

14 August 2024

Financial Advice Code Committee
secretariat@financialadvicecode.govt.nz

**ICNZ SUBMISSION ON PROPOSED AMENDMENTS TO
THE CODE OF PROFESSIONAL CONDUCT FOR FINANCIAL ADVICE SERVICES**

1. Thank you for the opportunity to provide a submission to the Financial Advice Code Committee on the consultation on proposed amendments to the Code of Professional Conduct for Financial Advice Services 'Consultation on competence, knowledge, and skill'.
2. The Insurance Council of New Zealand / Te Kāhui Inihua o Aotearoa (**ICNZ**) is the representative organisation for general insurance companies in New Zealand. Some of our insurer members are licensed financial advice providers employing staff to give financial advice. Others use intermediaries who provide financial advice to customers when distributing their insurance products.
3. Our comments on the proposed amendments to the Code are relatively brief.

Proposal 1: Recognise version 3 of the Level 5 Certificate

4. ICNZ supports the proposal to recognise the qualification outcomes of version 3 of the Level 5 Certificate. We also support the proposal that individuals who currently demonstrate their competence, knowledge, and skill by reference to version 1 or 2, or an equivalent qualification, may continue to rely on their current qualification.

Proposal 3: Clarify the requirements for continuing professional development (CPD)

5. The consultation paper sets out proposed new wording for Code Standard 9. The proposed new standard would provide:

"A person who gives financial advice must undertake continuing professional development as follows:

Individuals must, at least annually, plan for and progressively complete learning activities designed to ensure that they continually develop their competence, knowledge, and skill for giving financial advice.

Entities must, as least annually, review and where necessary update their procedures, systems and expertise to ensure that they continually develop their competence, knowledge, and skill for giving financial advice."

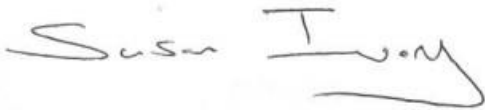
6. We understand that the final sentence of the proposed standard is to cover the situation where the entity itself gives the financial advice, for example, robo-advice. It could also be potentially read as including the situation where the entity gives advice through one or more individuals. As such, it is not clear whether the words "*their competence, knowledge and skill*" is referring to the competence, knowledge and skill of the entity, individuals that give advice through the entity or both. The Committee should clarify this point, in particular by being more explicit about whose "*competence, knowledge and skill*" is being referred to in the final sentence. We also question whether an entity can have "*competence, knowledge and skill*" noting that the current Code Standard 9 refers to "*capabilities*" of an entity.
7. The Committee also proposes to supplement the Code Standard with commentary that would clarify the breadth of activities that can be included in CPD. The consultation paper refers to both "*structured*" and "*informal*" learning activities. It would be useful if the commentary gave examples of "*structured*" and "*informal*" activities.

Additional comment on Code Standards 6, 7 and 8

8. In addition to our comments on the proposed amendments to the Code. We also have the following additional comment on the wording "*give financial advice only through an individual who satisfies either of the ways stated above*" in the current Code Standards 6, 7 and 8.

9. It would be useful for the commentary to those Code Standards to clarify how a trainee adviser who has yet to complete their Level 5 certificate can be involved in the advice process, e.g. whether, and if so in what circumstances, they can work alongside a qualified adviser to give financial advice.
10. Please contact me (susan@icnz.org.nz) if you have any questions about this submission.

Yours sincerely

A handwritten signature in black ink that reads "Susan Ivory". The signature is written in a cursive style with a long, sweeping underline.

Susan Ivory
Regulatory Affairs Manager