

# **Submission**

**From the Securities Industry  
Association  
In New Zealand**

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

**20 November 2015**

The Securities Industry Association is an unincorporated body established to represent the New Zealand Sharebroking Industry and provides a forum for discussing important industry issues and developments, managing industry change, and to represent the broking industry in respect of legislative management, operational and regulatory issues that impact the industry as a whole.

The Securities Industry Association members employ circa 400 Authorised Financial Advisers and deal with a combined 300,000 New Zealand retail investors with total investment assets exceeding \$60 billion. They also deal with virtually all global institutions with the ability to invest in New Zealand.

## **SUBMISSION**

Thank you for the opportunity provided to complete a submission on the AFA Code Committee consultation paper reviewing the Code of Professional Conduct for Authorised Financial Advisers, released during October 2015.

The SIA agrees with the views expressed by the Committee and supports change, as and where proposed by the Committee.

We expand our comments solely in relation to Code Standard 8, covering accessibility of advice and suitability relief.

As expressed in our submission on the current Ministry issues paper reviewing the Financial Advisers Act, we believe that accessibility to advice is being adversely impacted by the FMA interpretation of Code Standard 8, with the FMA interpretation being outlined in the FMA guidance note issued on providing limited personalised advice. We believe that this FMA guidance has made financial advisers reluctant to rely upon the relief clearly intended by Code Standard 8(b).

One possible solution is for the FMA to withdraw the guidance note to be replaced by new guidance that better reflects the relief intended by the Code Committee, with the result that financial advisers clearly demonstrate by their actions that they are then prepared to rely upon the relief intended by the Code Committee.

In the event that the FMA continues to believe that its limited personalised advice guidance note appropriately reflects the standards outlined in this part of the Code and declines to withdraw or amend the guidance note, the opportunity exists for the Code Committee to consider amending the wording in the Code to make the intended relief more explicit.