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Capital Markets Task Force Report Receives the Thumbs Up from the Industry

The Investment Savings and Insurance Association (ISI) welcomes the Capital Markets Task Force final report. The report contains valuable and practical recommendations that will increase investor confidence and trust and lead to both deepening and diversification of new investment in New Zealand's capital markets.

“We are encouraged by the message from the Task Force Chair, Rob Cameron, that a key objective of the report is to create an environment that enables managed funds to play a bigger role in the increased savings of New Zealanders”, said Vance Arkinstall, Chief Executive of ISI.

“ISI supports the Task Force call for better informed retail investors with access to better products. In response ISI is already developing new industry standards and guidelines targeted at improving disclosure and transparency of managed funds, also the provision of greater choice to consumers in how they pay for advice, and increased confidence that they are receiving advice free from real or perceived conflicts”, Mr Arkinstall said.

From early 2010, ISI will undertake comprehensive consultation with key stakeholders, regulators and consumer groups, on the development of these new standards. We want to ensure that we develop guidelines that have impact and which are enduring.

“ISI is already well advanced in the development of improved transparency in the disclosure of fees, charges and investment performance of managed funds and will release guidelines for these early in the new year”, said Vance Arkinstall.

“‘Fiduciary duty of care’, identified in the report, is an area we particularly wish to engage with officials and regulators. If the interests of the consumer are clearly placed first then other issues of conflict diminish. We plan to consult with regulators to identify how fiduciary duty can most effectively be improved in the interests of investors”, Vance Arkinstall said.

A major overhaul of the Securities Act as signalled by the Minister, Simon Powell, is also encouraged by ISI. The current Securities Act drives lengthy and complex disclosure outcomes which have not served investors well. Change is necessary.

“ISI will be closely studying the Task Force recommendations to identify those proposals which we can implement into the new standards without the necessity of waiting for regulators to act. It seems that a number of the Task Force proposals can be relatively easily implemented on a voluntary basis”, Vance Arkinstall said.

“ISI recognises it is time to take a position of stronger leadership in support of the Task Force efforts to raise standards for the benefit of investors and the industry's reputation”, said Mr Arkinstall.

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