAs. All SHARE advisers operate under the SHARE brand and SHARE currently provides policies, processes and procedures to assist its advisers. SHARE supports the intermediated advice model and it is likely that SHARE will apply to become a licensed Financial Advice Provider under the Financial Markets Conduct Act with all SHARE advisers becoming Financial Advisers under that licence.

We fundamentally agree with the outcomes being sought through the FSLAA and the associated new Code of Professional Conduct for Financial Advice Services. We see this as an opportunity to bring the financial services industry into a new era. We want to acknowledge that, in our view, the principles-based approach that we have seen in the FSLAA and the associated new Code of Professional Conduct for Financial Advice Services is an appropriate way to foster a professional mindset that exceeds minimum requirements rather than a strict minimum compliance culture.

Whilst the principles-based approach creates a degree of uncertainty, greater definition could encourage “playing to the edge” of the rule with unintended adverse consequences. The additional guidance that these transitional licence standard conditions provides is welcome but, of course, adds a degree of practical prescription to the legislation. There will always need to be a balance between guidance and broad legislative principles.

Our sector is currently absorbing a number of legislative and regulatory changes that have been delivered very well in a considered, phased and measured manner through extensive consultation with industry stakeholders. Nonetheless, for those affected, this has added to costs generally and has created a significant distraction from effectively managing their business and ultimately serving customers.

We are happy to discuss this in detail and also to continue offer our significant experience to FMA if they would find additional adviser perspective and knowledge helpful.

Kind regards



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Thank you for your feedback – we appreciate your time and input.

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Date: 26th July 2019

Number of pages: 2

Name of submitter: [REDACTED]

Company or entity: Stewart Financial Group

Organisation type: Financial Advisers

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers. You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
Record Keeping Condition		
Q1. Do you agree or disagree with the proposed standard condition	Agree. As a society that is becoming more litigious record keeping in financial services is vital	Record keeping standard condition should be mandatory for a transitional and full licences.
Q2. What current records do you currently keep for you financial advice business?	As a business that employs AFA's and holds a DIMS licence we maintain all required documentation as per the AFA code and DIMS licence requirements. Additionally, all client communication and meetings are documented within our CRM	
Q3. Would the proposed standard condition create any additional compliance costs for your business?	No	
Q4. Would the proposed standard condition create any adverse impact on your business?	No	
Q5. Does the proposed standard condition create a barrier to enter the market	It does not create a barrier for advisers that are committed to providing regulated financial advice that is in the best interests of the client.	The proposed standard condition will maintain high bar for the industry. It requires investment by the licence holder that demonstrates a commitment to the industry.

<i>Q6. Do you have any other comments on the proposed condition and how it is drafted?</i>	<i>Record keeping needs to be secure whether it is electronic or written form.</i>	<i>A cyber security policy needs to be a requirement as part of a record keeping policy. Particularly, when viewed in conjunction with the Privacy Act</i>
Internal complaints process condition		
<i>Q7. Do you agree or disagree with the proposed standard condition?</i>	<i>Agree. Every expression of dissatisfaction should be recorded and concluded to the satisfaction of the client.</i>	<i>The process should be documented and preferably built into a thread within a CRM</i>
<i>Q8. Do you currently have an internal complaints process for your financial advice business?</i>	<i>Yes. Workflow built into CRM</i>	
<i>Q9. Would the proposed standard condition create any additional compliance costs?</i>	<i>No</i>	
<i>Q10. Would the proposed standard condition have an adverse impact on your business?</i>	<i>No</i>	
<i>Q11. Does the proposed standard condition create a barrier to enter the market?</i>	<i>There should be barrier to entry of advisers to not want to take the satisfaction of clients seriously.</i>	
<i>Q12. Do you have any other comments on the proposed standard condition and how it is drafted?</i>	<i>A complaints process should be accompanied with the Financial Advice Provider having Professional Indemnity cover. This is in the best interests of the client.</i>	<i>The standard condition should include the Financial Advice provider having PI cover at a level that covers the potential liability they could face. The absence of PI cover means the taxpayer has to foot the bill</i>
Feedback summary – if you wish to highlight anything in particular.		
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Thank you for your feedback – we appreciate your time and input.		

Feedback: Proposed standard conditions for financial advice provider transitional licences

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Date: 25 July 2019

Number of pages: 5

Name of submitter: [REDACTED]

Company or entity: Wealthpoint Limited

Organisation type: Adviser Group

Contact name (if different): [REDACTED]

Contact email and phone: [REDACTED]

Preamble: Introduction to Wealthpoint Limited

Wealthpoint is a new adviser Co-operative that will be providing financial adviser services through a network of approximately 55 locations throughout NZ.

Wealthpoint is owned by The AMP Advisers & Adviser Businesses Association Inc, which provides support services to dozens of adviser businesses who are aligned with AMP. It has been set up in connection with most of those adviser businesses (which includes approximately 175 Advisers), who are about to leave AMP's QFE during the second half of 2019,

The first business will join Wealthpoint in late August 2019, with more than 50 Adviser Businesses to follow in the coming months.

Adviser services to retail clients will be delivered by AFAs, RFAs, Financial Advisers and Nominated Representatives.

On behalf of its members, Wealthpoint will source products via third party distribution arrangements with approximately 50 financial services providers. Wealthpoint Financial Adviser Services will include providing financial advice to clients on a wide range of category 1 and category 2 products, including investments, Kiwisaver, lending and insurance.

Wealthpoint intends to apply to become a licensed Financial Advice Provider under the new financial advice regime. Advisers will be required to hold a Wealthpoint Practising Certificate to be able to give advice, and then only on certain financial products and services. Those products will be included in an approved product list that must be followed.

Wealthpoint will enter into contracts with the member Adviser Businesses, rather than with Advisers directly. Members will contract Advisers, including specific obligations in those contracts including Adviser professionalism, conduct and compliance.

This structure means that it is the Member Adviser Businesses which will engage Financial Advisers and Nominated Representatives. We believe this structure, which was also the structure in place for the AMP "AFAN" QFE, will be common under the incoming FSLAA legislation.

Please consider our feedback in the context of this three-tiered structure (Co-operative Entity, Member Business and Adviser), which we understand will become commonplace in the market.

Question number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use page numbers.</i></p> <p><i>You may insert additional lines or pages - please label each additional page with your name & organisation.</i></p>		
Questions on record keeping condition		
1. Do you agree or disagree with the proposed standard condition? Please provide your reasons.	<i>Agree</i>	
2. What written records do you currently keep for your financial advice business?	<i>Our Professional Standards Manual that will become effective from late August 2019 requires that all advice is documented by the Adviser. That means that Advisers will need to be able to convert advice to writing if necessary, for an audit – such as transcribing a telephone recording or skype/zoom video recording.</i>	<i>The FMA should consider and give guidance on, the ability for Advisers to give advice to customers using current collaboration tools such as; Skype, Video and Telephone calls. These mediums are often more effective than written documentation and can then be saved electronically. In short, we request there be “as broad as possible” communication and advice options considered, providing advice can be recorded and/or documented, stored and recreated as required.</i>
3. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs.	<i>Yes (see note 6 below)</i>	
4. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be	<i>No</i>	
5. Does this proposed standard condition create a barrier to enter the market? If	<i>No.</i>	

so, please explain why this is the case		
<p>6. Do you have any other comments on the proposed condition or how it is drafted?</p>	<p><i>We support the proposed standard and our prospective member businesses already comply. However, when Wealthpoint becomes a FAP, it is not clear whether the proposed wording will apply to Wealthpoint itself and, if it does, it is unclear to us how the proposed condition can practically be met, if at all.</i></p> <p><i>The definition will impact other businesses with the same structure as Wealthpoint.</i></p> <p><i>As mentioned above, Wealthpoint will not directly engage Financial Advisers. Rather Wealthpoint will contract with the Member Adviser Businesses, who will in turn engage Financial Advisers.</i></p> <p><i>Wealthpoint Member Businesses would be required to meet the condition as they engage Advisers.</i></p> <p><i>We note your comment that records must be retained in English and we are conscious that NZ has three official languages. It is possible in NZ that there are many Advisers communicating in other languages – for example we expect there may be some Advisers that communicate with their clients in Mandarin.</i></p> <p><i>That presents some challenges when a customer does not understand English and there is a risk of</i></p>	<p><i>FMA to consider impact of a three-layered structure, such as Wealthpoint.</i></p> <p><i>Request FMA to consider that there are three official languages in NZ .</i></p> <p><i>Request FMA consider that NZ is a multi-lingual community with advisers and clients who may communicate better in languages other than English.</i></p>

	<p><i>translation error or misinterpretation.</i></p> <p><i>We believe that this could create some challenge and suggest that advice they give should simply be capable of being translated to English</i></p>	
Questions on internal complaints process condition		
7. Do you agree or disagree with the proposed standard condition? Please provide your reasons	<i>Agree</i>	
8. Do you currently have an internal complaints process for your financial advice business?	<i>Our proposed Professional Standards Manual that will come into force shortly does have a complaints process.</i>	
9. Would the proposed standard condition create any additional compliance costs for your business? If so, please detail those costs	<i>Yes. We anticipate that we will need to implement a centralised Complaints tracking process.</i>	
10. Would the proposed standard condition have any other adverse impact on your business? If so, please describe what this would be	<i>Aside from bearing additional costs and probably adding some additional resources, no.</i>	
11. Does this proposed standard condition create a barrier to enter the market? If so, please explain why this is the case.	<i>No</i>	
12. Do you have any other comments on the proposed condition or how it is drafted?	<i>No</i>	
Feedback summary – if you wish to highlight anything in particular.		

1. *We feel the summary of the new obligations that will apply on page 5 is very useful.*
2. *In designing our Professional Standards, we are conscious of the increasing diversity of available collaboration tools including video and online tools. We ask that the FMA is similarly conscious of these tools and allows for them to be employed in a practical way.*
3. *Please also refer to the Preamble above*

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Thank you for your feedback – we appreciate your time and input.

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Date: 27/6/2019. Number of pages:

Name of submitter:

Company or entity: Willowgrove Consulting LTD

Organisation type: LTD RFA with Advisers

Contact name (if different):

Contact email and phone:

Question number	Comment	Recommendation
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1.	Yes Absolutely	The need for documentation is implied in the code but is not specific. Learning from HONIA, this needs to be explicit needs Analysts, Researchers, Research & write Papers Reports (streamlined at various stages) Applications, notes/letters
2.	Extensive	
3.	No SOP for us	
4.	Probably. Distinctly a Problem for Banks + Most Insurers	
5.	Reeds well is clear.	Most are likely to comment too hard/too much
6.	Yes.	Basic Test + Measure of an advice Business
7.	Yes.	Minor Repeated Issue Provide opportunity to Review and Develop better Processes to Reduce Risk
8.	No Already doing	
9.	Probably	Additional Compliance always adds to the Burden of Getting Started.
10.	No. Both Requirements make for	Basic Expectations on any Business

Feedback summary – if you wish to highlight anything in particular.

Hopefully you can read my writing :-)

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Thank you for your feedback – we appreciate your time and input.