

# BUSINESS UPDATE 2010

**New Services for the New Decade**

Ministry of Economic  
Development  
Manatū Ōkanga

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business.govt.nz



COMPANIES OFFICE  
FINANCIAL SERVICE PROVIDERS REGISTER

**BUSINESS  
UPDATE 2010**  
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## **Are you an AFA? Authorisation of advisers**

Information provided by Securities Commission

- What the Financial Advisers Act aims to do
- Who needs to be individually authorised
- What advisers need to prepare, to apply for authorisation
- How the authorisation process works

SECURITIES COMMISSION  
NEW ZEALAND

For more information visit [www.seccom.govt.nz](http://www.seccom.govt.nz)



## The Financial Advisers Act

- Aims to build public confidence in the professionalism and integrity of financial advisers
  - Competence to match a person to a financial product that meets their needs
  - Disclosure so consumers can make decisions about advisers
  - Advisers are held accountable
- The Act applies to individual advisers, who must
  - Act with care, diligence and skill and must not be misleading
  - Meet minimum standards in a Code of Professional Conduct if authorised

**The Act is all about professionalism!**



## Do you need to be authorised?

- YES if you provide a financial planning service, that is:
  - Analyse a client's financial situation
  - Identify their financial goals AND
  - Develop financial options for realising those goals
- YES if you give financial advice on Category 1 products
  - Securities, interests in land, futures contracts
  - Financial advice is any recommendation, opinion or guidance about buying, selling, or holding a financial product
- NO if you give financial advice ONLY on Category 2 products
  - Bank term deposits, call debt securities, consumer credit contracts, general insurance



	I am not in a QFE	I am employed by / a nominated representative of a QFE	
I advise <u>only</u> on Category 2 products	Registered only	Not required	
I advise on Category 1 products (I don't provide a financial planning service)	Registered and authorised	Registered and authorised, if advising on third party products	Not required if advising <u>only</u> on products issued or "promoted" by the QFE
I provide a financial planning service	Registered and authorised	Registered and authorised	



## What you need to prepare for authorisation

- Read the Quick Guide "How to apply for authorisation"
  - Available on the Commissions website before July
- Gather the items in the checklist in the Quick Guide
  - A statement of authorisation
  - Proof of good character
  - Proof of competence
  - An Adviser Business Statement (ABS)
  - Your QFE's number (if you work for a QFE)



## Statement of authorisation

- States whether you will be authorised as a financial planner or financial adviser
- Sets the scope of your business – the Scope of Practice
- Includes your terms and conditions for practising as an AFA
- Options available at [www.seccom.govt.nz](http://www.seccom.govt.nz) by July 2010

Choose the statement of authorisation that best fits your business



## Proof of good character

- Provide two testimonials or character references
  - The Quick Guide will specify who and how
- Declare any criminal convictions for which you **could** have been sentenced to six months or more in prison
  - Include where and when you were convicted and why your application should be considered
- Advise Commission of anything that may affect its consideration of your good character



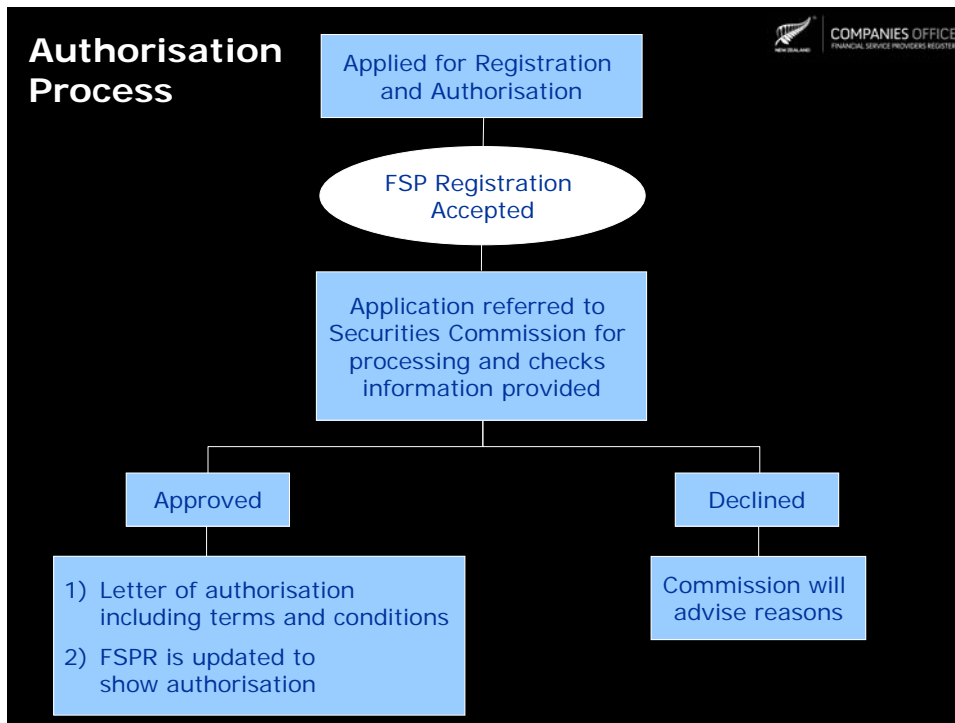
## Proof of competence

- AFAs need to meet the minimum standards required by the Code of Professional Conduct
- To check if you measure up:
  - Read the draft Code at [www.financialadvisercode.govt.nz](http://www.financialadvisercode.govt.nz)
  - Use ETITO's 'self-evaluation tool' at [www.afacompetence.org.nz](http://www.afacompetence.org.nz)
- Requirements for proof of competence:
  - ETITO number
  - Evidence of any of the existing qualifications that count towards competence standards
- ETITO will advise the Commission of the results of any competence assessment



## Developing an ABS

- Your Adviser Business Statement shows how you operate professionally
  - Part 1- Description of your business
  - Part 2 – Explanation of how you will comply with the Act and Code
- It must be available for the Commission to see on request and must be kept up to date – they may visit you!
- AFA Adviser Business Statement Guide available at [www.seccom.govt.nz](http://www.seccom.govt.nz) by July 2010

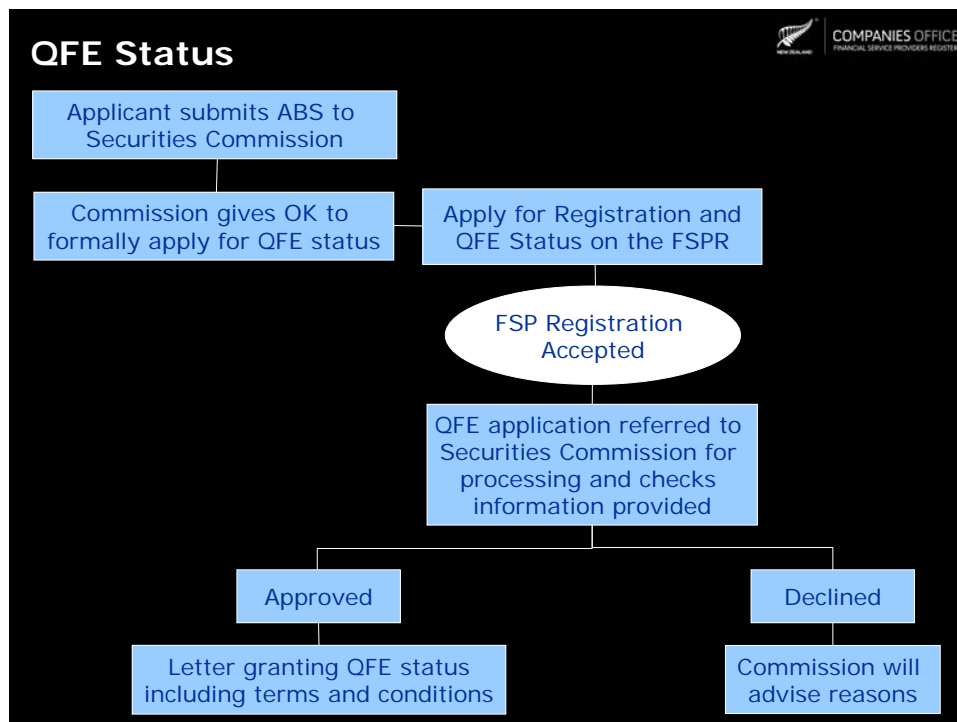


**How the Authorisation process works**

It's simple...

- Apply for registration and authorisation at FSPR website
- If registration accepted, confirmation (email) sent with notice that authorisation application has been forwarded to Commission
- Commission processes application and checks information
- Commission sends letter of authorisation including terms and conditions
  - or advice that application declined
- Commission advises FSPR of authorisation and FSP register is updated to show AFA status

For more information visit [www.seccom.govt.nz](http://www.seccom.govt.nz)



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## Application process for QFEs

- Applicant submits ABS to Securities Commission for the OK to apply for QFE Status
- Apply for registration and QFE Status at FSPR website
  - Confirm that your QFE Adviser Business Statement has been reviewed by the Commission
- Provide any additional information requested at the ABS review
- If registration accepted, confirmation (email) sent with notice that authorisation application has been forwarded to Commission
- Commission processes application and checks information
- Commission sends letter granting status including terms and conditions
- Commission advises FSPR of QFE status and Register is updated

SECURITIES COMMISSION  
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For more information visit [www.seccom.govt.nz](http://www.seccom.govt.nz)



## Financial Adviser Fees

	Application Fees (incl. GST)	Ongoing Fees (incl. GST)
Application for authorisation	\$840	\$560
Application for QFE status	\$4500	\$4500
Base minimum annual supervision fee for AFA/QFE	\$280	\$280

Additional levies may be required to fund other aspects of the regulatory framework



## Authorisation timeline

The key dates for AFAs are:

- July 2010
  - registration and applications for authorisation open at [www.fspr.govt.nz](http://www.fspr.govt.nz)
- 1 December 2010
  - Financial Service Providers Act fully in force and applications for authorisation to have been received
- 1 July 2011
  - Financial Advisers Act fully in force



## Be ready: Are you an AFA?

The earlier you apply for authorisation the better

Time taken to process depends on:

- Volume of applications
- Whether your information is complete
- Whether evidence of competence is available

**Get Ready Now!**

SECURITIES COMMISSION  
NEW ZEALAND

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Welcome to the  
Securities Commission  
of New Zealand

**New items**

- AML/CFT - Information about the requirements under the anti-money laundering and countering financing of terrorism law.
- News Release: Draft code adds momentum to financial adviser regulation  
News Release: 31 March 2010
- Consultation: request for comment on amendments made in April 2009 to the NZX listing rules  
Consultation: 29 March 2010
- News Release: Guidance on boundary between financial planning and advice  
News Release: 29 March 2010
- Publication: Guidance on boundary between financial planning and advice  
Publications: 29 March 2010
- Publication: The Designation and Oversight of Designated Settlement Systems  
Publications: 26 March 2010
- Publication: Guidance for Kiwisaver providers  
Publications: 24 March 2010
- News Release: Guidance for Kiwisaver providers  
News Release: 24 March 2010
- Vacancy: Adviser (Guidance & Operational Policy) - Financial Advisers  
Vacancies: 22 March 2010
- News Release: Capital + Merchant Finance directors charged  
News Release: 19 March 2010
- Minister's News Release: Work fast-tracked to tighten up KiwiSaver regulation  
Minister's Release: 9 March 2010
- Minister's News Release: Cabinet makes key decisions on finance sector laws  
Minister's Release: 26 February 2010
- News Release: Guide for disclosure of credit ratings by non-bank deposit takers  
News Release: 26 February 2010
- Interim Guidance Note: Credit ratings for non-bank deposit takers - disclosure guidance

**Information for investors**

- [www.looklearinvest.org.nz](http://www.looklearinvest.org.nz)
- Articles on investing
- Financial advice
- Brochures
- Warnings
- Telephone share scams
- Scam alerts
- Common frauds

**Financial advice**

- Introduction
- For consumers
- For advisers
- For financial sector
- For education institutions
- Consultation
- Frequently asked questions

**AML/CFT**

- Anti-money laundering and countering financing of terrorism law

**Quick links**

- Code Committee business
- Companies Office
- IOSCO
- IOSCO annual conference
- Law for investment advisers and market participants 2008
- Designated Settlement Systems

**register here**

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## Help and Useful Information

Website		<a href="http://www.seccom.govt.nz">www.seccom.govt.nz</a>
E-mail		<a href="mailto:AFAenquiries@seccom.govt.nz">AFAenquiries@seccom.govt.nz</a>
E-mail		<a href="mailto:QFEenquiries@seccom.govt.nz">QFEenquiries@seccom.govt.nz</a>
Website		<a href="http://www.afacompetence.org.nz">www.afacompetence.org.nz</a>
Website		<a href="http://www.financialadvisercode.govt.nz">www.financialadvisercode.govt.nz</a>



## Legislation

- Financial Service Providers (Registration and Dispute Resolution) Act 2008:
  - [www.legislation.govt.nz/act/public/2008/0097/latest/DLM1109427.html](http://www.legislation.govt.nz/act/public/2008/0097/latest/DLM1109427.html)
- Financial Advisers Act 2008:
  - [www.legislation.govt.nz/act/public/2008/0091/latest/DLM1584202.html](http://www.legislation.govt.nz/act/public/2008/0091/latest/DLM1584202.html)
- Financial Service Providers (Pre-Implementation Adjustments) Bill
  - [www.parliament.nz/en-NZ/PB/Legislation/Bills/a/c/1/00DBHOH\\_BILL9712\\_1-Financial-Service-Providers-Pre-Implementation.htm](http://www.parliament.nz/en-NZ/PB/Legislation/Bills/a/c/1/00DBHOH_BILL9712_1-Financial-Service-Providers-Pre-Implementation.htm)
  - [www.legislation.govt.nz/bill/government/2009/0109/latest/DLM2607807.html](http://www.legislation.govt.nz/bill/government/2009/0109/latest/DLM2607807.html)

