

## Support for Rules for Financial Services Sector - Minister of Commerce Media Statement

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Commerce Minister Lianne Dalziel today released summaries of the submissions received on the review of financial products and providers and the review of financial intermediaries.

Lianne Dalziel said hundreds of submissions had been received on both reviews, and the clear thread through all of them is support for better regulation of the financial services sector.

"Under the review of financial products and providers, the cornerstone concepts of registration for all financial services providers, enhanced disclosure, and a co-regulatory model with the Securities Commission, were all broadly supported.

"The proposals for a two-tier regulatory model for non-bank organisations such as finance companies and credit unions were more contentious. In that light, officials are now evaluating alternative options."

The proposals in the review of financial intermediaries also received general support for the occupational regulation of intermediaries and the co-regulatory relationship proposed between the Securities Commission and industry-approved bodies.

Some submitters were concerned about the proposal that different obligations would apply to different classes of intermediaries, Lianne Dalziel said.

"The key concerns here were that it would cause confusion and unnecessary compliance costs, so we need to look at that some more."

Cabinet will consider proposals on both reviews over the next three months, and legislation would follow, Lianne Dalziel said.

"We originally planned to proceed with both reviews as one Bill. But it would take a very large bill to address all the issues, so I have decided to propose a phased introduction, with the financial advisers and services registration legislative amendments to be introduced to Parliament as a priority."

Summaries of the submissions will be available on the Ministry of Economic Development website.

### Background Information

#### Submissions

Over 135 organisations made submissions on the Review of Financial Products and Providers, many across several of the nine discussion documents.

Approximately 140 submissions were received on the financial intermediaries discussion document.

#### Financial Intermediaries

The proposals for the regulation of financial intermediaries in the discussion document built on the work of the Financial Intermediaries Task Force.

#### Legislative Phases

Phase 1: Introduction and passage in 2007/2008

Regulation of financial advisers; Financial service providers registration, supervision of issuers and dispute resolution.

Phase 2: Introduction in 2008

Trust deed requirements for debt issuers and collective investment schemes, including changes relating to non-bank deposit takers and mutuals (e.g. credit unions)

Insurance regulation changes (market conduct and prudential aspects)

Requirements for platform and portfolio management services