

Reporting and Notifications Standard Conditions for Qualifying Financial Entities (QFEs)

These reporting and notifications obligations relate to Sections 1 and 2 of the standard conditions. The Financial Advisers Act allows the Financial Markets Authority (FMA) to change these from time to time during the period of QFE status, subject to appropriate consultation (s147A and B). The standard conditions in force from 20 January 2011 are set out below.

Notifications contained in capacity section 1

Due to their significance these notifications are included in Capacity section 1 of the standard conditions. They are also included here for ease of reference.

- 1.6 The QFE must notify FMA in writing within five business days of becoming aware of any matter that the QFE or any member of the QFE Group believes has resulted or is likely to result in material non-compliance with the QFE's governance and compliance arrangements in 1.4.
- 1.7 The QFE must notify FMA in writing within five business days of becoming aware of any matter that the QFE or any member of the QFE Group believes has materially affected or is likely to materially affect the capacity of the QFE to fulfil its financial adviser service obligations.
- 1.8 The QFE must notify FMA if it intends to materially change:
 - i) the governance and compliance arrangements or
 - ii) the financial adviser services of the QFE, a member of the QFE Group or its nominated representativesfrom those set out in the QFE's Initial ABS.
- 1.9 When making any notification under 1.6 to 1.8 above, the QFE should, as far as practicable, indicate to FMA its planned actions to maintain its capacity under section 1 of the standard conditions and its compliance with its obligations under the Financial Advisers Act.

1. Other notifications

- N1.1 The QFE must notify FMA in writing, within five business days of becoming aware of any material matter concerning the QFE's grant of status or financial adviser activities, including:
 - (a) if the QFE or any member of the QFE Group (which was registered or entitled to be registered when approved by FMA as a partner or associated entity) becomes unregistered or no longer entitled to be registered

- (b) changes that may impact on the QFE grant, the period of grant, or any exemption granted by FMA under the Financial Advisers Act
- (c) if the QFE, or any member of the QFE Group, intends to change the structure of its adviser force, this includes for example, if it intends to appoint nominated representatives where previously there were none, or where the appointment of nominated representatives changes the nature of the QFE's financial adviser services
- (d) any material breach by the QFE, a member of the QFE Group, their employees or its nominated representatives of the QFE's terms and conditions, the Financial Advisers Act or any regulations
- (e) any multiple client complaints about a particular matter, where the QFE or a member of the QFE Group believes that this may indicate a significant or systemic problem with the QFE's governance and compliance arrangements or its financial adviser services, including its products
- (f) any material adverse findings or rulings by any regulator, or any court in New Zealand or overseas relating to the QFE, a member of the QFE Group or its employees or nominated representatives where such finding or ruling may impact on the QFE grant, the period of grant, or any exemption granted to the QFE by FMA.
- (g) any matter which may have a material detrimental impact upon clients of the QFE, member of the QFE Group or its nominated representatives.

N1.2 The QFE must notify FMA in writing, within 10 business days of:

- (a) the termination of a nominated representative or AFA employee as a result of misconduct in relation to his/her financial adviser activities, together with an explanation of the circumstances and any steps being taken to ensure consumer protection
- (b) any formal disciplinary action against an AFA employee or AFA nominated representative in relation to his/her financial adviser activities, together with an explanation of the circumstances and any steps being taken to ensure consumer protection.

2. Reporting

R2.1 The QFE must include a copy of its up to date ABS as part of its Annual Report and must highlight any areas of material change since the Initial ABS or the ABS included in the last Annual Report, whichever is the latest.