

# Submission

to the

## Ministry of Business, Innovation and Employment

on the

## Draft financial advice disclosure regulations

12 November 2019

## About NZBA

1. NZBA works on behalf of the New Zealand banking industry in conjunction with its member banks. NZBA develops and promotes policy outcomes that contribute to a strong and stable banking system that benefits New Zealanders and the New Zealand economy.
2. The following seventeen registered banks in New Zealand are members of NZBA:
  - ANZ Bank New Zealand Limited
  - ASB Bank Limited
  - Bank of China (NZ) Limited
  - Bank of New Zealand
  - China Construction Bank
  - Citibank, N.A.
  - The Co-operative Bank Limited
  - Heartland Bank Limited
  - The Hongkong and Shanghai Banking Corporation Limited
  - Industrial and Commercial Bank of China (New Zealand) Limited
  - JPMorgan Chase Bank, N.A.
  - Kiwibank Limited
  - MUFG Bank, Ltd
  - Rabobank New Zealand Limited
  - SBS Bank
  - TSB Bank Limited
  - Westpac New Zealand Limited

## Background

3. NZBA welcomes the opportunity to provide feedback to the Ministry of Business, Innovation and Employment (**MBIE**) on the draft financial advice disclosure regulations (**Draft Regulations**). NZBA commends the work that has gone into developing the Draft Regulations and we appreciated the opportunity to meet with you to discuss them in October 2019.
4. If you would like to discuss any aspect of the submission further, please contact:

Antony Buick-Constable  
Deputy Chief Executive & General  
Counsel  
[antony.buick-constable@nzba.org.nz](mailto:antony.buick-constable@nzba.org.nz)

Olivia Bouchier  
Policy Director and Legal Counsel  
[olivia.bouchier@nzba.org.nz](mailto:olivia.bouchier@nzba.org.nz)

## Overarching feedback on Draft Regulations

5. NZBA supports the policy objective of providing consumers with information in an easily understandable form to allow them to make confident and informed financial decisions. We also support the policy objective of making financial advice more accessible to New Zealanders.
6. We think that the Draft Regulations will be unlikely to achieve those objectives in their current form because they are not practical for all types of business structures or financial advice interactions, in particular, simple interactions, high-volume interactions, or online tools and channels. Thousands of nominated representatives (**NRs**) will have multiple customer interactions every day in which they give financial advice – the disclosure regulations must reflect that reality.
7. Many New Zealanders receive simple, everyday financial advice from large financial advice providers (**FAPs**) such as banks. It is important that the Draft Regulations enable customers to continue to receive this advice in a clear manner, without complex and lengthy disclosure distracting from important product information.
8. We think that the Draft Regulations may limit the accessibility of financial advice because of the complex systems and controls that will be required, particularly of larger FAPs, to meet the compliance requirements. FAPs may therefore need to consider the extent to which they continue to provide financial advice services.
9. The Draft Regulations should be simplified and allow greater flexibility around when disclosure is required to be given to the customer and FAPs should be permitted to rely on more detailed information elsewhere, for example on a website or in a written statement. This will better promote customers' understanding of financial advice services they will receive in the environment in which we operate.
10. If the Draft Regulations were to permit FAPs to rely more on publicly available information, the customer could also be given some high-level information in a statement. We have included a draft of what that statement might cover at **Attachment Two**. This is intended as a draft for discussion and is based on what is currently required pursuant to the Draft Regulations. However, please note our submissions, particularly in respect of personal information and reliability information (see Attachment One and paragraphs 24, 48, 49). We would welcome the opportunity to workshop this with you.
11. Additionally, the industry will need an appropriate lead-in to implement these changes as the training and systems modifications will likely be significant.
12. Finally, the Draft Regulations should state clearly that disclosure is not required where it is not applicable (as discussed when we met in October 2019), for example, reliability history, or fees when there is no fee payable for the advice. At that meeting, we also discussed the need to ensure the disclosure of 'fees' was for the specific fee in relation to the advice and not for any related product fees.
13. We would be happy to meet with you to workshop potential solutions to the concerns raised in this submission.

## Draft Regulations better suited to sophisticated financial advice

14. For banks, financial advice will be (and is) frequently given by way of brief conversations with NRs in a branch, through a contact centre, or via a digital channel (occasionally, proactively) and will often be a relatively simple interaction. The whole advice process may take place in one short conversation or communication. The Draft Regulations appear not to be well suited to financial advice of this nature. Rather, in our view they are suited to more complex interactions like investment or financial planning, for example, where a Financial Adviser (**FA**) is involved in multiple meetings and conversations with a customer.
15. The complexity and prescriptive nature of the proposed disclosure requirements will likely lead to confusion amongst consumers who are seeking or receiving financial advice about simple products such as savings accounts, term deposits and credit cards (those examples are explained below at paragraphs 27-35). Multiple and duplicated disclosures will render information difficult to interpret and the disclosure will be unnecessarily long. The disclosure required may in effect be longer and more detailed than the substantive financial advice.
16. As discussed above, the complexity and prescriptive nature of the Draft Regulations would have the potential to limit the accessibility of financial advice, not only in branch or via contact centres but also simple advice tools online. We do not believe that is consistent with the policy objectives of the Financial Services Legislation Amendment Act 2019 (**Act**), or the Draft Regulations.
17. We are also concerned that the Draft Regulations do not take into account feedback given in NZBA's submission dated 28 May 2018 or feedback provided by industry at a workshop in April 2018. In relation to the consumer testing undertaken, we are concerned about the very small sample size used and that some feedback does not appear to have been taken into account (for example, that information about the complaints process was not seen by consumers as critical to key decisions during the advice process).<sup>1</sup> As discussed above, we would welcome the opportunity to workshop potential solutions to the concerns raised in this submission.

## Draft Regulations are repetitive and may undermine understanding

18. In practical terms, the Draft Regulations appear to require repeated disclosure of the same or similar information at different points during the course of a single customer interaction, much of which duplicates information that would also be publicly available under the Draft Regulations (for example, licensing information).
19. What would normally be a simple, straightforward interaction with a customer will likely become a lengthy conversation. Duplicate disclosure is also likely to be overwhelming for the customer, causing them to disengage, and detracts from the relevant product information (contrary to the policy objectives).
20. Some information would be better disclosed online, for example information about duties under which FAPs are operating, availability of information, licensing information, complaints handling/dispute resolution, and reliability history (ie to the extent that it relates to the FAP). That is discussed above at paragraph 10.

---

<sup>1</sup> MBIE - *Consumer testing on disclosure requirements in the new financial advice regime*, October 2018

## Greater flexibility is required

21. We are aware that the Government has consciously moved away from a regime that differentiates between different types of advice and products. The disclosure regulations must therefore be sufficiently flexible to cater for different advice scenarios and contexts:
  - (a) large FAPs with many NRs, such as banks, will operate quite differently from small FAPs (eg sole practitioners);
  - (b) the simplicity or complexity of the FAP's business structure;
  - (c) customers with different needs and degrees of financial literacy;
  - (d) products, for example, simple products vs more complex financial planning; and
  - (e) the nature of the interaction, for example, multiple one-on-one meetings with an FA vs in-branch appointment vs phone call to contact centre vs online platforms/calculators/other tools and delivery methods.
22. The Cabinet Paper states that the regulations should "provide some flexibility in the terms of precisely how this disclosure is provided" (para 6). In contrast, the Draft Regulations are very prescriptive. For example:
  - (a) Reg 229D(2) provides that the person who gives the advice must provide the client with all of the initial information that is applicable when the nature and scope of advice is known.
  - (b) Reg 229E(1) provides that the person who gives the advice must provide additional information that is applicable at the time the advice is given. The information that needs to be disclosed largely mirrors the requirements of Reg 229D(2), with the exception of fees and expenses. Therefore, as currently drafted, the NR/FA would have to disclose the information in respect of, for example, identifying information and conflicts of interest twice, possibly in the same interaction. The information is duplicated in these two separate disclosures.
23. We consider that FAPs should have the flexibility and discretion to 'package' disclosure and provide it at an appropriate juncture or utilise a shorter statement combined with other disclosure. **Attachment One** to this submission contains a table illustrating our submissions on when disclosure should be provided, and how it could be packaged.
24. For many FAPs it is unlikely that a customer will speak to the same staff member for every advice interaction they have with the FAP. We are therefore concerned about the potential repetition of disclosure arising from the requirement that each adviser (including NRs) must disclose some information on an individual level, including in relation to reliability and identifying information (such as name and contact details). Therefore, disclosures may need to be personalised to set out the details of every individual providing advice. Given this requirement, and clause 6(3) which provides that if this information changes it is deemed to be a material change, in practice it may be the case that the information would be re-disclosed to the client in each advice interaction with a different staff member. This may be easier than

determining which staff member has already given their personalised disclosure and whether this was in the last 12 months.

25. We note that this will involve significant system changes and impose unnecessary compliance costs on the industry and will not have a corresponding benefit to the customer. As discussed above at 8, if the cost to make the changes is considered prohibitive it may result in the decision by the FAP not to provide simple financial advice.
26. Additionally, the nature and scope of advice provided to a customer often changes within the context of one interaction. For example, a customer may walk into a branch and ask to discuss their term deposit (which would trigger the initial information disclosure requirement), and then transition into a conversation about their credit card or KiwiSaver. That would trigger the initial information disclosure requirement on the basis that the 'type of advice' and 'types of financial advice products the advice will be about' has changed. In order to avoid duplication in disclosure that would confuse customers, we submit that the phrasing of the nature and scope of advice in proposed clause 5 of schedule 21A be changed from "will be given" to "may be given".

## Examples of simple advice scenarios

### Bank account or term deposit

27. A customer visits their local branch to discuss:
  - (a) Opening a bank account. The NR asks whether they know which account they want to open and the client is not sure and asks if they could get some advice on which account would be best for them; or
  - (b) Setting up a term deposit. The NR asks how much they want to invest, over what duration, and about their investment goals and objectives.
28. At some point in this initial conversation, the Draft Regulations would require the NR to identify that the scope and nature of the advice had become known, pause the conversation, and make the disclosures required for the purpose of enabling the customer to determine whether to obtain financial advice. Those disclosures could potentially be given verbally, but given the prescriptive nature of the Draft Regulations, would likely need to be supported by a script or written copy of the disclosure that could also be provided to the customer, if requested.
29. Based on further information provided by the customer, the NR may then give financial advice, by recommending a bank account/term deposit to meet the customer's needs. As part of this, the NR would need to provide disclosure for the purpose of enabling the customer to determine whether to follow the advice. As above, this would likely need to be supported by a script or written copy of the disclosure that could also be provided to the customer, if requested.
30. Much of the detail in the second disclosure duplicates information already disclosed immediately prior as part of the same conversation; and/or that is also publicly available.

## **Credit card**

31. A customer makes an appointment to apply for a credit card. The NR asks the customer about the purpose of the card, and how much they intend to use it.
32. As above, at some point in this initial conversation, the scope and nature of the advice will become known, at which point a disclosure statement will need to be provided.
33. The NR can then move onto taking the customer through a selection of suitable credit card options and discussing the benefits and features of each (as part of which, the NR would then again need to provide a further disclosure statement).

## **Phone call**

34. Where a customer calls the contact centre in either of the above scenarios, the Draft Regulations would require the NR to stop the same conversation at two separate points to either read out or play a recording of a lengthy disclosure statement. This will likely lead to a stilted customer interaction, and detracts from the information being provided (including in relation to the products that are being advised on).
35. When faced with long disclosure statements over the phone, customers tend to disengage and are less likely to take in key information.

## **Proactive delivery of advice based on customer data**

36. Customers' needs change over time. FAPs may use customer data to identify customers whose needs have changed so that they can recommend different products that might better suit their needs. For example, they may suggest changing to a different credit card or transactional account if the way they use it means another product may better suit them (eg by incurring lower fees). This advice is typically provided proactively to help customers to achieve good outcomes, based on things like transactional or behavioural data (such as the fees a customer is paying, or the way they are spending on a credit card). Recommendations made or advice provided through these channels tend to be simple and limited in nature and scope, relating to products customers may already have or find easy to understand.
37. If this advice is provided in a letter, email, or via an app further separate disclosure would likely be required, and this disclosure would potentially be very detailed and repetitive, distracting from what would otherwise be a simple communication.
38. We also have concerns that the disclosure requirements may create confusion in the context of online tools. Compliance with the Draft Regulations may necessitate the use of multiple pop ups and check boxes which are likely to be ignored by the customer. Similarly, in the context of written communications, the disclosure would happen at the start of the communication and the customer may not even get to the advice in the document.
39. As submitted above at paragraphs 21-26, flexibility in combining the disclosure requirements into one, and the ability to refer to more detailed publically available disclosure would likely improve the customer's understanding and experience.

## Question one: Workability of the proposed record keeping requirement

40. NZBA has real concerns about the workability of the proposed record keeping requirement, particularly in relation to online tools and casual enquiries by people who are not necessarily customers of the FAP.
41. For example, a person who is not a customer may walk into a branch to make an enquiry about a product (eg transactional account, credit card or term deposit) which initiates an advice process and triggers disclosure requirements. If the person does not sign up to become a customer of the bank and go through the bank's on-boarding process, there may not be a client file where a record of disclosures can be stored and it is difficult to reconcile recording the interaction with privacy requirements.
42. The requirement to record the content of the disclosure given to each customer also seems impractical for a NR working in a branch (or a call centre) with a queue of customers, unless disclosure is based on a script or template. Even if a script or template is used, the nature and scope will vary for each client interaction so the disclosure, and therefore record keeping, will need to be personalised. That is likely to be very time consuming for frontline staff and will require specific training. From a compliance perspective, this may be impractical.
43. In relation to online tools (for example, KiwiSaver risk profilers which are available on many websites), will the FAP be required to retain a repository of who has accessed the online tool and what information has been generated as a result? If so, will customers be required to enter personal details before using the tool, as well as reading multiple disclosure statements? What happens if the person visiting the tool is not a customer of the bank?
44. We consider that the regulations should make clear that FAPs can rely on a centralised master record of disclosures or settings for online tools used for particular date ranges. As currently drafted, the Draft Regulations present significant practical challenges in recording every individual piece of disclosure given (particularly where the disclosure is personalised/bespoke to take into account an NR/FA's personal information/reliability disclosure). This is particularly the case with regard to the simple and short conversations in branch or through direct channels.

## Question two: Requirement to make information publicly available

45. As explained above, we think that FAPs should have the flexibility to place more reliance on providing disclosure by way of publicly available information. See **Attachment One** for NZBA's views on information that we think would be better disclosed by way of publicly available information.
46. Consumers rightly expect that registered banks have a licence to carry on their activities. For instance, it is not necessary or appropriate for individual tellers to advise customers of the FSP status and banks are not required to do this for any other license or as a registered bank.



### **Question three: Disclosure when the nature and scope of the advice is known**

47. Please see our submissions at paragraphs 5-39 and in Attachment One.
48. Reliability event disclosure should be limited to the FAP and FA only. The FAP is responsible for the NR and is required to have processes and controls in place that monitor the NR's advice. The control for the reliability of an NR therefore should sit with the FAP itself, rather than through a disclosure requirement to the customer.
49. Additionally, we are concerned that the definition of 'reliability event' is very wide and could result in irrelevant disclosures being made to customers or publicly. We suggest that the FMA is notified of these matters and then determines the extent that FAPs must disclose the matter. This could be achieved through a condition in the FAP's licence.
50. Finally, we note that the new Act removes the previous advice classification (class and personalised), yet in the new schedule 21A clause 5(1)(c) still refers to 'types of advice the client will be given'. We query how 'types of advice' will be defined.
51. Under the Draft Regulations, if a client has been given disclosure in the previous 12 months and there has been no material change, the person giving advice does not have to provide disclosure again. In circumstances where more than 12 months have passed, and there has been no material change, we do not see any benefit to the customer in receiving disclosure again. References to '12 months' in Reg 229D(7) and 229E(7) should be removed. That change would not be inconsistent with the Cabinet Paper, which does not require that disclosure be given every 12 months.

### **Question four: Disclosure when the financial advice is given**

52. Please see our submissions at paragraphs 5-39 and in Attachment One.
53. Again, due to the short style and simple advice conversations had, clause 5 (nature and scope) and 6 (giving advice) of Schedule 21 A are likely to occur at the same time. Therefore we recommend that the disclosure requirement noted in Reg 229D(7) cover the clause 5 and 6 requirements for existing banking customers.
54. In addition, it is our understanding that the information relating to fees, expenses or other amounts payable is intended to relate to the giving of advice rather than product fees. It is not clear from clause 6(1)(d) of Schedule 21A and the example given that is the case. To clarify this, we suggest removing the reference to 'acting on the advice'. The example refers to a 'monthly portfolio management fee', which would not ordinarily be regarded as a fee in relation to the giving of advice. We suggest that a clearer example should be provided.

### **Question five: Disclosure regarding complaints handling and dispute resolution**

55. We agree that customers should be provided with complaints handling and dispute resolution information, and empowered to use those channels when things go wrong. However, we do not think there should be a requirement to provide that information when financial advice is given. We are concerned that providing this information at such an early stage in the process will be likely to diminish customer

confidence in the FAP. Rather, in our view, complaints handling and dispute resolution information should always be publicly available and there should be a requirement to provide it only when a complaint is received and it is unable to be resolved at the first point of contact.

56. We note that the Cabinet Paper relating to regulation of financial advice specifies that this information must be available on a website and given when the customer makes a complaint. The consumer testing report referred to in the Cabinet Paper also states that the information was regarded by customers as “not critical to key decision making during the advice process, but good to have in case things go wrong”. However, the Draft Regulations require that customers are informed of the complaints process when the advice is given.
57. Finally, we consider that the definition of complaint under Reg 229F(3) should specify that ‘service’ is limited to financial advice services as follows:
  - (3) In this regulation a complaint includes a complaint about –
    - (a) advice given by a person engaged by P or the conduct of a person engaged by P to provide advice; and
    - (b) a failure to provide a financial advice service in accordance with the nature and scope that was sought.”

### **Question ten: Transitional provisions**

58. We have concerns about meeting the new disclosure requirements by June 2020 given the system changes that will be needed to meet the requirements of the Draft Regulations.
59. For example, a new system solution would be required to produce statements that are personalised to the NR and customer (in relation to the scope of advice). It will likely take longer than 6 months to build the required system solution.
60. Also, the system changes needed to meet the record keeping requirement and to provide disclosure in writing if requested may be problematic. This will be particularly difficult in relation to one-off or high volume interactions if there is a requirement for NRs to provide tailored individual disclosure to the client in writing, if requested. Larger FAPs may look to develop automated solutions to manage this requirement. These solutions cannot be developed until the final regulations are known.
61. The lead time to design, build, test and implement such changes to core systems to meet the disclosure requirements will not be achievable in the time between the finalisation of the Draft Regulations and their coming into force June 2020.

## Attachment One

		Disclosure proposed in Draft Regulations				NZBA submission
INFORMATION DETAIL		(1) PUBLICLY AVAILABLE	(2) TO BE GIVEN WHEN NATURE AND SCOPE OF ADVICE IS KNOWN	(3) TO BE GIVEN WHEN FINANCIAL ADVICE IS GIVEN	(4) WHEN A COMPLAINT IS RECEIVED	NZBA's submission on when disclosure should be made
		Clause 4	Clause 5	Clause 6	Clause 6(1)(i)	
LICENSING INFORMATION	A summary of the licensing status of the financial advice provider and a brief summary of any conditions on the licence that may limit or restrict the advice that can be given	✓	✓	✗	✗	<p><b>DISCLOSURE SHOULD BE:</b></p> <p><b>(1) PUBLICLY AVAILBLE</b></p> <p>Detailed information about licensing would be better included in publicly available information rather than given to a customer during an advice exchange. An adviser/NR could refer the customer to the website. As this information will be true and the same for all customer interactions with a bank, it does not seem helpful for it to be constantly repeated. In addition, we expect that customers will have some awareness that banks are licensed and regulated in contrast to smaller FAPs.</p>

NATURE AND SCOPE OF THE ADVICE	Information relating to the types of advice that the FAP gives, the financial advice products that can be advised on, and whether there are any limitations (including on the product providers whose products can be advised on).	✓	✓	X	X	
FEES OR EXPENSES	An explanation of any fees that might be charged for financial advice, including the circumstances in which they may be payable.	✓	X	X	X	
FEES OR EXPENSES (INCL. AMOUNT)	Information regarding any fees or expenses that may need to be paid in relation to the giving of financial advice, including the circumstances when they are payable and the amount of any fees (if known) or an estimate (if practicable).	X	✓	✓ (if not previously disclosed)	X	If no fees are payable, we do not think this should be disclosed. See our submission at paragraph 12 above.
CONFLICTS OF INTERESTS AND INCENTIVES	A description of any conflicts of interests, an explanation of the circumstances in which commissions or other incentives will be received and a brief explanation of how any conflicts will be managed.	✓	X	X	X	MBIE should consider the duty under s 431K of the Act against the definition of conflict of interest in the Draft Regulations. Some level of materiality could be introduced into clauses 2(2)(a) and (3)(b) of Schedule 21A of the Draft Regulations.

<p>CONFLICTS OF INTERESTS AND INCENTIVES (INCL. VALUE)</p>	<p>As above, including the amount or value (or how that would be determined).</p>	<p>X</p>	<p>✓</p>	<p>✓</p>	<p>X</p>	<p><b>DISCLOSURE SHOULD BE:</b>  <b>(1) PUBLICLY AVAILBLE AND</b>  <b>(2) TO BE GIVEN WHEN NATURE AND SCOPE OF ADVICE IS KNOWN</b>  <b>OR</b>  <b>(3) TO BE GIVEN WHEN FINANCIAL ADVICE IS GIVEN</b></p> <p>There should be flexibility to allow disclosure at either (2) or (3) and refer to information provided at (1) where applicable. If there are no conflicts of interest, no disclosure should be required.</p>
<p>COMPLAINTS HANDLING AND DISPUTE RESOLUTION</p>	<p>Information regarding internal complaints procedure and external dispute resolution process.</p>	<p>✓</p>	<p>X</p>	<p>✓</p>	<p>✓</p>	<p><b>DISCLOSURE SHOULD BE:</b>  <b>(1) PUBLICLY AVAILBLE AND</b>  <b>(4) WHEN A COMPLAINT IS RECEIVED</b></p> <p>In accordance with paragraph 22 of Cabinet Paper, this disclosure should be made available on a website and when receiving a complaint</p>

<p>AVAILABILITY OF INFORMATION</p>	<p>A statement to the effect that the client is able to request for the information to be provided in a hard copy or an electronic copy.</p>	<p>✓</p>	<p>✓</p>	<p>✓</p>	<p>✗</p>	<p><b>DISCLOSURE SHOULD BE:</b></p> <p><b>(2) TO BE GIVEN WHEN NATURE AND SCOPE OF ADVICE IS KNOWN</b></p> <p><b>OR</b></p> <p><b>(3) TO BE GIVEN WHEN FINANCIAL ADVICE IS GIVEN (but not both)</b></p> <p>There should be flexibility to allow disclosure at either 2 or 3.</p> <p>In practice, we would prefer the capacity to issue a general FAP-centric disclosure statement – akin to current QFE disclosure.</p>
<p>RELIABILITY HISTORY</p>	<p>Information regarding any recent instances of being publicly disciplined, relevant convictions or civil proceedings and, in the case of FAs, any recent bankruptcies or insolvencies.</p>	<p>✗</p>	<p>✓</p>	<p>✗</p>	<p>✗</p>	<p><b>DISCLOSURE SHOULD BE:</b></p> <p><b>(1) PUBLICLY AVAILBLE</b></p> <p>Information about the FAP should be on the website. There should be flexibility to allow Adviser to refer to website for the information.</p>
<p>IDENTIFYING INFORMATION</p>	<p>Information to help identify the FAP, FA or NR</p>	<p>✗</p>	<p>✓</p>	<p>✓</p>	<p>✗</p>	<p><b>DISCLOSURE SHOULD BE:</b></p> <p><b>(2) TO BE GIVEN WHEN NATURE AND SCOPE OF ADVICE IS KNOWN</b></p> <p><b>OR</b></p>

						<p><b>(3) TO BE GIVEN WHEN FINANCIAL ADVICE IS GIVEN (but not both)</b></p> <p>If NR disclosure upfront is mandatory there should be flexibility to allow disclosure at either 2 or 3.</p> <p>In our view, whether the branch/call centre has the NR info as part of the disclosure is unlikely to assist with a customer decision and should not be required at all. If there is a complaint or issue the NR can be identified though the customer record.</p>
STATEMENT THAT ADVICE WILL HELP CLIENTS	A statement to the effect that the information provided will help clients understand what type of advice can be provided.	✓	✓	X	X	
DUTIES INFORMATION	A description of the duties in the FMCA that the person is required to meet.	X	X	✓	X	<p><b>DISCLOSURE SHOULD BE: (1) PUBLICLY AVAILBLE</b></p> <p>Information about the duties contains a significant amount of detail would be better included in publicly available information rather than given to a customer during an advice exchange.</p>

## Attachment Two

(P=FAP, A=NR or financial adviser):

Any information required to be given when the nature and scope is known and at time the advice is given, is deemed to be given if a brief statement is given to the client, to the effect that:

- i) provides P's name and that it is licensed to provide a financial adviser service;
- ii) if applicable, provides A's name, if A gives advice on behalf of P or that A is a financial adviser;
- iii) sets out the information required in clause 5(1)(c)-(f) of Schedule 21A [nature and scope of the advice];
- iv) if applicable, sets out the information required in clause 5(1)(h), (2)(e) and (2)(f) of Schedule 21A [reliability history, conflicts, commissions], in relation to A;
- v) if applicable, sets out the information required in clause 5(2)(d) of Schedule 21A [fees, expenses, or other amounts payable];
- vi) refers the client to an Internet site maintained by or on behalf of P, for further information that will help them decide whether to seek advice from a particular provider or person or to act on any advice, including information on P's legal duties, reliability history, any conflicts of interest, complaints procedure and dispute resolution process; and
- vii) a hard copy or electronic copy of the above information and information that must be made publicly available is available on request.

The above statement (or any part of it) only needs to be subsequently provided if there has been a material change to that information since the statement was given to the client and that information would help them to make an informed decision about whether to seek advice from a particular person or provider or that will help them make an informed decision about whether to act on any advice they have been given.