



GET IN SHAPE

WEBINAR SERIES



New disclosure regulations: Practical implementation

David Greenslade, Strategi Group

Mark Banicevich, Partners Life

Date: 30 October 2020

Re-cap of Previous Session

- Privacy- Reviewing your obligations under the Privacy Act
- Theme: Outlined the key changes between the current and new Privacy Acts
- Available to watch again on [Financial Services Council NZ YouTube Channel](#), or on FSC [website](#).

Agenda

- A big leap for some businesses
- What is different
- Practical ways to implement disclosure
- Dos and don'ts
- Terminology
- Summary

A big leap for some businesses

- Financial Markets Conduct (Regulated Financial Advice Disclosure) Amendment Regulations 2020
- Commences 15 March 2021
- Applies to FAPs and financial advisers providing advice to retail clients
- No mandated disclosure documents- lots of flexibility

What is different?- 4 stages

4 stages of disclosure:

1. At all times eg website- FAP responsible
2. When nature/scope of financial advice is known- Adviser responsible
3. When financial advice is given- Adviser responsible
4. When there is a complaint- FAP or adviser receiving complaint responsible

Publicly available information

What to disclose:

- Licensing information
- Nature and scope of the advice
- Fees or expenses
- Conflicts of interest and incentives
- Complaints handling and disputes resolution
- Duties information
- Contact details

Practical ways to disclose

Website

Brochure

Video

App

Calculator

Separate disclosure doc

Verbal/recording

When nature and scope is known

What to disclose:

- Nature and scope of the advice
- Reliability history
- Identifying information
- Fees and expenses
- Conflicts of interest and incentives
- Availability of information

Practical ways to disclose

Email/text

Verbal/recording

App/calculator

Part of FFNA

Separate disclosure doc

Part of stage 1 or 3

Built into engagement letter

When giving the advice

What to disclose:

- Fees and expenses
- Conflicts of interest and incentives
- Complaints handling and disputes resolution
- Duties information
- Identifying information
- Availability of information

Practical ways to disclose

Email/text

Verbal/recording

Built into SOA, contract note, implementation doc

Separate disclosure doc

Part of stage 1 or 2

When a complaint is made

What to disclose:

- An overview of the complaints handling process
- Prescribed information about the financial advice provider's disputes resolution scheme

Tips: Have a process to prove you provided disclosure.
Embed into new advice process- don't overlay on top.

Dos and don'ts

Do	Don't
Make clear, concise and effective	Provide false or misleading or likely to mislead information
Give prominence	Omit any info required by regulations
If in writing, use format, font, and type size so easily readable	Make statements about future matters (unless have reasonable grounds to do so)
Provide in writing if recipient asks	Hide disclosure documentation amongst other information
Provide it free of charge	Make things too long or detailed or include products not advising on. (stage 2&3)
Consider purpose and relevancy	
Keep records of disclosure or logs to confirm disclosure was made	

Terminology

Incentive: Would include things like trips, expensive gifts, free or discounted support services

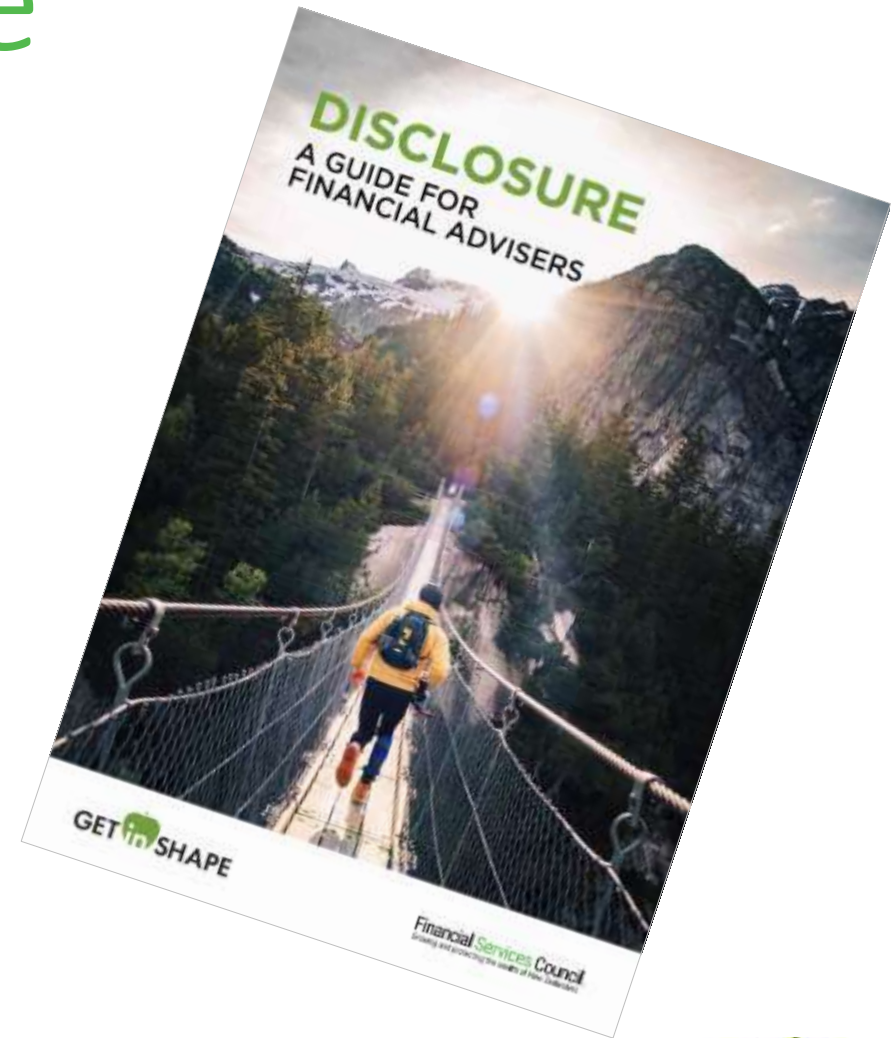
Commissions: Become more precise as you move through the stages. At stage 3, disclose actual \$ amount or final % of most likely narrow range.

Material: Info is material if a reasonable client would expect the info to, or to be likely to, influence their decision relating to the advice

Conflict: Can be real or perceived. Describe the conflict and how it is managed

FSC guidance note

- Launching next week
- A practical guide
- Provides examples
- Available from getinshape.nz



Summary

1. Lots of flexibility around how disclosure is made
2. Embed into your advice process- don't blindly use a variation of current disclosure statements.
3. Must be truthful and complete but still need to be clear, concise and effective
4. Cannot use until 15 March 2021

Next Steps

- Get used to fully disclosing remuneration, incentives and conflicts
- Double check your remuneration levels (especially risk commission levels)
- Build and have signed off in advance your new process
- Have ready to implement on 15 March 2021

Next Webinar

- Topic: Conflicts of interest
- What is a conflict of interest, and how do we manage and disclose them
- 13 November 2020
- Registration details will be sent via FSC emails. Contact fsc@fsc.org.nz to subscribe