



This is the thirteenth 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 Act (FSLAA), its regulations and the Code of Conduct for Financial Advice. For more information, visit navigatingregulation.co.nz*

Conduct of Financial Institutions Options Paper

MBIE is consulting on an Options Paper for regulating the conduct of financial institutions.

The Options Paper considers a range of issues, including “Problems at the product design stage” (pages 19-22).

Options to improve product distribution are on pages 40-46 and include:

1. A duty (on financial institutions) to design remuneration and incentives in a manner that is likely to promote good customer outcomes;
2. Ban target-based remuneration and incentives, including soft commissions (applies to both in-house and to intermediaries);
3. Prohibit all in-house remuneration and incentive structures linked to sales measures;
4. Impose parameters around the structure of commissions (i.e. commissions paid to intermediaries); and
5. A duty on manufacturers to take reasonable steps to ensure the sales of its products are likely to lead to good customer outcomes.

What next?

If you want to submit your views to MBIE, you must do so by 7 June 2019. There is an [online form](#) for submissions and you do not have to answer all questions in the Options Paper.

Further details

For more information see the options paper on the [MBIE website](#).

Please feel free to email any questions about the Code, FSLAA or this message to fsc@fsc.org.nz.

The FSC Navigating Regulation Hub is [available here](#) where you can find up to date information about FSLAA, including video from the recent Navigating Regulation Advice Summits.