

NAVIGATING REGULATION

Financial Services Council.
Growing and protecting the wealth of New Zealanders

2018



This is the fifth 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.*

More things you can 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).

In the last issue, we suggested you could write your key policy statements. In this issue, we outline the second step – “develop and review your processes”.

Once we know more about the Code, licensing and the final form of the Bill, you will be able to:

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

Step 2 – Develop and review your processes

Once you have written your entity policy statements, you can assess your current advice processes and system against your entity policies. The goal is to determine whether these processes and systems are suitable, or whether they need further development. As part of this exercise, you should consider:

- documenting your advice process steps and assessing whether they are suitable to deliver the advice services you promise to clients;
- whether there are new and better ways to provide your advice services in future

The key to this step is to document the processes and ensure that they evidence and support what your policies state. Also look for ways to include controls for the adviser and entity, to ensure good governance of the policies.

A key benefit of this step is that, once the processes are finalised, they become a blueprint for any systems you will employ to help you deliver advice and for other business processes. You have existing systems; this is a good opportunity to review your systems against those available in the market.

When we know more about the proposed licence and code requirements, you can assess these against your policies and procedures in the same way.

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 [\[here\]](#).
- Message 4, what can I do now (step 1, entity policy statements), is available [\[here\]](#).