

15th March otherwise sometimes referred to as the 'Ides of March' was a notable date for the Romans for two reasons:

- A deadline for settling debts, and later
- The date of Julius Ceasar's assassination.

Over 2000 years later 'Ides of March' heralds an evolution in the regulation of financial advice in New Zealand. The Financial Services Legislation Amendment Act 2019 comes into force and the laws governing financial advice to retail clients change.

On 15th March 2021, Advisers must either hold a Financial Advice Provider (FAP) licence, issued by the Financial Markets Authority, or operate under another FAP's licence. Both the Adviser and the FAP must be registered on the [Financial Service Providers Register](#).

This change has been a long road, like Rome, the new regime wasn't built in a day and was originally due to come into force on 29 June 2020 but was delayed until March 2021 to enable the financial advice sector to better focus on supporting clients with the impact of COVID-19.

What changes you will see?

Who is a Financial Adviser?

Under the previous regime, there were three main types of Adviser who could give advice on different products;

- AFA (Authorised Financial Adviser), who could give personal advice on Investments, like KiwiSaver and managed funds and provide an investment planning service
- RFA (Registered Financial Adviser), who could give personal advice on insurance, and mortgages, or
- A QFE (Qualified Financial Entity) Adviser, who are linked to an organisation like a bank or insurance company and can give personal advice about only the products they sell.

Under the new regime, a Financial Adviser is just that, defined by law, and put simply;

"An individual registered on the Financial Service Providers Register to provide a financial advice service, who is not a financial advice provider."

We all will be held accountable to the same standards, and will all operate under a [Code of Professional Conduct](#) which has been in development since 2017. The standards of the Code are in 2 parts;

- Part 1: Ethical Behaviour, Conduct and Client Care, and
- Part 2: Competence, Knowledge and Skill

The new regime is an evolution and while many in the sector have previously embraced Codes of conduct from associations and organisations that was because they were a member of the aforementioned and the policies, processes and procedures exceeded previous legislative expectations.

What duties does a financial adviser have under the new regime?

The new duties seek to ensure clients get timely, accurate and understandable information to help make decisions about financial products and financial services.

There are duties to;

- Take reasonable steps to ensure clients understand the nature and scope of advice
- Where there's a conflict of interest an Adviser must give priority to their client's interest
- At all times exercise care, diligence and skill
- Comply with the new Code of Professional Conduct, as above,
- Only recommend financial products that comply with the Financial Markets Conduct Act 2013
- Ensure that as an adviser you follow the new disclosure regulations, and that any information you make available to your clients is not false or misleading.

Curated Risk is a member of Insurance Advisernet New Zealand (IANZ), which is a group of independent insurance advice businesses based throughout New Zealand. IANZ has had a project team working on the change for nearly two years, so that our network of brokers would be fully compliant and ready to do what matters most to our clients – give great professional advice.

Curated Risk is a huge advocate of these changes and embracing the new regime. This change aligns with the primary reason why Curated Risk began, as our ethos states;

Curated Risk provides clear advice that eliminates the prolific and identifies true value...crafting recommendations to enable confident decisions.

What new disclosure requirements are there?

With the new regime comes new disclosure requirements, the Financial Markets Conduct (Regulated Financial Advice Disclosure) Amendment Regulations 2020 come into force.

What this means is that there are standards of disclosure that must be made at different stages of the advice;

- Publicly Available information, aiming to help you find an adviser that meets your needs;
- At the stage where the Nature & Scope of the Advice is known, what advice do you require and are there any limitations on the advice, how the adviser charges for the advice and the amount that may be payable or the amount of commission the adviser may receive;

- When the Advice is Given, there are higher standards of disclosure including the amount of commission or other incentives that will be received by the adviser including the amount and value, the actual fees and expenses payable for the advice and how you can make payment,
- When you have a complaint, and how this will be sought to be resolved

There are no set formats of disclosure, but all disclosure must be;

- Presented in a clear, concise and effective manner,
- If presented with other information it must be given prominence,
- If in writing, it must be easily readable, and
- Available free of charge.

Is Curated Risk up to speed and able to offer advice under the new regime?

Yes, Clinton Stanger is a qualified Financial Adviser for Curated Risk. He is able to meet the standards of care, diligence and skill under the new regime.

While there is a time period for Advisers to get their qualifications up to speed, we in conjunction with IANZ, have approached this in a proactive manner and the competency standards required to give Fire & General advice have already been achieved.

- *New Zealand Certificate Financial Services (General Insurance) Level 5*
- *Qualified Insurance Broker of the Insurance Brokers Association of New Zealand*

Is Curated Risk registered on the FSPR and who holds the Financial Advice Provider licence?

From 15 March 2021, Curated Risk Limited, FSP700913, is authorised by a financial advice provider licence issued by the Financial Markets Authority to Insurance Advisernet New Zealand Limited (IANZ), FSP26221 to provide financial advice services.

What will you receive from Curated Risk?

From the new dawn, 15 March 2021, we will continue to focus on simple, clear, crystallised advice.

We believe a client deserves focused attention to understand what drives them, their business and the industry in which they operate.

To talk to Curated Risk about what you can expect from the new regime, how we might provide financial advice services for general insurance needs to you and your business, then like always;

Let's work together

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