

## Submission on Draft Financial Markets Conduct Bill

Thank you for the opportunity to submit on this draft bill.

I am a practising comprehensive financial planner with more than 22 years' experience. A Certified Financial Planner and former President and a Fellow of the Institute of Financial Advisers, I am also a current member of both the Disciplinary Committee for AFAs and the Standards Committee of the international FPSB (Financial Planning Standards Board). I teach financial planning/advice implementation at Massey University, have a company (finPRO Limited) that provides tools and templates to assist professional financial advisers, and offer consultancy services to financial advisers, adviser businesses, training providers and others.

Passionate about the aims of this and related legislation, I respectfully submit as follows:

- **Strongly support more effective disclosure, governance, administration, accounting and audit requirements for offers of financial products**. The focus of regulatory reform to date, at times unfairly, has been mostly on behavioural and other shortcoming of some financial advisers and some finance companies. It is time the very real failings of other offerors, and in particular the offerors of managed investment products came into view.
- **Strongly support a fiduciary like duty of care on fund managers** for the reasons given above.
- **Support new rules for those offering Discretionary Investment Management Services (DIMS) to retail clients**. These fill some important gaps: eg the requirement for a written agreement covering things like fees and indemnity, a written investment mandate signed by clients, and the overarching requirement to act in the client's best interests **so long as these requirements do not needlessly add to the costs for smaller firms**.
- **Agree** that offerors of DIMSs should have to ensure that assets are held by an **independent custodian** and **with the custodian be jointly and severally liable for the custodian's performance**.
- **Agree** that DIMS offerors should have to provide **clear, concise and effective disclosures** and that most **related party transactions should be banned**.

Further I respectfully submit that those offering DIMSs:

- Should be required to **demonstrate a higher level of competence** that those who simply provide 'fund advice' and similar – eg: **CFA**, or **CFP supported by an approved Graduate Diploma** or equivalent; **and** with all those so authorised having **at least** (say) **5 years of supervised or approved prior experience**.

I am willing to submit in person if this might be helpful.

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