

Questions and answers

Registration and authorisation

Do I need to register as an individual if my employer is registered?

This will depend on the types of services you are providing. In respect of class and wholesale services, the Ministry of Economic Development, which is responsible for the financial service providers register, has confirmed that it does not expect individuals who are employed financial advisers providing only wholesale or class services (or both) to register, provided that their employer is a registered financial service provider (not necessarily a QFE) and remains registered.

The Commission agrees that this approach is consistent with the purpose of the Financial Advisers Act and Financial Service Providers (Registration and Dispute Resolution) Act, and will adopt it in its approach to enforcement of the registration provisions. Individuals who have voluntarily opted to be authorised for wholesale and class services will still need to register as individuals.

Dated February 2011

Disclosure

Who must make disclosure under the regulations when an adviser acts on behalf of someone else?

When an adviser acts on behalf of another person, for example his/her employer, the Financial Advisers Act says that both parties have financial adviser obligations (see s20F(1)), including disclosure obligations. The [disclosure regulations](#) have been drafted to provide for disclosures by AFAs, QFEs acting through QFE advisers and other financial advisers (RFAs). The prescribed disclosure statement for other financial advisers (RFAs) is in the form of disclosure by an individual financial adviser.

Disclosure by the individual (A) in accordance with the disclosure regulations will fulfil the obligation of the employer or principal (B). It is not necessary for B to provide its own, separate disclosure statement. However if the individual A does not give the prescribed disclosure, both A and B will be responsible. Accordingly, we expect that employers will oversee the disclosure by their individual advisers.

Dated: February 2011

QFES and QFE Advisers

What responsibility does a QFE take for its nominated representatives?

A QFE is responsible for ensuring compliance by each nominated representative with the terms and conditions of the grant of status (see Financial Advisers Act s76 (1) (a)) and is further responsible for ensuring compliance with each nominated representative's financial adviser obligations (s76 (1) (d)). A QFE takes full responsibility for the financial adviser service provided by nominated representatives at all times and should take this into account in considering any nomination of an adviser particularly if it is contemplated that the adviser may provide services other than on behalf of the QFE, for example on his/her own behalf or for third parties.

Dated: February 2011

How will the period of QFE status be determined?

The Commission notifies a QFE of its period of QFE status, when QFE status is granted. The period is set taking into account the following guidelines:

Category	Period of Grant*
QFE with QFE Advisers on category 1 products - the QFE sets the competence and conduct standards for QFE Advisers - the QFE might also have AFAs and advisers on category 2 products	usually 4 years generally 3-5 years
QFE with only AFAs providing services in relation to category 1 products - the QFE might also have category 2 QFE Advisers	usually 4 years generally 3-5 years
QFE with QFE Advisers on category 2 products only	5 years

*Guidelines only, see the comments below, if considered appropriate a shorter period may be set than the ones indicated

The period granted to each QFE reflects the Commission's risk based assessment of the products and services provided by the QFE and the robustness of the QFE's governance and compliance arrangements. The assessment considers the principles outlined in the QFE ABS Guide.

For example, where a QFE with QFE Advisers on category 1 products appears to have a lower risk profile (for example robust systems or very few category 1 advisers) the period might be 5 years. If a QFE appears to have a higher risk profile, a shorter period of 3 years or less might be granted.

The first renewal of QFE status is likely to be the month the QFE renews its Financial Service Provider registration.

Subsequent renewal periods may vary from the initial period, based on the Commission's approach and risk based assessment of the QFE at the time of renewal.

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