

13 March 2023

Attention:

Email:

Dear

Monitoring review of

We are writing to confirm that the Financial Markets Authority (**FMA**) will conduct an onsite monitoring review of _____ confirms the purpose and scope of the monitoring review and requests certain information to be provided to the FMA by **close of business** on 27 March 2023 in Appendix 1.

During the onsite monitoring review, we will hold a number of interviews with relevant _____ staff. Our monitoring visit will be in accordance with relevant COVID-19 government guidelines, and _____ health and safety protocols. The preferred dates for the onsite monitoring visit are _____ at 9:00AM on the first day. We will liaise with you separately to agree on the dates and agenda of this review.

Purpose and scope

The FMA's purpose is to promote and facilitate the development of fair, efficient, and transparent financial markets. Our functions also include monitoring compliance with financial markets legislation.

The monitoring review will focus on how _____ ensures it complies with its obligations as a holder of a full Financial Advice Provider (**FAP**) licence. This includes how _____ ensures its compliance with relevant financial market legislation, including but not limited to:

1. the Financial Markets Conduct Act 2013 (**FMC Act**), which includes compliance with the Code of Professional Conduct for Financial Advice Services (the Code)
2. the Financial Markets Conduct Regulations 2014 (**FMC Regulations**)
3. the Standard Conditions for full financial advice provider licensees.

We will give particular attention to the following areas:

1. Sales and Advice process
2. Record Keeping
3. Disclosure
4. Compliance and oversight function
5. Governance
6. Compliance with the obligations under FAP licence

7. How organisational culture supports FAP compliance and the achievement of fair customer outcomes

Onsite review

The team conducting this monitoring review will be:

- Senior Adviser, Financial Advice
- Senior Adviser, Perimeter and Response
- Adviser, Financial Advice
- Adviser, Financial Advice

Prior to the monitoring visit the team will review the information requested in this letter. During the monitoring visit the team will look at relevant reports, policies, and procedures, and may undertake process walkthroughs and file testing.

We request that you accommodate the team in a private room for the duration of the visit to facilitate our planned on-site documentation review and team consultation. It would also be appreciated if you could arrange for any access passes required and WiFi access codes, if available.

We would appreciate that you ensure you have access to the relevant records, systems, and technology to discuss the areas described above. For example, we may wish to have an overview of your advice process during the interview sessions.

Reporting FMA's findings

Upon conclusion of the review, our team will conduct a close-out meeting with you and/or relevant management, to provide you with a high-level summary of the monitoring review results. Thereafter, we may also provide a formal letter highlighting the key findings from the review.

During the course of our monitoring review, we may notice issues we consider important and of significance to the financial markets legislation we monitor that are not within the intended focus of this review. We will raise these issues with you in the first instance, and address these as we deem appropriate.

If you have any questions, please contact me in the first instance.

Yours sincerely

Senior Adviser, Financial Advice

Appendix 1 - information to be provided before close of business on 27 March 2023.

*Unless specified otherwise, information and documents should be provided as they exist as at the date of this letter. **If you do not hold the information requested below, please confirm this in your response.** Please number your documents as per below.*

FMA Ref	Information Requested	Explanatory notes
1.	Sales and Advice Process	
1.1	All policies, processes, and controls for providing financial advice	This may include steps taken to deliver financial advice, explaining the nature and scope of advice, providing financial advice, and ongoing client suitability assessment for example
1.2	All templates, checklists, or other tools relating to the sales and advice process	This may include fact finding templates, advice checklists, statement of advice templates, training materials, and process maps for example

1.3	All policies, processes, controls, and other tools in place to ensure suitability of financial advice		This may include tools for how advisers select a financial advice product or determine how a product meets a client need for example
1.4	All policies, processes, and controls in place for replacement business advice		Replacement business is where a client has an existing product or policy, and this is cancelled and replaced with a new product or policy
1.5	All policies, processes, and controls for the definition, identification, and management of working with vulnerable clients		
1.6	Client onboarding policy		
1.7	All policies, processes, and controls for definition, identification, and management of conflicts of interest		
1.8	Conflict of interest register detailing any conflicts of interest you have and how they are managed		
1.9	A detailed explanation of how staff are remunerated including any bonuses, commissions, or incentives		
1.10	An explanation of how sources clients. Please include channels through which receives potential financial advice clients (e.g., door, face to face, online, phone, lead generators)		

1.11	<p>Please provide a list of all clients (including those clients who may no longer be to whom you have provided the following since 2020:</p> <ul style="list-style-type: none"> a. Financial advice b. Replacement business advice c. Ongoing advice (including but not limited to ongoing review) <p>Include details of the clients' financial adviser and the services received. Please see an example of the format you may wish to use to provide this information in Appendix 2</p>		<p>Ongoing advice includes the monitoring and review of products provided to ensure they still meet client needs. This may result in a change to a client's product such as an increase in insurance coverage or KiwiSaver fund type</p>
1.12	<p>A list of all current and ex staff at who provide, or have provided, financial advice since 2020, including start and end date of employment</p>		
2.	Record Keeping		
2.1	Record keeping policy		
2.2	<p>Record keeping process explaining how collect, handle, and store client information including how you collect client information, when and how you store client communication, and what documentation must be stored as part of a client record</p>		
2.3	Any templates, checklists, or other tools used to comply with record keeping requirements		
3.	Disclosure		
3.1	Disclosure policies and processes including an explanation of what disclosure is provided, and how it is provided, when nature and scope of advice is known, when advice is given, and when a complaint is received		
3.2	Any templates, checklists, or other tools in place to ensure compliance with the disclosure regulations		

4.	Compliance and Oversight		
4.1	Training plan/schedule for new Financial Advisers		Provide any training plan or schedule you have for when you onboard a new Financial Adviser
4.2	Training programmes for roles related to sales and advice		Provide any training programmes you have for roles involved in the provision of financial advice including any ongoing training plans
4.3	Training register for sales and advice roles (covering the last 24 months)		Provide a register of all training completed in the last 24 months
4.4	Evidence of training provided to relevant staff on obligations in the new financial advice regime, including but not limited to: <ul style="list-style-type: none"> - Record keeping - Disclosure - Code of Professional Conduct for Financial Advice Services 		
4.5	Staff onboarding and recruitment policies, processes, checklists, tools, and other relevant documents		
4.6	Any templates, checklists, or other tools used in the oversight and supervision of financial advice provided For example, quality assurance (QA) checks		Provide a copy of any documents used to ensure advice provided by compliant with FAP duties and obligations

4.7	QA policies and processes, including an explanation of what quality assurance is conducted and when		Provide any policies or processes surrounding the QA of your Financial Advisers
4.8	Compliance Assurance Programme and/or Oversight programme including the results of any compliance and/or oversight checks and/or tests conducted, and the actions taken as a result		Provide a copy of any documents used as a schedule of checks and/or tests completed to ensure compliance with FAP duties and obligations. This may be known as an obligation register, compliance programme, monitoring and testing schedule for example
4.9	If conducts regular internal or external independent QA checks, please provide copies of any QA reports done since 2020 and the actions taken		
5.	Governance		
5.1	Organisation structure chart showing employee names, job titles and reporting lines		
5.2	Job/role description for all staff in the organisation including Administrator, Financial Advisers, Senior Managers and Directors		
5.3	Structure of the board, including stating the role and independence of any directors		If you do not have this, please advise and provide what you do have.

5.4	Agendas, papers, and minutes for the last 3 board meetings (this includes any reports or supporting documents provided to the board for the purpose of the board meeting)		If you do not have this, please advise and provide what you do have
5.5	Structure of the audit and risk committee, including stating the role of each person		
5.6	Agendas, papers, and minutes for the last 3 audit and risk committee meetings (this includes any reports or supporting documents provided to the audit and risk committee for the purpose of the committee meeting)		
5.7	Code of conduct and/or Code of ethics		
5.8	Fit and proper policy		A policy which sets out the approach to ensuring existing and new directors and senior managers are appropriate and remain fit and proper for their respective roles.
5.9	General reporting obligation policy, process, and register		A policy that sets out the reporting obligations for your FAP and how this is done in practice
5.10	Performance management framework		A policy that sets out your approach for identifying and addressing poor conduct

Appendix 2 – Example of the format you may wish to use to provide the client list

Adviser name	Client name	Client date of birth	Product(s) provided	Nature of interaction	Date of Interaction	Service/ interaction provided	Product Provider/s	Commission received
<i>Mr John Adviser</i>	<i>Ms Sarah Smith</i>	<i>01/01/1981</i>	<i>KiwiSaver</i>	<i>Financial advice</i>	<i>01/12/2020</i>	<i>Advice Implementation</i>	<i>A-Z KiwiSaver</i>	<i>\$123.45</i>
<i>Ms Anne Adviser</i>	<i>Mr Adam Jones</i>	<i>1/01/1981</i>	<i>KiwiSaver, Life insurance</i>	<i>Replacement business advice</i>	<i>01/06/2021</i>	<i>Replacement insurance policy</i>	<i>A-Z KiwiSaver, ABC Insurance</i>	<i>\$123.45</i>
<i>Mrs. Doe</i>	<i>Mrs. Singh</i>	<i>1/01/1981</i>	<i>Health insurance</i>	<i>Ongoing review</i>	<i>20/10/2022</i>	<i>Review health insurance</i>	<i>XYZ Insurance</i>	<i>\$0</i>

***Note: Provide a separate entry for each time advice was provided to a client e.g., if you provided advice to Ms Sarah Smith on 1 March 2021 on KiwiSaver and again on 02 April 2022 on Life insurance, this would be two separate entries.**