

Feedback: Proposed exemption for offers made through AFAs providing personalised DIMS

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Feedback on Proposed FMC Act exemption for offers made through AFAs providing personalised DIMS: [your organisation name]' in the subject line. Thank you. Submissions close on 8 October 2015.

Date: 7th October

Number of pages: 2

Name of submitter: Mr. John Hawkins

Company or entity: New Zealand Shareholders Association

Organisation type: Investor representative organisation

Contact name (if different):

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Paragraph or Question Number	Comment	Recommendation
<p><i>You don't need to quote from the consultation document if you use part & paragraph numbers.</i></p> <p><i>You may attach extra pages - please label each page with your name & organisation.</i></p>		
1.	We see no risks associated with the proposed exemption.	Grant the exemption.
2.	We believe AFA's should gain the benefit from the exemption. We note that retail clients are appropriately protected by the regulatory controls on AFA's. In our view they have greater responsibilities than DIMS providers and consequently additional controls are redundant.	Grant the exemption.
3.	Failure to grant this exemption will likely result in a range of investments not being available to AFA's but being available to DIMS providers. This reduction in opportunity would potentially be disadvantageous to AFA retail clients.	Grant the exemption.
4.	Not Applicable.	
5.	We are not convinced by the FMA's argument, given that contingency DIMS authority must be provided in advance and can cover up to a six month period in any one year. We foresee situations where retail clients may miss out on entirely suitable products that come to the market sometime after the authority was	Include contingency DIMS in the exemption, possibly with an opt-in provision.

	granted. In our view clients of AFA's who grant a contingency DIMS authority expect the AFA to make the appropriate decisions on their behalf. A possible solution may be that when giving contingency DIMS authority to AFA's, clients have the option to restrict investment made on their behalf only to products which have already been explained to them. In other words a partial opt out.	
6.	In our view AFA's have broadly similar regulatory controls and arguably greater personal responsibility than DIMS providers. At the very least they should achieve equivalence in their ability to recommend and/or provide a full range of investments.	Grant the exemption.
Any other comments:		
Most retail investors using AFA's develop a close and trusting relationship. We would see this exemption as simply facilitating that relationship and avoiding unnecessary restrictions on retail client/adviser interactions.		
Feedback summary – <i>if you wish to highlight anything in particular</i>		
Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.		
Thank you for your feedback – we appreciate your time and input.		