

CODE COMMITTEE'S RESPONSE TO FEEDBACK RECEIVED ON THE FINAL EXPOSURE DRAFT OF THE CODE OF PROFESSIONAL CONDUCT FOR AUTHORISED FINANCIAL ADVISERS RELEASED ON 24 MARCH 2016

JUNE 2016

The table in this paper summarises the submissions made on the final exposure draft of the Code of Professional Conduct for Authorised Financial Advisers (Code) released by the Code Committee (Committee) on 24 March 2016, and the Committee's consideration of those submissions prior to recommending the final set of changes to the Financial Markets Authority (FMA) on 10 May 2016.

13 formal submissions were received in response to the final exposure draft of the Code, as well as a range of informal feedback. In addition, a qualification mapping exercise was commissioned to compare the scope of the learning outcomes of the qualification recommended as the new default minimum standard (New Zealand Certificate in Financial Services (Level 5), with specialist strands in financial advice and investments) against relevant diploma and degree level qualifications currently offered by Massey University and the Ara Institute (formerly the Christchurch Polytechnic Institute of Technology).

In determining its response to feedback received through the consultation process, the Committee noted the widespread support shown for limiting prescribed requirements. The Options Paper released by the Ministry of Business, Innovation & Employment in November 2015 as part of its review of the Financial Advisers Act 2008 (referred to in the table as the 'Options Paper') also influenced the Committee's thinking.

When recommending to the FMA the final set of changes to the Code in light of the above, the Committee was mindful of the need to ensure that any updated Code needed to continue to support the overarching purpose of the Financial Advisers Act 2008 (FAA):

- Promote the sound and efficient delivery of financial adviser and broking services; and
- Encourage public confidence in the professionalism and integrity of financial advisers and brokers.

A summary of the complete set of changes recommended by the Committee is appended to this table.

Under the FAA, the FMA has 90 days to approve the revised Code from the date of receiving the draft from the Committee. The FMA is obliged to approve the revised Code if:

- satisfied that a majority of the Committee has approved the revised Code; and
- the Committee has complied with its consultation obligations under the Act; and
- the revised Code is consistent with the FAA.

The Committee satisfied itself as to the above criteria before recommending the revised Code to the FMA on 10 May. Once approved, the FMA must then forward the revised Code to the Minister for the Minister's approval. The Minister then has 90 days to approve the revised Code. The Minister must approve the revised Code unless he considers that it is not consistent with the FAA.

CODE OF PROFESSIONAL CONDUCT FOR AUTHORISED FINANCIAL ADVISERS

This Table summarises issues identified in submissions received on the Consultation Paper and draft changes to the Code released by the Committee on 28 October 2015, and the Committee’s responses to those issues.

Issue raised	Response
Background and Introduction	
<p>No new issues were raised in relation to the background and introductory sections of the Code.</p>	
Ethical Behaviour Standards	
Code Standards 1 – 5	
<p>No new issues were raised in relation to the Ethical Behaviour Standards of the Code. The changes to Code Standard 3 (Using the term “Independent”), as originally proposed in the initial consultation round in October 2015, were adopted in the final recommendation to FMA.</p>	

Issue raised	Response
Client Care Standards	
Code Standard 6 – Behaving professionally	
<p>No new issues were raised in relation to Code Standard 6, despite the Committee’s invitation for comments on the requirement to have a reasonable basis for recommendations made.</p>	
Code Standard 7 – Ensuring retail clients can make informed decisions about using an AFA	
<p>A concern was raised about the use of the word ‘scope’ in Code Standard 7, given the new emphasis the Committee proposed placing on scope of service in the new Code Standard 8. The FAA also refers to the scope of a person’s authorisation, meaning its use in the Code may cause confusion.</p> <p>No other issues were raised in relation to Code Standard 7.</p>	<p>The term ‘scope’ has been replaced with ‘range’, and the previous reference to ‘scope’ when referring to limits on an AFA’s authorisation has been removed. A similar adjustment was flowed through to Code Standard 1, where the previous reference to ‘scope of the AFA’s services’ has been replaced with ‘range of the AFA’s services’. The Committee agreed that these terminology changes were important to avoid confusion with the more extensive use of the concept ‘scope of the personalised service provided’ term introduced under the new Code Standard 8.</p>
Code Standard 8 – Agreeing the nature and scope of service	
<p>There was overwhelming support from submitters for the proposed restructuring of the Code to separate out the existing Code Standard 8 (Suitability of personalised services for retail clients) into two separate Code Standards by the insertion of a new Code Standard to address the obligations an AFA must observe when determining the scope of service provided to a retail client.</p>	<p>The feedback received confirmed the Committee’s view that separating out the existing Code Standard as proposed would assist in removing some of the confusion and practical difficulties that had arisen in complying with a Code Standard that attempted to address two distinct concepts. The Committee resolved to adopt a new principle-based Code Standard 8 focused on the requirement for an AFA to agree the nature and scope of service with their retail clients, which logically slotted in between a Code Standard that sets out the principle of informed decision-making and a Code Standard that deals with suitability of advice.</p>
<p>A number of submitters noted that all advice was limited in scope to some extent. Among other things, this means that it is inappropriate to phrase an obligation as arising when there</p>	<p>The Committee agreed. The second paragraph of text under the Code Standard was re-ordered accordingly, so as to place an obligation on AFAs to ensure that their clients are</p>

Issue raised	Response
<p>are limitations, as this will always be the case.</p>	<p>aware of any limitations on the scope of the personalised services that has been agreed, and of any implications those limitations may have.</p>
<p>One submitter went further in proposing that, given ‘limitations’ is a relative as opposed to absolute concept and the scope of any service is what has been agreed as the scope, it is impractical and inappropriate to require an AFA to identify limitations and their implications, especially in the absence of defining a full scope.</p>	<p>The Committee acknowledged the conceptual challenge in identifying ‘limitations’ in the absence of a robust definition of a ‘full’ scope of service. However, attempting to add prescriptive definitions to these concepts risked moving the Code Standard away from the principle-based approach favoured by the majority of submitters. The Committee was also satisfied that in practice, given Code Standards 1, 6, and 7, AFAs would be able to address their obligations as stated in a pragmatic fashion. AFAs should feel confident in adopting a reasonable approach to this requirement, in light of their obligation to communicate clearly, concisely, and effectively. This means that AFAs are not required to speculate as to all possible limitations that might be included, as doing so would not be concise or effective. Rather the focus should be on ‘limitations’ that have an operative impact on their advice.</p> <p>The Committee did not favour deleting the additional requirements proposed altogether, as we felt that clearly articulating the implications any agreed scope of service may have in limiting the personalised services provided was an important consumer protection feature. This obligation counter-balances the ability of an AFA to agree the nature and scope of the service provided – as the professional with the industry knowledge of what an agreed scope of service may mean for the client, the AFA is the person best placed to alert the client to any constraints that scope may give rise to in practice.</p>
<p>Another submitter raised concerns that if a limitation was due to information withheld by a client, the AFA may not be aware of the limitations so would struggle to comply. The submitter wanted to see a requirement for all scopes of service to be as clear and simple as possible.</p>	<p>The concept of limitations in the new Code Standard 8 is not aimed at limitations that arise through a client’s decision (whether deliberate or otherwise) not to provide the AFA with full information. The new requirement is solely concerned with limitations on the scope of the service that has been agreed, with the opening paragraph already requiring the nature and scope of any personalised service to be clearly and effectively communicated.</p>

Issue raised	Response
<p>One submitter wanted to see an express power for an AFA to limit the scope of any personalised service provided, with an express requirement for the client to agree to those limitations. That submitter, along with two others, also wanted a requirement for the nature and scope of a personalised service to be agreed in writing.</p>	<p>The Committee did not agree that this was necessary. The nature and scope of the personalised services that an AFA is prepared to offer is a matter for the AFA to determine, and that includes any limitations on the scope of those services. Code Standard 1 and Code Standard 8, as proposed, make it very clear that having limitations on the services provided within an agreed scope of service is permitted and appropriate, without adding anything further. The key condition is that the client is able to make an informed decision when agreeing to the nature and scope of services offered.</p> <p>AFA's are required to inform clients in writing of the 'range' of services offered, in accordance with Code Standard 1. Given the wide array of financial adviser service scenarios Code Standard 8 must cater for, the Committee did not consider it was appropriate to insist on client agreements to the nature and scope of service provided to be in writing. The added certainty that would provide did not justify the potential reduction in access to services that might be caused as a consequence. Wherever practical, as a matter of good practice (and as best evidence of compliance) the Committee anticipates that scopes of service will be agreed in writing, with limitations also acknowledged in writing, but it was not considered appropriate to insist on this as a minimum standard of client care.</p>
<p>One submitter expressed concern that section 33 of the FAA prohibits an AFA from agreeing the nature of a financial adviser service provided. That submitter also expressed concern that the Code Standard might be seen as relieving the AFA from the need to enquire into the client's financial situation and goals.</p>	<p>The Committee was comfortable that the new Code Standard is appropriate in terms of section 33 of the FAA, and is consistent with the policy intent behind that section. AFA's must be free to decide on the services they are prepared to offer, so long as clients are able to make informed decisions when contracting those services. Code Standard 9 now deals with suitability. Code Standard 8 focuses on the nature and scope of services provided, which may well facilitate AFA's offering a 'limited enquiry' form of personalised service. Given the balance of the AFA's ethical behaviour and client care obligations under the Code, the Committee considered this approach was appropriate in minimising the extent to which the Code may otherwise impede access to the cost-effective provision of financial adviser services.</p>

Issue raised	Response
Code Standard 9 – Suitability of personalised services for retail clients	
<p>There was extensive positive support for the principle-based approach taken with the proposed rewrite of the Code Standard on suitability.</p>	<p>The feedback received reinforced the Committee’s view that prescriptive requirements should only be added to this Code Standard if absolutely necessary. The Committee was not convinced that any benefit gained from additional prescription sought by some submitters would outweigh the undermining of the principle-based approach that would result.</p>
<p>One submitter wanted to see the prescribed requirements of the old Code Standard 8 retained, including express relief for AFAs to determine suitability based on what is known to them (after due enquiry) and provisions dealing with directing or influencing a client to agree to limitations on the service provided. This was on the basis that the current Code Standard is helpful in guiding AFAs when they are relieved from suitability obligations, as well as providing consistency across the market.</p>	<p>The Committee disagreed. The separation of the existing Code Standard 8 into suitability Code Standard (now Code Standard 9) and a new ‘agreed nature and scope of service’ Code Standard 8 renders the proposed requirements inappropriate. The Committee agreed that the existing prescribed requirements of Code Standard 8 could be used as a form of safe harbour approach to complying with the new Code Standard 9, to an extent, but was not prepared to unduly restrict the Sector’s approach to compliance through excessive prescription. The new Code Standard 8 provides AFAs with clear power to determine the nature and scope of their services. This allows many of the concerns raised to be addressed in the AFA’s scope of service, without requiring further articulation at Code Standard 9. Regardless, as submitted by others, suitability within the confines of the relevant scope of service should be viewed as an absolute obligation, softened only by the AFA’s obligation being to take reasonable steps to ensure the service is suitable in light of that agreed scope.</p>
<p>One submitter wanted to see an express requirement to make reasonable enquiries to ensure the AFA has an up-to-date understanding of the client retained.</p>	<p>The Committee considered that this requirement was adequately addressed by the Code Standard requirement to take reasonable steps to ensure the personalised service is suitable.</p>
<p>Another submitter wanted to see explanatory notes added to clarify that the assessment of suitability only need extend to those aspects of the client’s situation and goals that are relevant to the AFA’s scope of service. The submitter also wanted explicit provision for the client to decline to provide information or instruct the AFA not to consider certain information as part of suitability.</p>	<p>The Committee did not consider the additional explanatory wording was warranted. The protections for AFAs that would be provided as a consequence are already inherent in the proposed Code Standards 8 and 9, with nothing further required.</p>

Issue raised	Response
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Client Care Code Standard 10 – Ensuring retail clients can make informed decisions about personalised services (previously Code Standard 9) and providing class services

No submissions were received suggesting that the current Code Standard 10 (Providing class services for retail clients) be retained.

The provision of class services is now addressed as an explanatory note to Code Standard 8, which outlines an AFA’s obligations in relation to agreeing the scope of a class service.

One submitter raised new submission points on the current wording of Code Standard 9, which now appears as Code Standard 10, wanting clarity added to explain what is required to reflect an unambiguous, active instruction or confirmation that an explanation not be in writing. That submitter also wanted explanatory notes added to require a 10 day maximum period for explanations to be provided.

With these points only being raised in the third and final round of consultation that expressly targeted the final changes proposed to Code Standard 8 and the Competence Alternatives Schedule, the Committee was reluctant to propose any change to this Code Standard unless a clear problem with the existing wording was identified. Regardless, the Committee did not agree that the further explanatory wording was required or appropriate, especially against a desire to reduce the level of prescription contained in the Code.

No other submission points were raised in relation to the wording of the existing Code Standard 9.

The Committee determined to retain the existing wording of Code Standard 9 (now Code Standard 10). The level of prescription in the Code Standard is now inconsistent with the approach adopted elsewhere, but that prescription has not been identified as causing the same degree of difficulty in practice as had been created by the current Code Standard 8, and in the absence of further submission points raised there was no case for change.

Client Care Code Standard 11-13

No new issues were raised in relation to the balance of the Client Care Code Standards.

Competence, Knowledge, and Skills Standards

Code Standard 14 – Overarching competence requirement

No issues were raised in relation to the core obligation for an AFA to have the competence, knowledge, and skills to provide any financial adviser service offered.

Issue raised	Response
Code Standard 15 – Requirement to have an adequate knowledge of Code, Act, and Laws	
<p>No new issues were raised in relation to the obligation for an AFA to have an adequate knowledge of legal obligations. The final wording proposed for Code Standard 15 makes it clear that the requirement to attain Unit 26360 is a standalone requirement, independent of the Competence Alternatives Schedule and the Financial Advice Strand. This requirement had been a source of confusion in some quarters.</p>	
Code Standard 16 – New Zealand Certificate in Financial Services (Level 5) (previously New Zealand Certificate in Financial Service (Level 5) requirement and alternative qualifications)	
<p>One submitter raised concerns over terminology in referring to Components of the New Zealand Certificate.</p>	<p>The Committee agreed. The explanatory notes to the Code Standard now just refer to ‘Core Component’ where previously reference had been inappropriately made to all Components.</p>
<p>Another submitter raised concerns that as rewritten, the Code Standard would disadvantage non-investment advisers who were not yet AFAs, given the absence of them being able to have the old Standard Set E recognised.</p>	<p>The issue raised by this submitter is recognised. The concept of a ‘specified qualification’ that might be recognised as an alternative now expressly includes the current National Certificate qualification, which will include those who have attained that through the old Standard Set E. However, in the context, the Committee was not prepared to go further in endeavouring to cover off individual papers on a granular basis in the absence of obtaining the actual qualification, noting that those affected have ample time to obtain that qualification.</p>
<p>A concern was raised with the proposal to conclude the transition period when the old National Certificate would be recognised on 1 January 2018. In particular, with many AFAs now coming up to renewal of their AFA status it was quite possible that some may allow their status to lapse for one reason or another (e.g. taking time out with childcare responsibilities). Given the changes to the regulatory environment and qualification requirements for financial advisers that are likely to fall out of the current review of the FAA, it was queried whether it was appropriate to potentially require those affected to need to undertake a new course of training to cover what may well be a very brief interim period.</p>	<p>The Committee has determined to recommend extending the sunset date to 31 December 2018. This is seen as the most appropriate date to ensure that those whose previous status as an AFA had lapsed would still be able to rely upon their old National Certificate if seeking to have their AFA status reinstated prior to 1 January 2019. The Committee considered this a pragmatic approach to take in light of pending changes to the regulatory environment, buying a little more time for affected AFAs and prospective AFAs to respond appropriately to any new requirements or changes in circumstances, as well as and any potential impediment to former AFAs renewing their status in the meantime.</p>

Issue raised	Response
<p>When the issue of the timing of the transition period was canvassed in earlier consultation rounds, there were submissions in favour of extending the transition period to coincide with the last date the old National Certificate could be obtained, as well as submissions wanting it brought forward. The particular concern raised above was not identified at the time.</p>	<p>The approach taken by the Committee is not intended to encourage prospective AFAs to delay transitioning to the new New Zealand Certificate, and/or commence a course of learning towards the old National Certificate instead of embarking on a course of study towards the New Zealand Certificate. Providers are unable to enrol anyone into a course of study towards the old National Certificate after 31 December 2016, which limits the future opportunity for educational arbitrage. The new New Zealand Certificate, with specialist strands in financial advice and investments, will become the default minimum standard for AFAs wishing to provide personalised services in relation to category 1 products, and is the new benchmark against which those AFAs should be judging their own levels of competence, knowledge, and skills.</p>
<p>The balance of the submissions either supported Code Standard 16 in its revised form, or made no comment.</p>	
<p>Continuing Professional Training Standards</p>	
<p>Code Standards 17 and 18</p>	

No new issues were raised in relation to the Continuing Professional Training Standards, other than the query raised in relation to the definition of CPD, discussed below.

Competence Alternatives Schedule

Earlier this year, the Christchurch Polytechnic Institute of Technology merged with Aoraki Polytechnic to become the Ara Institute of Canterbury. Apart from that, both Massey University and the Ara Institute confirmed the appropriateness of their course references in the Code.

References to CPIT have been updated to the Ara Institute of Canterbury.

All submissions received either supported the changes proposed for the Competence Alternatives Scheduled or made no comment in response to the changes proposed.

Given the absence of any concerns being raised, the Committee locked in the changes to the Alternative Schedule proposed in the final exposure draft of the Code.

Definitions Schedule

One submitter queried the emphasis placed on 'training' in the definition of CPD, as opposed to 'learning'. The submitter also sought recognition of article writing and delivering content at structured learning events.

The FAA requires the Code to prescribe minimum requirements for continuing professional training. The definition used in the Code reflects the statutory requirements. Given the FAA's focus on training, the Committee did not consider it would be appropriate to expand the concept of structured professional development to include self-generated learning, notwithstanding the scope for self-improvement that may entail.

Another submitter sought the inclusion of definitions for 'suitability', and suggested the Committee consider defining the concept of 'acting in client's best interest'.

The Committee disagreed. Regardless, as a new proposal made in response to the final, targeted round of consultation, it would not have been appropriate to expand the changes to the Code to introduce a new, substantive definition without inviting a further round of consultation. The Committee did not consider this to be warranted.

LIST OF SUBMITTERS

Submissions on the final Exposure Draft were received by the Committee by way of formal submission from the entities listed below. In addition, a range of feedback was received from a variety of industry participants through email correspondence and direct engagement. Mapping of proposed alternative qualifications against the learning outcomes of the New Zealand Certificate in Financial Services (Level 5) was also commissioned from The Skills Organisation.

ANZ	Massey University
Ara Institute (formerly known as Christchurch Polytechnic Institute of Technology)	Professional Advisers Association
ASB	Securities Industry Association
BNZ	SIFA Incorporated/Murray Weatherston
Craigs Investment Partners	The Skills Organisation
Forsyth Barr	Westpac
Institute of Financial Advisers	

CODE OF PROFESSIONAL CONDUCT FOR AUTHORISED FINANCIAL ADVISERS

Summary of proposed changes recommended by the Code Committee on 28 April 2016

C. Minimum standards of ethical behaviour

CS No.	Code Standard description	Recommended change	Aim
1	Placing client interests first and acting with integrity	Replacing the term 'scope' with 'range'.	Avoid confusion with the more extensive use of the concept 'scope of the personalised service provided' term introduced under the new CS 8.
3	Using the term 'independent'	<p>Adding wording to restrict the meaning of '<i>related person of the AFA</i>' and the contractual obligations falling within (b) to exclude discretionary investment management services.</p> <p>Adding wording under (c) to ensure that benefits received for the provision of a discretionary investment management service do not of themselves affect an AFA's ability to use the term '<i>independent</i>', unless benefits are received as a result of the financial products accessed through that service.</p>	Overcome the Financial Markets Conduct Act reform consequences of categorising discretionary investment management services as financial products, to ensure that providing a discretionary investment management service does not of itself preclude an AFA from being able to state or imply that they are independent, or that any financial adviser services provided are independent

D. Minimum standards of client care

CS No.	Code Standard description	Recommended change	Aim
7	Ensuring retail clients are able to make informed decisions about using an AFA	<p>Replacing the term 'scope' with 'range' and removing reference to 'scope' when referring to limits on the AFA's authorisation.</p> <p>NB. Sections 17(1A) and 20(1A) of the Financial Advisers Act 2008 ('FAA') refers to 'scope of the person's authorisation' when referring to services a person is permitted to provide. The Committee is satisfied that use of the concept 'scope of service' is not inconsistent with the FAA and is an appropriate and commonly used term within the financial advisory sector.</p>	Avoid confusion with the more extensive use of the concept 'scope of the personalised service provided' term introduced under new CS 8.
8	Suitability of personalised services for retail clients	<p>Changing the existing CS 8 to CS 9.</p> <p>Inserting new CS (8) to require that when providing a financial adviser service to a retail client, an AFA must agree with the client the nature and scope of the service to be provided with new explanatory notes to address specific aspects of compliance.</p> <p>NB. Section 33(2) of the FAA requires the nature of the client and the service to be taken into account in determining the degree of care, diligence, and skill an AFA must exercise. The Committee is satisfied that the Code's contemplation of AFAs agreeing the nature of the service they provide is not inconsistent with the Act.</p>	Separate out the requirement to determine the suitability of personalised services from the requirement for an agreed scope of engagement, to overcome the difficulties that the current combined approach has created for cautious compliers, and provide a more principle-based approach.
9	Explaining the basis of personalised services for retail clients	Changing the existing CS 9 to CS 10 and adopt same wordings as currently under CS 9.	
10	Providing class services for retail clients	Removing the existing CS 10.	Remove a redundancy, with the old Code Standard now addressed in the wording of the new Code Standard 8.

E. Minimum standards of competence, knowledge, and skills required to provide financial adviser services

CS No.	Code Standard description	Recommended change	Aim
15	Requirement to have an adequate knowledge of Code, Act, and laws	Replacing the old 'standard set' terminology with reference to Unit 26360 and separating out the two compliance elements.	Reflect new terminology used for the new qualification, and provide greater clarity.
16	National Certificate in Financial Services (Level 5) requirement and alternative qualifications	<p>Replacing reference to the National Certificate in Financial Services (Level 5), which is being phased out, with the New Zealand Certificate as the new minimum standard of competence, knowledge, and skills for an AFA.</p> <p>Adjusting the minimum standards required for particular types of financial adviser services contemplated under CS 16 to reflect the new terminology of the New Zealand Certificate.</p> <p>Inserting a transition provision to recognise the current National Certificate, if fully attained prior to the AFA seeking authorisation for the first time, and only for authorisations that come into effect before 1 January 2019.</p>	<p>Recognise the New Zealand Certificate (together with specialist financial advice strand and investment strand of that qualification) as the new default competence standard for AFAs, replacing the National Certificate in Financial Services (Financial Advice)(Level 5).</p> <p>Ensure that as far as practicable, the current methodology in the Code is replicated to align with the new qualification structure and terminology, and simplify the structure of the Code Standard.</p> <p>Ensure that aspiring AFAs part way through the National Certificate are not prejudiced through the change by allowing sufficient time for them to complete their qualification and have it recognised, as well as ensure that the transition mechanism is reasonably likely to carry the Code through to a point where the parameters of any new regime to be adopted as a consequence of the FAA review are clear.</p>

F. Minimum standards of continuing professional training

CS No.	Code Standard description	Recommended change	Aim
17	Professional development plan requirement	Expanding the requirement to contemplate ' <i>areas for improvement</i> ' as well as 'gaps'	Address concerns raised by AFAs that they might not (and technically should not) have any gaps in their competency level
18	Undertaking continuing professional training	Removing the prescriptive list of what constitutes ' <i>the records</i> ' contemplated by the Code Standard	Adopt a more principle-based approach

G. Competence alternative schedule

Recommended change	Notes/Reasons
Replacing reference to 'Unit Standard Sets' with relevant components of the New Zealand Certificate.	Replace redundant terminology.
Including recognition of the new Bachelor of Applied Management in Financial Planning (CPIT, now rebranded as Ara Institute of Canterbury) and Graduate Diploma in Personal Financial Planning (CPIT) as new alternatives to the New Zealand Certificate with specialist strands in financial advice and investments.	Recognise these new courses offered by Ara as alternatives for the Core Component and both the financial advice strand and investment strand.
Recognising the Graduate Diploma in Business Studies (Personal Financial Planning or Personal Risk Management) (Massey University), if attained after the FAA came into effect, as alternatives to the financial advice strand of the New Zealand Certificate.	<p>Encourage higher levels of learning and ensure applicants for AFA status are not disincentivised to pursue an academic pathway higher than the New Zealand Certificate.</p> <p>NB. The Committee commissioned The Skills Organisation to conduct a mapping exercise to assess the extent to which the learning outcomes of the two new qualifications offered by the Ara Institute of Canterbury and the previously recognised Massey Diplomas aligned with the learning outcomes of the financial advice strand. That exercise indicated the alignment was limited, especially in relation to the Massey Diplomas, with a far higher emphasis on vocational elements in the financial advice strand. The Committee was satisfied that the vocational component of the qualifications the Committee recommends recognising, when coupled with the greater depth of academic training, provided an appropriate minimum standard of competency, knowledge, and skills as a more academically focused pathway to AFA status when compared with the more vocationally focused pathway of the New Zealand Certificate.</p>
Removing recognition of Associate Financial Planners, Associate Life Underwriters, members of NZICA, and Registered Legal Executives, as alternatives to the core component of the New Zealand Certificate by virtue of their designation alone.	Remove recognition of inappropriate or redundant designations. Associate Financial Planners and Associate Life Underwriters designations are no longer granted. Other designations recommended for removal are either recognised under alternative qualifications or exempted under the FAA where acting in the ordinary course of their designation.
Recognising the National Certificate as an alternative to the New Zealand Certificate, and relevant units as alternative to the investment strand, for those seeking authorisation prior to 1 January 2019.	Provide a reasonable transition mechanism for those part way through the National Certificate.
Removing recognition of the old Waikato Postgraduate Diploma, and Massey Graduate Diplomas (if attained prior to 30 June 2011), as alternatives to the investment strand of the New Zealand Certificate (previously Set D of the National Certificate).	Avoid recognising old qualifications where the Committee did not have confidence that they could safely be relied upon as legitimate alternatives to the modern learning outcomes of the new financial advice and investment strands.

H. Definitions schedule

Recommended change	Notes/Reasons
Replace two part Definition Schedule with one	No longer necessary now that FMCA is in full effect
Remove previously recognised alternative designations	Remove redundancies
Insert definition of 'Component'	Streamline terminology to align with the new terminology of the New Zealand Certificate
Insert definition of 'Core Component'	Streamline terminology to align with the new terminology of the New Zealand Certificate
Insert definition of 'financial advice strand'	Incorporate terminology used in the new default qualification
Insert definition of 'investment strand'	Incorporate terminology used in the new default qualification
Insert definition of 'National Certificate in Financial Services (Financial Advice)(Level 5)'	Defined for clarity, recognising this qualification will become of historical relevance only in due course
Insert definition of 'New Zealand Certificate in Financial Services (Level 5)'	New default qualification
Insert definition of 'specified qualification'	Required to simplify one of the alternatives outlined in the body of Code Standard 16 for AFAs whose services are limited to category 2 products
Insert definition of 'specialist strand'	Incorporate terminology used in the new default qualification
Remove definition of 'Unit Standard Set'	Concept no longer use in the Code