

Agenda

- Objectives of the disclosure regulations
- Structure of the regulations
- What needs to be disclosed when
- Feedback from submissions and changes made
- Worked example



Objectives of the disclosure regulations

1. Provide consumers with the right information at the **right time**.
2. Provide information that is **accessible** for consumers.
3. Provide consumers with **effective disclosure**, regardless of how they choose to access advice.
4. **Avoid undue compliance costs.**



Design of the disclosure requirements

- Regulations set out:
 - **what** is required to be disclosed; and
 - **when** disclosure must occur.
- Moving away from prescribed disclosure approach enables:
 - flexibility; and
 - consumers to receive information as it becomes relevant.



When is disclosure required?

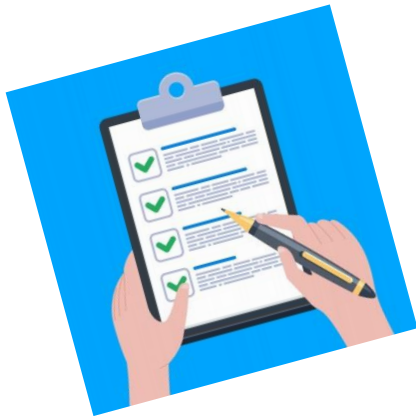


1. Publicly available on provider's website (if the provider has one) or on request - to help with choosing a financial advice provider

2. When the nature and scope of advice is known - to help a client decide whether to seek, obtain or act on advice from a particular provider or individual



3. When the advice is given - to help a client decide whether to act on the advice



If a complaint is received – to inform clients of their ability to access redress



What needs to be disclosed

	Publicly available	When nature and scope of advice is known	When advice given
Licensing information	✓		
Limitations on nature and scope of advice	✓ Types of products advised on, providers whose products are advised on, other material limitations	✓ Types of products to be advised on, providers whose products will be advised on, other material limitations	
Fees	✓ When fees may be payable (if applicable)	✓ When fees may be payable and the amount (if known) or how calculated, terms of payment (if applicable)	✓ When fees may be payable and the amount (if known) or how calculated, terms of payment (if applicable) State if other fees may be payable in relation to acting on the advice
Commissions and other incentives	✓ When commissions or incentives may be given and how conflict managed (if applicable)	✓ When commissions or incentives may be given, amounts, and how conflict managed (if applicable)	✓ When commissions or incentives may be given, amounts, and how conflict managed (if applicable)
Other conflicts of interest	✓ Nature of any conflict and how conflict managed (if applicable)	✓ Nature of any conflict and how conflict managed (if applicable)	✓ Nature of any conflict and how conflict managed (if applicable)
Reliability (eg disciplinary) history		✓	
Complaints process / external dispute resolution scheme	✓		✓
Conduct and client care obligations	✓		✓
Identifying information		✓ Financial advisers to identify self, that is financial adviser, and giving advice on behalf of provider	

Form and manner of disclosure

- Disclosure not required if client has current information
- If not in writing, must tell client information available in writing on request
- Must be clear, concise, effective and prominent
- If in writing, must be easily readable



Key changes from exposure draft

- Flexibility around timing of disclosure
- Record-keeping provision removed – but note FMA's record-keeping licence condition
- Added a materiality threshold to various disclosures
- Disclosure of complaint information only required if complaint remains unresolved after 2 business days
- Removed 12 month limit for relying on previous disclosures



Example

- Publicly available information
- When the nature and scope is known
- When the advice is given

