

**CONSULTATION: CODE COMMITTEE REVIEW OF THE CODE OF PROFESSIONAL  
CONDUCT FOR AUTHORISED FINANCIAL ADVISERS**

**October 2015**

**Due date for submissions: 20 November 2015**

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## INTRODUCTION

The purpose of the Financial Advisers Act 2008 (the Act) is 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 all authorised financial advisers (AFAs) to comply with a Code providing minimum standards of professional conduct. A Code Committee for financial advisers (the Committee) prepares the Code and has a statutory obligation to review the Code from time to time, and recommend changes to the Code as the Committee thinks fit. The current version of the Code came into effect on 1 May 2014.

When the Code was last reviewed in 2013, the Financial Markets Conduct Act 2013 (FMC Act) was still in development, and the latest changes to the qualifications framework had yet to be finalised.

Since then, the New Zealand Certificate in Financial Services (Level 5) (also referred to in this consultation paper as the ‘New Zealand Certificate’) has been formally recognised as an alternative option for satisfying the minimum competency requirements set out in the Code, and the FMC Act is now in force.

Therefore the Committee has decided it is appropriate to revisit the minimum standards of competence, knowledge, and skills required to provide financial adviser services as set out in the Code. It is also timely to assess whether any further changes to the Code might be appropriate, to better accommodate the significant reforms made under the Financial Markets Conduct Act.

In conducting this review, the Committee is conscious of the statutory review of the Financial Advisers Act 2008 currently being run by the Ministry of Business, Innovation, & Employment (FAA Review). The extent of any changes that might be recommended to the Minister of Commerce and Consumer Affairs as a result of this review is currently unknown. There is at least the potential for the review to have a significant impact on both the scope and content of the Code. The Committee does not want to impose significant change upon financial advisers before the financial outcome of that review. Equally, the Committee is mindful of its ongoing obligations under the Financial Advisers Act and the need to ensure that the Code remains fit for purpose under the current law, and appropriate in the wider financial services regulatory context.

The review of the Code outlined in this paper addresses changes that the Committee has identified as appropriate against this background. This paper includes a working draft of the Code, marked up to show the Committee’s recommended changes, and background commentary to provide context for those changes.

The Committee remains comfortable with the overall approach of the Code as originally approved and has not identified any need to revise the Code Standards and Schedules to the Code, other than those identified in this paper. However the Committee remains open to any other suggested changes that will enhance the standards of professional behaviour expected of an AFA, and the level of consumer protection provided by the Code.

## SUMMARY OF PROPOSED CHANGES

### Minimum standards of ethical behaviour – Code Standard 3 (using the term “independent”)

#### **Proposed change:**

- *Amend Code Standard 3 to clarify that providing a discretionary investment management service does not preclude an AFA from being able to state or imply that they are independent, or that any financial adviser services provided are independent.*

**Commentary:** A technical change made under the Financial Markets Conduct Act reforms amended the Financial Advisers Act to turn DIMS facilities (agreements, arrangements, or understandings for the provision of discretionary investment management services under an investment authority) into either category 1 products or category 2 products in their own right. Prior to 1 December 2014, discretionary investment management services did not constitute financial products in their own right; they were simply categorised as financial adviser services.

As a consequence of this change, an AFA who is involved in providing a discretionary investment management service may no longer be able to state or imply that they are independent, as permitted under Code Standard 3, even though the AFA may be completely independent of the financial products accessed through the DIMS facility in question.

This consequence arises because any AFA who provides a DIMS facility, or who is a related person of a provider of a DIMS facility, is therefore the provider (or a related person of a product provider) of a financial product relevant to the financial adviser services provided. This precludes these AFAs from being able to describe themselves as independent under Code Standard 3, as currently worded.

The Committee’s view is that this outcome is inappropriate. It wasn’t intended or envisaged when Code Standard 3 was developed, and is not consistent with the overarching principle set out in the Code Standard.

Question 1: Do you agree with the proposed change to Code Standard 3 as a matter of principle?

Question 2: Do you agree with the specific changes proposed for Code Standard 3?

### Minimum standards of competence, knowledge, and skills required to provide financial adviser services – Code Standard 16 (National Certificate in Financial Services (Financial Advice) (Level 5) and alternative requirements)

#### **Proposed change:**

- *Amend Code Standard 15 to refer to the updated version of Unit 26360*
- *Amend Code Standard 16 to refer to the New Zealand Certificate as the new minimum standard of competence, knowledge, and skills for an AFA, with a new eligibility sunset mechanism introduced for the National Certificate*
- *Adjust the minimum standards required for particular types of financial adviser services contemplated under Code Standard 16 so as to refer to specialist strands of the New Zealand certificate.*

**Commentary:** The Committee’s view is that the New Zealand Certificate, as approved by the New Zealand Qualifications Authority earlier this year, together with the specialist financial advice strand and investment strand of that qualification, should be recognised as the new default competence standard for AFAs.

This new qualification with those specialist strands would effectively replace the National Certificate in Financial Services (Financial Advice) (Level 5) that is currently recognised as the default minimum competence standard under the Code (also referred to in this consultation paper as the 'National Certificate'). The New Zealand Certificate, with the specialist strands noted, provides more comprehensive coverage of the identified subject matter and learning outcomes than was provided under the old qualification.

This view is already reflected in the Committee's support of the Financial Advisers (Recognition of New Qualifications) Exemption Notice 2015 that came into effect on 5 June 2015.

The Committee proposes changes to Code Standard 16 to reflect the adoption of the New Zealand Certificate, with a related update to Code Standard 15. The proposed changes include consequential adjustments to the additional provisions of Code Standard 16, to ensure the methodology followed for AFAs seeking authorisation under the new requirements remains similar to the methodology underpinning the existing requirements. In particular, subject to the overarching requirement under Code Standard 14 that the AFA possesses the competence, knowledge and skills to provide the relevant service:

- AFAs who have the New Zealand Certificate in Financial Services (Level 5), with both the financial advice strand and the investment strand of that qualification, will not be restricted in the range of financial adviser services they can provide.
- AFAs may provide class services for retail clients, and both class and personalised services for wholesale clients, without having attained the financial advice strand, or the investment strand, provided they attain the core components of the new qualification and can demonstrate knowledge of relevant legal requirements. This reflects the fact that such services are not legally restricted to AFAs.
- AFAs are not required to attain the investment strand if they have the New Zealand Certificate in Financial Services (Level 5) with the financial advice strand, and either:
  - they have attained at least one other specialist strand relevant to their financial adviser services, and the range of financial products that might be included within the scope of their financial adviser services does not include any category 1 products, or
  - the personalised services provided by the AFA for category 1 products are limited to providing financial advice about withdrawing from a KiwiSaver Scheme to purchase a first home.

Question 3: Do you agree with the proposed changes to Code Standards 15 and 16 to recognise the New Zealand Certificate and updated Units as the new minimum standard?

Question 4: Do you agree with the specific changes to incorporate reference to the new specialist strands proposed for Code Standard 16?

**Commentary:** The National Certificate that is currently recognised under the Code will still be recognised as an alternative under the Competency Alternatives Schedule for the time being, although that recognition will be subject to an eligibility sunset. This means that AFAs wishing to become authorised for the first time can only rely on the old qualification to support their application until 31 December 2017.

With the new qualification providing a higher level of assurance for the comprehensiveness of the AFA's learning, the Committee would like to encourage prospective AFAs to pursue the new qualification as swiftly as possible. However, the Committee does not wish to prejudice any prospective AFAs who are currently committed to a learning path that has the old qualification as its outcome. In particular, the Committee is aware that The Skills Organisation has signalled 31 December 2018 as the last date for completing the National Certificate before it is withdrawn from the National Qualifications Framework.

Question 5: Do you agree that the proposed eligibility sunset for recognising the National Certificate is appropriate?

**Commentary:** As far as transitioning to the new default competency standard is concerned, the Committee is mindful of an existing relief mechanism under Code Standard 16. That mechanism confirms that an AFA who first became authorised to provide financial adviser services reliant on a competence pathway that is no longer available to new applicants for authorisation, will continue to be regarded as complying with Code Standard 16. This mechanism includes the provisos that there be no break in the AFA's authorisation, and the AFA is able to demonstrate continuous compliance with CPD obligations under the Code. The Committee proposes to continue this relief.

What the above transition relief will mean in practice is that AFAs who were previously authorised through the National Certificate will not generally need to re-qualify with the New Zealand Certificate with the specialist financial advice strand and investment strand, provided they do not give up their authorisation. They will also need to ensure that their CPD professional development plan covers any gaps between their existing learning and the learning outcomes of the new qualification.

## Competence Alternatives Schedule

### **Proposed changes:**

*Amend the Competence Alternatives Schedule to:*

- *Replace reference to Unit Standard Sets with relevant components of the New Zealand Certificate*
- *Include recognition of the new Bachelor of Applied Management in Personal Financial Planning (Christchurch Polytechnic Institute of Technology) as an alternative to the New Zealand Certificate with specialist strands in financial advice and investments*
- *Remove recognition of Associate Financial Planners, Associate Life Underwriters, members of the New Zealand Institute of Chartered Accountants, and Registered Legal Executives as alternatives to the core components of the New Zealand Certificate*
- *Recognise the National Certificate as an alternative to the New Zealand Certificate for those seeking authorisation prior to 1 January 2018 (as previously noted)*
- *Remove recognition of the old Waikato Postgraduate Diploma, and of Massey Graduate Diplomas attained prior to 1 January 2013, as alternatives to the investment strand of the New Zealand Certificate*
- *Delete reference to Unit Standard Set E.*

**Commentary:** In reviewing the appropriateness of the competence alternatives schedule, the Committee has considered the benefits of setting a single minimum level of qualification that must be attained, recognising higher levels of relevant learning, and minimising complexity.

Before constructing its recommended changes to the Competence Alternatives Schedule, the Committee invited a number of tertiary education providers to map their current courses against the learning outcomes of the New Zealand Certificate.

### **Diplomas as alternatives**

With the Postgraduate Diploma in Personal Financial Planning (Waikato University) not being offered for some years, the Committee determined that it would not be appropriate to recognise that qualification as an alternative to the new investment strand within the New Zealand Certificate.

For similar reasons, the Committee also believes it would no longer be appropriate to recognise the Graduate Diploma in Business Studies (Personal Financial Planning) (Massey University) as an alternative to the investment strand, if it had been attained prior to 2013. In each case, the Committee did not have confidence that these 'old' qualifications could safely be relied upon as legitimate alternatives to the modern learning outcomes of the investment strand.

The core components of the New Zealand Certificate (excluding the various specialist strands) are more concerned with core principles, and general understanding of the economic environment and financial system than the practical application of those principles and understanding. Therefore the Committee was comfortable that it is appropriate to recognise the existing set of degree qualifications and diplomas as alternatives to the Core Standards.

The Committee was particularly pleased to see the Christchurch Polytechnic Institute of Technology launch a Bachelor of Applied Management in Personal Financial Planning this year, with that new qualification embedding all of the components of the New Zealand Certificate. Due to the structure of that new qualification, as evidenced by comprehensive mapping undertaken against the New Zealand Certificate's learning outcomes, the Committee was comfortable that the CPIT Graduate Diploma could safely be recognised as an appropriate alternative qualification for the core components of the New Zealand Certificate, as well as both the financial advice strand and the investment strand.

For consistency with the capstone approach, the Committee was not prepared to recognise any alternative qualification for the requisite unit demonstrating knowledge of the code and consumer protection laws (the old Standard Set B).

With the update of learnings required within the New Zealand Certificate, and the greater detail required to be satisfied to attain the New Zealand Certificate, the Committee determined it was no longer appropriate to recognise the designations 'accounting technician', 'associate chartered accountant', 'chartered accountant', and 'registered legal executive', as alternatives to the core components of the New Zealand Certificate. Holders of those designations that have attained a New Zealand issued tertiary qualification at degree level or above, in or majoring in, accountancy, business (including business administration and business analysis), commerce, economics, finance or management studies (including applied management), continue to receive recognition by virtue of those qualifications. However, the designations alone are not regarded as a sufficient basis for the Committee to have confidence that it is appropriate to relieve holders of those qualifications from the need to attain the core components of the New Zealand Certificate.

The Committee also determined that it was no longer appropriate to recognise the designations 'associate financial planner' and 'associate life underwriter' as appropriate alternatives to attaining the core components of the New Zealand Certificate.

Question 6: Do you agree with the proposed changes to the Competence Alternatives Schedule?

### ***Alternative degree-level papers***

**Commentary:** A further set of possible alternative qualifications was put forward by one tertiary provider, as an alternative to the investment strand. This involved mapping particular papers within a finance degree against the learning outcomes of the core components of the New Zealand Certificate, as well as the financial advice strand and the investment strand.

While the Committee can appreciate the merits of this approach, the extent of the variations involved in the finance papers offered by the various tertiary education providers creates complexity in documenting the alternatives schedule that the Committee feels can't be justified.

Holders of a finance degree will continue to be relieved from the need to attain the core components of the New Zealand Certificate. Those who feel that the combination of specific papers making up their degree ought to be recognised as suitable alternatives to attaining the investment strand are welcome to apply to the Financial Markets Authority for an exemption on that basis. The Committee would be supportive of any such application in principle.

As part of this current consultation, the Committee welcomes any feedback from affected stakeholders in relation to this approach. In particular we welcome proposals for a defined set of degree-level papers that could be considered as alternatives to the investment strand. The Committee remains open to the idea of including specific degree qualifications with particular combinations of papers from each university as recognised alternatives, provided the added complexity created is not excessive and a consistent methodology is able to be applied.

Question 7: Do you agree with the Code not recognising specified sets of finance degree papers? If not, what approach to recognising combinations of degree-level papers would you support?

## Definitions schedule

### ***Proposed change:***

- *Delete Part 1 of the Definitions Schedule*

**Commentary:** With the Financial Markets Conduct Act 2013 now in full force and effect, subject only to a two year transition period ending on 1 December 2016, it is no longer necessary to have the two-part Definition Schedule. Therefore the current Definitions Schedule – Part 1 will be deleted, with just the single Definitions Schedule retained.

A handful of consequential changes to the Definitions Schedule have been proposed as part of this review, largely reflecting new concepts from the proposed recognition of the New Zealand Certificate.

## OTHER ISSUES CONSIDERED

While the Committee wishes to minimise the extent of changes to the Code in light of the FAA Review, there were two further issues the Committee considered when compiling these recommended changes.

These issues have been recurring themes at various conferences and other forums where the Committee has been represented over the past couple of years, and received further publicity as part of the FAA Review. They are:

- the requirement for and AFA's recommendations to be supported by an assessment or review of the relevant financial product, in accordance with Code Standard 6
- concerns over the accessibility of advice and the level of paperwork required to evidence the suitability of any advice provided.

### **Requirement for recommendations to be supported by assessment or review**

**Commentary:** When the Code was reviewed in 2013, one of the changes the Committee recommended was to revise the wording of what was then Code Standard 6 (d).

As originally worded, this provision required AFAs to make recommendations only for financial products that had been ‘analysed’ to the requisite level. Responding to feedback from the industry and other stakeholders, this requirement was revised in the current Code to limit recommendations to:

- financial products that have been assessed or reviewed by the AFA to a level that provides them with a reasonable basis for the recommendation, or
- that have been assessed or reviewed by another person, if it is reasonable in all the circumstances for the AFA to rely on that other person’s assessment or review.

A key rationale for replacing the prior reference to financial products having been ‘analysed’ with a reference to financial products having been ‘assessed or reviewed’ was the fact that the terms ‘analyse’ and ‘analysis’ carry with them a particular technical connotation in capital markets circles. The consequence of this was that many AFAs mistakenly assumed that the old requirement meant that they could only recommend financial products that had been subject to external independent analysis.

The Committee is aware that a number of AFAs continue to labour under the misapprehension that Code Standard 6(c) still requires formal research by a recognised, independent research house. This is not the case.

The recent reforms to Financial Markets Conduct legislation have opened up a range of new investment opportunities for retail investors, such as company shares available through a crowd funding service. Notwithstanding the absence of reputable third party analysis that may be available in respect of these opportunities, the Code itself does not prevent an AFA from recommending these investments, provided the AFA has a reasonable basis for any recommendation made, and complies with all the other Code obligations such as placing the interests of the client first and acting with integrity. AFAs are also expected to observe the spirit underpinning the Code, having regard to the overarching purpose of the Act, as noted in the opening Background section of the Code.

Nothing in Code Standard 6 itself mandates that a formal, independent research house-type review or analysis is required. Equally, there is nothing to prevent an AFA from determining that an independent research house review is desirable. The key is for the AFA to be satisfied there is a reasonable basis for the recommendation made, ensure the interests of the client have been placed first and the AFA has acted with integrity in making the recommendation, and ensure the balance of the Code obligations have been satisfied (such as determining suitability).

Code Standard 6(c) provides flexibility for AFAs in determining the reasonable basis for any recommendation they may make. One option is whether they have been able to apply their own expertise in assessing or reviewing the particular financial product to a level that provides them with a reasonable basis for making the recommendation. As an alternative, AFAs are also able to look to an assessment or review carried out by another person, if it is reasonable in all the circumstances for the AFA to rely upon that third party assessment or review.

The Committee considered whether there were any further adjustments we could make to Code Standard 6(c) to further reinforce the point. We did not consider any further elaboration was warranted in the Code Standard itself at this time.

Question 8: Do you agree that no further changes to Code Standard 6(c) are warranted?
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## Accessibility of advice and suitability relief

**Commentary:** A recurring theme of the FAA Review was the concern expressed over the negative impact of the new regulatory environment upon consumer access to financial advice. Some of that concern is directed at

the level of paper work and due diligence required of AFAs in order to discharge their obligations under Code Standard 8, and in particular the obligation to take reasonable steps to ensure that any personalised service is suitable for the client.

The Committee considered this when we last reviewed the Code. Specific consultation was undertaken on this point, resulting in the new Code Standard 8(b). This relief mechanism that has now been in place for over a year applies to ‘transactional advice’. This enables an AFA to provide personalised services without needing to determine suitability, to the extent provided for in the client’s instruction. This relief is subject to the Code Standard 1 obligation to place the interests of the Client first and act with integrity, meaning there are binding ethical behaviour constraints in place to help prevent AFAs inappropriately relying upon this relief. AFAs are also expected to observe the spirit underpinning the Code when relying upon this relief mechanism. In addition, to further ensure this relief does not unduly undermine consumer protection, AFAs are required to expressly confirm to the client that the underlying transaction had been completed or advised upon without determining suitability, to the relevant extent.

The Committee’s view is that no further changes to Code Standard 8 are warranted at this time, in light of the FAA Review. Our impression is that AFAs are not making full use of this relief, which was intended to overcome at least some of the concern raised over the Code impacting on accessibility of advice. The Committee would be interested in feedback on this point, and in particular:

- whether AFAs have found the new transactional advice relief to be of use in improving client accessibility to their personalised services (or at least, removing some of the impediments to the efficient delivery of their personalised services).
- if not, why not, and what changes would you suggest be made so as to render this form of relief more effective, without unduly undermining consumer protection in the context of Code Standard 8.

Question 9: Do you agree that the transactional advice mechanism in Code Standard 8 is an appropriate option for enhancing access to financial advice?

Question 10: Do you agree that no further changes to Code Standard 8 are warranted?

## INDICATIVE TIMELINE

The timeline is subject to change depending on feedback received, and to the approval processes under the Act. However indicative key dates are:

Date	Activity
28 October 2015	Release of consultation paper and exposure draft of updated Code
2 November – 13 November 2015	Webinar and meetings with stakeholder groups, on request
20 November 2015	Submissions close
16 December 2015	Issues and responses paper released, together with a final recommended version of the updated Code released
January 2016	Further consultation on updated version of the Code, if required

26 January 2016 (provided no further consultation on the updated version of the Code is required)	Revised Code recommended to FMA for approval
April 2016	FMA approves the draft Code
June 2016	Ministerial approval and gazetting
July 2016	Revised Code comes into force

## HOW TO MAKE SUBMISSIONS AND GIVE FEEDBACK

We encourage you to provide your feedback on the proposed changes to the Code of Professional Conduct for Authorised Financial Advisers.

Please use the submission template provided in Appendix B and return it to us by:

- Emailing your completed submission to us at [consultation@financialadvisercode.govt.nz](mailto:consultation@financialadvisercode.govt.nz); or
- Posting to:

David Ireland  
Code Committee Chair  
C/- Kensington Swan  
PO Box 10246  
Wellington

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

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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.

This section of the *Code* provides a brief overview of the scope and aims of the *Code*. The remainder of the *Code* contains the operative provisions which must be complied with by all *Authorised Financial Advisers*.

*Financial advisers* are required to be authorised under the Financial Advisers Act in order to provide a *personalised service* to a *retail client* that is:

- (a) *financial advice* or a *discretionary investment management service* in relation to a *category 1 product*; or
- (b) an *investment planning service*.

*Financial advisers* may also elect to become authorised under the *Act* in relation to *financial adviser services* provided in respect of any *category 2 product*, and in any other situations specified in regulations made under the *Act*. The overarching purpose of the Financial Advisers Act is “to promote the sound and efficient delivery of financial adviser and broking services, and to encourage public confidence in the professionalism and integrity of financial advisers and brokers”.

One of the key ways the *Act* seeks to achieve its purposes in relation to *financial adviser services* is by requiring all *Authorised Financial Advisers* (also referred to as *AFAs*) to comply with a code which provides for minimum standards of professional conduct. The overarching purpose of the *Act* provides the spirit underpinning the *Code*. When considering their conduct and disclosure obligations under the *Act* and the *Code*, *AFAs* should have that spirit in mind.

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 *AFAs*, including specifying requirements that an *AFA* must meet for the purpose of continuing professional training. *AFAs* may be disciplined for breaches of the *Code*.

A number of the **Code Standards** include reference to legal obligations that would apply to *AFAs* irrespective of the *Code* requirements. Such references are included largely for the sake of completeness. However, the *Code* does not refer to all legal obligations of *AFAs*. *AFAs* must comply with all applicable laws, whether or not referred to in the *Code*.

This *Code* has been approved by the *Minister* under the Financial Advisers Act 2008 and comes into force either in part or in full, on a date or dates specified by *Gazette* notice under section 94 of the *Act*.

## **B. INTRODUCTION**

Each standard in this *Code* consists of an overarching principle identified as a **Code Standard** 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, or the application of any other **Code Standard**. AFAs must apply the **Code Standards** in a way that encourages public confidence in the professionalism and integrity of financial advisers.

Terms used in this *Code* that appear in italics are defined 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

**An Authorised Financial Adviser must place the interests of the *client* first, and must act with integrity. These obligations are paramount.**

This **Code Standard** applies to any activity of an *AFA* that relates to the *AFA's financial adviser services*.

The obligation to place the interests of the *client* first, and act with integrity in accordance with the overarching purpose of the *Act*, applies irrespective of the application and effect of any other **Code Standard**.

What is required to place a *client's* interests first for the purposes of the *Code* is determined by what is reasonable in the circumstances, including any regulatory obligations binding on the *AFA* in addition to the *Code*.

Compliance with this **Code Standard** does not require an *AFA* to provide services that are not within the scope of the *AFA's* services, as advised to the *client in writing*, or provide *financial adviser services* in relation to *financial products* that are outside of that scope of service.

An *AFA's* obligation under this **Code Standard** to place a *client's* interests first will not be breached by reporting to the Financial Markets Authority any breaches of the *Act* that the *AFA* reasonably believes to have occurred.

### Code Standard 2

**An Authorised Financial Adviser must not do anything or make an omission that would or would be likely to bring the financial advisory industry into disrepute.**

This **Code Standard** prohibits an *AFA* from conduct that would undermine public confidence in the professionalism or integrity of the financial advisory industry. However, this **Code Standard** does not prevent an *AFA* from commenting in good faith on the business, actions, or inactions of any *person* (including any other *financial adviser*, financial adviser group, financial service

provider or industry body) or from exercising the *AFA*'s reporting powers under section 45A of the Act.

### Code Standard 3

**An *Authorised Financial Adviser* must not state or imply that the *Authorised Financial Adviser* is independent, or that any *financial adviser services* provided are independent, if a reasonable person in the position of a *client* would consider that the *Authorised Financial Adviser* 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 or *principal*, is the *product provider* of a *financial product* (other than a *discretionary investment management service*) relevant to the *financial adviser service* provided; or
- (b) the *AFA* is subject to a contractual obligation to:
- recommend a particular *financial product* or *financial products*; or
  - limit the *AFA*'s recommendations or *discretionary investment management services* to a particular *financial product* or *financial products*; or
  - attain or maintain a target in relation to a particular *financial product* or *financial products*.

However, the contractual obligations falling within this paragraph (b) do not include the use of *discretionary investment management services*, wrap account services, platforms, or other portfolio administrative or custodial services, where the use of such services and the arrangements the *AFA* is able to put in place for the *AFA*'s *clients* permit access to a wide range of *financial products* and *product providers*; 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.

However, for the purposes of this paragraph (c) the following *benefits* do not affect an *AFA*'s ability to describe the *AFA* or the *AFA*'s services as independent:

- those that are paid, credited, or transferred to the *client*; and
- those that are remote or insignificant; and
- those that are received by the AFA in the form of salary or wages as an employee, or in the form of fees as a contractor, that are not determined in whole or in part by reference to volume or other targets relating to a particular *financial product* or *product provider*; and-
- those that are received by the AFA (or by a *related person* of the AFA) for the provision of a *discretionary investment management service*, provided neither the AFA nor any *related person* of the AFA is a *product provider* of any *financial product* acquired through the *discretionary investment management service* or receives any benefit from the *product provider* of any *financial product* acquired through the *discretionary investment management service*.

An AFA must not state or imply that a researcher or other third party service provider used by the AFA in relation to the AFA's *financial adviser services* is independent unless the AFA has reasonable grounds to believe the third party would be able to describe themselves as independent under this **Code Standard**, if the third party were an AFA.

#### **Code Standard 4**

***An Authorised Financial Adviser must not borrow from or lend to a retail 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 and the AFA's borrowing or lending is in the ordinary course of the *client's* business on terms consistent with the *client's* normal business terms.

This **Code Standard** does not prevent an AFA or an AFA's employer or *principal* from entering into financial arrangements on behalf of a *client* as the *client's* agent to meet settlement obligations in relation to any *financial product*.

An AFA must not arrange for the AFA's employer or *principal* to borrow from or lend to a *retail client*, other than in the ordinary course of the employer's or *principal's* business.

## Code Standard 5

**An *Authorised Financial Adviser* must effectively manage any conflicts of interest that may arise when providing a *financial adviser service*.**

Effective management for the purposes of this **Code Standard** includes a requirement for the *AFA* to identify, and clearly and effectively communicate to the *client*, all interests of the *AFA* or a *related person* that might influence the services the *AFA* provides to the *client*. Where a conflict of interest that arises when providing a *financial adviser service* is such that an *AFA* is unable to manage the conflict so as to place the interests of the *client* ahead of the interests of the *AFA* or a *related person*, the *AFA* must decline to act.

## D. MINIMUM STANDARDS OF CLIENT CARE

### Code Standard 6

**An *Authorised Financial Adviser* must behave professionally in all dealings with a *client*, and communicate clearly, concisely and effectively.**

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

- (a) provide only services that the *AFA* has the competence, knowledge, and skill to provide; and
- (b) provide the *services* and perform the *AFA's* obligations in a timely way; and
- (c) make recommendations only in relation to *financial products* that have been assessed or reviewed by the *AFA* to a level that provides the *AFA* with a reasonable basis for any such recommendation, or by another *person* if it is reasonable in all the circumstances for the *AFA* to rely upon that other *person's* assessment or review.

Communicating 'effectively' for the purposes of the *Code* requires an *AFA* to take reasonable steps to ensure the *client* understands the communication.

When transmitting the *financial advice* of another *person* to a *client*, an *AFA* must take reasonable care to ensure that the *person* providing the *financial advice* has an appropriate level of competence, knowledge, and skill to provide that advice, and either:

- ensure the *client* is aware that the *AFA* has not prepared the *financial advice* or assessed its suitability for the *client*; or
- accompany the *financial advice* with the *AFA's* own *financial advice* in relation to the same subject matter (in which case the *AFA* may have further obligations under **Code Standards 8 and 9**).

When providing *financial adviser services* to a *wholesale client*, an *AFA* must take reasonable steps to ensure the *client* is aware that the *client* is regarded as a *wholesale client* for the purposes of the *Act* and the *Code*, and also is aware of the consequences of that status.

## Code Standard 7

**An *Authorised Financial Adviser* must ensure each *retail client* has sufficient information to enable the *client* to make an informed decision about whether to use the *Authorised Financial Adviser's financial adviser services*.**

The information an *AFA* may be required to provide a *retail client* under this **Code Standard** includes (but is not limited to) *written* information about the scope of the *AFA's financial adviser services*, any limits on that scope of the *AFA's* authorisation, the *AFA's* qualifications to provide those services, the basis on which those services are provided, the fees the *client* must pay, and any interests the *AFA* is required to communicate under **Code Standard 5**, in relation to the *AFA's financial adviser services* provided to the *client*.

The requirements of this **Code Standard** may be satisfied in whole or in part by complying with the *AFA's* disclosure obligations under the *Act*. In some circumstances additional information may need to be provided to a *retail client* to ensure the *client* has sufficient information to be able to make an informed decision.

The information required under this **Code Standard** must be updated when there is any change in the *AFA's* circumstances that is material to the *financial adviser services* provided by the *AFA* to the *client*.

## Code Standard 8

**When providing a *personalised service* to a *retail client* an *Authorised Financial Adviser* must take reasonable steps to ensure that the *personalised service* is suitable for the *client*.**

An *AFA* is only required to determine suitability under this **Code Standard** based on the information provided by the *client* and information otherwise known to the *AFA*. However, an *AFA* must make reasonable enquiries to ensure the *AFA* has an up-to-date understanding of the *client's* financial situation, financial needs, financial goals, and risk profile, having regard to the nature of the *personalised service* being provided.

Where a *client*:

- (a) declines to provide some or all of the information required under this **Code Standard**, an *AFA* must take reasonable steps to ensure the *client* is aware that the *personalised service* is limited and specify those limitations; or
- (b) instructs an *AFA* (or an *AFA*'s employer or *principal*) to provide *transactional advice* without determining the suitability of the *financial advice* provided, the *AFA* is relieved from the obligation to determine suitability to the extent provided for in that instruction, provided the *AFA* expressly confirms to the *client* that the underlying transaction has been completed or advised upon without determining suitability, to that extent; or
- (c) instructs an *AFA* (or an *AFA*'s employer or *principal*) not to determine the suitability of the *financial adviser service* provided, the *AFA* is relieved from the obligation to determine suitability to the extent provided for in that instruction. However, this relief is only available if the instruction is provided in a document that is signed and dated by the *client*, and that includes a clear acknowledgement from the *client* as to the advantages of the *AFA* determining suitability based on the provision of all the information contemplated under this **Code Standard**.

An *AFA* must not direct or influence a *client* to instruct the *AFA* not to determine the suitability of a *financial adviser service* to be provided for the *client*, or direct or influence a *client* to decline to provide any of the information contemplated under this **Code Standard**. However, this restriction does not prevent an *AFA*:

- drawing the *client's* attention to the *client's* ability to opt out of having suitability determined as contemplated under this **Code Standard**; or
- quoting or estimating a reasonable fee for determining suitability under this **Code Standard**.

If an instruction given by a *client* under paragraph (b) or (c) of this **Code Standard** is such that the *financial adviser service* provided by the *AFA* to the *client* is not or will no longer be a *personalised service*, the *AFA* will then need to comply with **Code Standard 10**.

## Code Standard 9

**Where an *Authorised Financial Adviser* provides a *personalised service* to a *retail client* that is an *investment planning service* or that relates to a *category 1 product*, the *Authorised Financial Adviser* must provide an explanation of the service provided that is sufficient to enable the *client* to make an informed decision about the *financial adviser service*.**

The extent of any explanation required under this **Code Standard** is determined by what a *retail client* would reasonably require in the circumstances to make an informed decision, including:

- a. sufficient information to enable the *client* to make an informed decision as to the suitability of the *financial adviser service* provided by the *AFA*, and
- b. a concise description of the principal benefits and principal risks relevant to any *financial advice* provided as part of the *AFA's financial adviser services*, having regard to the characteristics of those services.

All explanations required under this Code Standard must be provided *in writing* to the *client* at the time the personalised service is provided, or as soon as practicable after that time, unless:

- the *AFA* has previously provided the *client* with an explanation under this **Code Standard** that is sufficient to cover the *personalised service* provided; or
- the *client* has either instructed the *AFA* (or the *AFA's* employer or *principal*) or confirmed a prior instruction that an explanation under this **Code Standard** is not required, or that any such explanation need not be *in writing*. Any such instruction or confirmation need not be *in writing*, but must reflect an unambiguous, active instruction or confirmation that is relevant to the *personalised service* currently being provided.

An *AFA* must not direct or influence a *client* to decline the explanation contemplated under this **Code Standard**. However, this restriction does not prevent an *AFA* from:

- drawing the *client's* attention to the *client's* ability to opt out of receiving the explanation contemplated under this **Code Standard**; or
- quoting or estimating a reasonable fee for providing an explanation under this **Code Standard**.

### **Code Standard 10**

**When providing a *class service* to a *retail client*, an *Authorised Financial Adviser* must take reasonable steps to ensure the *client* is aware of the limitations of the service provided.**

### **Code Standard 11**

**An *Authorised Financial Adviser* must ensure there is an appropriate internal process in place for resolving *client complaints* in relation to the *Authorised Financial Adviser's financial adviser services*.**

The complaint resolution process under this **Code Standard** must ensure that:

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

The complaints resolution process required under this **Code Standard** is required in addition to the *AFA's external dispute resolution scheme* (if any).

## Code Standard 12

**An Authorised Financial Adviser must record in writing adequate information about any *personalised services* provided to a *retail client*.**

The information required to be recorded under this **Code Standard** in relation to each *retail client* must be sufficient to demonstrate compliance with **Code Standards 5-9**, and must include copies of all information and documents provided to, or received from, the *client in writing*, in connection with the *AFA's personalised services*.

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

An *AFA* must comply with all obligations under the Privacy Act 1993. Without limitation, this includes obligations in relation to the use and disclosure of *clients'* personal information and the protection of that information from loss and unauthorised access, use, modification, or disclosure.

## Code Standard 13

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

The 7-year minimum period required under this **Code Standard** generally commences on the last date that the *AFA* provides a *financial adviser service* to the *client*. However, for information relating to a *financial product* transaction entered into by the *client*, the 7-year minimum period for that information commences on the date that all benefits potentially available to the *client* from the *financial product* have been realised, if that date is earlier than the date that would otherwise apply. The records required under this **Code Standard** may be kept in electronic form, provided the records are readily retrievable.

An *AFA* may satisfy the *AFA's* obligations under this **Code Standard** by arranging for records or information and documents required under this **Code Standard** to be held by a third party (for example, the *AFA's* employer, a platform provider, or a purchaser of the *AFA's* business) by taking reasonable steps to ensure the third party keeps the records contemplated under this **Code Standard** for at least as long as the *AFA* would otherwise have been required to keep them.

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

**Code Standard 14**

**Before providing a *financial adviser service*, an *Authorised Financial Adviser* must have the competence, knowledge, and skills to provide that service.**

This **Code Standard 14** applies in addition to the requirements of **Code Standards 15 and 16** that relate to particular qualifications an *AFA* must attain.

An *AFA* must be able to demonstrate that the *AFA* has a reasonable basis for believing that the *AFA* has the level of competence, knowledge, and skills required by this **Code Standard**.

**Code Standard 15**

**An *Authorised Financial Adviser* must have a knowledge of the *Act*, the *Code*, and other legal obligations relevant to the operation of the *Authorised Financial Adviser's* practice as a *financial adviser* (including relevant consumer protection laws), that is adequate for the proper operation of that practice.**

An *AFA* must attain *Unit [Standard Set B26360 \(version 3 or later\)](#)*, and be able to demonstrate the adequacy of the *AFA's* knowledge of relevant legislative obligations.

*For the purposes of this Code Standard, an AFA is deemed to have attained Unit 26360 (version 3 or later) if the AFA has attained an alternative qualification to that Unit as specified in the Code's Competence Alternatives Schedule.*

## Code Standard 16

To be an *Authorised Financial Adviser*, a *financial adviser* must attain the ~~*New Zealand Unit Standard Sets within the National Certificate in Financial Services (Financial Advice) (Level 5)*~~, together with the *specialist strand or specialist strands* that are relevant to the *financial adviser services* provided by the *AFA*.

For the purposes of the *Code*, an *Authorised Financial Adviser* is deemed to have attained a particular ~~*Unit Standard Set Component of the New Zealand Certificate in Financial Services (Level 5)*~~ where the *Authorised Financial Adviser* has attained an alternative qualification or designation to that ~~*Unit Standard Set Component as*~~ specified in the *Code's Competence Alternatives Schedule*.

~~For the purposes of the Code, the *financial advice strand* and the *investment strand* are always treated as being relevant to providing a *personalised service* involving *category 1 products*. In addition, An *AFA* who has attained *Unit Standard Sets A, B, C, and D* of the ~~*National New Zealand Certificate in Financial Services (Financial Advice) (Level 5)*~~ with both the *financial advice strand* and the *investment strand* of that qualification is not restricted in the range of *financial adviser services* the *AFA* can provide or offer to provide, subject to **Code Standard 14** and the terms of the *AFA's* authorisation under the *Act*.~~

However, provided the *AFA* satisfies **Code Standard 14** an *AFA*:

- (a) may provide a *class service* for any *client*, and any form of *financial adviser service* for a *wholesale client*, without having attained ~~the *financial advice strand* or the *investment strand*~~, provided the *AFA* has attained the *Core Standards* and *Unit 26360 (version 3 or later)*; and ~~Unit Standard Set C or Unit Standard Set D; and~~
- (b) may provide *financial adviser services* for a *client* without having attained ~~Unit Standard Set D~~ the *investment strand* if the *AFA* has attained ~~Unit Standard Set E~~ the *New Zealand Certificate in Financial Services (Level 5)* with the *financial advice strand* and:
  - the *AFA* has attained at least one other *specialist strand* relevant to the *AFA's financial adviser service*, and the *financial products* that might be included within the scope of the *financial adviser services* provided for the *client* concerned do not include any *category 1 products*; ~~and~~ or
  - the *personalised services* provided by the *AFA* in relation to *Category 1 products* are limited to providing ~~may provide~~ *financial advice* in relation to withdrawing

from a KiwiSaver scheme for the purpose of purchasing a first home, ~~without having attained Unit Standard Set D~~; and

- (c) who first became authorised to provide a *financial adviser service* in reliance upon a competency pathway that is no longer available to new applicants for authorisation will continue to be regarded as complying with this **Code Standard** in relation to providing that *financial adviser service*, provided there has been no break in the AFA's authorisation and the AFA is able to demonstrate compliance with the AFA's CPD obligations under the *Code* over the course of the AFA's authorisation.

If an AFA has attained ~~the New Zealand Certificate in Financial Services (Level 5) with both the financial advice strand and the investment strand, Unit Standard Set D~~ this **Code Standard** does not also require the AFA to attain ~~Unit Standard Set E any other specialist strands~~ in order to provide *financial adviser services* that involve *category 2 products*, so long as the AFA satisfies **Code Standard 14**.

~~For the purposes of this Code Standard, an AFA will be deemed to have attained Unit Standard Set E if the AFA has either passed both of the residential property lending units (units 26286 and 26287), or the AFA has passed unit 25644 and at least one of units 25645, 25646, or and 25647 (being units relating to insurance).~~

#### **Transition**

~~Reference in the *Competence Alternatives Schedule* to a qualification being 'subject to the eligibility sunset' means the relevant qualification must have been fully attained at the time the AFA seeks authorisation for the first time, and will only be recognised for authorisations that come into effect prior to 1 January 2018.~~

## F. MINIMUM STANDARDS FOR CONTINUING PROFESSIONAL TRAINING

### Code Standard 17

**An *Authorised Financial Adviser* must maintain and keep current a professional development plan for each *CPD period*.**

An *AFA*'s professional development plan must:

- (a) identify any areas for improvement in the *AFA*'s competence, knowledge and skills in relation to the *financial adviser services* the *AFA* provides or intends to provide;
- (b) include the *AFA*'s proposals for making those improvements; and
- (c) where available, include details of courses, seminars, workshops and any other training or professional development planned to be undertaken; and
- (d) in relation to any *financial adviser service* the *AFA* provides or intends to provide, take into account the minimum level of competence, knowledge, and skills an *AFA* is required to be able to demonstrate to provide that service under **Code Standard 16** at the start of the *CPD period*, with a view to identifying any gaps in the *AFA*'s competence, knowledge, and skills when compared with that level.

### Code Standard 18

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

In order to satisfy this **Code Standard**, an *AFA* must complete no less than 30 hours of *structured professional development* over the course of every two *CPD periods*.

In addition to that minimum *structured professional development* requirement, in each *CPD period* an *AFA* must undertake such additional training as is necessary to maintain the *AFA*'s competence at the appropriate level required by this **Code Standard** or to satisfy the *AFA*'s professional development plan for that *CPD period*, whether in the form of additional *structured professional development* or some other form.

An *AFA* must keep appropriate records of any *CPD* activity completed that is required by this **Code Standard** in a form suitable for demonstrating compliance with this **Code Standard**. The records contemplated under this **Code Standard** include:

- (a) the name of the *CPD* activity; and
- (b) the date of completion; and
- (c) how many hours of *CPD* it involved; and
- (d) a brief description of the *CPD* content covered by it; and
- (e) in relation to *structured professional development*, documentation to verify the *AFA*'s undertaking of the *structured professional development*, such as confirmation by the training provider or by the *AFA*'s employer or *principal*.

## G. COMPETENCE ALTERNATIVES SCHEDULE

For the purposes of the *Code*, a person wishing to be an AFA is treated as having satisfied the requirements of a particular *Unit Standard Set Component of the New Zealand Certificate in Financial Services* where the *person* has attained an alternative qualification or designation as specified in this Schedule

	Alternative Qualification	Alternative Designation
<p><b><u>National New Zealand Certificate in Financial Services (Financial Advice) (Level 5) Component</u></b> <b><u>Unit Standard Sets</u></b></p>	<p>For the purposes of the <i>Code</i>, a <i>person</i> who has attained one of the following qualifications is treated as having satisfied the requirements of the specified <u><i>Component Unit Standard Set</i></u></p>	<p>For the purposes of the <i>Code</i>, a <i>person</i> who has attained one of the following designations is treated as having satisfied the requirements of the specified <u><i>Unit Standard Set Component</i></u></p>
<p><b><u>Unit Standard Set A Core Standards</u></b> <b><u>(Comprising units 24755, 25642, and 25643)</u></b></p> <p>Knowledge of <u>the industry, financial markets, the advice process and products financial services best practice, the regulatory environment for financial services, research and analysis processes, economic environment and financial system</u></p>	<ul style="list-style-type: none"> <li>• Any New Zealand issued tertiary qualification at degree level or above in or majoring in accountancy, business (including business administration and business analysis), commerce, economics, finance or management studies (including applied management)</li> <li>• Graduate Diploma in Business Studies (Personal Financial Planning) (Massey University)*</li> <li>• Graduate Diploma in Business Studies (Personal Risk Management) (Massey University)*</li> <li>• Postgraduate Diploma in Personal Financial Planning (Waikato University)*</li> <li>• <u>Certificate in Financial Services from Adviserlink Learning Limited</u></li> <li>• <u>Bachelor of Applied Management in Personal Financial Planning (Christchurch Polytechnic Institute of Technology)</u></li> </ul>	<ul style="list-style-type: none"> <li>• <del>Associate Financial Planner</del></li> <li>• <del>Associate Life Underwriter</del></li> <li>• Certified Financial Planner</li> <li>• CFA Charterholders</li> <li>• Chartered Life Underwriter</li> <li>• <del>Member of the New Zealand Institute of Chartered Accountants (Accounting Technician, Associate Chartered Accountant and Chartered Accountant)</del></li> <li>• NZFMA Accredited individual</li> <li>• NZX Advisor</li> <li>• NZX Associate Advisor</li> <li>• Registered Legal Executive</li> </ul>

	Alternative Qualification	Alternative Designation
<p><del>National New Zealand Certificate in Financial Services (Financial Advice) (Level 5) Component</del> <del>Unit Standard Sets</del></p>	<p>For the purposes of the <i>Code</i>, a <i>person</i> who has attained one of the following qualifications is treated as having satisfied the requirements of the specified <i>Component Unit Standard Set</i></p>	<p>For the purposes of the <i>Code</i>, a <i>person</i> who has attained one of the following designations is treated as having satisfied the requirements of the specified <i>Unit Standard Set Component</i></p>
	<ul style="list-style-type: none"> <li>• <del>New Zealand Stock Exchange Diploma (NZSE Diploma)</del></li> <li>• <u>Graduate Diploma in Personal Financial Planning (Christchurch Institute of Technology)</u></li> <li>• <u>NZX Diploma</u></li> <li>• <u>National Certificate in Financial Services (Financial Advice) (Level 5), subject to the <i>eligibility sunset</i></u></li> </ul> <p>* in each case, including their respective predecessor diploma qualifications</p>	
<p><del>Unit Standard Set B (Comprising unit 26360) Unit 26360 (version 3 or later)</del></p> <p>Knowledge of the <i>Code</i> and consumer protection laws</p>	<p>No recognised alternative</p> <p><del>Bachelor of Applied Management in Financial Planning (Christchurch Polytechnic Institute of Technology)</del></p>	<p>No recognised alternative</p>
<p><del>Unit Standard Set C Financial advice strand</del></p> <p>(Comprising units <u>26360</u>, 25650, 25651, 25652, and 25653)</p> <p>Professional practice advice process and complying with legislation</p>	<p>No recognised alternative</p> <ul style="list-style-type: none"> <li>• <u>Bachelor of Applied Management in Financial Planning (Christchurch Polytechnic Institute of Technology)</u></li> <li>• <u>National Certificate in Financial Services (Financial Advice) (Level 5), subject to the <i>eligibility sunset</i></u></li> </ul>	<p>No recognised alternative</p>

	Alternative Qualification	Alternative Designation
<p><del>National New Zealand Certificate in Financial Services (Financial Advice) (Level 5) Component Unit Standard Sets</del></p>	<p>For the purposes of the <i>Code</i>, a <i>person</i> who has attained one of the following qualifications is treated as having satisfied the requirements of the specified <i>Component Unit Standard Set</i></p>	<p>For the purposes of the <i>Code</i>, a <i>person</i> who has attained one of the following designations is treated as having satisfied the requirements of the specified <i>Unit Standard Set/Component</i></p>
<p><del>Unit Standard Set D Investment strand (Comprising units 25648 and 25649) Investment Unit Standards</del></p>	<ul style="list-style-type: none"> <li>Graduate Diploma in Business Studies (Personal Financial Planning) (Massey University)*, <u>if attained after 31 December 2012</u></li> <li><u>Postgraduate Diploma in Personal Financial Planning (Waikato University)</u> *</li> <li><u>Bachelor of Applied Management in Financial Planning (Christchurch Polytechnic Institute of Technology)</u></li> <li><u>Units 25648 and 25649 of the National Certificate in Financial Services (Financial Advice) (Level 5)</u>, subject to the <u>eligibility sunset</u></li> </ul> <p>* in each case, including their respective predecessor diploma qualifications</p>	<ul style="list-style-type: none"> <li>CFA Charterholder</li> </ul>
<p><del>Unit Standard Set E (Comprising either units 25644 and 25645, or units 25646 and 25647) Insurance Unit Standards OR Residential Property Lending Unit Standards</del></p>	<ul style="list-style-type: none"> <li><del>Graduate Diploma in Business Studies (Personal Risk Management OR Personal Financial Planning) (Massey University)*, provided the Diploma includes a paper on personal risk management</del></li> </ul> <p>* in each case, including their respective predecessor diploma qualifications</p>	<p>No recognised alternative</p>

## ~~H. DEFINITIONS SCHEDULE — Part 1~~

This Part of the Definitions Schedule applies up to, and excluding, the date that section 12 of the Financial Markets (Repeals and Amendments) Act 2013 comes into effect.

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*. Any term that is not defined in this Schedule, but is defined in the *Act* or in regulations made under the *Act*, has the same meaning in the *Code* as in the *Act* or in those regulations, as applicable. Where there is any inconsistency between the definition of a term defined in the *Act* and the definition of that term in the *Code*, the definition in the *Act* prevails.

Accounting Technician	a member of the New Zealand Institute of Chartered Accountants who, under the rules of the Institute, is entitled to use the designation accounting technician
Act	the Financial Advisers Act 2008
AFA	an <i>Authorised Financial Adviser</i>
Associate Chartered Accountant	a member of the New Zealand Institute of Chartered Accountants who, under the rules of the Institute, is entitled to use the designation Associate Chartered Accountant
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
Authorised Financial Adviser	a <i>person</i> described in section 51 of the <i>Act</i> who is authorised by the Financial Markets Authority under section 55 of the <i>Act</i>
Bank	has the same meaning as the term ‘bank in New Zealand’ in section 5 of the <i>Act</i>
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	means any of the following products (other than a product that is a category 2 product): (a) — a <i>security</i> ; or (b) — a land investment product (as defined by regulations); or (c) — a futures contract; or (d) — an investment linked contract of insurance (as defined by regulations); or (e) — any other product specified by regulations made under

	the Act; or
	(f) a renewal or variation of the terms or conditions of an existing category 1 product
category 2 product	means any of the following products
	(a) a bank term deposit; or
	(b) any bonus bond; or
	(c) any call building society share; or
	(d) a call credit union share; or
	(e) a call debt security; or
	(f) a share in a co-operative company (as defined in section 2(1) of the Co-operative Companies Act 1996); or
	(g) a unit in a cash or term portfolio investment entity (as defined by regulations); or
	(h) a consumer credit contract within the meaning of the Credit Contracts and Consumer Finance Act 2003; or
	(i) a contract of insurance (other than an investment linked contract of insurance); or
	(j) a life insurance policy (within the meaning of section 2(1) of the Securities Act 1978) issued before 1 January 2009; or
	(k) any other product specified by regulations made under the Act; or
	(l) a renewal or variation of the terms and conditions of any existing category 2 product
Certified Financial Planner	an individual who has been awarded this designation by the Institute of Financial Advisers Inc.
CFA Charterholder	an individual entitled to use the chartered financial analyst designation granted by the CFA Institute
Chartered Accountant	has the same meaning as in Section 2 of the New Zealand Institute of Chartered Accountants Act 1996
Chartered Life Underwriter	means an individual who has been awarded this designation by the Institute of Financial Advisers Inc.
class service	a financial adviser service that is not a personalised service

client	<p>means, in relation to an <i>AFA</i>:</p> <p>(a) <del>— a person who receives a service from the <i>AFA</i> (whether or not on payment of a charge); but</del></p> <p>(b) <del>— does not include a person who receives any services from the <i>AFA</i> if the service is both provided and received in the course of, and for the purposes of:</del></p> <p style="padding-left: 40px;"><del>(i) — the same business; or</del></p> <p style="padding-left: 40px;"><del>(ii) — the businesses of related bodies corporate; or</del></p> <p style="padding-left: 40px;"><del>(iii) — the businesses of members of a QFE group,</del></p> <p>irrespective of whether the <i>person</i> providing or receiving the service is the <i>person</i> carrying on the business, a controlling owner, a director, an agent, or any other <i>person</i></p>
client information	information about a <i>client</i>
Code	the Code of Professional Conduct for Authorised Financial Advisers approved by the <i>Minister</i> and brought into force by <i>Gazette</i> notice under section 94 of the <i>Act</i>
Code Standard	a standard specified in the <i>Code</i>
competence alternatives schedule	the schedule to this <i>Code</i> named as such
complaint	an expression of dissatisfaction by a <i>client</i> to an <i>AFA</i> about the <i>AFA's financial adviser services</i> provided to the <i>client</i> , other than an expression of dissatisfaction that is trivial or vexatious or that the <i>client</i> indicates is not intended to constitute a complaint for the purposes of the <i>Code</i>
CPD	continuing professional development or training relevant to the <i>financial adviser services</i> the <i>AFA</i> provides or intends to provide
CPD 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's</i> 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 <sup>st</sup> day of January following the <i>AFA's</i> authorisation
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)
discretionary investment management service	a service which an <i>AFA</i> , acting under an authority granted to the <i>AFA</i> (or to the <i>AFA's</i> employer or <i>principal</i> ) manages all or some of the <i>client's</i> holdings of <i>financial products</i> , and decides which <i>financial products</i> to acquire or dispose of on behalf of the <i>client</i>

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 complaint concerning the <i>AFA</i> must be referred
financial advice	<p>making a recommendation or giving an opinion in relation to acquiring or disposing of (including refraining from acquiring or disposing of) a <i>financial product</i>, noting that whether or not advice is financial advice is not affected by how the advice is given or communicated</p> <p>The mere provision of information, or making a recommendation or giving an opinion relating to a class of <i>financial products</i>, or making a recommendation or giving an opinion about the procedure for acquiring or disposing of a <i>financial product</i>, or transmitting the financial advice of another or recommending that a <i>person</i> consult a <i>financial adviser</i>, does not amount to financial advice</p>
financial adviser	a <i>person</i> who provides a <i>financial adviser service</i>
financial adviser service	giving <i>financial advice</i> , or providing an <i>investment planning service</i> , or providing a <i>discretionary investment management service</i> , in the ordinary course of business
financial product	a <i>category 1 product</i> or a <i>category 2 product</i>
internal complaints handling process	an <i>AFA</i> 's internal process for handling and resolving <i>complaints</i> as described in <b>Code Standard 11</b>
investment planning service	<p>a service provided by an <i>AFA</i> under which the <i>AFA</i> designs, or offers to design, a plan for an individual that:</p> <p>(a) — is based on, or purports to be based on, an analysis of the individual's current and future overall financial situation (which must include his or her investment needs) and identification of the individual's investment goals; and</p> <p>(b) — includes 1 or more recommendations or opinions on how to realise those goals (or 1 or more of them);</p> <p>regardless of whether the analysis and identification is of the individual's particular financial situation and goals or of the financial situations and goals attributable to a class of <i>persons</i> that the individual is identified as coming within</p>
Minister	has the same meaning as in section 5 of the <i>Act</i>
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 and NZX Associate Advisor	an individual who has been accredited and approved by NZX as an NZX Advisor or NZX Associate Advisor (as applicable) as provided in the NZX Participant Rules

person	includes an individual, a corporation sole, a body corporate, and an unincorporated body (including the trustees of a trust)
personalised service	<p>a <i>financial adviser service</i>:</p> <p>(a) — given to or in respect of a <i>named client</i> or a <i>client</i> that is otherwise readily identifiable by the AFA; and</p> <p>(b) — the AFA has taken into account the <i>client's</i> particular financial situation or goals (or any one or more of them) in providing the service, or the <i>client</i> would, in the circumstances in which the service is provided, reasonably expect the AFA to take into account the <i>client's</i> particular financial situation or goals (or one or any more of them),</p> <p>however a service is not personalised merely because the <i>client</i> comes within a class of <i>persons</i> having predefined characteristics and the AFA takes the fact that the <i>client</i> comes within that class into account</p>
principal	a <i>person</i> who is the principal in an agency relationship
product provider	<p>means:</p> <p>(a) — the issuer, in the case of a <i>security</i>; or</p> <p>(b) — the creditor, in the case of a consumer credit contract (within the meaning of the Credit Contracts and Consumer Finance Act 2003); or</p> <p>(c) — the insurer, in the case of a contract of insurance (other than an investment linked contract of insurance); or</p> <p>(d) — the <i>person</i> specified by regulations or in any other case</p>
QFE	an entity that is registered and has QFE status or a number of partner entities that are each registered and jointly have QFE status
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	<p>(a) — in relation to an individual, a parent, child, sibling, spouse, de facto spouse, civil union partner, employer or <i>business partner</i> of that individual, or a <i>principal</i> on whose behalf the individual provides <i>financial adviser services</i> by way of a contract for services; and</p> <p>(b) — in relation to a body corporate A:</p> <p style="padding-left: 20px;">(i) — a <i>person</i> who</p>

	<ul style="list-style-type: none"> <li>▪—is also a body corporate; and</li> <li>▪—either has substantially the same shareholders as A; or</li> <li>▪—is under the control of the same <i>person</i> or <i>persons</i> as A; or</li> </ul> <p>(ii) — a <i>person</i> who is able, directly or indirectly, to—</p> <ul style="list-style-type: none"> <li>▪—exercise, or control the exercise, of 25% or more of the voting at a meeting of the shareholders of A; or</li> <li>▪—appoint or control 25% or more of a governing body of A</li> </ul>
retail client	a <i>client</i> who is not a <i>wholesale client</i>
security	has the same meaning as in section 5 of the Act
structured professional development	<p>training that has identifiable aims and with outcomes relevant to the learning needs identified in the <i>AFA's</i> professional development plan, and:</p> <p>(a) — is provided by a qualified educator or relevant subject matter expert; and</p> <p>(b) — provides for interaction and feedback; and</p> <p>(c) — is verifiable by documentation</p> <p>Structured professional development may include technical product training but excludes training provided for the principal purpose of promoting a particular <i>financial product</i></p>
transactional advice	<i>financial advice</i> relating to the undertaking of a transaction involving a single <i>financial product</i> , or a sale of one <i>financial product</i> and the purchase of another, where the <i>client</i> initiates the identification of the <i>financial product(s)</i> in question
unit	a unit standard forming part of the National Certificate in Financial Services (Financial Advice) (Level 5) on the National Qualifications Framework
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
wholesale client	a <i>client</i> classified as a <i>wholesale client</i> under section 5C of the Act

~~written or in writing~~

~~includes in electronic form~~

## H. DEFINITIONS SCHEDULE –Part 2

~~This Part of the Definitions Schedule applies from and including the date that section 12 of the Financial Markets (Repeals and Amendments) Act 2013 comes in to effect.~~

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*. Any term that is not defined in this Schedule, but is defined in the *Act* or in regulations made under the *Act*, has the same meaning in the *Code* as in the *Act* or in those regulations, as applicable. Where there is any inconsistency between the definition of a term defined in the *Act* and the definition of that term in the *Code*, the definition in the *Act* prevails.

<del>Accounting Technician</del>	<del>a member of the New Zealand Institute of Chartered Accountants who, under the rules of the Institute, is entitled to use the designation accounting technician</del>
Act	the Financial Advisers Act 2008
AFA	an <i>Authorised Financial Adviser</i>
<del>Associate Chartered Accountant</del>	<del>a member of the New Zealand Institute of Chartered Accountants who, under the rules of the Institute, is entitled to use the designation Associate Chartered Accountant</del>
<del>Associate Financial Planner</del>	<del>an individual who has been awarded this designation by the Institute of Financial Advisers Inc</del>
<del>Associate Life Underwriter</del>	<del>an individual who has been awarded this designation by the Institute of Financial Advisers Inc.</del>
Authorised Financial Adviser	a <i>person</i> described in section 51 of the <i>Act</i> who is authorised by the Financial Markets Authority under section 55 of the <i>Act</i>
Bank	has the same meaning as the term ‘bank in New Zealand’ in section 5 of the <i>Act</i>
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	means any of the following products: <ul style="list-style-type: none"><li>(a) an <i>FMCA financial product</i> (other than a product that is a <i>category 2 product</i>); or</li><li>(b) a <i>DIMS facility</i> (other than a facility that is a <i>category 2 product</i>); or</li><li>(c) an investment-linked contract of insurance (as defined by regulations); or</li><li>(d) any other product specified by regulations made under the</li></ul>

Act; or

- (e) a renewal or variation of the terms and conditions of an existing category 1 product

category 2 product

means any of the following products

- (a) a *bank* term deposit; or
- (b) any bonus bond; or
- (c) any call building society share; or
- (d) a call credit union share; or
- (e) a call debt security; or
- (f) a share in a co-operative company (as defined in section 2(1) of the Co-operative Companies Act 1996); or
- (g) a unit in a cash or term portfolio investment entity (as defined by regulations); or
- (h) a consumer credit contract within the meaning of the Credit Contracts and Consumer Finance Act 2003; or
- (i) a contract of insurance (other than an investment-linked contract of insurance); or
- (j) a life insurance policy (within the meaning of section 2(1) of the Securities Act 1978) issued before 1 January 2009; or
- (ja) a *DIMS facility*, if the investment authority covers only category 2 products; or
- (k) any other product specified by regulations made under the Act; or
- (l) a renewal or variation of the terms and conditions of any existing *category 2 product*

Certified Financial Planner

an individual who has been awarded this designation by the Institute of Financial Advisers Inc.

CFA Charterholder

an individual entitled to use the chartered financial analyst designation granted by the CFA Institute

~~Chartered Accountant~~

~~has the same meaning as in Section 2 of the New Zealand Institute of Chartered Accountants Act 1996~~

Chartered Life Underwriter

means an individual who has been awarded this designation by the Institute of Financial Advisers Inc.

class service

a *financial adviser service* that is not a *personalised service*

client	means, in relation to an <i>AFA</i> : <ul style="list-style-type: none"> <li>(a) a <i>person</i> who receives a service from the <i>AFA</i> (whether or not on payment of a charge); but</li> <li>(b) does not include a <i>person</i> who receives any services from the <i>AFA</i> if the service is both provided and received in the course of, and for the purposes of: <ul style="list-style-type: none"> <li>(i) the same business; or</li> <li>(ii) the businesses of related bodies corporate; or</li> <li>(iii) the businesses of members of a QFE group,</li> </ul> </li> </ul> irrespective of whether the <i>person</i> providing or receiving the service is the <i>person</i> carrying on the business, a controlling owner, a director, an agent, or any other <i>person</i>
client information	information about a <i>client</i>
Code	the Code of Professional Conduct for Authorised Financial Advisers approved by the <i>Minister</i> and brought into force by <i>Gazette</i> notice under section 94 of the <i>Act</i>
Code Standard	a standard specified in the <i>Code</i>
<del>e</del> Competence <del>a</del> Alternatives <del>s</del> Schedule	the schedule to this <i>Code</i> named as such
complaint	an expression of dissatisfaction by a <i>client</i> to an <i>AFA</i> about the <i>AFA's financial adviser services</i> provided to the <i>client</i> , other than an expression of dissatisfaction that is trivial or vexatious or that the <i>client</i> indicates is not intended to constitute a complaint for the purposes of the <i>Code</i>
<u>Component</u>	<u>a Unit or set of Units forming part of the New Zealand Certificate in Financial Services (Level 5) identified as a component of that qualification in the Competence Alternatives Schedule</u>
<u>Core Standards</u>	<u>the core compulsory Component of the New Zealand Certificate in Financial Services (Level 5) that all certificate holders are required to have attained</u>
CPD	continuing professional development or training relevant to the <i>financial adviser services</i> the <i>AFA</i> provides or intends to provide
CPD 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's terms of authorisation</i> or, in the absence of any such day being specified, a calendar year with the first such period commencing on the 1 <sup>st</sup> day of January following the <i>AFA's</i> authorisation
DIMS facility	<del>means</del> an agreement, arrangement, or understanding for the provision of a <i>discretionary investment management service</i> under

	an investment authority
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)
discretionary investment management service	a service which an <i>AFA</i> , acting under an authority granted to the <i>AFA</i> (or to the <i>AFA</i> 's employer or <i>principal</i> ) manages all or some of the <i>client</i> 's holdings of <i>FMCA financial products</i> , and decides which <i>FMCA financial products</i> to acquire or dispose of on behalf of the <i>client</i>
<a href="#"><u>eligibility sunset</u></a>	<a href="#"><u>the transitional measure explained at Code Standard 16 under the 'Transition' heading</u></a>
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 complaint concerning the <i>AFA</i> must be referred
financial advice	making a recommendation or giving an opinion in relation to acquiring or disposing of (including refraining from acquiring or disposing of) a <i>financial product</i> , noting that whether or not advice is financial advice is not affected by how the advice is given or communicated  The mere provision of information, or making a recommendation or giving an opinion relating to a class of <i>financial products</i> , or making a recommendation or giving an opinion about the procedure for acquiring or disposing of a <i>financial product</i> , or transmitting the financial advice of another or recommending that a <i>person</i> consult a <i>financial adviser</i> , does not amount to financial advice
<a href="#"><u>financial advice strand</u></a>	<a href="#"><u>the specialist strand of that name within the New Zealand Certificate in Financial Services (Level 5)</u></a>
financial adviser	a <i>person</i> who provides a <i>financial adviser service</i>
financial adviser service	giving <i>financial advice</i> , or providing an <i>investment planning service</i> , or providing a <i>discretionary investment management service</i> , in the ordinary course of business
financial product	a <i>category 1 product</i> or a <i>category 2 product</i>
FMCA financial product	has the same meaning as in section 5 of the <i>Act</i>
internal complaints handling process	an <i>AFA</i> 's internal process for handling and resolving <i>complaints</i> as described in <b>Code Standard 11</b>

investment planning service	<p>a service provided by an <i>AFA</i> under which the <i>AFA</i> designs, or offers to design, a plan for an individual that:</p> <p>(a) is based on, or purports to be based on, an analysis of the individual's current and future overall financial situation (which must include his or her investment needs) and identification of the individual's investment goals; and</p> <p>(b) includes 1 or more recommendations or opinions on how to realise those goals (or 1 or more of them),</p> <p>regardless of whether the analysis and identification is of the individual's particular financial situation and goals or of the financial situations and goals attributable to a class of <i>persons</i> that the individual is identified as coming within</p>
<u>investment strand</u>	<u>the specialist strand of that name within the New Zealand Certificate in Financial Services (Level 5)</u>
Minister	has the same meaning as in section 5 of the Act
<u>National Certificate in Financial Services (Financial Advice) (Level 5)</u>	<u>the qualification of that name that has been approved by the New Zealand Qualifications Authority (NZQA reference [ ])</u>
<u>New Zealand Certificate in Financial Services (Level 5)</u>	<u>the qualification of that name that has been approved by the New Zealand Qualifications Authority (NZQA reference 2315)</u>
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 and NZX Associate Advisor	an individual who has been accredited and approved by NZX as an NZX Advisor or NZX Associate Advisor (as applicable) as provided in the NZX Participant Rules
person	includes an individual, a corporation sole, a body corporate, and an unincorporated body (including the trustees of a trust)
personalised DIMS	has the same meaning as in section 15(2A) of the Act
personalised service	<p>(a) <i>financial advice</i> or an <i>investment planning service</i>:</p> <p>(i) given to or in respect of a <i>named client</i> or a <i>client</i> that is otherwise readily identifiable by the <i>AFA</i>; and</p> <p>(ii) the <i>AFA</i> has taken into account the <i>client's</i> particular financial situation or goals (or any one or more of them) in providing the service, or the <i>client</i> would, in the circumstances in which the service is provided, reasonably expect the <i>AFA</i> to take into account the <i>client's</i> particular financial situation or goals (or one or any more of them),</p> <p>however a service is not personalised merely because the <i>client</i> comes within a class of <i>persons</i> having predefined characteristics</p>

and the *AFA* takes the fact that the *client* comes within that class into account; or

(b) a *personalised DIMS*

principal

a *person* who is the principal in an agency relationship

product provider

means:

- (a) the issuer, in the case of an *FMCA financial product*; or
- (b) the creditor, in the case of a consumer credit contract (within the meaning of the Credit Contracts and Consumer Finance Act 2003); or
- (c) the insurer, in the case of a contract of insurance (other than an investment-linked contract of insurance); or
- (d) the *person* specified by regulations or in any other case

QFE

an entity that is registered and has QFE status or a number of partner entities that are each registered and jointly have QFE status

~~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

- (a) in relation to an individual, a parent, child, sibling, spouse, de facto spouse, civil union partner, employer or *business partner* of that individual, or a *principal* on whose behalf the individual provides *financial adviser services* by way of a contract for services; and
- (b) in relation to a body corporate A:
  - (i) a *person* who
    - is also a body corporate; and
    - either has substantially the same shareholders as A; or
    - is under the control of the same *person* or *persons* as A; 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 A; or
    - appoint or control 25% or more of a governing body of A: and
- (c) in any case, includes an associated person or a related body

corporate, as those terms are defined under section 12 of the Financial Markets Conduct Act 2013.

retail client	a <i>client</i> who is not a <i>wholesale client</i>
<u>specialist strand</u>	<u>a strand forming part of the <i>New Zealand Certificate in Financial Services (Level 5)</i></u>
structured professional development	training that has identifiable aims and with outcomes relevant to the learning needs identified in the <i>AFA's</i> professional development plan, and: <ul style="list-style-type: none"><li>(a) is provided by a qualified educator or relevant subject matter expert; and</li><li>(b) provides for interaction and feedback; and</li><li>(c) participation is verifiable by documentation.</li></ul> <p><i>Structured professional development</i> may include technical product training but excludes training provided for the principal purpose of promoting a particular <i>financial product</i></p>
transactional advice	<i>financial advice</i> relating to the undertaking of a transaction involving a single <i>financial product</i> , or a sale of one <i>financial product</i> and the purchase of another, in each case not being a <i>DIMS facility</i> , where the <i>client</i> initiates the identification of the <i>financial product(s)</i> in question
unit	a unit standard forming part of the National Certificate in Financial Services (Financial Advice) (Level 5) <u>or the <i>New Zealand Certificate in Financial Services (Level 5)</i></u> on the National Qualifications Framework
<u>Unit Standard Set</u>	<u>a set of <i>units</i> specified in the <i>National Certificate in Financial Services (Financial Advice) Level 5</i>, with Unit Standard Sets A, B, C, D and E comprising the respective <i>units</i> specified in the <i>Competence Schedule</i></u>
wholesale client	a <i>client</i> classified as a <i>wholesale client</i> under section 5C of the <i>Act</i>
written or in writing	includes in electronic form

## APPENDIX B – SUBMISSION TEMPLATE

### SUBMISSION TEMPLATE

#### Submission: Code Committee review of the Code of Professional Conduct for Authorised Financial Advisers Consultation Paper

Please use this template and email your submission to [consultation@financialadvisercode.govt.nz]. Alternatively, post your submission to David Ireland, Code Committee Chair, C/- Kensington Swan, PO Box 10246, Wellington. Submissions must be received by 5 pm 20 November 2015.

Submission by:

Person:	
Company or entity:	
Organisation type:	
Contact person:	
Email:	
Phone:	
Other contact info:	
Total pages:	
Date:	

For each question please note your comments and suggestion for improvement (if any). If you agree with a proposal and have no further comments, please just note 'agree' in the submission column.

Question number	Submission	Suggestion for improvement (if any)
1		
2		

3		
4		
5		
6		
7		
8		
9		
10		

**Changes not covered in the consultation paper**

If you would like to propose changes to any aspect of the Code not covered in the consultation paper, please record your submission in the following table.

Code Standard number or Code section	Proposed change	Rationale for proposed change

**Submission summary:**

[Complete this if you wish to highlight key points and/or recommendations.]

**Confidentiality:**

[Please state in writing here, if you wish your submission, or any part of it, to remain confidential to the Code Committee and the Secretariat, subject to any overriding statutory obligation.]