

Module	FINANCIAL SERVICES FOR RETAIL CLIENTS
Jurisdictions	NEW ZEALAND
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Module Scope

Does the organisation comply with requirements relating to the provision of regulated financial advice, client money/property services, responsible lending, and protection of consumers?

Does the organisation comply with legal requirements for dealing in financial products, disclosures, notifications, transfers, fair dealing, and privacy?

Does the organisation comply with responsible lending principles?

Is the organisation properly registered/licensed for the financial services it provides, with membership in an approved dispute resolution scheme?

Does the organisation comply with the Credit Reporting Privacy Code?

Does the organisation comply with requirements for specific services like insurance broking, rural loans, managed investments schemes, derivatives, and crowdfunding?

Does the organisation comply with the Conduct of Financial Institutions regime, including licensing conditions, statutory reporting, and maintaining a Fair Conduct Programme?

Does the organisation comply with the disclosure and record keeping requirements of the climate-related disclosure framework?

Module Application

The *NEW ZEALAND FINANCIAL SERVICES FOR RETAIL CLIENTS* module informs financial service providers about their legal and best practice obligations when selling financial services to retail clients.

Initially the *NEW ZEALAND FINANCIAL SERVICES FOR RETAIL CLIENTS* module covers the requirements for a financial services provider in New Zealand to qualify for registration, including that the provider:

- › Is registered on the public register of financial service providers

- › Does not misrepresent the fact of its registration
- › Is not disqualified from being registered

Once the financial services provider is registered the module covers the ongoing obligations on the provider to operate their business in accordance with their legal obligations. The primary overriding obligation on the financial service provider dealing with retail clients is to provide a fair and transparent service appropriate to the needs of the client. The module covers this obligation with particular reference to:

- › Not to engage in any conduct that is or is likely to be misleading or deceptive in relation to any dealing in financial products
- › Not to engage in conduct that could mislead the public in relation to the nature, characteristics, suitability for a purpose, or quantity, of financial products or services
- › Not to make a false or misleading representation in relation to any dealing in financial products, or the actual and possible supply of financial services, or in promoting the supply or use of financial services
- › Not to make any unsubstantiated representation
- › Offers made to a person in the course of an unsolicited meeting must be in accordance with legislated requirements for that type of transaction
- › An agent cannot be given or promised a gift or other consideration as an inducement or reward for doing something in relation to the principal's affairs or business or for showing favour or disfavour to any person in relation to the principal's affairs or business
- › An agent cannot corruptly accept, obtain, agree, offer to accept, attempt to obtain, or solicit from a person, any gift or consideration as an inducement or reward for doing something in relation to its principal's affairs or business
- › An agent does not divert, obstruct or interfere with its principal's proper course of affairs or business
- › An agent must disclose to a principal any pecuniary interest it has in making a contract
- › Not to aid, abet, counsel, procure, or be in any way knowingly involved in, the commission of an offence of bribery or corruption
- › Not to be involved in the commission outside New Zealand of any act in relation to the affairs or business of a principal that is residing or carrying on business in New Zealand which, if committed in New Zealand, would be an offence; and
- › Not to do any act on behalf of any agent which, if done by the agent itself, would be an offence

The module provides practical assistance and guidance to the financial services provider to ensure they are compliant with all of their obligations. Specific topics comprehensively covered in the module include:

- › The Financial Service Providers registration process
- › Dispute resolution schemes and involvement
- › Fair dealing with consumers and consumer protections
- › Disclosure requirements
- › Governance of debt securities
- › Registers of regulated products
- › Dealing in financial products
- › Financial reporting requirements
- › Co-operating with the Financial Markets Authority (FMA)
- › Dealing with the court system

- › The provision of financial advisors and broking services
- › Responsible lending conduct
- › The provision of credit
- › Insurance broking
- › Rural and farm loans
- › Leasing of goods
- › Credit reporting
- › Discretionary Investment Management Services (DIMS)
- › Crowdfunding / Peer-to-Peer Lending Services
- › Managed Investment Schemes (MIS)
- › Derivatives Issuers
- › Conduct of Financial Institutions Regime
- › Climate reporting requirements

In the event of breaches of obligations there are penalties and consequences to the financial services provider and the module comprehensively covers the types of penalties and consequences that can be applied in different situations.

The *NEW ZEALAND FINANCIAL SERVICES FOR RETAIL CLIENTS* module covers the obligations of financial services providers operating in New Zealand and providing services to retail clients. The module does not cover the rights or processes of the retail consumers and the processes they would follow in the event of a breach occurrence.

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