Consumer-Logo--email-sig

7 August 2020

Financial Markets Authority

Level 2/1 Grey Street

Wellington 6011

By email: [consultation@fma.govt.nz](mailto:consultation@fma.govt.nz)

**SUBMISSION on “Proposed standard conditions for financial advice provider full licences and classes of financial adviser service”**

1. **Introduction**

Thank you for the opportunity to make a submission on the consultation paper. This submission is from Consumer NZ, New Zealand’s leading consumer organisation. It has an acknowledged and respected reputation for independence and fairness as a provider of impartial and comprehensive consumer information and advice.

Contact: Aneleise Gawn

Consumer NZ

Private Bag 6996

Wellington 6141

Phone: 04 384 7963

Email: [aneleise@consumer.org.nz](mailto:aneleise@consumer.org.nz)

1. **Comments**

Our comments on the consultation paper are as follows:

* 1. **Licence classes**: We support the three licence classes but consider using the letters A, B and C to describe the licences could give the impression a class A licence is superior. We therefore suggest the licence classes be renamed to avoid the potential for confusion.
  2. **Record keeping**: We acknowledge the requirement to keep records for seven years is consistent with record-keeping obligations under other legislation. However, the requirement could be problematic when complaints arise about mis-selling and the provider no longer has records available of the advice given. We therefore suggest further guidance should be provided on record keeping.
  3. **Outsourcing:** We consider there should be greater clarity about what the FMA considers to be “material outsourcing”.
  4. **Complaints process**: We suggest the licence conditions should restate the requirement to advise customers about complaint processes.
  5. **Professional indemnity insurance:** We support the professional indemnity insurance obligation. However, if the FMA waives the requirement, clients should be clearly advised the provider doesn’t have insurance and the implications of this.
  6. **Fair treatment**: We consider the obligation to treat customers fairly should be restated in the standard conditions.
  7. **Regulatory returns:** We consider regulatory returns should be publicly available and suggest this is included in the standard conditions.

Thank you for the opportunity to make a submission. If you require any further information, please do not hesitate to contact me.

Yours sincerely

Jon Duffy

Chief executive