

FMC Act compliance obligations summary for Financial Advice Providers and Financial Advisers.

For all who give financial advice.

- Meet competence, knowledge and skill standards.
- Ensure client understands the nature and scope of advice.
- Give priority to client's interests when there's a conflict.
- Exercise care, diligence and skill when giving advice.
- Not recommend products offered under a regulated offer that contravenes the Financial Markets Conduct Act (FMC Act).
- Disclose prescribed information.
- Not make false or misleading statements and omissions in disclosure information.

Additional duties for Financial Advice Provider (FAP) licensees.

- Take all reasonable steps to ensure individuals engaged comply with the above duties.
- Have processes and controls that limit the advice given by nominated representatives.
- Don't give incentives to nominated representatives that may encourage them to breach their duties.

Source:
<https://www.mbie.govt.nz/assets/liability-in-the-new-financial-advice-regime.pdf>

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Standard Conditions of Licensing.

Transitional FAP licence.

1. Record keeping.
2. Internal complaints process.

And any specific conditions imposed by the regulator.

Source:

<https://www.fma.govt.nz/assets/Compliance/Standard-conditions-for-Transitional-FAP-licences.pdf>

Full FAP licence.

1. Record keeping.
2. Internal complaints process.
3. Regulatory returns.
4. Outsourcing.
5. Business continuity and technology systems.
6. Ongoing requirements.
7. Notification of material changes.

And any specific conditions imposed by the regulator.

Source:

<https://www.fma.govt.nz/assets/Consultations/Standard-Conditions-for-full-FAP-licences.pdf>

Code of Professional Conduct for Financial Advice Services.

Ethical behaviour, conduct and client care.

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.

Competence, knowledge and skill.

1. Have general competence, knowledge and skill.
2. Have particular competence, knowledge and skill for designing an investment plan.
3. Have particular competence, knowledge and skill for product advice.
4. Keep competence, knowledge and skill up to date.

Source:

<https://www.mbie.govt.nz/assets/a96d1b4800/code-of-professional-conduct-for-financial-advice-services.pdf>

Disclosure.

Websites must always have certain information publicly available.

Timings for further disclosure.

1. When the nature and scope of services is known.
2. When making a recommendation.
3. If a complaint is not resolved within 2 business days of receiving the complaint.

To see what needs to be disclosed [click here](#).

Source:

<https://www.mbie.govt.nz/business-and-employment/business/financial-markets-regulation/regulation-of-financial-advice/regulations-to-support-the-financial-services-legislation-amendment-act/disclosure-requirements/>