

**Financial Intermediaries Discussion Document:  
Summary of Submissions**

April 2007

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<b>Question 1 - Comments on objectives (chap 6)</b>	
<b>Q. Ref</b>	<b>Summary of Issue Raised by Submission</b>
<b>Are there any other objectives which should be included in legislation (which are not already covered by paragraphs 13 and 14)?</b>	
1	Add independence
1	Add transparency, proportionality, consistency
1	Add meeting bilateral obligation with Australia, encouraging high qualified people to enter industry, further consumers interests
1	The overall objective of the financial intermediaries regime should be to enable reasonable persons to compare financial intermediaries, obtain financial advice from a financial intermediary in a transparent and timely fashion and to provide a framework for remedies that is easily accessible and cost-effective.
1	Encourage competition/competitive neutrality
1	Apply objectives across sectors to avoid one size fits all – is there information-asymmetry in banking?
1	Add focus on money handling
1	To ensure consistency with other reviews, call it the Securities and Investment Advisers Bill
1	Put emphasis on having a good financial system
1	Need to address agency requirements and RFPP within the same regime
1	Consumer focus and intermediary focus: <ul style="list-style-type: none"> <li>- Needs to be proportionate</li> <li>- Wary of regulation becoming an end in itself</li> <li>- Needs to address small and medium sized businesses, urban and rural intermediaries</li> </ul>
1	Effective and effective complaints system
<b>Questions 2 - 29</b>	
<b>Comments on application of the proposed legislation (chap 7)</b>	
	<b>Summary of Issue Raised by Submission</b>
<b>Are the basic categories of financial product (at paragraph 35) appropriate?</b>	
2	No products should be excluded. Possible definition “product acquired for the primary purpose of generating wealth or income or protection of such” (43).
2	Exclude fire and general insurance (vehicle, domestic, house, travel, personal prop) as these do not have an investment component - they are risk products (52). Intent not to cover “safe travel working party” (NZ Government insurance work)?
2	Let Approved Professional Bodies set standards [on what products should be covered] relevant to public understanding
2	Exclude life insurance especially as there’s an insurance ombudsman
<b>If not, why not? Are they too broad or too narrow?</b>	
3	Add financial leases and lines of credit
3	Add health insurance expressly
3	Add call deposit as there is a risk in leaving money there
3	Include FX
3	Add in investment property, syndicates for purchasing property, precious metals
3	Rename products into – <ul style="list-style-type: none"> <li>- “products which combine investment and life insurance”</li> <li>- “home equity release”</li> </ul> Include “debentures” (3) Rename general insurance to “fire and general insurance” (4)

<b>Should there be any exemptions for advice about certain products?</b>	
4	Don't cover product with credit component - avoid duplication -already have to disclose information about the product, annual interest rate interest rate charges etc...longer process, lots of costs, limit product range
4	Also exempt savings products, common transaction products, term investments, general insurance, term life, simple products this risks covered by banks, CCCFA products, bonus bonds, residential property, transactional tools (e.g. debit cards) (16, 44) only leave in – debt securities, equity securities, FX, managed investment products, superannuation, life insurance, reverse equity, future and derivatives (44)
4	Treat products of banks and associated companies as belonging to the banking group, and exempt
4	Allow regulations to carve out products later
4	Exclude health insurance
4	Exclude advice: <ul style="list-style-type: none"> <li>- given by employees</li> <li>- about short tail products</li> <li>- given by employees who have been through a training program</li> <li>- call centre.</li> </ul> Otherwise information-overload.
4	Originally attracted to exemption of house and content but because of objectives to ensure adequate disclosure, decided not to seek an exemption, as well known products are still sold by intermediaries
<b>If so, which products? And why?</b>	
5	Exempt fire and general insurance as: <ul style="list-style-type: none"> <li>- a competitive market</li> <li>- ease of entry</li> <li>- products understood</li> <li>- rating regimes of company</li> <li>- cost outweighs benefits.</li> </ul> Risk is not savings, and risk is undersold (134) Risk products don't affect savings decisions (68)
5	Exclude car and home insurance as no guidance required and risk to consumer is minimal
5	Do not exempt fire and general as otherwise “catastrophic consequences” for a client if inadequate advice
5	Invites Ministry to consider separating out different types of financial advice to avoid a one size fits all approach. Uses business model as an example of the range of issues involved – range of insurance and financial product
5	Exempt hobbies, personal consumption purchases and purchases not promoted for investment
<b>Is “public knowledge” about a type of financial product a good enough reason to reduce obligations on intermediaries?</b>	
6	Can't rely on public knowledge – point is to protect consumers not familiar with products, terms unclear to public, e.g. “indemnity”, need to be cautious. Also not clear if can define what is less complex as some simple products have complex issues (7). Assumptions about public knowledge are just that (22). Will lead to mechanisms being created for avoidance (25). Polls show financial literacy low (55) Advisory process and conflict of interest issues just as important

6	Can rely on public knowledge on short tail products (diff to investment products). Some products (62), probably few in practice exempted though (32). Would reduce compliance costs, competition in insurance market helps with knowledge. Public knowledge will show no information asymmetry (57)
6	Public knowledge is just one way to consider how to exempt products. Should set up a way to determine whether or not to exclude products, including: <ul style="list-style-type: none"> <li>- reliance, practicability, widely disturbed, regulatory arbitrage, moral hazardous risks, competitive neutrality.</li> <li>- Give further thought to exemption of call deposits (24)</li> <li>- Perhaps should lessen disclosure if familiar product? (57)</li> </ul>
6	Insurance and Savings Ombudsman statistics show: <ul style="list-style-type: none"> <li>- 3,600 calls received on 0800 number</li> <li>- 1,900 calls received on normal phone</li> <li>- 23,000 hits on web site</li> <li>- 300 further queries.</li> <li>- 199 complaints in year (167 new, 32 ongoing) – resolved 178. Suggests small problem with intermediaries/products</li> <li>- Of 167 complains – 58% on fire and general, 16 % on health, 26% on life and savings. 67% of complaints not upheld. From figure provided, appears that the “less complex” product generate more complaints than more complex products</li> </ul>
<b>Do you think that “investment property” should be included as a “financial product”? If so, how would you define “investment property”?</b>	
7	Include investment property – use accounting definition – this will mean that real estate agents are covered by legislation. Will mean that investors can compare real returns from investment property. Should only add another hour to real estate agents’ time (67) [though others suggest cost will be significant (56)] Even though familiar with real estate agents’ role (44) Don’t include owner occupied property (62). Is this covered under CGA? (32) Include commercial property. (32). Need to capture QLD property (15). Exempt principle place of residence and holiday home if rented for less than 6 months of the year (3). Don’t include residential unless sold within three years under less than extenuating circumstances (55) Observed that most dubious arrangements based round forecast property returns (23). Include complex property (e.g. apartment /hotel units). Direct investment in property is no different to investment into property through a mutual fund etc other than the vehicle. May have more risk due to the competency or lack of by the salesperson. Look at the motivation of the salesperson and long-term involvement of that salesperson. If a long-term involvement, then a high degree of investment qualification is needed (64).
7	Don’t include collectables
<b>What would be the cost and benefit of including advice on any “investment property” in this regime?</b>	
8	<b>Costs</b> There is a lot of investment property around. Consumer will pay. Significant costs and some consumers may not be able to access advice on this (22). Same costs as imposed on other types of investments, it’s just that the investment property side of the market has made less progress towards handling regulation (23, 55).

8	<p><b>Benefits</b></p> <p>Would be omission to exclude, level playing field for consumer investment dollar. Better comparison between investment property and other forms of investment. Immense benefit to consumer (23, 64, 147)</p> <p>The benefit in advisers and sellers of investment property being accountable for their advice outweighs costs (62).</p> <p>Community protection (3)</p> <p>Will ensure wider options for consumers, removes hype from promotions (especially QLD apartments (31)</p> <p>The Real Estate industry will truly be a protected organisation if the current lack of investment rules are allowed to continue (62, 64)</p> <p>Will require more realistic projections to be given to consumers, forces promoters to better appropriate advice, increases professionalism (55).</p>
<p><b>Should other forms of tangible property (for example gold bullion) be considered as a “financial product”?</b></p>	
9	<p>Include all tangible property.</p> <p>Not hobbies (15).</p> <p>Gold bullion is already traded (67)</p>
<p>Is the proposed description of “financial advice” workable? If not, why not and how should it be changed?</p>	
10	<p>Financial advice shouldn’t be linked to product – make it broader to cover general advisers or accounting or legal, investment seminars, too hard to work out what a “product’ is.</p> <p>Not consumer focussed if just aimed at products.</p> <p>Cover more than just opinions (4).</p> <p>Tie in wider services e.g. - retirement planning, financial management, advice on custodial and wrap services (22).</p> <p>Taxation strategies. Estate planning, cash flow management, investor choice are part of financial advice (31)</p>
10	<p>Ensure “member of public” is appropriately defined – with Securities Act exemptions.</p> <p><b>Include business</b></p> <p>Want to make sure good quality of advice to businesses too (52).</p> <p>Make sure advice to businesses is covered otherwise little point in the regulation (4)</p> <p><b>Don’t include business</b></p> <p>Exclude institutional investor.</p> <p>Note Consumers Guarantee Act which allows for provisions to be set aside when services acquired for business purposes (22, 134).</p> <p>Less important to have good advice to corporate/commercial areas (5).</p> <p>Also CCCFA has this exemption too. (134)</p> <p><b>Narrower</b></p> <p>Limit “member of the public” to a narrower definition (44)</p> <p>Allow customers to opt out.</p> <p>Align member of public definition in relation to wealth etc (56)</p>
10	<p>Extend advice definition to include holding (i.e. not buying or selling) – that’s not broad enough, or “change” (62)</p>
10	<p>Link adviser to reward or fee to exclude social occasions.</p>
10	<p>Advice definition fine.</p> <p>Don’t extend to general information, should make sure it doesn’t cover all information – just recommendations. Otherwise too far (52,135).</p> <p>The more descriptive the definition, the less ambiguity there will be (55).</p> <p>If the definition is extended it will pick up budget advisers, who may not recommend</p>

	products, but will talk through options for clients. Many of these are volunteers (37)
10	Keep reference to “course of business”, exclude information where primary purpose is not to get people to invest – i.e. Chief economist is giving opinion, exempt employer for Kiwi saver.
10	Extraterritoriality – should apply to all advice given in NZ, even if delivered from overseas
10	Compare definition of Financial Service in GST Act – which excludes fire and general and the provision of advice
10	New suggested advice definition which excludes: <ul style="list-style-type: none"> <li>- routine answers</li> <li>- collection of money</li> <li>- placing promotional statements on display</li> <li>- acting as a facilitator only</li> <li>- non personalised advice (19)</li> <li>- factual information-(39)</li> <li>- marketing (4)</li> </ul>
10	Make sure that a needs assessment does not trigger advice
10	Advice should include recommendations on a product
10	Need to clarify what “guidance” means – does it extend to advertising a product? Need to be clear on this
<b>Is there advice which does not relate to the buying and selling of financial products? If so, how should it be described?</b>	
11	Advice on policy ownership, claims and risk management shouldn't come under the definition of advice
11	Advice on tax planning, retirement, estate planning, savings targets, financial management should be covered, financial planning
11	Take approach of Securities Act re acquisition of interest/rights of any kind
11	If recommending “no action”
11	Include debt management advice
11	Include celebrity endorsements
11	Should include opinions about products even when not aimed at an individual
11	Law firm deposit account can be treated as a financial product
11	Should expressly make sure that training is not included
<b>What would be the benefits and costs of treating such advice as “financial advice”?</b>	
12	Hard to separate general financial advice from advice about the product purchase (69), costs of regulation will be the same (35)
12	Public should be able to rely on advice, there will be a cost to this, but appropriate. Only make broad if worth the cost (32). Including budget advice will increase the cost of this advice (55) Need consistent rights and protection for consumers (47)
<b>Ministry officials note that a number of professions including journalists, lawyers, accountants, budgeting advisers and real estate agents can provide financial advice. In your view, should any profession be exempted from the proposed legislation?</b>	
13	Don't exclude any profession, include all professions who give advice when they give personal advice Example given of central government employee giving insurance advice to customers (39). Look to service not profession (22). Better for consumer (47) Consumer protection more vague in these industries (64)
13	Exclude journalists, or treat journalists and budget advisers as information-only

	<p>where they give commentary only (69)  Exclude journalists entirely (15)  Don't provide "free" advice loophole (62).  Want more investigation into this (41). Want still non profit entities encouraged (52).  What about journalist if they write for more than one publication (3).  Budget advisers do not recommend products, but they do discuss ways for people to consider options (37)</p>
13	Exempt real estate agents for simple transactions for owner occupiers.
13	Exempt trustee fiduciary relationships if there's a risk that the principal is a member of the public.
13	<p>Exclude budget if cash flow advice not investment. If budget advice not excluded, government should pay costs (16).  Exclude budget advice as this is not related to the buying and selling of financial products– even though incompetent budget advice is as dangerous as incompetent financial advice (55)</p>
13	<p>Treat lawyers, accountants and real estate agents as high level intermediaries.  Frequently see lawyers and accountants giving advice on products, and they are held in high regard by consumers, even where they have little understanding about the product (55)</p>
13	Do not include lawyers and accountants where they give professional advice on legal and accounting matters
13	Exclude those who belong to [submitter] and who meet industry standards for selling health insurance.
13	<p>Concern that insurance intermediaries are caught in broad brush of regulation.  Market is short term, annually based, no worker's compo. Should have light regulation for insurance intermediaries (10)  Should also exclude insurers and their agents (4)</p>
13	Exempt actuaries. Actuaries have set qualifications, ongoing professional development, meet code of conduct. Don't give advice to members of the public.
13	Exclude bank employees who are information -only or product marketers, but don't exempt high level bank employees
13	Don't exempt execution-only for FX as considerable risk
13	Financial intermediaries can also include marae committees who give financial advice as part of a whole of life program
<b>If so, can you please describe the group, and then provide reasons why, including consideration of the costs and benefits of such an exemption.</b>	
14	Journalists used by [ ] are independent – research role damaged if journalists are not exempted from the legislation, fear that journalists would be required to have compulsory membership of an Approved Professional Body. To address this, require intermediaries to be "in trade" (see CGA/FTA)
14	Exempt journalists and budgeting advisers, freedom of the press (135)
14	Lawyers and accountants should have to meet the same standards but through their existing bodies, not through new bodies
<b>In your view, is the proposed description of "financial intermediary" appropriate?</b>	
15	Intermediary definition is fine provided advice is more broadly defined, or includes promotion of products, but shouldn't include marketing (32)
15	<p>Do not extend the legislation to cover employees of product providers as too many conflict issuers arise. Salaried staff of product provider can't be intermediaries; they only act for [employer]. Hence, all staff should be exempted (19).  The submitter provided three main points on this:</p> <ul style="list-style-type: none"> <li>- The conflict of interest is more clear – the staff are representing employer not consumer</li> <li>- fees – there is no layer of costs by third party</li> </ul>

	<ul style="list-style-type: none"> <li>- competency – Consumer Guarantee Act provides protection. protection. Also vicarious liability.</li> </ul> <p>Otherwise, including employees will lead to inappropriate disclosure</p>
15	<p>Expressly exclude:</p> <ul style="list-style-type: none"> <li>- professional investors (44)</li> <li>- issuers/transmitters of information (44, 54)</li> </ul>
15	<p>No-one recognises use of “intermediary” as a term. Brokers should be able to use “broker” as a way to identify themselves</p>
15	<p>The definition of intermediaries is:</p> <ul style="list-style-type: none"> <li>- not appropriate (47)</li> <li>- too vague - need communication on how the regime will apply (16, 72, 147).</li> </ul>
15	<p>“Transaction services” is too broad a term to be used for financial intermediaries – could include everything bank tellers do – delete this part</p>
15	<p>Exclude employers and trustee of super schemes, HR managers, scheme trustees in relation to offer for employee to belong to a employee share scheme</p>
15	<p>Need to make sure that the property developer selling property is not covered</p>
<p><b>Do all intermediaries provide advice? Or do some intermediaries only carry out a transaction at a client’s request?</b></p>	
16	<p>Example of “not advice:</p> <ul style="list-style-type: none"> <li>- giving factual information-</li> <li>- doing administrative work like changing address</li> <li>- brochures (16)</li> <li>- carrying out a request is not advice (57)</li> </ul> <p>It is a fine line – require disclosure that “no recommendation” (79)</p>
16	<p>Some brokers don’t give advice (disclosure brokers), e.g. wrap, internet (22)</p>
16	<p>There is implied advice in holding yourself out as a financial professional (55) Not many staff act merely as brochure holders. Interaction with client can be taken as advice (31)</p>
<p><b>Does the category of “information only” financial intermediary present a realistic division in the types of New Zealand intermediaries?</b></p>	
17	<p>Information-only have to keep record of enquiry and response</p>
17	<p>No - information-only not a realistic division:</p> <ul style="list-style-type: none"> <li>- No need for information-only as a set category, especially if some products are exempted.</li> <li>- May restrict information flow if regulated (52)</li> <li>- Few instances where no conflict of interest or opinion provided as well (31)</li> <li>-</li> </ul>
17	<p>Information-only is always information-only – high level can act as such</p>
17	<p>Yes - information-only is a realistic division [note responses further below which support information only not as a category but as an exception to the advice giving].</p>
<p><b>Is there any information only intermediary who is not an employee? If so, can you please provide an example of how such an intermediary operates, and how they contact / are in contact with members of the public?</b></p>	
18	<p>Examples of information only intermediary:</p> <ul style="list-style-type: none"> <li>- Partnerships and sole practitioners are information-only intermediaries.</li> <li>- Contact via web – especially a type of website advertising products from different insurers</li> <li>- Employees can be information –only intermediaries.</li> <li>- Sole traders (55)</li> <li>- Deem bank employees to be information-only (16)</li> <li>- Example given of accountants and law firms who acted as agents for insurance companies in rural areas, only giving out rate information (15)</li> </ul>

	<ul style="list-style-type: none"> <li>- Franchise or independent share broker (3).</li> <li>- Sub broker</li> </ul>
<p><b>Do you agree or disagree with the assumptions at paragraph 90 about information only intermediaries?</b></p>	
19	<p>Disagree with assumptions on information-only intermediaries:</p> <ul style="list-style-type: none"> <li>- if consumer has perception that they are getting higher advice or relies on an adviser to tell them if a set request was ill-advised (55)</li> <li>- Too many variables to agree with assumptions re information-only (35, 56)</li> <li>- Risk intermediaries are not information-only (69)</li> <li>- All bank tellers are information-only are as they give factual information-and direct the public (16, 54)</li> <li>- Low need to regulate (32, 68)</li> <li>- Covered by FTA already (68)</li> <li>- Want to avoid risk adverse approach of not allowing employees to talk about products (16).</li> </ul>
<p><b>Does the category of “product marketer” financial intermediary represent a realistic division in the types of New Zealand intermediaries?</b></p>	
20	<p>There should only be two categories – advice giving or not (information-only/execution):</p> <ul style="list-style-type: none"> <li>- No product marketer role (62)</li> <li>- Information-only include non-advice giving (e.g. custodian/wrap or entity just set up to complete security purchases) (56).</li> <li>- All advice giving belong to Approved Professional Body. Need to note can play different roles, need consumer information-(35)</li> <li>- Only reason for product marketer role is that banks would have lobbied hard for it (79).</li> <li>- Lots of employees are still financial advisers - employment is not a useful way to distinguish being an adviser or not (1)</li> <li>- Advice should be a high standard too (68)</li> </ul>
20	<p>Have advice giving and providing financial transaction services as members of Approved Professional Bodies. Have intermediary who handles client money belonging to Approved Professional Body (63)</p>
20	<p>Have brokers as separate category</p>
20	<p>Have default “advice giving role” as high level. Exceptions:</p> <ul style="list-style-type: none"> <li>- factual info</li> <li>- executes deals</li> <li>- employee of issuer/provider/related company (reduced conflict of interest)</li> </ul> <p>Also:</p> <ul style="list-style-type: none"> <li>- bank employees (16).</li> <li>- employees of single product providers should be exempted as only agents of the provider (52, 72)</li> </ul>
20	<p>[submitter] has full, partial and no advice categories - client chooses.</p>
20	<p>It’s not practical to refer to “just one product” as intermediaries often use a limited range of well-researched products. Level of consumer reliance not affected by how many products (2)</p>
20	<p>Product marketer should be defined as employees of issuers, or a related company of the issuer. That way the issuer takes responsibility as Approved Professional Body equivalent, but intermediaries are still subject to statutory requirements only. Make issuers subject to duties to make sure employees are competent. This would also remove the risk of having a contractors sell a single product.</p>
20	<p>Employees are not financial intermediaries as their obligations lie with [employer] but generally agree with the product marketer role category, except for fire and general products. BUT, where bank staff sell insurance products and insurance</p>

	company is not their employee then treat as intermediary. Keep one/more than one product differentiation (72)
20	It is possible for someone to give an opinion on a product without taking into account the consumer's circumstances – e.g. opinion on how a stock is going.
20	Keep product marketer role as a separate category, based on: <ul style="list-style-type: none"> <li>– less complex products</li> <li>– bank tied producers</li> <li>– or Kiwisaver (16)</li> </ul>
20	Confusion on definition – seen as moving away from Taskforce references.
20	Product marketer role should only mean a financial intermediary who is an employee or an exclusive agent, selling only one type of product. No conflict of interest for one product, no fees and just get paid, competency employer's responsibility. "Exclusive agent" makes insurance company more responsible (2) Concern that intermediary obligation ignores agency responsibilities (4). Exclusive agent would be a product marketer, non exclusive and consumer agent is high level (57)
20	Product marketer role definition is a "tough call, but it's a start"
20	Realistic definition but consumer may expect high level to always act as such – need consumer to be told when not. Master trusts cloud definition as can receive a diversified portfolio. Product marketer role should have to belong to Approved Professional Body and comply with all regulations
20	Product marketer role should be aligned with information only – otherwise too hard to tell call centre staff apart (68)
<b>Is there a product marketer who is not an employee? If so, can you please provide an example of how such an intermediary operates, and how they contact / are in contact with members of the public?</b>	
21	Non employee product marketers: <ul style="list-style-type: none"> <li>– Sellers of gold coast timeshares are typically on commission, others are call centre employees.</li> <li>– Those who sell a product proposition.</li> <li>– Self employed product marketer.</li> <li>– Property developer can use a special purpose vehicle.</li> <li>– Sole practitioners.</li> <li>– Former employees of insurer who act as agent, car dealers and electronic goods men (57).</li> <li>– Tied product marketers (68)</li> <li>– Sole traders, contractors, partners (55)</li> </ul>
<b>Do you think that financial intermediaries who give advice about less complex products (such as (e.g.) car insurance, house and contents insurance) should be automatically subject to lower levels of regulation than intermediaries who give advice on and sell more complex products (such as (e.g.) life insurance)?</b>	
22	Don't distinguish for less complex products: <ul style="list-style-type: none"> <li>– Complexity is subjective. Look to levels of underinsurance in Manawatu floods 2004 as a good example of incorrect advice and underinsurance (47)</li> <li>– Health insurance can be general</li> <li>– Credit insurance for hire purchase not easily understood(1)</li> <li>– Need same protection for consumer (47)</li> </ul>
22	Distinguish for less complex products: <ul style="list-style-type: none"> <li>– Can have lower regulation is less complex advice</li> <li>– Approved Professional Bodies best placed to judge regulations details.</li> <li>– Lower regulation if one provider's product only</li> </ul>
23	Strongly disagree with assumptions about product marketeers (47)

	<ul style="list-style-type: none"> <li>- The only purpose of this category is in interests of institution, not consumer (79).</li> <li>- It is not clear the level of consumer reliance</li> <li>- Commission also just usual remuneration – deal with under disclosure</li> </ul>
<b>Do you agree or disagree with the assumptions at paragraph 98 about product marketer intermediaries?</b>	
23	Agree with assumption but require product marketer role to belong to Approved Professional Body and meet same regulations
23	Add in disclosure that product suitability has not been considered.
<b>Does the category of “high level” financial intermediary represent a realistic division in the types of New Zealand intermediaries?</b>	
24	<p>A high level intermediary needs to:</p> <ul style="list-style-type: none"> <li>- be professional - but “experience” should not necessarily be a criterion as want to attract graduates. Instead, professionalise through educational requirements. Need to attract women too (17, 147)</li> <li>- Have benchmark for high level is relevant disclosure, basic education (company accreditation, or NZQA), demonstrable use of an advice process, membership of Approved Professional Body (or indirectly through corporate) (43)</li> <li>- collects information from a client for the purpose of formulating a financial plan including products form a range. Or else, Approved Professional Bodies could set (16)</li> <li>- those who advise on more than one product (2)</li> </ul>
24	Focus on the service not the intermediary. Need to consider intermediaries acting across all the roles
24	Hard to differentiate between advice and promoting product. Hard to test ‘personal circumstances’. Add in “consumer agents” and “non exclusive agents” as extra types of adviser.
24	Change name to “personal financial advice” and “general financial advice”. need to focus on the service, not the type of intermediary to be clear (22)
24	Disagree – this category represents an ideal. Those who attain this ideal will carry the highest costs, even though they meet the highest standards.
<b>Do you agree or disagree with the assumptions at paragraph 113 about high level intermediary intermediaries?</b>	
25	Agree BUT apply assumptions to all advice givers High level can be employees. Regardless of employment status, intermediaries should have same obligations if advising (31)
25	Independence is not required for high level. Lots of advisers confine investment solution to a few providers, but disclose this(1)
25	Don't agree with assumption that smaller organisations/independents have less reason to protect their brand
25	“Needs” basis vague
<b>Do you think that there should be a separate category of financial intermediary to include “execution only” intermediaries (that is those intermediaries who provide transaction services without providing advice)?</b>	
26	Yes, have execution only as a separate group with money handling requirements: <ul style="list-style-type: none"> <li>- cover back room people (69).</li> <li>- appropriate to cover entities like large custodial businesses (15)</li> </ul>
26	Don't need execution only: <ul style="list-style-type: none"> <li>- it's just an administrative function</li> <li>- all intermediaries who handle money should be subject to obligations, probably not many, put into information-only class (16).</li> <li>- Doesn't apply to general insurance (52).</li> </ul>

	<ul style="list-style-type: none"> <li>– Link to information only.</li> <li>– Need advisers to disclose in writing what advice they are giving (55)</li> </ul>
26,28	Will need a clear distinction for the public
<b>Does the category of “execution only” financial intermediary represent a realistic division in the types of New Zealand intermediaries? If not where should these intermediaries fit?</b>	
27	Agree that execution only is realistic, important to keep (63). Tough call but yes (3). Recognise that this is just one service (22)
27	If regulating execution only, should also cover all other execution intermediaries, e.g. stock dealers.
27	Can't separate execution from high level
<b>Will businesses be high level intermediaries? If so, what processes do businesses use to advise a member of the public on the suitability or appropriateness of financial advice or financial product to the individual circumstances of that member of the public?</b>	
28	Treat businesses and individuals the same – especially as many intermediaries appear as business as so appear as employees: <ul style="list-style-type: none"> <li>– Consider statutory treatment of employees (81).</li> <li>– But in practice, most will focus on individual (57).</li> <li>– Most high level intermediaries will be businesses, make them comply with the same obligations, but have higher corporate penalties (55)</li> </ul>
28	Treat them differently as only individuals deal with ethics. <ul style="list-style-type: none"> <li>– Only individuals will be high level (23, 39)</li> <li>– Intermediaries act as such, but businesses are legally responsible for employees (69).</li> <li>– Have intermediaries as the only entity licensed as obligations are personal (3, 32, 62).</li> <li>– More work proposed to consider – how business meets the definition of a financial intermediary , Approved Professional Body requirements, business processes (24).</li> <li>– Compare to lawyers and accountants (47).</li> </ul>
28	[Submitter] runs an approved products list, advisers then choose from. Will be a double up of fees if [submitter] and individuals have to belong to an Approved Professional Body
28	Two types of high level advisers– advice giving firms and firms which offer services within their business (e.g. banks/insurance companies) (15)
28	Firms are responsible
<b>If so, are there any obligations which businesses will find it harder to comply with than individuals practising as high level financial intermediaries?</b>	
29	Business can comply with obligations, in some ways it may be easier for businesses to comply (147). Don't want regulatory duplication (15, 52)
29	Additional burden on businesses to ensure that their employees have necessary qualifications to practice.
29	Business can't: <ul style="list-style-type: none"> <li>– get qualifications (32)</li> <li>– meet competency test</li> <li>– maintain education</li> <li>– competency standards</li> </ul> Can be unethical, but rare (31)

<b>Questions 30 - 40 - Comments on conduct (chap 9)</b>	
<b>Q. Ref</b>	<b>Summary of Issue Raised by Submission</b>
<b>In addition to a general strict liability provision requiring intermediaries not to engage in conduct that is misleading or deceptive or likely to mislead or deceive, would it be useful to have additional specific prohibitions on financial intermediary conduct?</b>	
30/32	Duties should apply to all advice givers (i.e., not information-only)
30	Obligation not to deceive/misleading already in the Fair Trading Act so don't duplicate: <ul style="list-style-type: none"> <li>- why would additional standard be needed here? (62)</li> <li>- No extra duties needed (52).</li> <li>- Look to better enforcement of FTA before new obligations here (4)</li> </ul>
30	Happy with dual enforcement of conduct under CGA and here
30	Don't make strict liability as too big a cost for industry – also investing is a risk (16)
30	University best placed to educate advisers on ethics, professionalism etc
30	Consider s 13 Trustee Act, place a fiduciary duty on advisers
30	If general restriction is intended to target specific behaviour then make that clear from the start, be clear and concise in legislation
<b>Do you agree with the possible statutory duties listed at paragraph 143 above?</b>	
31	Don't need legislation to include the phrase "confusing" if have other two criteria – also hard for adviser
31	Agree with paragraph 143 conduct requirements as well as: <ul style="list-style-type: none"> <li>- to belong to Approved Professional Body</li> <li>- to provide all required information to the Approved Professional Body.</li> <li>- to adhere to professional standards, especially integrity (69)</li> </ul>
31	Paragraph 143 appears to mirror Australian good faith. If that's what is wanted, just use that.
31	Note that paragraph 144 refers to different duties owed by agent rather than broker – could be avoided by dealing with insurers/agents under a "producer" regime
31	These obligations aren't appropriate for all. And can't act in best interest of clients if instructed to act otherwise. Not "best", use "appropriate" like Banking Ombudsman does. To act in best interests of client should be in codes of conduct, not legislation. Caveat that insurance agents can't act in best interests of client (52)
31	Need to align insurance intermediary obligations
31	Need clear definition of exercise "reasonable"
31	"Appropriate" advice is subjective test applied by third party with benefit of hindsight and objectivity. Advice is a subjective business (31). All others are fine.
<b>Should any of the additional duties apply to all intermediaries, or just high level intermediaries? Why?</b>	
32	Conduct should only apply to high level (or director of high level), or if acting only for the client (19), or if holding yourself out as independent (52)
32	Apply conduct obligations to all intermediaries, especially duty of care (15)
<b>What would be the costs and benefit of imposing such duties?</b>	
33	Cost/benefit of applying duties would be consistency and continuity. Better to have specific requirements
33	Duties should be guidelines and not statutory. If breach of code, then subject to sanction from employer/Approved Professional Body. More flexible and responsive.
33	Costs will be relative to current underperformance. These will not be high (4)
33	Cost of overlapping legislation if specific conduct requirements here

33	Unclear
33	Consumers more likely to benefit from easy to understand disclosure documents (e.g.)
33	Main cost is supervision of intermediaries to ensure they comply. Voluntarily compliance is not enough. Conservative estimate is \$3,000 per adviser per year, to be borne by adviser or product providers. This would be in addition to Approved Professional Bodies and complaints procedure costs
<b>And, what type of penalties should attach for breach of the duties listed at paragraph 143 above? For example, should there be criminal penalties?</b>	
34	Criminal penalty for those who act outside Approved Professional Body/ breach duties. Talk to Securities Commission (3) Apply to all intermediaries, not just high level (22, 31). Other penalties could include censure, temporary banning, criminal in severe cases (47). Apply same level as other professions (e.g. lawyers) (31)
34	Criminal too extreme – censure first timers and repeats lead to expulsion
<b>What types of intermediaries, in addition to investment brokers, would receive money and property from members of the public?</b>	
35	Fire, general, solicitors, handle money, insurance brokers and real estate agents also receive money/property. Insurance brokers also invest these praemia for short periods before passing them onto insurers (52, 57). Anyone who receives fees handles money (55) Investment syndicates, sharebroker, financial planning firms (with investment platforms/wrap accounts) (31)
35	Cashier receptions for [product provider] receive money from members of the public. They represent their employer, to whom the money is being paid. Responsibility lies with the company, not with individual.
35	Warning that under the IADA employers with workplace super will become investment brokers when they deduct employee contributions
<b>Should these intermediaries be subject to money handling legislative requirements?</b>	
36	Suggest “principal” intermediaries only are subject to money handling
36	Have rules (not legislation) for money handling
36	Wants all intermediaries who handle money subject to legislation. Also, annual audit, with auditor under obligation to tell Securities Commission (44)
<b>Which types of intermediaries hold trust accounts now? Are there some sectors of financial intermediaries which use a trust account more than another sector?</b>	
37	Fire, general, solicitors, insurance brokers, investment and stock brokers have trust accounts, insurance brokers, accountants, lawyers - only NZX participants and F&O dealers are required to hold funds separately. Regulation will encourage (62). Small number of financial planners (55)
<b>Are the requirements listed at paragraph 153 appropriate for those who hold client money?</b>	
38	Yes, Paragraph 153 appropriate, and costs not substantial. And 154. Should also be audited (63)
38	Only appropriate for high level
38	Concern expressed that not all insurance brokers maintain an insurance broking account – no Ministry of Justice review carried out.
38	Add as trust requirements: <ul style="list-style-type: none"> <li>- a minimum of annual independent audit</li> <li>- proper segregation of duties for those who operate</li> <li>- full disclosure to client</li> </ul>

<b>What would be the cost and benefit of applying these obligations to intermediaries who receive money and property from members of the public?</b>	
39	Should be expected to have robust systems
39	Cost benefit won't apply to insurance brokers as they already do this. Cost irrelevant as this must occur (35)
39	Benefit will be that there will be some protection in event of failure of the intermediaries. Costs due to Insurance Act requirements.
39	Minimum cost for an audit probably \$5000. Need regular audit. Costs dependent on type of system used. Most of these services probably would be outsourced to trustee organisations anyway. Not a bad trend to encourage (15). Another submitter considered that the minimum cost of an audit is \$2,000 pa, and most do this already anyway (55)
<b>Who would be responsible for monitoring these trust accounts?</b>	
40	Intermediaries who hold client funds need set legislative duties and may have to be monitored by Approved Professional Bodies. Need monitoring – avoid Access situation. Could delegate to industry body (e.g. NZX, NZLS) (3)
40	Require those who hold client money to be audited by a qualified third party, once a year, and cost apportioned or borne by trust account provider. But not if only transmitting money (16)
40	NZX will monitor NZX members' trust account
40	Securities Commission should monitor all (incl NZX market participants), need to apply trust requirements to all who hold money, not just high level (62)
40	Custodial services would probably monitor. Also things like Law Society Need review authority to have power to audit intermediary files, managed by Approved Professional Body.
40	Independent auditor and Approved Professional Body
<b>Question 41 - 54 Comments on disclosure (chap 10)</b>	
Q. Ref	Summary of Issue Raised by Submission
<b>Do you agree with the disclosure obligations for information only intermediaries listed at paragraph 166?</b>	
41	Information-only/execution-only disclose fee (if there's a referral fee – that is, only additional remuneration (e.g.), be subject to conduct and dispute,
41	Also disclose which securities they can give advice on/ information on plus quota, performance bonuses etc...
42	Confusion – information-only should only receive salary by definition [other submitters disagree]
<b>Do information only intermediaries receive commissions, bonuses, fees or remuneration which is in addition to salary or wages?</b>	
42	Yes, bonuses are common
<b>What information should a member of the public be required to be told about an information only intermediary?</b>	
43	Paragraph 153 is absolute minimum for disclosure (23) Require information-only to disclose: <ul style="list-style-type: none"> <li>– Dispute information (36, 68)</li> <li>– That they are authorised to carry out tasks (3).</li> <li>– Name, contact, service, fees, conflicts, competency (22).</li> <li>– Employer, length of time in industry, qualifications, limitation on information provided, money handling, complaints, products they can advise on (55)</li> <li>– Everything that an adviser has to disclose, on the basis that an information-</li> </ul>

	only adviser still decided what information to convey to a member of the public. (31)
43	No disclosure for information-only, except for name and contact (62). No advice given – so there should be no disclosure (79). Limited benefit for consumer – factual information largely responsibility of product provider (15, 52).
<b>What would be the cost of requiring information only intermediaries to disclose this information? Does the benefit to consumers of receiving this information outweigh the cost?</b>	
44	Disclosure should only relate to the company, not the employee otherwise too costly. General disclosure too (44). Disclosure should relate to product – less disclosure for simpler products (72). Could be on a “if asked, must tell” basis – but no real benefit (52).
44	Cost could just be \$1.00 per transaction (55). Costs the same as anyone else (31) Benefits outweigh the costs (31, 55). conflict of interest clearly seen, don't have to wade through adviser labels (31) Cost/benefit will depend on timing and extent of disclosure. Less costly if can be provided after the advice (68)
<b>Should “execution only” intermediaries have to make disclosure listed in paragraph 174? Particularly, should fees on switching products be included in the general information on remuneration that a broker would be required to disclose?</b>	
45	Disclosure on switching products should not apply to fire/general. Or back office staff (69). Switching product fees only on investments. Not so clear a case for risk products (31) Should have to disclose (50). Better to have code of conduct for dealing with switching products (16, 44)
45	Money handling disclosure at paragraph 174 fine/reasonable.
45	Money handling should be subject to fit and proper person. And disclosure about character of person handling money. Note – fit and proper testing clearance from Ministry of Justice can take up to two months. (52)
45	No separate category, as probably high level. Make disclosure the same for both(21) Make same level as Securities Legislation Bill (55)
45	No example of execution-only in general insurance
<b>If not, why not, and which obligations would you remove or add?</b>	
46	None
46	Add in experience
<b>If you agree that execution only intermediaries should have to make these disclosures, what are the costs and benefits of these disclosure obligations?</b>	
47	Likes switching product disclosure – more information for consumer to consider. Also insurance companies already required to do this – but bank staff do not.
47	Will be a cost for those who don't have audit accounts (15) Costs are preparation and delivery of disclosure document (55)

<b>Should product marketer intermediaries have to make the disclosure listed in paragraph 176? What are the costs and benefits to this?</b>	
48	Disclosure should only relate to the company, not the employee otherwise too costly (39). Also not necessary (57). Disclosure not needed for employee selling own products (68), or if needed apply a “disclose only when staff did not meet fit person test”, due to timing already caused by Ministry of Justice vetting (52). “Fit and proper” endorsed (2) Disclose everything under SLB (55)
48	Don't make disclosure re switching products as product marketer role won't know. Also gross / net too costly (62). Don't need if risk products (2)
48	Have product marketer role being subject to same disclosure as high- which should be restricted only to first instance criminal convictions etc....
48	“No” to product marketer role disclosure – unless on request, or general. Costly and will only prolong the sales procedure, makes produce seem more complex. Don't disclose salary. Disclosure by product marketer role will confuse customer. Product marketer role shouldn't have to disclose that they are not high level as too costly to check compliance. Product marketer role not disclose dispute resolution, or criminal convictions etc (2). Costs include – preparing documentation, legally vetting it, distribution to intermediaries, compliance training, keep this cost to a minimum (57)
48	Continuous disclosure hard to keep up, over the years
<b>Should product marketers provide a statement to consumers which explains that consumers are not receiving advice from a high level intermediary? If so, what information should be in such a statement? What are the costs and benefits of providing this statement?</b>	
49	Yes, like health warning, combats consumer reliance. Need to be clear that the statement refers to no assessment of suitability. Costs and benefits of this not assessed (22). Essential to distinguish (57) Need to explain one/many product, and explain the status (55)
49	Don't agree with health warning as this is already included in what acting with reasonable care and diligence would require, extra not needed. Makes product appear more complex (16). Superfluous if combined with high level (31, 79). Benefit limited – customers generally aware of alternatives (52). Any health warning should only go so far as saying that they only are able to offer one type of product (2). Should be covered by providers under RFPP (4)
49	Product marketers shouldn't have to act in best interests of client as they act for the issuer, not the client. This should be disclosed
<b>Should high level intermediaries have to make additional disclosure listed in paragraph 184?</b>	
50	Supports disclosure by all advice givers (include employees' remuneration).
50	Did not support disclosure of commissions where the consumer does not pay commission, but the company pays soft disclosure because premiums are similar across suppliers, or it is not the property of the client.

	Will disadvantage brokers (134)
50	Have cool off period Especially where there is a cool off for a product (68)
50	Don't need disclosure to habitual/institutional investors
50	Yes. High level should also disclose costs and benefits on switching (38); ongoing periodic disclosure (if ongoing service); health warning to advise on limits (i.e., that they act for the issuer) costs (67) Minimal disclosure – should not require gross/net (51, 62)
50	May not know remuneration to disclose at the start of the contract. Hard to provide pure dollar disclosure, so endorse formal instead
50	Disclose that commission is paid, or that a range is paid. In Australia, you only need to disclose that earnings are subject to commission
50	Have disclosure contained in the letter of appointment and make it annual.
50	Only make disclosure required if guilty of being bankrupt (e.g.)
50	Thinks disclosure is more extreme than Australia where disclosure is only required for – responsible officer, for an authorised representative, but not required for staff. Disclosure should only relate to product and not the adviser.
50	Customers unlikely to know the difference in qualifications, no NZQA qualification in insurance.
50	Don't disclose premium - will go up and down. Insurance contracts are provisional so when is advice given? Distribution channels – what if we don't deal with the end user? Brokers should only disclose range of brokerage by percentage.
50	Intermediaries can't disclose details of their PI insurance, as they would be in breach of their insurance contracts. Hence, require intermediaries to disclose whether their PI cover meets Approved Professional Body standards
50	Banks are paid higher commissions than professional intermediaries for selling insurance products
50	Overall disclosure must be helpful and short. Just disclose dispute, conviction and fees.
50	Less disclosure for risk as will affect their uptake
50	If concerned at fees/bonuses, just make this a disclosure requirements, don't have whole regime
50	All should disclose dispute resolution options
<b>If not, which why not, and which obligations would you remove?</b>	
51	No PI cover. Gives customers false expectation of cover/compensation
<b>If you agree that high level intermediaries should have to make these disclosures, what are the costs and benefits of these disclosure obligations?</b>	
52	Costs of disclosure absorbed by market participants. Also public should expect this – some chose to make all [Securities Markets Act] disclosure up front. Will be costs as all disclosure does not replace the need to act in the interests of the client. In theory greater disclosure means better access to information (52). Costs largely being met already (22,31). Cost substantial (57) Costs not greater than [Securities Markets Act] costs (55)
52	Little benefit
<b>Is there any sector which should have special disclosure obligations?</b>	
53	No sector specific disclosure should apply as will be confusing
53	Hard to fit in the investment property industry into disclosure – more focussed on guarantee of returns. This sector should have to disclose what the consumer gets.
53	Have insurance sector specific disclosure. One size fits all creates disclosure overkill.

	Risk insurance need specific disclosure – for domestic customers (69) Fundamental difference between insurance (risk) and investment insurance (31)
<b>If so, which obligations, and to which sector? And what would be the costs and benefits of having different disclosure obligations?</b>	
54	If intermediary runs a trust account
54	Life insurance and mortgage brokers need specific disclosure
54	No sector specific as it would create variance and confusion
54	Costs could be creating different disclosure depending on the advice being given. Benefit is relevant disclosure, and less of a barrier in the risk area. Would engender confidence if clear disclosure.
54	Definitely make life insurance brokers disclose as they had a huge range of commission, depending if they accept a continuing renewal commission at a flat rate or a front-loaded commission.
54	Limit disclosure for commercial insurance. Australians don't have to make this disclosure – competitive advantage if NZers do disclose as NZ cheaper than Australian brokers.
<b>Comments on co-regulatory model (chap 11)</b>	
<b>Q. No</b>	<b>Summary of Issue Raised by Submission</b>
	Don't want lots of Approved Professional Bodies, there should only be one (4, 79)
	Likes the co-regulatory model, provided that the Approved Professional Bodies still have a strong enough role
	Worried that co-regulatory not enough robust, better to have consumer focussed group, rather than industry based group focussing on these matters
<b>Questions 55 – 59 - Comments on powers of the Securities Commission and the Minister (chap 12)</b>	
<b>Q. No</b>	<b>Summary of Issue Raised by Submission</b>
<b>Do you agree with the table setting down responsibilities in relation to discipline of intermediary for breaching statutory standards?</b>	
55	Agree with table in discussion document on breach of statutory duties, but should also include ombudsman scheme (62)
55	Needs to be clear who has to belong to Approved Professional Body
55	NZX currently handles – happy to hand most serious breaches to Securities Commission. NZX under statutory obligations to refer potential law breaches to Securities Commission. NZX discipline stronger than Approved Professional Bodies as handles matters that may be handed to Securities Commission under Approved Professional Body scheme
55	Disagrees that Approved Professional Body should be gatekeeper of consumer complaints (look to real estate agents). Should have sep independent body (e.g. Insurance and Savings Ombudsman). Doesn't have to be costly – look to NZ association of private education providers
55	No
<b>Is there a better model for disciplining intermediaries? If so, please provide details.</b>	
56	Could avoid heavy burden on Securities Commission by: <ul style="list-style-type: none"> <li>- having Approved Professional Body manage discipline through an independent body</li> <li>- have an independent body set by the Securities Commission</li> </ul>
56	Liked our model for discipline. Must be clear, concise and effective (55)
56	Better education could fix
56	De-registering an intermediary should only take place after remedial action, or

	under a probationary period. Should be automatically subject to restraint of trade. Need transparent process for being deregistered from Approved Professional Body. Securities Commission should monitor ‘orphaned’ intermediaries, giving them 6 months to join a new Approved Professional Body.
56	What if intermediary practises across Approved Professional Bodies?
56	Don’t want overlap with role of insurance Ombudsman who looks at products
56	Misleading to refer to court – only if statutory breach.
<b>Are there any powers which the Securities Commission will require which are not listed above?</b>	
57	Allow Securities Commission powers to check that Approved Professional Bodies are meeting IOSCO standards. Also needs to step into Approved Professional Bodies shoes to investigate intermediaries
57	Allow Securities Commission and Minister to ban intermediaries – as banks are integral to system, carve out banks from temporary banning orders and/or consult Reserve Bank (44) remove from register and put alerts on Securities Commission website (44)
57	Give Securities Commission intervention powers, and equivalent “statutory manager” powers. Allow Securities Commission to act without Approved Professional Body recommendation (52)
57	Want more clarity as fear that Securities Commission will have big role if default, and if Approved Professional Bodies don’t meet monitoring requirements
57	Securities Commission powers fine/no extra powers needed. Need strong regulator to enforce (4, 69)
57	Make Securities Commission criteria public
57	Give consumer recourse to Securities Commission
57	Who will tell Securities Commission about non-Approved Professional Body members who don’t meet duties?
57	Consider whether Securities Commission need powers to require Approved Professional Bodies to provide information, to have the affairs of an Approved Professional Body investigated, to give direction to an Approved Professional Body, impose public disclosure obligations on Approved Professional Bodies (24)
<b>Are there any powers which the Minister will require which are not listed above?</b>	
58	Just let Securities Commission approve changes to Approved Professional Body rules, not Minister
<b>Is there a better model of responsibilities than the table which details the responsibilities of the Securities Commission and the Minister? If so, please provide details.</b>	
59	If splitting the model, would leave the Securities Commission not having to deal with day to day issues
59	Table of responsibilities for Securities Commission and Minister fine/no extra powers needed. Provided that Approved Professional Bodies monitor members closely and both Approved Professional Bodies and the Securities Commission have resources to act. No self certification of members should be permitted (55).
59	Room for Minister not to follow Securities Commission recommendation? Need to clarify if Minister can act regardless of Securities Commission recommendation
<b>Questions 60 – 76 - Comments on powers of the Approved Professional Body (chap 13)</b>	
<b>Q.</b>	<b>Summary of Issue Raised by Submission</b>

No	
<b>Are there any minimum corporate governance requirements which should be placed on approved professional bodies?</b>	
60	<p>Yes to minimum corporate governance requirements.            Approved Professional Bodies should meet IOSCO principles for self-regulation (8).            There should be minimum governance requirements (56).            This would be a split between regulatory role and membership function role, not for profit (69).            Need PII and staff requirements (5).            Will Securities Commission require PII? (7).            PII mandatory for protection of advisers (20).            Elect governors to the boards (20). Have a governing body (23).            Agree with paragraph 233 (47, 57)            Needs charter, self audit, board of directors, complaints produced, not profit, capacity to audit members annually, be financial viable (55)</p>
60	Intermediaries could apply to any Approved Professional Body
60	Have a governing bodies of Approved Professional Bodies (with one external member) to set competencies
60	Have colleges setting competencies. Restrict function of Approved Professional Body to dispute. Governance and dispute only functions (114)
60	Must regulate at least as much as the NZX
60	Board could have member /Securities Commission representation; consumer covered by dispute resolution function, apply fit and proper test, have cost recover methods (but not profit motive), don't bar business (62). Also – financial strength, track record, ability to manage conflict of interest (43)
<b>Is there any function which an approved professional body should not be able to carry out because it would interfere with an approved professional body's responsibilities?</b>	
61	Approved Professional Bodies must be legally and financially separate to a supplier, Approved Professional Bodies cannot subsidise fees or have contractual relationship with a supplier, shouldn't be a trading body, should be non profit (23, 79). Should be a "referee" and not a trading body (52, 57). Can generate income through legitimate activities (23)
61	Disagree that Approved Professional Bodies should be not for profit – competition between Approved Professional Bodies will be incentive for low costs, also irrelevant
61	Disagree that Approved Professional Bodies could not lobby. Risks duplication of effort, or fake legal entities just to lobby.
61	Approved Professional Body cannot market or promote a financial product
<b>Do you agree with the information to be provided by high level intermediaries at paragraph 242?</b>	
62	Register all advice givers. Include dealer group name. Ask consumers what is necessary (56). Include past trading names (19, 22)
62	Register will be key. Don't support funding via penalties
62	High level only on register. PII not effective enough to manage risk (44)
62	Agree with the information that a high-level intermediary is to provide to Approved Professional Body.
62	Securities Commission monitor register
62	Approved Professional Body should provide information-on shareholders and directors to the register
62	No, Approved Professional Body is expected to provide dispute information.

<b>Is there any additional information which approved professional bodies should be required to collect from high level intermediaries, and which consumers would expect?</b>	
63	Should also provide criminal information. Contact details of Approved Professional Body (22, 62). Copy of current disclosure documents (19). Verify academic qualifications and register membership with any other Approved Professional Body (23, 52). Add qualifications (15). Up to Approved Professional Body (47) Collect credit and police checks, but don't put on website (55)
63	Do put on material disciplinary penalties
<b>Is there any information which should not be on a public register?</b>	
64	Don't collect information not to be put on a public register, as this won't help transparency. Information should be concise (62). Don't put on information about individual disputes as harmful to business. Don't put on individual home address/number (3)
<b>What will be the cost of providing this information to the approved professional body, and the cost of approved professional body providing this information to the public body?</b>	
65	Information provided by internet would be cheaper than physical registers
65	Minimal cost in providing this information Just website cost (55)
65	Will be significant cost to Approved Professional Bodies and will be passed onto Financial Intermediaries so that membership of Approved Professional Body will be significant cost to financial intermediary
65	Will be a cost in verifying qualifications. Approved Professional Body should also have this information on Approved Professional Body's website and access there.
65	Expectation that Ministry would establish and monitor. Consumers need to access at no cost
<b>Is labelling of competencies required?</b>	
66	Labelling useful, but "financial planning" very broad (35), try "savings" "credit" (62). Investment advice is specialist area (23). Describe in statute to avoid confusion (57)
66	Labelling – refer Health Practitioners Competence Assurance Act 2003. Adopt a generic title (e.g. nurse) and then add (s11): Scope of practice can be described: <ul style="list-style-type: none"> <li>- be reference to a name/form commonly understood by person who work in the health sector</li> <li>- by reference to an area of science or learning</li> <li>- by reference to tasks commonly performed</li> <li>- by reference to illnesses or conditions to be diagnosed or treated.</li> </ul>
66	If accreditation is required then this should be pointed out to the general public
66	Not up to expert, but consumer on the categories
66	Concern that register should not be used by public to "find an expert" should just be verifying that they belong to an Approved Professional Body
<b>If so, should it be up to an approved professional body to develop common descriptions of competencies? Or should this be part of the oversight the role of the Securities Commission or the government? What would be best taking into consideration costs and benefits of each option?</b>	

67	Have government develop categories and then get Approved Professional Bodies to comment on which they cover – Securities Commission work with Approved Professional Bodies (52, 62), vice versa(19).get government to use categories of competency setting which are kiwi-ised versions of Australia unit of competency (45)
<b>Do you agree with the proposed “competency setting” function of approved professional bodies? Why / why not?</b>	
68	Agree with competency setting. Submitters were split on whether this was the role of the Approved Professional Bodies or not <ul style="list-style-type: none"> <li>- Approved Professional Body (19, 22, 23, 35, 47, 52, 56, 57, 62), provided it's transparent to avoid accreditation being captured to benefit of insiders (52), Securities Commission can still standardise description (23)</li> <li>- not with individual Approved Professional Bodies doing setting; creates inconsistencies (67), as too much bias. Have NZQA set standards and Approved Professional Bodies adopt (51) try (industry qualification, test, portfolio demonstration, combination (69), need independent third party (147), use kiwi-ised standards of Australian (45), if more advisers have minimum competency standard (43), have colleges do it (58), if Approved Professional Bodies do it, will create confusions (55)</li> </ul>
68	Competency setting for health practitioners under Health Practitioners Competence Assurance Act 2003 includes: <ul style="list-style-type: none"> <li>– S12 (2)(a) - Degree/diploma</li> <li>– S12(2)(d) Registration with overseas organisations</li> <li>– S12(2)(e)Experience in health services under supervision/oversight of a nominated health practitioner</li> </ul>
68	Alternate models to Approved Professional Bodies – Securities Commission monitors banks, there is one Approved Professional Body for all banking industry (supported by submitter), one Approved Professional Body for the entire finance sector.
68	Transition period of up to 24 months is suggested. Don't allow grand-parenting. Need long period to allow people to get up to scratch
68	Should recognise experience as qualifications – want to avoid the situation where [named person] could not give advice without an academic qualification
68	Have the Securities Commission set minimum standards and have Approved Professional Bodies exceed if they like
<b>Do you agree with the proposed “conduct setting” function of approved professional bodies? Why / why not?</b>	
69	Approved Professional Bodies should set conduct. Up to Approved Professional Body to the conduct it sets (52)
<b>Do you agree with the proposed “monitoring” function of approved professional bodies? Why / why not?</b>	
70	Favours low key monitoring at paragraph 268 low key - possible phased approach – 3 <sup>rd</sup> option expensive, web based option?(19). Lawyers don't have shadow testing.
70	Supports attestation and audit (every 1-5 years) with shadow surveys etc. Add initial monitoring by Securities Commission (56) Costs \$1500-\$200 over two years excl travel costs. (Not estimate as this is in actual practice by submitter). Low cost open to abuse relying on complaint takes onus off intermediaries, places it back on consumer (72). Can't rely solely on consumer complaint (22) Site visits and attestation with spot checks (55)
70	Oppose shadow shopping as sensational

70	Monitoring needs more than low-key reports. Supports programme linked to risks, with written assessments with education, sampling of advertisements, disclosure and advice. Include mystery shopping. More rigorous for client funds.
70	Apply appropriate monitoring, not one fits all. This is part of key business process anyway.
70	Law could set minimum monitoring standard (perhaps based on low cost option)
70	Have Securities Commission monitor, not Approved Professional Body
<b>What do you consider the costs of the suggested monitoring approaches would be? Could these costs be mitigated through a phased implementation or through greater initial monitoring by the Securities Commission?</b>	
71	Cost will be around \$1000 - \$2000
71	Costs substantial but received by Approved Professional Body by charging financial intermediary. Self-declarations not enough. Costs simply deferred if the Securities Commission takes on initial role
71	3 employees conduct assessment over 350 advisers – significant cost as face to face
71	Securities Commission and industry work together to develop monitoring resource
71	Costs necessary to ensure that the professional standards increase. Securities Commission needs to take a strong role to provide confidence
71	Approved Professional Body covers costs
71	NZX costs significant
71	Inspection the most expensive. Conservatively \$5,000 pa to conduct annual Approved Professional Body inspection of a business of 2 advisers. Conservatively \$3,000 pa to conduct annual Approved Professional Body inspection of a business of 1 adviser (55)
<b>Do you agree with the proposed “reporting” function of approved professional bodies? Why / why not?</b>	
72	Reporting is realistic, can't be subject to less than NZX is now (35). Only have annual report (19, 23). How else would Securities Commission know what was happening? (79)
72	Make directors certify annually to Securities Commission (50)
72	Keep reporting minimal, like paragraph 273. Empower Securities Commission to ask for additional information
72	Make Approved Professional Bodies report to Minister, not Securities Commission, as Securities Commission is the policeman not the boss (3). Make Approved Professional Body report to Minister annually on financial health (20)
72	Public reporting should include a letter from the Securities Commission stating whether the Approved Professional Body meets the standards – a Securities Commission audit. Need to know how many disputes taken to Approved Professional Body and how many resolved in favour of the consumer / intermediary (55)
<b>Is there any other way to ensure that the Securities Commission could be kept updated on approved professional body and financial intermediary behaviour?</b>	
73	Have Financial Services ombudsman make regular reports to Securities Commission (62) Set process of advice recording (19). Have Securities Commission consider feedback from customers and product providers. Have Approved Professional Bodies report to Securities Commission, and Securities Commission meet with Approved Professional Bodies regularly. Why Securities Commission? (3) Have a centralised dispute/complaint body (22) Have quarterly reporting (55) Have a dispute function sitting above the Approved Professional Body level (68)

73	Have informal regular Securities Commission and Approved Professional Body meetings regularly
<b>Do you agree with the proposed “disciplinary” function of approved professional bodies? Why / why not?</b>	
74	Have high threshold before involving Securities Commission
74	Might not be cheaper to have separated disciplinary. Also need consistency in what is referred to the Securities Commission across Approved Professional Bodies. NZX discipline works well, and hears all discipline matters.
74	Keep discipline with Approved Professional Bodies and Securities Commission having oversight. The Securities Commission needs to sign off disciplinary measures, but Approved Professional Bodies should be able to remove recalcitrant members (55)
74	Essential for Approved Professional Body to have teeth to discipline members. Best to have one Approved Professional Body (79)
74	Can consider professional conduct committee who investigate and rules on behaviour. Rulings including conciliation, suspension, review of fitness to practice, review of scope of practice, place the matter before counsel, laying a claim with the tribunal. Appealable to Courts.
74	Need clear delineation of roles. Also not convinced that Securities Commission should have disciplinary role at all
<b>Do you think approved professional bodies need to have a “dispute resolution” function? Why / why not?</b>	
75	Approved Professional Bodies don’t need to have a dispute role, and this will confuse customers (36, 51). Instead have joint financial services ombudsman, shared resources or industry based scheme (50) Banking Ombudsman and Insurance and Savings Ombudsman deal with confusion themselves already. Biggest problem is lack of dispute resolution for Financial Intermediaries – especially those selling insurance but outside Insurance and Savings Ombudsman members. Approved Professional Bodies may have problems in demonstrating industry based dispute resolution schemes. Watch for overlap with Insurance and Savings Ombudsman (re product). Biggest problem is that people think that Insurance and Savings Ombudsman covers financial advisers too. Could be hard for Approved Professional Bodies to set up dispute due to lack of required independence (7) Need internal role, but ability to pass this along to independent body (55) Extend Insurance and Savings Ombudsman role to cover all consumers who purchase insurance including sales processes(68)
75	Have two dispute channels – Banking Ombudsman or Approved Professional Body. Agreement with shared dispute role (35)
75	Approved Professional Bodies have dispute role. Approved Professional Bodies only dispute resolution for minor issues. Approved Professional Bodies have role up to \$10,000 (e.g.) Dispute role needed for natural justice (79)
75	Biggest problem is that people think that Insurance and Savings Ombudsman covers financial advisers too. Could be hard for Approved Professional Bodies to set up dispute due to lack of required independence
<b>What is your preferred option on how to deal with cross sector practice? What would be the costs and benefits of your preferred option?</b>	
76	Need a consumer representative and simple process – not enough for Approved Professional Body to tell Securities Commission only when “aware”. Need consumer

	to be able to refer matter to Securities Commission
76	Only belong to one Approved Professional Body (where bulk of work) but meet other competency tests. Should belong to more than one if cross-sector (56)
76	Ideally one Approved Professional Body would cover all – this would fix this problem
76	Deal with by having good information sharing, and small numbers of Approved Professional Bodies
76	Approved Professional Bodies should adopt one generic advice process
76	Compliance officer of Approved Professional Body certify to Securities Commission that intermediary is compliant
76	Hard for Approved Professional Body to oversee compliance with another's competency's requirements
76	Need Securities Commission to have power to act without Approved Professional Body recommendation
76	This is just a cost of doing business broadly, so simply require intermediaries to belong to more than one
76	Extra Approved Professional Body powers could include licensing, investigating, requiring an independent audit
<b>Questions 77 – 79 - Comments on businesses as Approved Professional Bodies (chap 14)</b>	
<b>Should there be any restriction on the type of entity which can seek to apply to be an approved professional body?</b>	
77	Anyone who employs Financial Intermediaries can't be an Approved Professional Body
77	Should only be one Approved Professional Body
77	Need to be strict rationalisation
77	Restrict entities to reduce consumer confusion. Corporate membership is appropriate.
77	Some possible limits – board having adviser representation, board having Securities Commission representation, fit and proper person for directors, non-profit motive. Can rely on business motivation
77	Require broad basis for support prior to being an Approved Professional Body
77	Need Approved Professional Bodies to be sufficiently independent from providers
<b>Do you agree with the reasons listed at paragraphs and/or 299? If not, which ones? And why not?</b>	
78	Suppliers not Approved Professional Bodies (due to conflict). Not all business have ability (69) Answered by corporate membership (23, 44, 50, 52) and product marketer role category (51). Businesses can't make impartial judgements about staff (79). Hard to prevent regulatory capture(52). Business would have to remove all conflict risk through Chinese wall, independent boards, separate staff etc..... Keen for NZX to be an Approved Professional Body. Not good for public confidence (20) Confusion for consumer. Potential for employers to create barriers to entry (47)
78	Businesses can be Approved Professional Bodies. However, this could also be answered by corporate membership (66) especially if businesses can structure themselves to avoid conflicts (35) (62) e.g. JV. Can minimise Conflict of interest through NZQA competencies (62). Have employees as set agents of the company – refer Insurance Law Reform Act – require the entity to be liable for advice, but also allow the entity to then sue the adviser. (5)

78	Product marketers employers being held responsible is a useful model.
78	Have just one industry Approved Professional Body
<b>What are the costs and benefits of allowing single employer entities to be approved professional bodies? Does the cost outweigh the benefit, or the benefit outweigh the cost?</b>	
79	Biggest cost fro an employer is training, this is already being done now. Next cost is testing, which must be impartial.
79	Better approach is for businesses to be corporate members of Approved Professional Bodies
79	Benefits of single employer: <ul style="list-style-type: none"> <li>- control already in place</li> <li>- lower cost as same brand</li> <li>- no brand damage</li> <li>- business could belong to an Approved Professional Body and employees</li> </ul> Disadvantages <ul style="list-style-type: none"> <li>- barrier for intermediaries to join</li> <li>- employer may hide breaches of regulations</li> <li>- still markets products</li> </ul>
<b>Questions 80 – 90 - Comments on process for being an Approved Professional Body (chap 15)</b>	
<b>Q. No</b>	<b>Summary of Issue Raised by Submission</b>
<b>Do you agree or disagree with the proposed process for initial approval of an applicant approved professional body? Why?</b>	
80	The process is fine, it's what NZX does now. Allow a 2 year grace period (62). Have product providers commenting on rules too (19) Suggest that the Securities Commission be required to make a recommendation on the potential APB at the start of the process (55)
80	Make Securities Commission approval criteria public
80	The Act needs to set out competency based criteria e.g. – code of ethics, standards, criteria for corporate membership etc
80	More than one Approved Professional Body means more than one criteria which means confusion. Just have one Approved Professional Body set by statute (3)
80	Disagree with process – need Securities Commission to approve the APB, and then have appeal to the Minister or the courts
<b>Are there other approval methods which may work better? Why?</b>	
81	The approval process is good
81	Having Securities Commission giving preliminary approval would provide more certainty for the industry
82	Time limits fine, but there should be ability to re-apply if failure. Tim even more important to re-examine
82	Time not an issue if there is only one Approved Professional Body
<b>Do you agree that there should be time limits on the initial approval process?</b>	
<b>If so, what would be an appropriate time for the Securities Commission to consider rules of an applicant approved professional body in light of Securities Commission resources or detail of the applicant approved professional body rules?</b>	
83/84	Securities Commission should get: <ul style="list-style-type: none"> <li>– 3 months</li> </ul>

	<ul style="list-style-type: none"> <li>- 2 months (69)</li> <li>- up to 6 months (47, 62)</li> <li>- One month (23, 55)</li> </ul> <p>to consider the application. Noted that the time limit is 40 days for reg'd exchanges (35) The Minister should get gets one month (23, 47, 55). Minimal time is preferred (52).</p>
84	Have single time period for Securities Commission and Minister
84	Have the Security Commission and Minister's office answer this
84	Single body approval won't take long
<b>Do you agree or disagree with the proposed process for changing rules of an approved professional body? Why?</b>	
85	Rule change process fine
85	Rule change agreed to by Securities Commission, not Minister
85	Leave open to negotiation(79). Entities affiliated with international organisations have to change rule sometimes - need flexibility, rules changes considered in short time frame (23)
<b>Are there other methods which may work better? Why?</b>	
86	Give Securities Commission power to approve rule changes
<b>Do you agree that there should be time limits on the rule change process?</b>	
87	Yes, have a set time period on rule change (22, 23, 35). Less than approval process (62). Same timing as approval process (47, 55)
<b>Should the Securities Commission be able to initiate the process to change the approved professional body rules? Could the Securities Commission approve rule changes if technical or minor?</b>	
<b>Do you agree that the Securities Commission could issue directions to an approved professional body to require it to comply with the approved professional body rules?</b>	
88, 89	Securities Commission can issue directions to Approved Professional Bodies to comply with Approved Professional Body rules, but not to change Approved Professional Body rules. Must be consistent across all Approved Professional Bodies. Publish changes (55)
88,89	Securities Commission should be able to get Approved Professional Bodies to change rules (where in interest of industry, as a last resort, and as small changes (35). Who will monitor Securities Commission?(35)
89	Securities Commission can't issue directions at all
89	Securities Commission can issue directions to Approved Professional Bodies
89	Securities Commission can de-register Approved Professional Body and then act as default
<b>Do you agree or disagree with the proposed process for deregistering an approved professional body? Why?</b>	
<b>Are there other methods which may work better? Why?</b>	
90	Agree. Securities Commission needs timing checks and balances to check Securities Commission timeframes are reasonable (35)
90	Securities Commission should be able to deregister
90	Should only de-register if Approved Professional Body persistent of grossly negligent, not for one off. Allow Minister to sack Approved Professional Body board

	(3)
90/91	Deregistration shouldn't be final
<b>Question 92 - Comments on education (chap 16)</b>	
<b>Q. No</b>	<b>Summary of Issue Raised by Submission</b>
<b>Should public education be within the role of approved professional bodies? Why? What are the costs and benefits which apply to your response?</b>	
92	Public education not (sole) role of Approved Professional Bodies. Ask the Retirement Commission about this. (3) Securities Commission should carry out this role with government funding (23)
92	Approved Professional Bodies can be source and channel of information
92	Need independent body to ensure information is in plain English standards and have a consumer focus
92	Approved Professional Bodies should be required to provide and fund public education
<b>Questions 93- 94 Comments on risks (include default) (chap 17)</b>	
<b>Q. No</b>	<b>Summary of Issue Raised by Submission</b>
<b>Do you agree or disagree with the proposed default options at paragraph 319? Why? Are there other methods which may work better? Why?</b>	
93	Makes more sense for Securities Commission to act as initial Approved Professional Body until Approved Professional Bodies are set up.
93	Don't want Approved Professional Bodies acting outside their specialist knowledge.
93/ 94	Default needs same monitoring processes as Approved Professional Bodies
93/ 94	Agree with default option
94	Alternative - require Approved Professional Bodies to accept everyone, if no alternate Approved Professional Body.
94	Disagree with default as contrary to co-regulatory theory. Threatens Approved Professional Bodies to have default option (5) Having a default role does not allow the Securities Commission to focus on key functions (43). Default not appropriate to [submitter] (35). Have government /Securities Commission working to develop industry alternate (62). Don't need default if there is only one Approved Professional Body
94	Single Approved Professional Body would address issue
94	Broker networks could be Approved Professional Body provided they meet the Securities Commission minimum standards
<b>Question 95 - Comments on costs (chap 18)</b>	
<b>Q. No</b>	<b>Summary of Issue Raised by Submission</b>
<b>What type of assistance would you require if setting up an approved professional body? Could you describe this assistance, and/ or place a value on it?</b>	
95	Would require funding for set up, templates created centrally, set up costs for reporting procedures and registration
95	Need government to contribute as otherwise consumer bears cost
95	MED could establish an advisory unit to Approved Professional Bodies, Securities Commission to give direct assistance.
95	If 740 staff have to belong to an Approved Professional Body, then assumed fees of

	\$500,000. Applying to whole of industry assume costs of \$13-20million. Also consumers irritated by extra time taken up in set-up.
95	Cost too much. No guarantee that consumers will use intermediaries. Market has own mechanisms to protect market. Licensing too extreme.
95	Cost substantial. Approved Professional Bodies need help and assistance and clear regulation.
95	Tax credits for banks to set up Approved Professional Body or make contributions to Approved Professional Body
95	Establishment costs could be \$100,000 for start up. But costs of developing adviser constructs and skill standards are not high as they are already present at the moment.
95	Should restrict funding as don't want too many Approved Professional Bodies. Should be done on public interest basis (e.g. where Securities Commission would otherwise have to act as default)
95	Might cost a dollar or two
95	Depends if NZX is Approved Professional Body or not
95	Cost of joining Approved Professional Bodies for intermediary is probably \$600-\$1100 pa. Sum relative to the numbers of members. To operate prudently need to set aside one year's membership fee – this will help over disciplinary costs. Cabinet could consider a set up fund to help with this cost.
95	Cost would include hiring a full time member to contract for at least 6 months – currently work done by volunteers
95	Costs significant. Include: <ul style="list-style-type: none"> <li>- legal</li> <li>- rule setting</li> <li>- identification and registration of members</li> <li>- computerisation</li> <li>- office set up</li> <li>- staff</li> <li>- registration with Securities Commission. Most costly part of compliance (from Australian experience) is bringing staff up to levels of competency).</li> </ul> Will have to be paid for by the consumer
95	Costs include: <ul style="list-style-type: none"> <li>– Templates</li> <li>– Assistance with Approved Professional Body guidelines</li> <li>– Set-up capital</li> <li>– Systems for mentoring members</li> <li>– Staff to conduct on site reviews</li> <li>– Legal signoff</li> <li>– PII</li> </ul>
<b>General Comments on the proposals</b>	
<b>Q. Ref</b>	<b>Summary of Issue Raised by Submission</b>
	A regime which encourages lots of disclosure paper discourages participation. Keen to avoid middle class missing out on financial advice
	Most important to keep adviser still in the business – need certainty of qualification
	Formal education required in industry
	Regulation should be minimal, otherwise will leave the industry without employees
	[Product provider] happy for brokers to be required to be transparent in dealings with customers
	Wants “insurance broker” reserved in legislation
	Not every intermediary will be able to attest that an investor is an experienced investor – refer s5(2CB) – (2CF) Securities Act.

	Concerned at complexity of the regulation
	Like regulation
	Lack of costs/benefit analysis means that there will be little benefit for lots of administrative cost. Overall, not enough of a problem has been identified to warrant change to fire and general.
	Continued concerns about the conduct of financial intermediaries under the current regulations regards the provision of information to consumers. Provisions to improve information available is welcomed.
	The significant reform with high compliance costs will discourage the use of intermediaries, proposals too extreme. Weak analysis. Alternate model with less government intervention proposed. No market failure here, and not enough evidence of problems with law breaking etc. Need research of problem. Prefers enhanced status quo – with bodies being able to offer accreditation. Will offer competition, protect title, educate public, have health warnings on products, negative licensing, enforcement.
	Make regulation concise – as interpretation in Australia led to lengthy disclosure. How will back room people be covered under the statute?
	Don't like the term "high level"
	Privacy Act would apply to collection of information. Approved Professional Bodies should be exempt from Privacy Act to share information
	The general public will pay the price for having an unleashed financial intermediary who has been given a pass mark from 'some' organisation and then proceeds to provide inferior advice.
	Adopt annual product competency certificate
	Products offered by banks should be distinguished from non-bank products
	Concern that international broking company could register as an insurance company in NZ, claim to provide insurance but still place all insurance with other registered insurers to avoid disclosure. Also that insurance company could do the same by reinsuring 100% of a risk, and receiving large commissions. Support view that if a party holds less than a specified percentage of a risk, they should still be bound by intermediary rules. Concern that non-resident brokers will offer services and avoid GST and fire service levy
	Needs to link into RFPP dispute resolution. Will share brokers retain their Act?
	Concern at fire and general and risk-only life insurance being included when no savings component in the products, which makes them at odds with the objectives of the regime. Important to have competition. Concern at the credit card payment for insurance and credit card charges borne by broker. Risk of those leaving industry – it's more important to have insurance available to the public than regulation round the insurance agents.
	Main focus should be disclosure of Conflict of interest. A cap could make things reasonable. Need research on the disclosure of insurance commission to attitudes of/participation on risk insurance products.