

Feedback form: Consultation on draft minimum standards and licence conditions

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Feedback {insert title of consultation paper} standards and conditions' in the subject line. Thank you. **Submissions close on 12 December 2013.**

Date: 12 December 2013

Number of pages: 1

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Organisation type: **Industry association**

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Feedback Summary

This feedback relates to the draft minimum standards and licence conditions for managers of non-restricted and registered Managed Investment Schemes.

The Financial Services Council ("FSC") does not wish to comment on the detail of the proposed minimum standards and licence conditions as individual scheme providers are better able to do that. We have limited our feedback to comments of a general nature on the need to avoid duplication of effort and limit compliance costs.

We would like to reiterate FSC's key recommendation on the market service licensing provisions in the Financial Markets Conduct Bill which was that they should be kept as simple as possible and that entities providing a number of regulated financial services should not have to make multiple licence applications.

While section 397 of the Financial Markets Conduct Act requires the FMA to take account of whether an applicant or any of its directors are already licensed providers, or a member of a QGE group, it is not clear from the current consultation paper that provision has been made for that requirement. We understand that further guidance will be issued by the FMA covering the application process and the extent of relief that will be given, for example, to entities that are already subject to RBNZ standards. It would be useful to have further clarification of this area as soon as possible.

We are pleased to see that Part 6 of the exposure draft of the Regulations follows our March 2013 recommendation that for licensing purposes the risk management requirements should be generic rather than having the details included in regulations.

Parts 4 to 6 of the draft minimum standards and licence conditions set out detailed requirements for evidence of operational infrastructure and risk management processes. However, an entity that is approved by the FMA as a QFE will have provided this information as part of its QFE application and should not need to provide it again. It would be helpful to have it clarified that the FMA does not intend to collect this information again and that assessing that information will not form part of the process for which the application fee is charged.

It is also not clear whether the minimum standards and licence conditions make provision for a licence covering more than one type of market service, which would be permitted under section 399 of the FMC Act.

Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.

Thank you for your feedback – we appreciate your time and input.