

**CODE OF PROFESSIONAL CONDUCT
FOR AUTHORISED FINANCIAL ADVISERS**

Draft for Consultation

31 March 2010

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A. BACKGROUND

This is the Code of Professional Conduct for Authorised Financial Advisers for the purposes of the Financial Advisers Act 2008.

Financial advisers are required to be authorised under the Financial Advisers Act in order to provide one or more of the following services:

- (a) give *financial advice* in relation to a *category 1 product*; or
- (b) make an *investment management decision* [as contemplated under the Supplementary Order Paper to the Financial Service Providers (Pre-Implementation Adjustments) Bill];
or
- (c) provide a *financial planning service*.

The purposes of the Financial Advisers Act include “to promote the sound and efficient delivery of *financial advice*, and to encourage public confidence in the professionalism and integrity of financial advisers”. One of the ways the *Act* achieves this is by requiring that all authorised financial advisers (referred to as *AFA*s) comply with a *Code* providing minimum standards of professional conduct.

The *Act* requires the *Code* to contain minimum standards of competence, knowledge and skills, of ethical behaviour, and of client care. The *Code* is also required to provide for continuing professional training for *authorised financial advisers*, including specifying requirements that an *AFA* must meet for the purpose of continuing professional training.

*AFA*s may be disciplined for breaches of the *Code*. Some of the disciplinary measures include cancellation of the *AFA*'s authorisation, debarring the *AFA* from applying for authorisation for a specified period, or payment of a fine.

This *Code* has been approved by the *Minister* under section 93 of the *Financial Advisers Act* and comes into force on [a date or dates specified by the *Commissioner for Financial Advisers*]. The *Commissioner* may specify different dates for the commencement of different parts of this code.

B. INTRODUCTION

Each standard in this *Code* consists of an overarching principle identified in a text box together with additional provisions that contain further detail about the application of the **Code Standard**.

Unless otherwise stated, the additional provisions do not limit the application of the overarching principle under which they are stated. AFAs are also required to comply with the spirit of the Code, as well as the strict letter of the Code Standards. If AFAs encounter situations or circumstances not addressed in the Code they must ensure that their conduct and performance is consistent with the purpose of the Act stated in the Background section of the Code.

The Standards in this *Code* are referred to as **Code Standards**. A number of the other terms used in this *Code* that appear in italics have a defined meaning as set out in the definitions schedule.

This *Code* does not limit an *AFA's* legal obligations, including those under the *Act*.

C. MINIMUM STANDARDS OF ETHICAL BEHAVIOUR

Code Standard 1

When providing *financial adviser services*, an *AFA* must place the interests of the *client* first, and must act with integrity.

In order to comply with this **Code Standard**, an *AFA* is required to give advice to a *client* only in relation to *financial products* or matters that are within the scope of the *AFA's financial adviser services*, as advised to the *client in writing*.

Code Standard 2

An *AFA* must not do anything that would bring the *AFA*, or financial advisers generally, into disrepute.

Code Standard 3

An AFA must not state or imply that the AFA is independent, or that the AFA's financial adviser services are independent if, in the circumstances, it would be reasonable for a non expert third party [a *client*] to consider that the AFA or the services provided are not independent.

The following are examples of circumstances where neither the AFA nor the AFA's provision of *financial adviser services* may be described as 'independent':

- (a) a *related person* of the AFA, or a *related person* of the AFA's employer, is the *provider* of a *financial product* relevant to the *financial adviser service* provided;
- (b) the AFA is subject to a contractual obligation to recommend a particular *financial product* or products, or to limit the AFA's recommendations to a particular *financial product* or products, attain or maintain a target in relation to a particular *financial product* or products;
or
- (c) the AFA or a *related person* of the AFA will or may directly or indirectly receive a *benefit* from a *person* other than the *client* for providing the services or from the *client's* acquisition of a *financial product* or products.

The following are examples of *benefits* that do not affect an AFA's ability to describe the AFA or the AFA's services as independent:

- (d) those that are paid, credited, or transferred to the *client*; or
- (e) those that are remote or insignificant; or
- (f) those that are received by the AFA in the form of salary or wages as an employee that are not determined in whole or in part by reference to volume or other targets.

Code Standard 4

An AFA must ensure each *client* is provided with sufficient information to enable the *client* to make an informed decision about whether to use the AFA's financial adviser services and/or to follow any financial advice provided by the AFA.

As a minimum, the information an AFA provides for the purposes of this **Code Standard** must include information about:

- (a) the *financial adviser services* that are to be paid for by the *client*; and
- (b) any limits on the scope of the *financial adviser services*, including any limits on the *financial products* or range of *financial products* in respect of which the AFA is contractually permitted to provide *financial adviser services*; and
- (c) the AFA's competence to provide the *financial adviser services*, including his or her qualifications to provide, and experience in providing, the services; and
- (d) the AFA's fees, and any other payments, the *client* must make for, or in relation to, the *financial adviser services* and when those fees and other payments are payable; and
- (e) any employment arrangement or other relationship, contractual obligation, or *benefit* that, under **Code Standard 3**, prevents the AFA from stating or implying that the AFA or the AFA's provision of *financial adviser services* is independent; and
- (f) details of any *benefits* the AFA, or any *related person* of the AFA, will or may receive in relation to any *financial product* recommended to the *client*; and
- (g) the AFA's *internal dispute resolution process*; and
- (h) how a *client* may make a *complaint* to an *external dispute resolution scheme*; and
- (i) any conflicts of interest the AFA, or any *related person* of the AFA, has in providing the *financial adviser services*.

The information required to be provided under this **Code Standard** may form part of the information required to be disclosed under the *Act*.

This **Code Standard** does not apply in relation to *financial advice* provided to a *wholesale client*.

Code Standard 5

An AFA must not borrow money, or valuable property, from a *client* or lend money, or valuable property, to a *client*.

This **Code Standard** does not apply if the *client* is

- (a) a *related person* of the AFA; or
- (b) in the business of borrowing or lending money or valuable property; or
- (c) a *wholesale client*.

Code Standard 6

An AFA must not provide *financial advice* to a *client* in relation to a *financial product* if the AFA is a *related person* of the *provider* of the *financial product*.

This **Code Standard** does not apply:

- (a) to a *financial product* offered to the public for subscription under section 33 of the Securities Act 1978; or
- (b) If the *client* is a *related person* of the AFA, or is a *related person* of the AFA's employer; or
- (c) If the AFA is satisfied on reasonable grounds that the AFA's *financial advice* is appropriate for the *client* and, before the *client* makes a decision in relation to the *financial product*, the AFA provides to the *client* in writing:
 - (i) confirmation that the AFA is satisfied the *financial advice* is appropriate for the *client*;

- (ii) an explanation of the *AFA's* relationship with the *issuer* of the *financial product* and the risks of the *financial product*; and
 - (iii) a recommendation that the *client* takes *financial advice* from another *AFA* who is not a *related person* of the *provider*; or
- (d) to *financial advice* provided to a *wholesale client*.

Code Standard 7

An *AFA* who has reasonable grounds to suspect that another *AFA* has not complied with the *Code*, or that a person has not complied with the *Act*, must report the suspected non-compliance to the Securities Commission.

This **Code Standard** does not require an *AFA* to investigate any suspected breach of the *Code* or the *Act* in order to establish that there are reasonable grounds for that suspicion.

D. MINIMUM STANDARDS OF CLIENT CARE

Code Standard 8

An *AFA* must behave professionally when providing *financial adviser services*.

When providing *financial adviser services* to a *client*, an *AFA* must:

- (a) provide only services that the *AFA* is competent to provide; and
- (b) provide the services in a timely way; and
- (c) communicate clearly, concisely and effectively with the *client*; and
- (d) recommend only *financial products* that have been analysed properly by the *AFA* or by a third party upon whose analysis it is reasonable, in all the circumstances, for the *AFA* to rely.

Code Standard 9

Any financial advice given to a client, and any financial planning service provided for a client, must be accompanied by an explanation of the basis for any advice provided, the risks involved in following the advice and the potential benefits of following the advice.

The explanation required under this **Code Standard** must be provided *in writing* to the *client* at the time the *financial advice* is given or *financial planning service* is provided, or confirmed *in writing* as soon as practicable after that time.

The explanation under this **Code Standard** does not apply where:

- (a) the *client* is a *wholesale client*; or
- (b) the *AFA* has previously provided the *client* with an explanation under this **Code Standard** that is relevant to the financial advice given or financial planning service provided; or
- (c) within the previous 12 months, the *client* has either instructed the *AFA* or confirmed a prior instruction that an explanation under this **Code Standard** is not required.

An *AFA* must not direct or influence a *client* to decline the explanation contemplated under this **Code Standard**. However, this **Code Standard** does not prevent an *AFA* from quoting or estimating a reasonable fee for providing that explanation.

Code Standard 10

In providing personalised financial advice or a financial planning service, an AFA must:

- (a) take reasonable steps to determine that the *AFA's financial adviser services* are suitable for the *client*; and**
- (b) give an explanation of the basis for any *financial advice* provided.**

An *AFA* must make reasonable enquiries to ensure the *AFA* has an up-to-date understanding of the *client's* –

- (a) financial situation; and

- (b) financial needs; and
- (c) financial goals; and
- (d) tolerance for risk.

Where a *client* declines *in writing* or fails to provide some or all of the information sought by an *AFA*, the *AFA* is only required to determine suitability under this **Code Standard**, based on the information provided by the *client*.

Where a *client* instructs an *AFA* *in writing* not to determine the suitability of the *AFA's financial adviser services*, the *AFA* may rely on the instruction. However, the instruction must be provided in a separate document that is signed and dated by the *client* and acknowledges:

- (e) the advantages of the *AFA* determining suitability based on the provision of all the information contemplated under this **Code Standard**, and
- (f) the risks of the *AFA* not determining suitability.

An *AFA* must not direct or influence a *client* to:

- (g) instruct the *AFA* not to determine suitability of the *AFA's financial adviser services*, or
- (h) decline to provide any of the information contemplated under this **Code Standard**,

although this restriction does not prevent an *AFA* from quoting or estimating a reasonable fee for determining suitability under this **Code Standard**.

Code Standard 11

When providing *non-personalised financial advice*, an *AFA* must ensure a statement is provided to the effect that the advice has not taken into account the recipient's financial situation, needs or goals, or tolerance for risk, and should not be relied on without taking *personalised financial advice*.

When providing *non-personalised financial advice* to a *client* the *AFA* must take reasonable steps to ensure the *client's* attention is drawn to the statement required under this **Code Standard**.

This **Code Standard** does not apply to *financial advice* given to a *wholesale client*.

Code Standard 12

An AFA must ensure there is an appropriate process in place for resolving a *client's complaints* in relation to the *AFA's financial adviser services*, in addition to the *AFA's external dispute resolution scheme*.

The dispute resolution process under this **Code Standard** must require that:

- (a) the *client* must, as soon as reasonably practicable after making a *complaint*, be provided with acknowledgement of the *complaint*, information about the *internal dispute resolution process*, and how to complain to any *external dispute resolution scheme*; and
- (b) a register is kept recording all *complaints*, and action taken towards resolving those *complaints*.

Code Standard 13

An AFA must take all reasonable steps to protect:

- (a) *client money*; and**
- (b) *client property*; and**
- (c) *client information*.**

An AFA's obligations under this **Code Standard** include ensuring that:

- (a) the AFA's obligations under the *Act* in relation to *client money*, and *client property*, are complied with; and
- (b) the *bank* or other *person* holding a trust account into which *client money* is paid is required to designate that account as a trust account and is advised *in writing* that the money in that account is held on trust and is subject to further obligations under the *Act*; and
- (c) all interest on *client money* is applied as directed by the *client in writing*; and

- (d) a monthly reconciliation, and an annual audit by an independent *Chartered Accountant*, is undertaken of the trust account records that are kept in relation to *client money*; and
- (e) the obligations under the Privacy Act 1993 in relation to *client information* are complied with, including in relation to:
 - (i) its use; and
 - (ii) its protection against loss and unauthorised access, use, modification, or disclosure.

An *AFA* who is an employee may satisfy the *AFA's* obligations under this **Code Standard** by taking all reasonable steps to ensure that relevant measures taken by the *AFA's* employer are consistent with the measures contemplated under this **Code Standard**.

Code Standard 14

An *AFA* must take all reasonable steps to ensure that proper:

- (a) trust account records are kept of *client money*; and**
- (b) records are kept of *client property***

An *AFA's* obligations under this **Code Standard** include ensuring that:

- (a) trust account records, in relation to *client money*, include -
 - (i) each amount received; and
 - (ii) when, in what form, and from whom, it was received; and
 - (iii) the *client* for whom, and the purposes for which, it is held on trust; and
 - (iv) the *client's* directions (if any) as to how that money must be used or applied; and
 - (v) when and how it was applied.
- (b) records in relation to *client property*, include -
 - (i) the *person* from whom it was received; and
 - (ii) the *client* for whom, and the purposes for which, it is held; and
 - (iii) adequate details of any mortgage or other *security* over the property.

Code Standard 15

An AFA must record *in writing* adequate information about the *financial adviser services* he or she provides.

The records required to be kept under this **Code Standard** must include information, in relation to each *client*, about:

- (a) any *financial planning service* provided or any *financial product* recommended; and
- (b) any *required explanation*, and advice as to suitability, given in relation to a *financial planning service* or *financial product*; and
- (c) the results of any enquiry under **Code Standard 10**; and
- (d) any oral confirmation of the *client* declining an explanation of advice as contemplated under **Code Standard 9**.

In addition, an AFA must ensure that, in relation to each *client*, copies of all information and documents provided to the *client in writing* in connection with the AFA's *financial adviser services*, are kept including-

- (e) any information provided under **Code Standard 4**; and
- (f) any provision or confirmation of *financial advice*, and
- (g) any *required explanation*; and
- (h) any instructions from the *client* declining any *required explanation*; and
- (i) any instructions from the *client* declining or acknowledging any limitations of a suitability analysis; and
- (j) details of any *complaint* received in relation to the AFA's services.

Code Standard 16

An *AFA* must ensure that records of all information and documents required under this *Code* are kept for a minimum of 7 years.

**E. MINIMUM STANDARDS OF COMPETENCE, KNOWLEDGE, AND SKILLS
REQUIRED TO PROVIDE FINANCIAL ADVISER SERVICES**

Code Standard 17

Before providing a *financial adviser service*, an *AFA* must be satisfied that the *AFA* has the competence, knowledge and skills to provide that service.

Code Standard 17 applies in addition to the requirements of **Code Standards 18 and 19** that relate to particular qualifications an *AFA* must attain before being able to provide a financial adviser service.

An *AFA* must be able to demonstrate that the *AFA* had a reasonable basis for being satisfied that the *AFA* had an adequate level of competence, knowledge and skills to provide a particular financial adviser service.

Code Standard 18

An *AFA* must have an adequate knowledge of the *Act*, the *Code* and other legal obligations relevant to the operation of the *AFA*'s practice as a *financial adviser*, including relevant consumer protection laws.

An *AFA* must attain *Unit Standard* set B, and be able to demonstrate the adequacy of the *AFA*'s knowledge of relevant legislative obligations.

Code Standard 19

An AFA must attain the *Unit Standard Sets* within the National Certificate in Financial Services (Financial Advice) (Level 5) that are relevant to the *financial adviser services* provided by the AFA.

For the purposes of the *Code*, an AFA is deemed to have attained a particular *Unit Standard Set* where the AFA has attained an alternative qualification or designation to that *Unit Standard Set* specified in the Competence Alternatives Schedule.

An AFA must attain *Unit Standard Sets* A, B, C, and D of the National Certificate in Financial Services (Financial Advice) (Level 5). However, provided the AFA satisfies **Code Standard 17** an AFA:

- (a) may provide *non-personalised financial advice* to any *client*, and any form of *financial advice* to a *wholesale client*, without having attained *Unit Standard Set C*.
- (b) may provide *financial advice* to a *client* without having attained *Unit Standard Set D* if the *financial advice* provided by the AFA is limited to *non-investment financial advice* regarding estates or interests in land.
- (c) may provide *financial planning services* to a *client* without having attained *Unit Standard Set D* if the AFA has attained *Unit Standard Set E* and the *financial products* that might be included within the financial options developed for the *client* concerned as part of those *financial planning services* do not include any *Category 1 products*.
- (d) who is an *Accounting Technician* or an *Associated Chartered Accountant* may provide *financial advice* in the course of his or her professional practice as an accountant without having attained *Unit Standard Sets* A, C, D or E, if the advice is a necessary incident of professional accounting practice.
- (e) who is a registered legal executive may provide *financial advice* in the course of his or her professional practice as a registered legal executive without having attained *Unit Standard Set* A, C, D or E, if the advice is a necessary incident of legal practice.
- [(f) *Further relief from Unit Standard Set requirements may be included in the Code in relation to corporate advice provided in respect of capital raising and other investment banking-type functions. The extent to which any such relief is required depends on the outcome of the Select Committee process in respect of the Financial Service Providers (Pre-Implementation Adjustments) Bill currently before parliament.*

In addition to the above requirements, an AFA who provides *financial advice* or a *financial planning service* involving a *category 2 product* will generally be expected to have attained any *units* from *Unit Standard Set E* that are relevant to the *financial adviser services* provided. However, provided the AFA satisfies **Code Standard 17**, an AFA who has attained *Unit Standard Set D* may provide *financial advice* or a *financial planning service* involving a *category 2 product* without having attained any *units* from *Unit Standard Set E*.

F. MINIMUM STANDARDS FOR CONTINUING PROFESSIONAL TRAINING

Code Standard 20

An AFA must maintain and keep current a professional development plan for each *CPT period*.

An AFA's professional development plan must:

- (a) identify any gaps in the AFA's competence, knowledge and skills in relation to the *financial adviser services* he or she provides or intends to provide;
- (b) include the AFA's proposals for filling those gaps; and
- (c) where available, include details of courses, seminars, workshops and any other training or professional development to be undertaken.

Code Standard 21

An AFA must undertake sufficient continuing professional training to maintain the AFA's competence at a level appropriate for the *financial adviser services* the AFA provides or intends to provide, and keep up to date with developments relevant to the AFA's practice.

An AFA must in each *CPT period* complete a minimum of 20 hours of training relevant to the *financial adviser services* the AFA provides or intends to provide.

That training must, in each *CPT period*, comprise at least 10 hours of structured training.

To be structured training, the training must form part of the requirements for a qualification on either the National Qualifications Framework or the national register of quality assured qualifications, or be part of a structured continuing development programme managed by a *DAO*, *QFE*, or *professional body*.

An AFA must keep appropriate records of the training the AFA has completed for the purpose of this **Code Standard**, including, without limitation:

- (a) the name of the *CPT* activity;

- (b) the date of completion;
- (c) how many hours of *CPT* it involved; and
- (d) a brief description of the *CPT* content covered by it; and
- (e) whether it constituted structured training; and
- (f) in relation to structured training, relevant third party verification of completion of that training, such as confirmation by the training provider or the *AFA's* employer.

G. COMPETENCE ALTERNATIVES SCHEDULE

For the purposes of the *Code*, an *AFA* is treated as having satisfied the requirements of a particular *Unit Standard* where the *AFA* has attained an alternative qualification or designation as specified in this Schedule

National Certificate in Financial Services (Financial Advice) (Level 5). <i>Unit Standard Sets</i>	Alternative Qualification or Designation	
	For the purposes of the <i>Code</i> , an <i>AFA</i> who has attained one of the following qualifications is treated as having satisfied the requirements of the specified <i>Unit Standard</i>	For the purposes of the <i>Code</i> , an <i>AFA</i> who has attained one of the following designations is treated as having satisfied the requirements of the specified <i>Unit Standard</i>
<p><i>Unit Standard Set A</i></p> <p>(Comprising <i>units</i> 24755, 25642, and 25643)</p> <p>Knowledge of the industry, financial markets, the advice process and products</p>	<ul style="list-style-type: none"> • Bachelor of Commerce • Bachelor of Business Studies • Graduate Diploma in Business Studies (Personal Financial Planning) (Massey University) • Graduate Diploma in Business Studies (Personal Risk Management) (Massey University) • A Certificate in Financial Services from Adviserlink Learning Ltd • New Zealand Stock Exchange Diploma (NZSE Diploma) • NZX Diploma • Postgraduate Diploma in Personal Financial Planning (Waikato University) 	<ul style="list-style-type: none"> • <i>Associate Financial Planner</i> • <i>Associate Life Underwriter</i> • <i>Certified Financial Planner</i> • <i>Chartered Financial Analyst</i> • <i>Chartered Life Underwriter</i> • Member of the New Zealand Institute of Chartered Accountants (<i>Accounting Technician, Associate Chartered Accountant and Chartered Accountant</i>) • NZFMA Accredited individual • NZX Advisor • <i>Registered Legal Executive</i>
<i>Unit Standard Set B</i>	No recognised alternative.	No recognised alternative.

<p>(Comprising <i>unit</i> 26360)</p> <p>Knowledge of the <i>Code</i> and consumer protection laws</p>		
<p>Unit Standard Set C</p> <p>(Comprising <i>units</i> 25650, 25651, 25652, and 25653)</p> <p>Professional practice advice process and complying with legislation</p>	<ul style="list-style-type: none"> • Certificate in Financial Services from Adviserlink Learning Ltd 	<ul style="list-style-type: none"> • <i>Associate Chartered Accountant</i> • <i>Chartered Accountant</i> • <i>Certified Financial Planner</i> OR <i>Chartered Life Underwriter</i> with a Graduate Diploma in Business Studies (Personal Risk Management OR Personal Financial Planning) (Massey University) OR the Postgraduate Diploma in Personal Financial Planning (Waikato University), in each case attained before the <i>sunset date</i> • NZX Advisor with an NZSE Diploma OR NZX Diploma attained before the <i>sunset date</i>
<p>Unit Standard Set D</p> <p>(Comprising <i>units</i> 25648 and 25649)</p> <p>Investment Specialist Standards</p>	<ul style="list-style-type: none"> • Graduate Diploma in Business Studies (Personal Financial Planning) (Massey University) if attained before the <i>sunset date</i> • New Zealand Stock Exchange Diploma (NZSE Diploma) • NZX Diploma if attained before the <i>sunset date</i> • Postgraduate Diploma in Personal Financial Planning (Waikato University) if attained before the <i>sunset date</i>. 	<ul style="list-style-type: none"> • <i>Chartered Financial Analyst</i>

<p>Unit Standard Set E</p> <p>(Comprising either <i>units</i> 25644 and 25645, or <i>units</i> 25646 and 25647)</p> <p>Insurance Specialist Standards</p> <p>OR</p> <p>Residential Property Lending Specialist Standards</p>	<p>No recognised alternative qualifications.</p>	<ul style="list-style-type: none"> • <i>Associate Life Underwriter</i> who has: <ul style="list-style-type: none"> ▪ completed four papers from the Graduate Diploma in Business Studies (Personal Risk Management) (Massey) including the Personal Risk Management Paper, if attained before the <i>sunset date</i> • <i>Associate Financial Planner</i> who has: <ul style="list-style-type: none"> ▪ completed four papers from the Graduate Diploma in Business Studies (Personal Financial Planning) (Massey University) including the Personal Risk Management Paper, if attained before the <i>sunset date</i> • <i>Chartered Life Underwriter</i>
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H. DEFINITIONS SCHEDULE

In this Code, unless the context otherwise requires, the following terms have the meanings set out below. To assist, those terms are shown in *italics* wherever they appear in the body of the Code.

Accounting Technician	a member of the Institute of Chartered Accountants of New Zealand who, under the rules of the Institute, is entitled to use the designation accounting technician
Act	the Financial Advisers Act 2008
authorised financial adviser	a <i>person</i> described in section 51 of the Act who is authorised by the Securities Commission under section 55 of the Act
AFA	an <i>authorised financial adviser</i>
Associate Chartered Accountant	a member of the Institute of Chartered Accountants of New Zealand who, under the rules of the Institute, is entitled to use the designation associate <i>Chartered Accountant</i>
Associate Financial Planner	an individual who has been awarded this designation by the Institute of Financial Advisers Inc.
Associate Life Underwriter	an individual who has been awarded this designation by the Institute of Financial Advisers Inc.
Bank	has the same meaning as the term <i>bank</i> in New Zealand in section 5 of the Act
benefit	any money, property, or other valuable consideration
business partner	a <i>person</i> who is a member of a partnership as defined in section 4 of the Partnership Act 1908
category 1 product	has the same meaning as in section 5 of the Act which, as at the date of the Code, is <ul style="list-style-type: none">• a <i>security</i> (other than a <i>category 2 product</i>); or• any estate or interest in land; or• a futures contract; or• any other product specified by regulations made under the Act

category 2 product	<p>has the same meaning as in section 5 of the <i>Act</i> which, as at the date of the <i>Code</i>, is</p> <ul style="list-style-type: none"> • a <i>bank</i> term deposit; or • any bonus bonds; or • any call building society shares; • a call debt security; or • a consumer credit contract as defined in s 11 of the Credit Contracts and Consumer Finance Act 2003; or • an insurance product, including a term life insurance policy; or • a life insurance policy issued before 1 January 2009; or • any other product specified by regulations made under the <i>Act</i>
Certified Financial Planner	an individual who has been awarded this designation by the Institute of Financial Advisers Inc.
Chartered Accountant	a member of the Institute of Chartered Accountants of New Zealand who, under its rules, may use the designation <i>Chartered Accountant</i>
Chartered Financial Analyst	an individual recognised by the Chartered Financial Analysts Society New Zealand as holding that designation.
Chartered Life Underwriter	means an individual who has been awarded this designation by the Institute of Financial Advisers Inc.
client	a <i>person</i> for whom the <i>AFA</i> provides a <i>financial adviser service</i> at or on that <i>person's</i> request or instructions
client information	information about a <i>client</i>
client money	money received on behalf of a <i>client</i>
client property	property received on behalf of a <i>client</i>
Code	the Code of Professional Conduct for Authorised Financial Providers approved by the <i>Minister</i> and brought into force under section 94 of the <i>Act</i> .
Code Standard	a standard specified in the Code
Commissioner for Financial Advisers and Commissioner	the <i>person</i> appointed under section 79(3) of the <i>Act</i>
competence alternatives schedule	the schedule to this <i>Code</i>
complaint	an expression of dissatisfaction or concern
CPT	training relevant to the <i>financial adviser services</i> the <i>AFA</i> provides

	or intends to provide
CPT period	in respect of an <i>AFA</i> , a 12 month period from the day of the year specified for this purpose in the <i>AFA</i> 's terms of authorisation or, in the absence of any such day being specified, a calendar year with the first such period commencing on the 1 st day of January following the <i>AFA</i> 's authorisation
DAO	an entity registered by <i>ETITO</i> as a delegated assessment organisation accredited for the provision of training and assessment for <i>Unit Standard C</i> .
director	Has the meaning given by section 126 of the Companies Act 1993, but also includes, in relation to a body that is not a company, a <i>person</i> who occupies a position comparable to that of a <i>director</i> (such as a trustee or a partner)
ETITO	Electrotechnology Industry Training Organisation Incorporated
external dispute resolution scheme	in respect of an <i>AFA</i> , the scheme under section 48 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 to which any dispute concerning the <i>AFA</i> must be referred
financial advice	making a recommendation, or giving an opinion or guidance, in relation to acquiring or disposing of (including refraining from acquiring or disposing of) a <i>financial product</i>
financial adviser service	<i>giving financial advice</i> or providing a <i>financial planning service</i>
financial planning service	a service that analyses an individual's current financial situation, identifies his or her financial goals, and develops financial options for realising those goals
financial product	a <i>category 1 product</i> or a <i>category 2 product</i>
internal dispute resolution process	an <i>internal dispute resolution process</i> under Code Standard 12
[investment management decision]	[This term was introduced under a Supplementary Order Paper to the Financial Service Providers (Pre-Implementation Adjustments) Bill dated 16 March 2010, and is subject to the Bill's Select Committee process]
<i>provider</i>	In relation to a <i>financial product</i> that is a <i>security</i> , means the <i>issuer</i> of the <i>financial product</i> as defined in section 5 of the <i>Act</i> , and in relation to a <i>financial product</i> that is not a <i>security</i> means the provider of that <i>financial product</i> who is legally liable for the delivery of the financial benefits of that <i>financial product</i>
Minister	has the same meaning as in section 5 of the <i>Act</i>
non-personalised financial advice	<i>financial advice</i> given by an <i>AFA</i> that is not <i>personalised financial</i>

	<i>advice</i>
non-investment financial advice	in relation to an estate or interest in land, means financial advice that does not involve either recommending the sale or purchase of legal title to the land, or giving an opinion or guidance in relation to any such sale or purchase
NZFMA Accredited individual	an individual who has achieved accredited individual status following the completion of the New Zealand Financial Markets Association Financial Services Accreditation Program
NZX Advisor	an individual who has been accredited and approved by NZX as an NZX Advisor as provided in the NZX Participant Rules
person	includes an individual, a corporation sole, a body corporate, and an unincorporated body
personalised financial advice	<i>financial advice</i> given by an <i>AFA</i> to a <i>client</i> , other than a <i>wholesale client</i> , in circumstances where, in relation to that <i>financial advice</i> – <ul style="list-style-type: none"> (a) the <i>AFA</i> has considered the <i>client's</i> financial situation, needs, goals, or tolerance for risk; or (b) the <i>client</i> might reasonably have expected the <i>AFA</i> to have considered the <i>client's</i> financial situation, needs, goals or risk tolerance
QFE	an entity that is registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008 and has QFE status under the <i>Act</i>
professional body	a membership-based organisation where ongoing membership requires compliance with continuing professional development or training requirements specified by the organisation
Registered Legal Executive	an individual who is entitled, under the Rules of the New Zealand Institute of Legal Executives Inc, to use the designation registered legal executive
related person	<ul style="list-style-type: none"> (a) a parent, child, sibling, spouse, de facto spouse, civil union partner, grandparent, employer or <i>business partner</i>; and (b) in relation to a body corporate: <ul style="list-style-type: none"> (i) a <i>person</i> who <ul style="list-style-type: none"> ▪ is also a body corporate; and ▪ has substantially the same shareholders as the <i>provider</i>; or ▪ is under the control of the same <i>person</i> as the

provider; or

- (ii) a *person* who is able, directly or indirectly, to –
 - exercise, or control the exercise, of 25% or more of the voting at a meeting of the shareholders of the *provider; or*
 - appoint or control 25% or more of a governing body of the *provider*

required explanation	means, in relation to <i>financial advice</i> , the explanation required by Code Standard 9
Security	has the same meaning as in section 5 of the <i>Act</i>
unit	means a unit forming part of a <i>Unit Standard set</i>
Unit Standard Set	a set of <i>units</i> specified in the National Certificate in Financial Services (Financial Advice) Level 5, with Unit Standard Sets A, B, C, D and E comprising the respective <i>units</i> specified in the Competence Schedule
sunset date	the date three years after the <i>Code</i> comes into force
wholesale client	Means: <ul style="list-style-type: none">(a) a Crown organisation as defined in section 5 of the <i>Act</i>, or(b) a person registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, that is a corporation sole, a body corporate, an unincorporated body, or a superannuation scheme
written or in writing	includes in electronic form