



GET SHAPE

ADVICE SUMMIT 2021

GET in SHAPE

ADVICE SUMMIT 2021

MASTERCLASS WORKBOOK

INTRODUCTION

Get In Shape Advice Summits 2021: Licensing, Disclosure and Advice Masterclass Workbook

Focussing on competence, disclosure and business continuity planning, the masterclass will provide practical examples, compliance tips and will reiterate what it really means to run an adviser business.

This workbook is a companion to the session.

Thank you to our facilitators and legal experts for their contributions.

**THANK YOU to our
Masterclass Partner**



ADDITIONAL RESOURCES FOR THE PROFESSIONAL ADVICE COMMUNITY:

The Professional Advice Knowledge Hub is available via www.fsc.org.nz and is home to:

Navigating Regulation: The detailed changes and updates to the FSLAA legislation, transitional licensing and timetable.

Disclosure Guide: A new *Disclosure Guide For Financial Advisers* providing practical help to support advisers develop new disclosure documents.

Get in Shape Webinar Series: a series of webinars with our experts, recorded and available on our YouTube channel, covering topics including governance, risk management, privacy, and much more.

www.getinshape.nz: Our Advice Summit and Webinar Series designed to support the community through the FSLAA changes.

SPEAKERS

Facilitators:



STEVE BURGESS
Director
Compliance Refinery



DAVID GREENSLADE
Executive Director
Strategi



MARK BANICEVICH
Head of Industry
Engagement
Partners Life Limited



KARTY MAYNE
Compliance Consultant
& Director
Rosewell Consulting

Legal Experts:



TRACEY CROSS
Partner
DLA Piper



JEREMY MUIR
Partner
MinterEllisonRuddWatts



DAVID IRELAND
Partner
Dentons Kensington Swan



TIM WILLIAMS
Partner
Chapman Tripp



PENNY SHEERIN
Partner
Chapman Tripp



NICK SUMMERFIELD
Partner
Anthony Harper

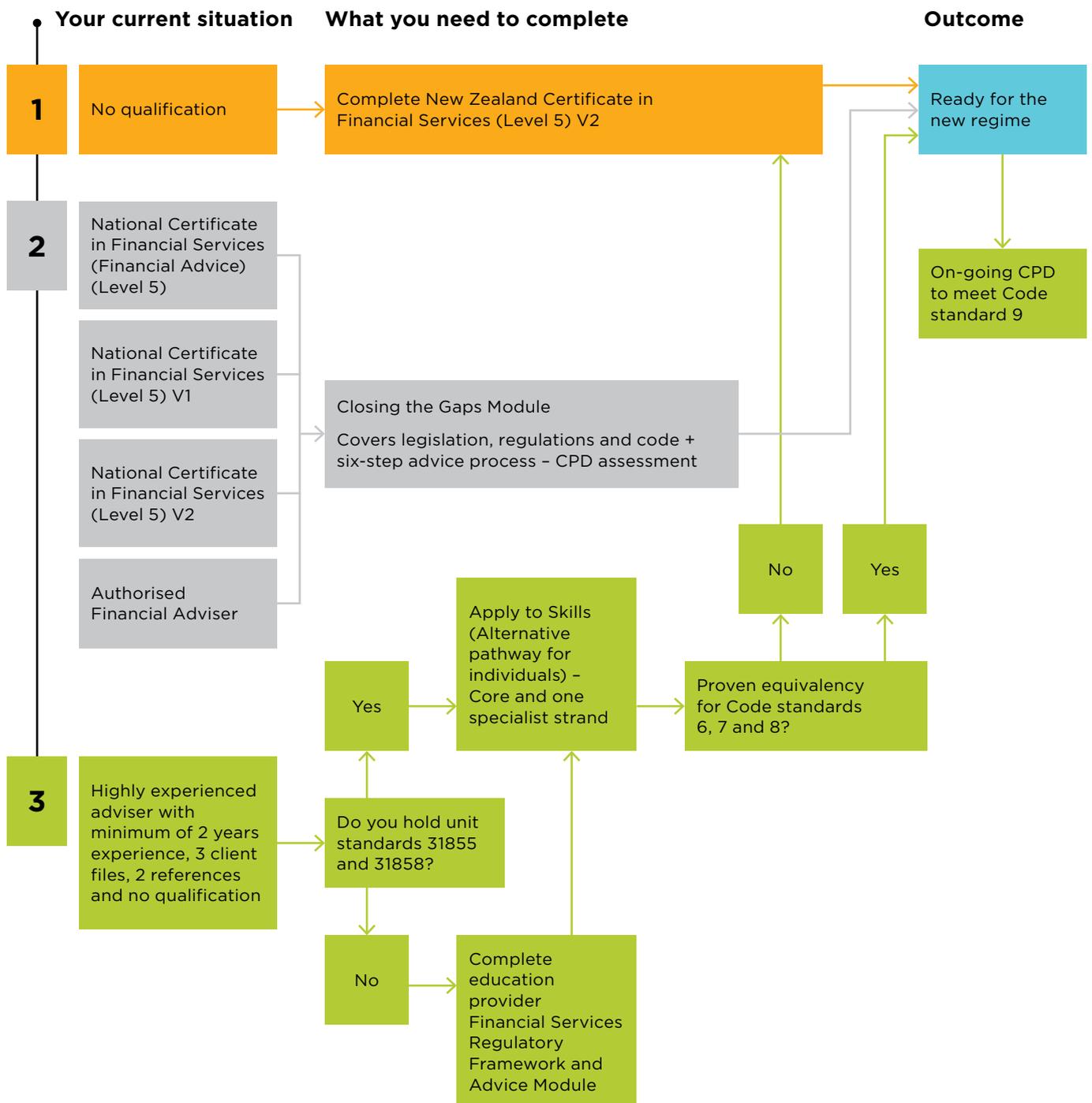


KATIE DOW
Special Counsel
Bell Gully

WORKSHOP PART 1

Competence, knowledge, and skill

WHAT DOES IT MEAN IN THE NEW REGIME?



Exercise 1: What do you need to do?

Assess what pathway you need to follow to prove competence, knowledge, and skill to give advice on the products you are advising on prior to 15 March and what additional study would I need to do if I wanted to advise on other product types.

PROCESS

Identify current situation. If have an existing level 5 qualification, then which one? What additional study would I need to do to prove competence, knowledge, and skill with the legislation, regulation, and code applicable on 15 March 2021?

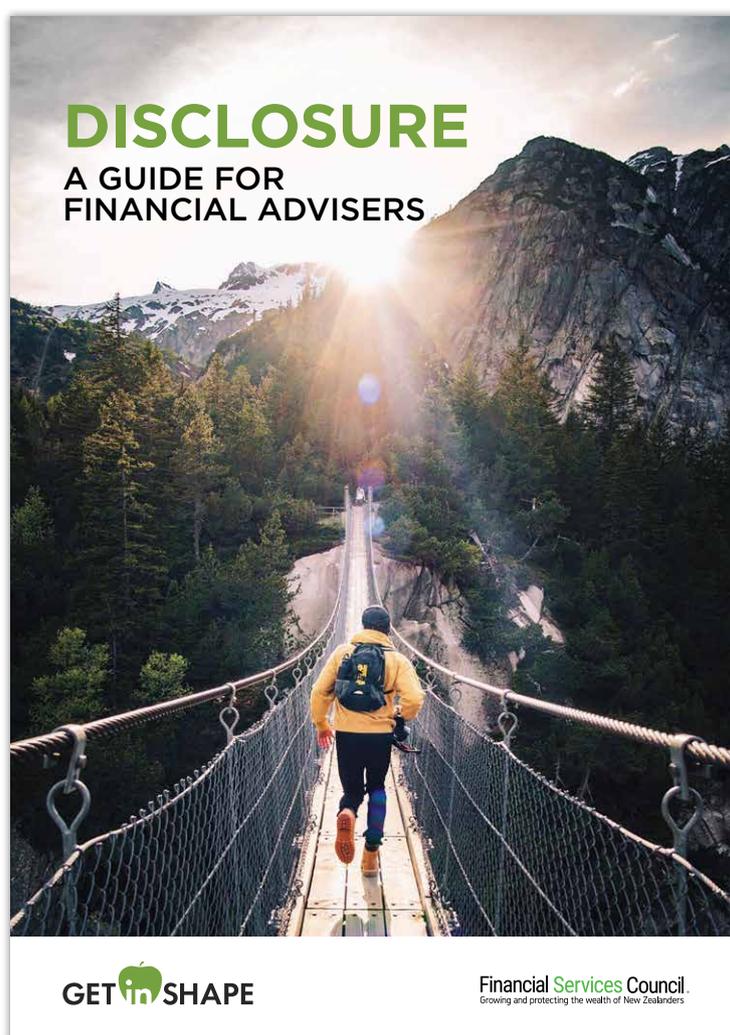
If have no level 5 qualification, then do I want to take the lower cost simpler route and do the New Zealand Certificate in Financial Services (Level 5) V2, or try the more expensive 'recognition of prior learning and experience' route?

If you belong to an organisation that has built or will build the 'equivalent to level 5' then do I understand the pros and cons. List what you believe the pros and cons are.

WORKSHOP PART 2

Disclosure

The FSC **Disclosure Guide** is available at www.advice.fsc.org.nz



Exercise 2: How to address conflicts of interest and incentives when the scope has been set

You can reference the guide on:
Financial Services Council – Disclosure Guide 2021.pdf
(fsc.org.nz). Page 17

On the pad on your table write down how you would approach disclosing COI and Incentives for your typical advice scenario at the Scope of Service stage.

A description of any material conflicts of interests and any material commissions or other incentives that will or may be received, including the amount or value of these, who is involved, and a brief explanation of how any conflicts will be managed.

Commission may be disclosed as either dollars or as a percentage.

EXAMPLES WOULD INCLUDE:

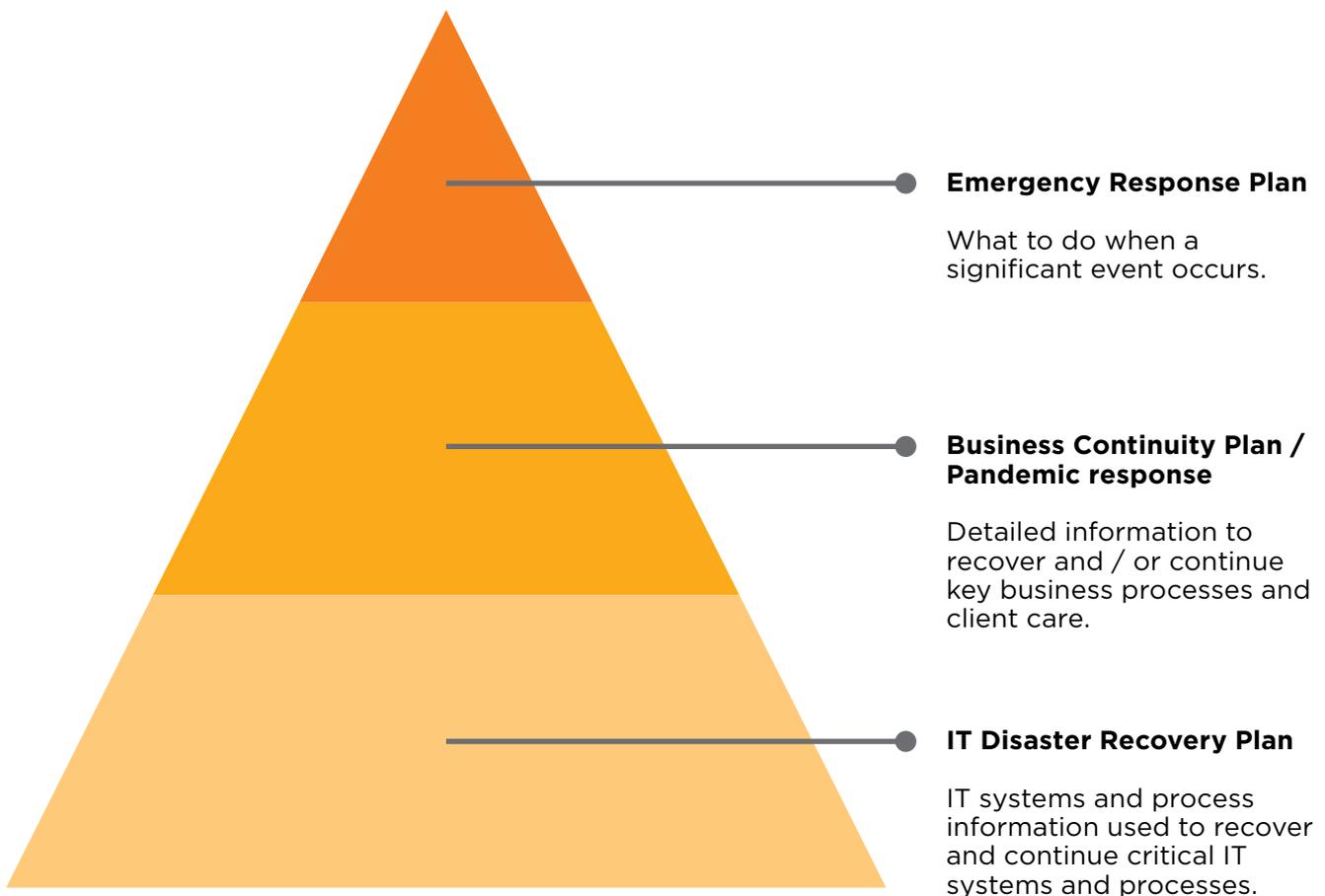
- Fees
- Commissions
- Soft dollar arrangements / travel / trips
- Dealer group / Aggregator arrangements
- Referral Arrangements
- Bonus / Incentives

TEXT EXAMPLE

I receive commissions from the relevant insurance company if you take out insurance following my advice. The commissions are between 180% and 200% of the first year's premiums of your policy – the amount depends on which insurance company and which insurance policy you choose. I also receive a commission of between 5% and 10% of the premium for each year the policy remains in force. In addition, Kowhai Advice receives commission of between 15% and 30% of the first year's premiums of your policy, depending upon which insurance company and which policy you choose. To ensure that I prioritise your interests above my own, I follow an advice process that ensures my recommendations are made on the basis of your individual goals and circumstances. I complete annual training about how to manage conflicts of interest. We undertake a compliance audit, and a review of our compliance programme annually by a reputable compliance adviser.

WORKSHOP PART 3

Business Continuity Plans (BCP)



Scenario 1: Emergency response to an earthquake

You are visiting a client in the high rise Vero Building in Auckland when a major earthquake occurs. The civil defence siren goes off.

WHAT IMMEDIATE ACTIONS DO YOU TAKE?

WHAT CLIENT CARE STRATEGIES DO YOU INITIATE?

WHAT CHECKS DO YOU MAKE ON YOUR BUSINESS PREMISES BEFORE RESUMING WORK FROM THERE?

Scenario 2: Business continuity - locum adviser

You are a sole trader. While on holiday you contracted Covid-19. You are currently in hospital and have been told that you will be out of action for at least 2 weeks.

You have fifteen minutes to put your BCP in action before they plan to put you in a coma and on a respirator in intensive care.

You need to activate your locum adviser.

WHAT IMMEDIATE ACTIONS DO YOU TAKE?

WHAT CLIENT CARE STRATEGIES DO YOU INITIATE?

WHAT OTHER BUSINESS CONTINUITY STRATEGIES WOULD YOU ACTIVATE?

Scenario 3: Disaster recovery - Malware being spread via email link

A malware campaign is being spread through attachments or links in emails is currently affecting New Zealanders. Your admin has opened a link in the email, and the malware has gained access to their email account and can send emails out to their contact list to keep spreading the malware.

Once a computer has been infected with this malware it can result in significant financial loss, or data loss through ransomware infections.

WHAT IMMEDIATE ACTIONS DO YOU TAKE?

WHAT INSTRUCTIONS DO YOU GIVE TO STAFF?

HOW DO YOU RECOVER YOUR UNINFECTED CLIENT INFORMATION FROM YOUR BACK UP SYSTEM?

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