

22 MARCH 2023

Life After Licensing

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FANZ BRING IN THE EXPERTS

What we'll cover today

Snapshot of the sector

Approach to Oversight

What to expect from a monitoring visit

FAP Regulatory Returns

Snapshot of Sector 17 March

- **2,500** Financial Advice Providers
 - **1360** Directly licensed as **Full Financial Advice Providers (FAPs)**
 - **1140** **Authorised Bodies**
- **8,838** Financial Advisers (who are on the FSPR)
- **11,957** Nominated Representations
- **~80%** of entities have 20 or less Financial Advisers
- **Auckland** and **Canterbury** Regions have largest number of providers

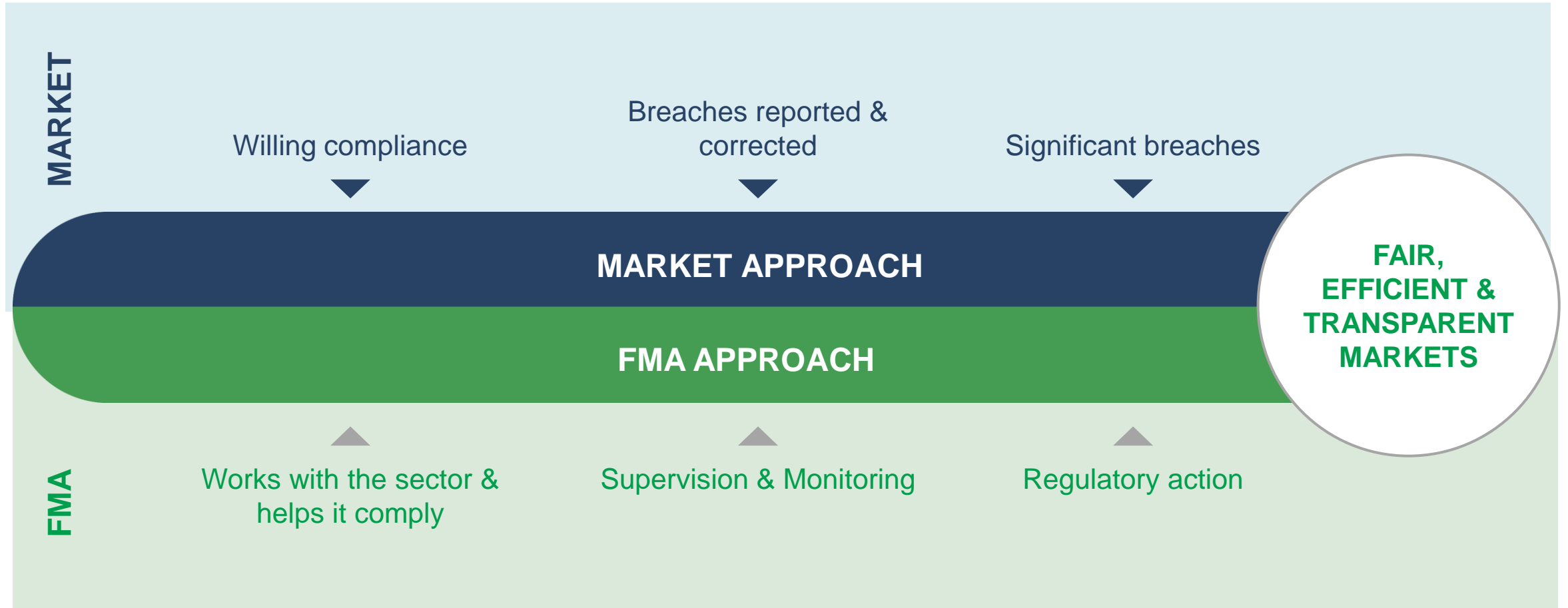
The FMA – Regulatory Delivery Function

We oversee licensed market participants in line with the FMA's overarching statutory objective to promote and facilitate the development of fair, efficient and transparent markets. Our activity – where we monitor adherence to regulatory and legislative requirements by financial market participants – is integral to this outcome.

The Financial Advice team

- Our focus is on financial advice
- We monitor the financial advice sector to ensure it complies with the law and treats customers fairly
- Helping with transitioning into the new regime
- Guidance, market engagement, enquiries
- Getting our financial advice population fully licensed and ready to operate successfully post March 2023

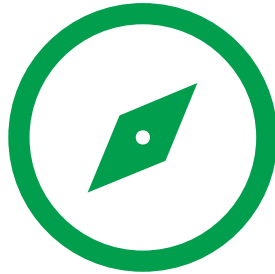
Our approach to oversight



Our approach to oversight



Supportive,
recognizing the
extent of changes



Guidance-based, to
improve
understanding and
clarify expectations



Intelligence-led, to
identify areas
requiring focus

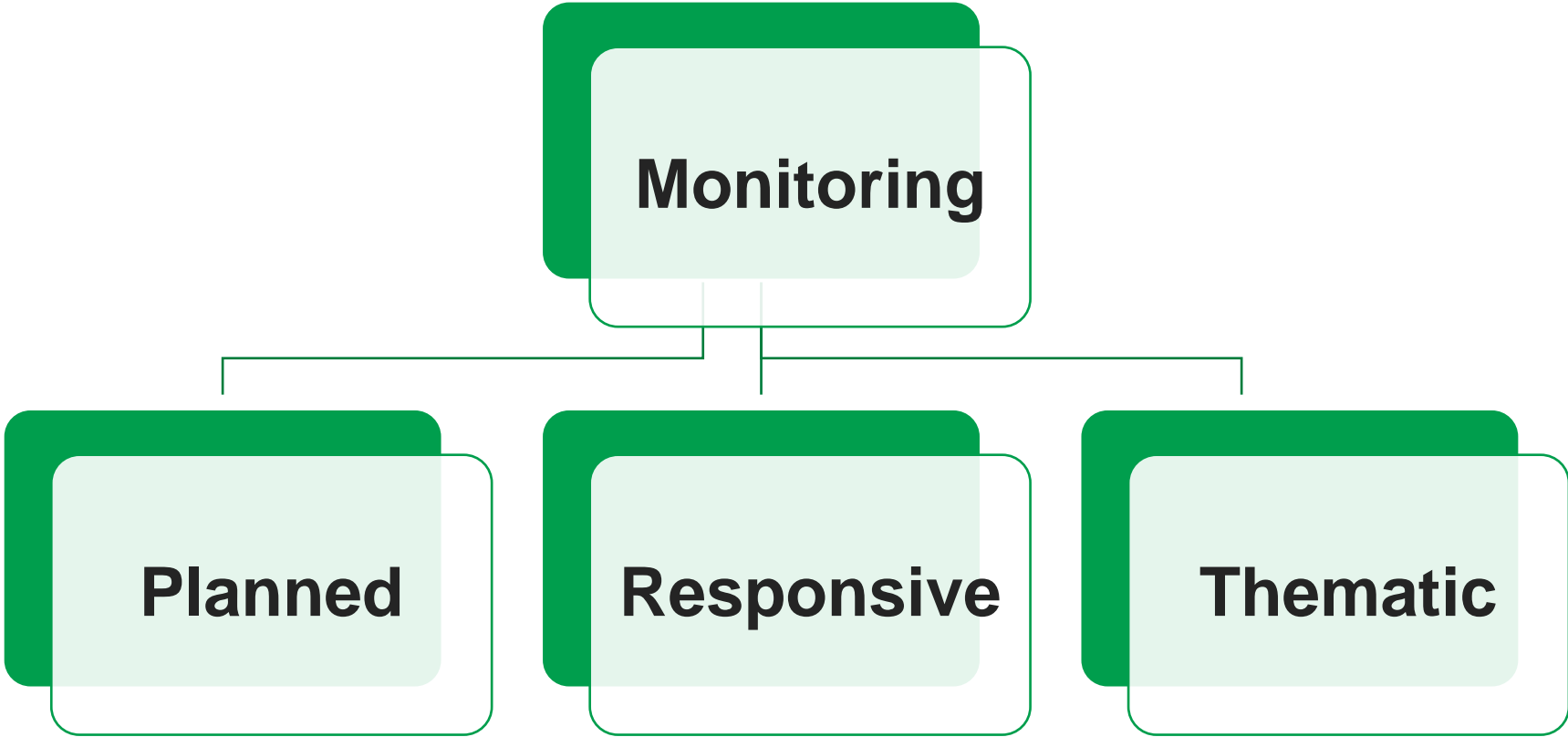


Adjusted over time
to match the
phases and
expected pace of
sector maturity

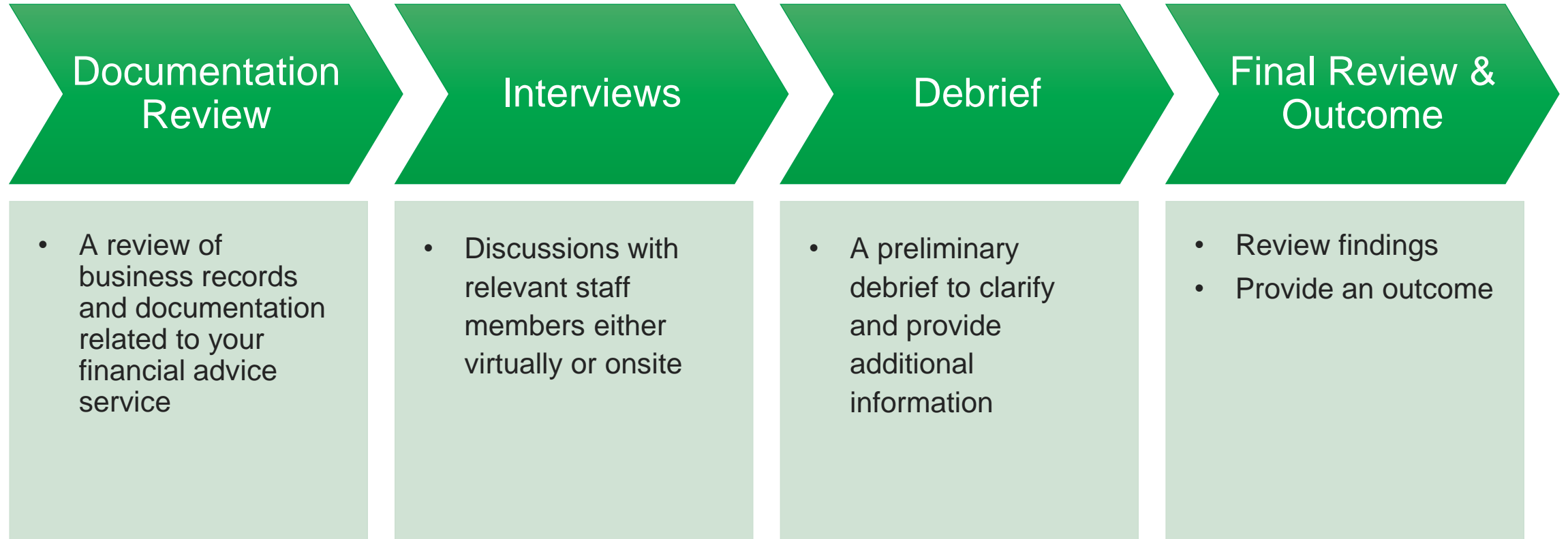


Deterrence of
misconduct
(wilful non-
compliers)

An increased focus on monitoring



What to expect from a monitoring visit



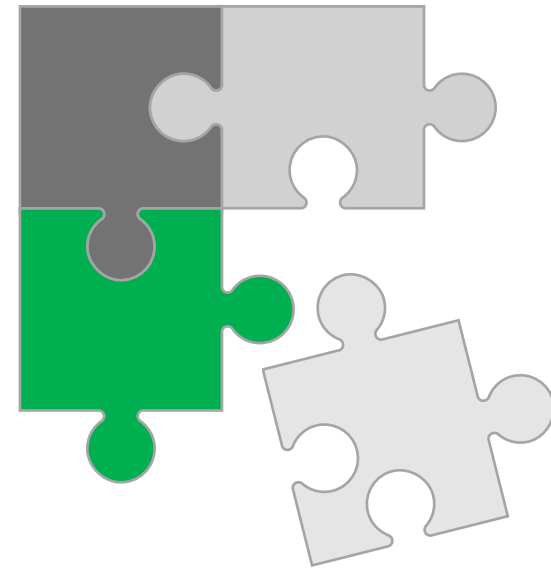
Observations from reactive monitoring

- Governance and Oversight
- Record Keeping
- Complaints



Regulatory Returns – What are they?

- Regulatory Returns are a **FAP Licence Standard Condition** [Std Condition 3]
- Requests **Licensed FAPs** to **file certain information to the FMA** on a **periodic basis**
- Information is used to **gain an understanding** of the sector
- Information helps support FMA's **ongoing monitoring** of the advice sector, through identification of **priorities and focus areas.**



Regulatory Returns – Final Questions

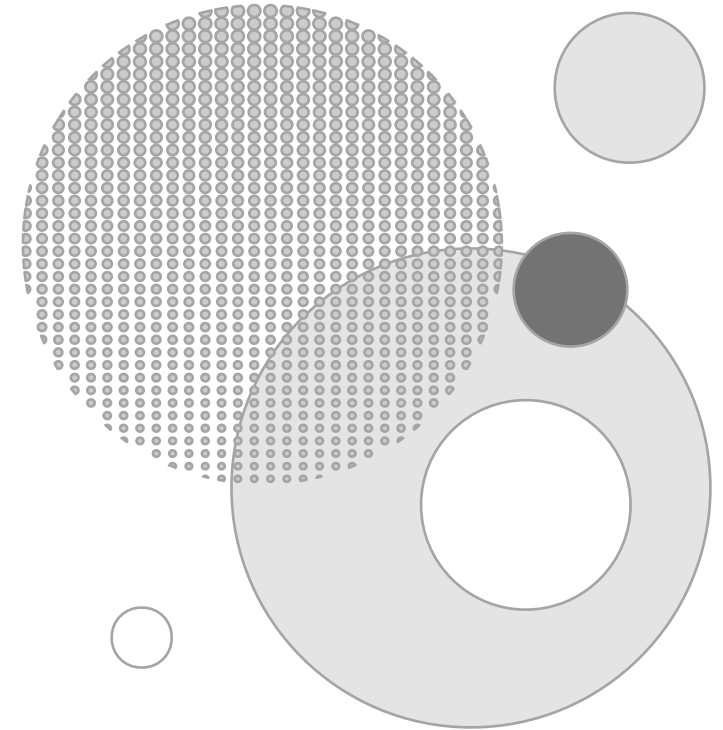
Part 1 – Business and Infrastructure

Part 2 – Licensed Activities

Part 3 – Complaints

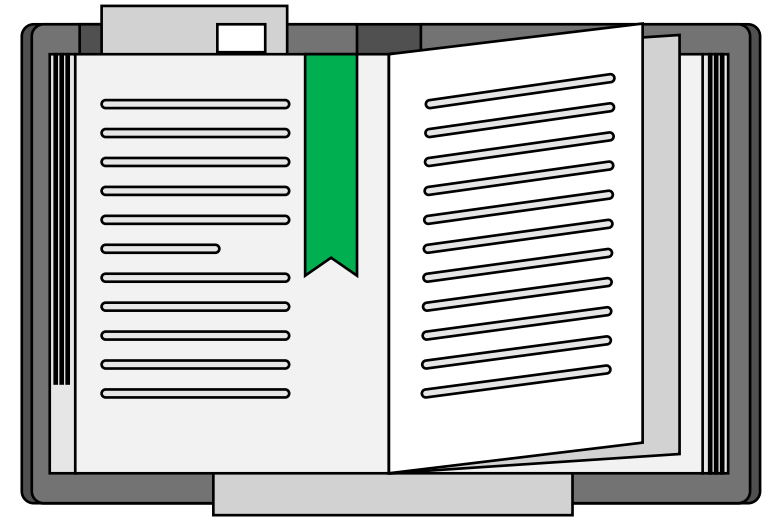
Part 4 – Outsourcing

Part 5 – Business continuity and technology systems



Regulatory Returns – Important Dates

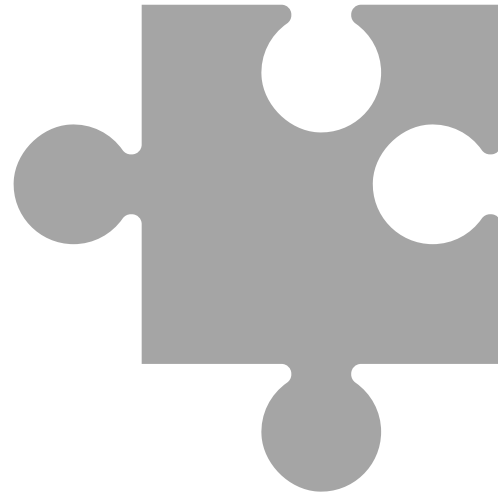
- Reg Returns were published on 15 February 2023
- Regulatory returns will need to be filled **annually**, for the period of 1 July to 30 June
- The first return is due **30 September 2024**, for the year **1 July 2023 to 30 June 2024**



FMA expectations for FAP regulatory returns



Moving from tick-box compliance to **principles based** legislation



We focus on building **strong relationships** with the financial advice sector



Quality financial advice is becoming even more essential



Questions?