

NAVIGATING REGULATION

FinancialServicesCouncil.
Growing and protecting the wealth of New Zealanders

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This is the fourth message from the Financial Services Council about future changes coming to financial advice regulation. *The FSC's goal is to highlight key things you need to know about the Financial Services Legislation Amendment Bill (FSLAB), its regulations and the Code of Conduct for Financial Advice.*

What can I do now?

We await details now from the Select Committee (about the Bill), MBIE (about disclosure), the Code Working Group (about the Code) and the FMA (about licensing).

There are things that you can do now to prepare. Over the next few months, you can:

1. Write key entity policy statements (see below)
2. Develop and review your processes (we'll expand on this in future messages)

Then once we know more, you can:

3. Assess your competency against the Code requirements
4. Understand your legal requirements
5. Apply for your transitional licence (or be engaged by an entity that does)
6. Comply with the full licence requirements.

This article outlines the first step.

Step 1 – Entity policy statements

Each financial adviser business is likely to need policies that govern the advisers and advice processes. These policies are high level and set the rules for the advice functions of the business. These would set out the following:

1. What advice services does your business offer?
2. What types of products does your business offer?
3. What types of clients do you have?
4. How is advice delivered?
5. How do you research products to determine recommendations?
6. How do you keep records of advice and interactions with clients?
7. Who is responsible for the different parts of the process (the entity or the adviser)?
8. What are the adviser requirements (recruitment, training, supervision, etc)?

In any case, writing a few pages to clearly outline what your business does and how it works will be a very valuable exercise. By starting now and allocating a little bit of time each week to this process, you'll be able to put this together over the next couple of months. It's worth looking at the current FMA guides to Adviser Business Statements for ideas ([QFE](#) and [AFA](#)).

Once these have been agreed within your business, your team can start on how these policies are put into practice.

Previous messages in this series

- Message 1, general information and timeline, is available [\[here\]](#).
- Message 2, submitting on the Code Working Group consultation document, is available [\[here\]](#).
- Message 3, MBIE's consultation paper about disclosure, is available [\[here\]](#).