



Financial Advisers Bill

192—1

Interim report of the Finance and
Expenditure Committee

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Financial Advisers Bill

Recommendation

The Finance and Expenditure Committee is considering the Financial Advisers Bill, particularly the definition of “financial adviser” and the institutional arrangements for supervising financial advisers, and recommends that the House take note of its interim report.

Purpose

The Financial Advisers Bill seeks to establish a co-regulatory regime for financial advisers, which would see the Securities Commission and approved professional bodies working together to create and monitor standards for financial advisers. The bill seeks to impose certain conduct and disclosure obligations on financial advisers, and to provide the Securities Commission and the courts with enforcement powers similar to those in the Securities Markets Act 1988.

The bill is part of a suite of measures to implement the recommendations of the Government’s Review of Financial Products and Providers. Most of the opposition to the definition of “financial adviser” proposed in the bill is based on a belief that its scope is too broad, and might unintentionally capture businesses that provide advice as an ancillary service only, or infrequently.

Definition of financial adviser

In the light of this opposition, we intend to invite submissions on a revised definition of “financial adviser”. The revised definition is narrower, and would capture only those whose primary business is the provision of financial advice or who regularly provide such advice in the course of their business.

Regulatory model

We also intend to invite submissions on a proposal to change the regulatory model outlined in the bill to provide for the Securities Commission to undertake the functions and powers of the new regime, rather than industry-led approved professional bodies.

Appendix

Committee procedure

The committee called for public submissions on the bill. The closing date for submissions was 4 April 2008. The committee is re-opening the call for submissions.

Committee members

Charles Chauvel (Chairperson)

Hon Bill English

Jeanette Fitzsimons

Craig Foss

Hon Mark Gosche

Hone Harawira

Rodney Hide

Moana Mackey

Dr the Hon Lockwood Smith (Deputy Chairperson)

Hon Paul Swain

Chris Tremain

Judy Turner

R Doug Woolerton