



**Proposed Constitution**

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- Consultation
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- High level overview of Rules documents

For Member  
consideration

## Proposed Constitution

At the AGM in November, Members will be voting on a Resolution to rescind the existing Constitution and replace it with the proposed Constitution and its associated Rules.

# Why change, Why now?

- Maturity - after 3 years, we know who we are
- The environment has changed
- The current Constitution is holding us back
- Not fit for purpose going forward
- To ensure we can adapt

# Overview of approach

- Principle based (simplify)
- Plain language
- Modernise the language
- Ensure relevance in the new regime
- Prepare for future changes

# Consultation



# Purpose

## **Financial Advice NZ is your professional body**

Financial Advice NZ's purpose is to be the professional body for the financial advice sector, supporting New Zealanders to achieve choice in their financial matters, and financial security.

# Objectives

## Objectives :

Acknowledging its purpose and the importance and value of financial advice to all New Zealanders, the objective of Financial Advice NZ is to provide a professional organisation for those in the financial advice sector, with a particular emphasis on Financial Advisers.

Financial Advice NZ focuses on three key areas:

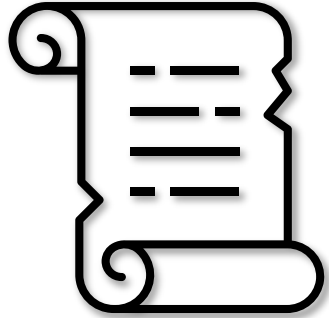
**Standards** – enhancing its Members' professionalism;

**Advocacy** – providing sector leadership to represent the interests of Members, and consumers, to all stakeholders; and

**Promotion** – building public awareness of the value of financial advice generally, and of the benefits of seeking financial advice from a Member in particular.



# Context – Constitution vs Rules (Bylaws)

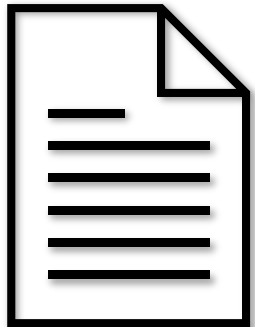


## Constitution

Core information about why Financial Advice NZ exists, how people become members, how people cease to be members, appointment of the Board, powers of the Board, requirements for AGM etc.

## Who can change it?

Can only be changed by a 2/3 majority vote at an AGM or Special General Meeting.

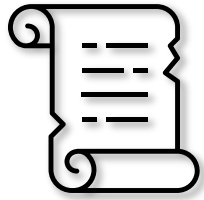


## Bylaws, Code of Ethics, Practice Standards etc

Everything else is included in the Rules.

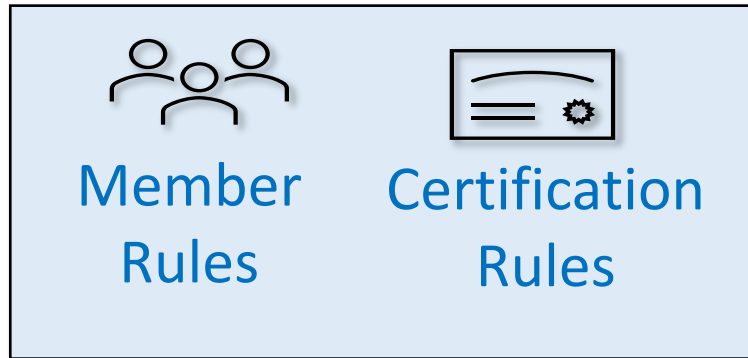
Can be changed by the Board as it deems necessary – with consultation if material.

# Context – Constitution vs Rules (Bylaws)



Constitution

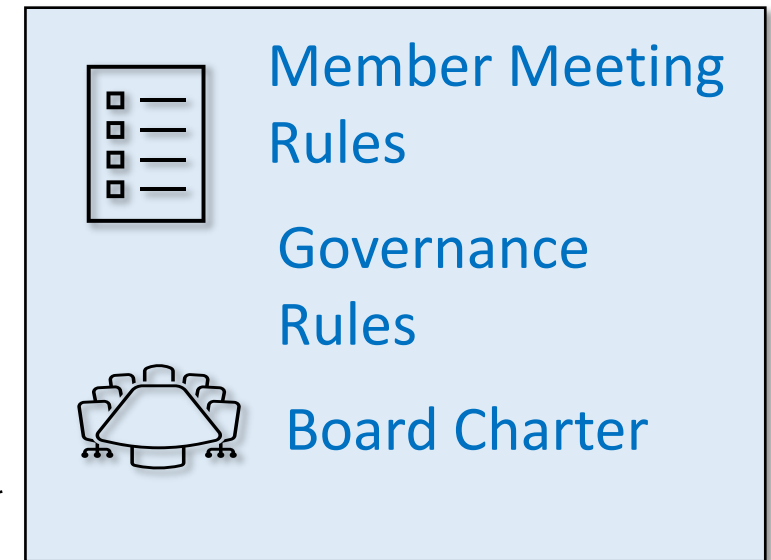
## Member Rules



## Professional Rules



## Governance Rules



Breaches



# Key Changes

- Membership
- The Board
  - Member Directors
  - Independent Directors
- Decision by Members

# Membership

## Five types of members

Member Type	Description
<b>Adviser Members *</b>	Financial Advisers and Nominated Representatives.
<b>FAP Members*</b>	FAP Licensees or Authorised Bodies (whether an individual or a firm).
<b>Associate Members</b>	Any individual who is part of the broader financial services community, but who is not and is not eligible to be an Adviser Member or FAP Member.
<b>Life Member *</b>	Any individual who has been awarded Life Membership by the Board.
<b>Retired Member</b>	An individual who was an Adviser Member or FAP Member immediately prior to retiring.

\* Voting Members. (FAPs have one vote, regardless of their size)

# Membership

## FAPs & Authorised Bodies as Members

### Criteria

Provide evidence they are a FAP or Authorised Body

Have good **references from Adviser Members.**

Agree to **endorse and encourage Membership of Financial Advice NZ** by associated Authorised Bodies, Financial Advisers and Nominated Representatives;

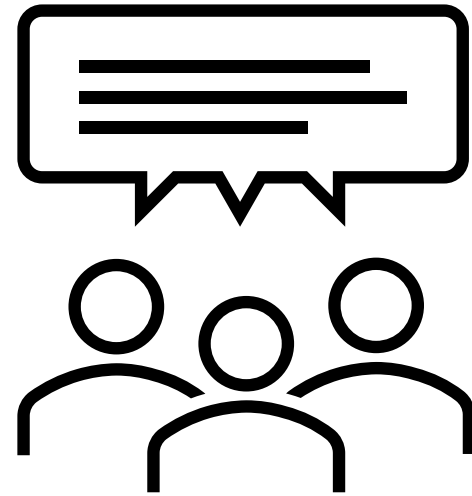
Have a **satisfactory ethical record** and no unresolved complaints lodged with either Financial Advice NZ or other relevant external body for itself;

Agree to **comply with the Code of Ethics, Code of Conduct and Practice Standards** as they relate to FAPs; and

If not an individual, **nominate a Member Representative** to be its representative for purposes of its Membership. A Member Representative must be an individual who is a Member.

# Questions

## Questions on Membership changes?



# Board

## Board Structure

Current Constitution	Proposed Constitution
Up to 4 Practitioner Directors, one for each area of investment, risk, lending and financial planning.	Up to the same number of Member Directors as there are Advice Areas.
Up to 4 Independent Directors.	Up to the same number of independent Directors as Member Directors.
No Minimum number of Directors.	Minimum of 3 Member Directors and 2 Independent Directors.
Maximum of 8 Directors.	Maximum of 8 Directors without the approval of Members at a Member Meeting.

# Board

## Member Directors

Current Constitution	Proposed Constitution
<p><b>Up to 4 Practitioner Directors.</b></p> <p>One Practitioner Director represents each of the following areas: investment, risk, lending and financial planning.</p>	<p><b>Up to the same number of Member Directors as there are Advice Areas.</b></p> <p>At least one Member Director must have substantive experience in each Advice Area.</p>
<p>Elected by Members.</p>	
<p>A Member can be elected across two areas.</p>	
<p>One Practitioner Director must be a CFP<sup>CM</sup> professional.</p>	



# Board

## Independent Directors

Current Constitution	Proposed Constitution
Up to 4 Independent Directors.	Up to the same number of Independent Directors as there are Member Directors.
Recommended by the Board for Member approval at AGM.	Appointed by the Board in April and advised to Members.
One independent Director must be nominated by the Board to have a consumer focus.	
Chair must be an Independent Director	

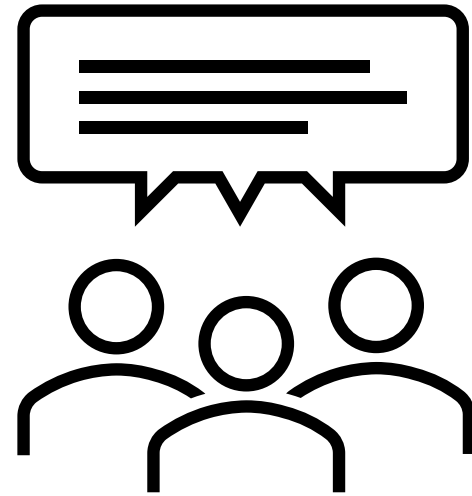
# Board

## Boardroom Changes

Current Constitution	Proposed Constitution
<b>Chair</b> has a casting vote.	<b>Chair</b> does not have a casting vote. The
<b>Chair</b> is selected by the Board after each AGM.	<b>Chair</b> is elected for a term as determined by the Board.
<b>Board Quorum</b> – At least half all directors.	<b>Board Quorum</b> – At least half the Member Directors and at least half the Independent Directors
<b>Terms</b> – Maximum term for Directors is three three-year terms.	<b>Terms</b> – Maximum term for Directors is two three-year terms.
<b>Votes</b> – Directors have one vote, even if they are across two Advice Areas.	

# Questions

## Questions on Board changes?



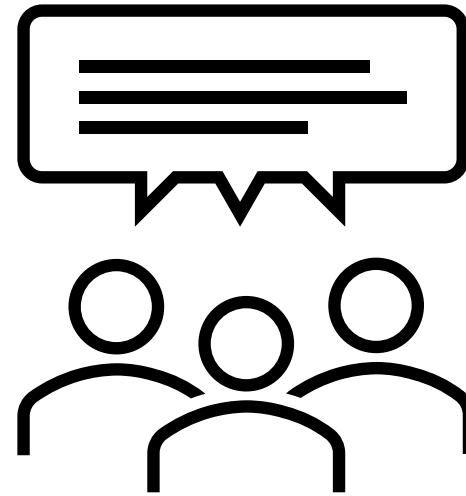
# Member Decisions

## Member Meeting Changes

Current Constitution	Proposed Constitution
An AGM must be called within 5 months of year end.	Member Meeting must be called within 6 months of the year end.
Special General Meetings require the same notice period as AGM.	The Board can call a Special General Meeting at short notice if urgency requires it.
Quorum required is 15 voting members.	
The process for accepting resolutions was not in the Constitution.	<p>Only the Board and Voting Members can submit resolutions. The Board can reject a resolution if it is frivolous or vexatious or inappropriate for a Member Meeting.</p> <p>The Chair can adjust or create resolutions at a Member Meeting within limitations, including gaining approval of those at the meeting.</p>
Voting rights are determined by the Returning Officer.	Votes are valid from Adviser Members, FAP Members and Life Members.

# Questions

## Questions on Member Decisions changes?



# Core Member Questions

- **Who can join me as a Member?**

- Any Financial Adviser, Nominated Representative, FAP or Authorised Body can apply to be a member and have voting rights (along with Life Members).
- Voting members have one vote each.

- **How do I become a Member Director?**

- If you've been an Adviser Member, Life Member or FAP Member Representative for at least 2 years, and you have substantial knowledge in the Advice Area the Board is looking for, you nominate yourself.
- Adviser Members, FAP Members and Life Members will vote to elect you.
- The results will be announced at the AGM.

- **How can I have my say?**

- You can get together with other Members and request a Special General Meeting.
- You can put a resolution forward to a Member Meeting.
- You can put a topic forward for discussion at a Member Meeting.

# Rules

- Member Rules (includes CPD requirements)
- Member Meeting Rules
- Governance Rules
- Certification Rules
- Disciplinary & Complaints Rules

# Member Rules

## **Member Rules (includes CPD requirements)**

- Member Types
- Criteria for membership
- Member rights
- Member obligations
- Ending membership & suspension
- Member classifications
- Continuing Professional Development requirements



# Member Meeting Rules

## **Member Meeting Rules**

- Items of business
- Conduct of member meetings
- Attendance & speaking rights
- Voting at member meetings
- Proxies

# Governance Rules

## **Governance Rules**

- Director elections and appointments
- Director removals
- Board meetings
- Board committees

# Certification Rules

## **Certification Rules**

- Financial Advice NZ marks
- Roles and appointments
- Mark management responsibilities
- Breaches, suspensions and withdrawals
- Pinnacle mark criteria
- Trusted Adviser mark criteria
- Promotion of marks and trademarks

# Disciplinary & Complaints Rules

## **Disciplinary & Complaints Rules**

- Complaints
- Disciplinary bodies
- Disciplinary grounds, hearings & findings
- Reinstatement of membership
- Regulatory co-operation

# Key Dates

11 October 2021	Proposed Constitution, Rules and Explanatory Memorandum available to members.  Voting by proxy opens.
13 November 2021	Deadline for receiving proxy forms is 3pm.
15 November 2021	AGM – Practitioner Members, Inactive Members, Life Members and Fellow Members can vote in person or by their pre-arranged proxy.
15 November 2021	Vote decision confirmed and announced to the whole membership.
Early January 2022	Financial Advice NZ will lodge the new Constitution with the Incorporated Society Registrar.
	The new Constitution comes into effect when the Registrar has registered the new Constitution.

# Voting

## How to vote

Practitioner Members, Life Members, Inactive Members and Fellow Members can vote by:

- attending the AGM on November 15<sup>th</sup> ;
- or by completing and returning a proxy form by 3pm Saturday November 13<sup>th</sup>

## Proxies

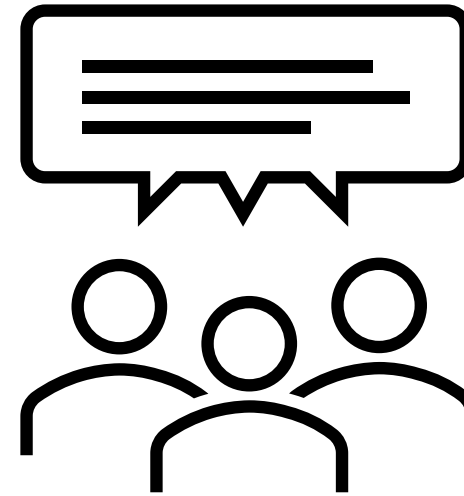
A member who is entitled to attend and vote may appoint another member who is similarly entitled to attend and vote, or the Chair, to vote on their behalf.

Notice of appointment by proxy shall be on the approved Proxy Form, signed and lodged with [katrinas@financialadvice.nz](mailto:katrinas@financialadvice.nz) no later than 48 hours prior to the start of the meeting. A Member attending can only carry one proxy vote on behalf of another Member.

**The Board encourages Members to vote by proxy or in person.**

# Questions

## Final Questions?





Proposed Constitution

### **Contacts and more information**

If you need further information ahead of the AGM, please email [constitution@financialadvice.nz](mailto:constitution@financialadvice.nz)

or feel free to contact the CEO Katrina Shanks  
[Katrinas@financialadvice.nz](mailto:Katrinas@financialadvice.nz) 0800 432 101