

SNAPSHOT



CODE TO CREATE CONFIDENCE

In May, New Zealand’s Commerce and Consumer Affairs Minister, Kris Faafoi, approved a new Code of Professional Conduct for Financial Advice Services, which will come into effect next year.

The new Code is intended to promote “the confident and informed participation of businesses, investors, and consumers in the financial markets”, while also aiming to avoid “unnecessary compliance costs” and ensure that quality financial advice is available to more New Zealanders.

In summary, the new Code comprises two sections. The first focuses on the ethical behaviour, conduct and client-care requirements for persons giving financial advice to retail clients, while the second focuses on their competence, knowledge and skill.

In particular, the new Code requires those giving financial advice to retail clients to:

1. treat clients fairly;
2. act with integrity;
3. give financial advice that is suitable;
4. ensure that the client understands the financial advice;
5. protect client information;
6. have general competence, knowledge, and skill;
7. have particular competence, knowledge, and skill for designing an investment plan;
8. have particular competence, knowledge, and skill for product advice; and
9. keep competence, knowledge, and skill up-to-date.

Among other changes, the new Code also recognises that more New Zealanders are seeking advice online, with the Government seeking to ensure appropriate protections are in place for consumers who do so. Under the new regime, anyone providing financial advice to retail clients requires a licence granted by the Financial Markets Authority.

Forsyth Barr is pleased that the Minister's approval ensures the implementation of a robust framework which will provide increased confidence to investors seeking advice. In practical terms, all Forsyth Barr Investment Advisers will be required to act in accordance with the requirements of the new Code, under the direct supervision of Forsyth Barr. Clients can be confident that their Forsyth Barr Investment Adviser will meet the knowledge, competence and skill requirements envisaged by the new Code.

Looking ahead, it is hoped that the new Code will make it easier for all New Zealanders to access and receive professional financial advice, which in turn will grow their confidence when investing in financial markets, both locally and globally. As Minister Faafoi said when approving the new Code, "having access to good quality financial advice makes a big difference in people's lives". This sentiment is also at the heart of Forsyth Barr's investment advisory services.



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