

Title	Demonstrate understanding of the legislative framework for authorised financial advisers		
Level	5	Credits	5

Purpose Appendix: Unit Standards from the New Zealand Certificate in Financial Services (NZCFS) (Level 5)	People credited with this unit standard are able to demonstrate understanding of: <ul style="list-style-type: none"> – participants and terms in the legislative framework for financial advisers, and the registration and reporting requirements of financial advisers – disclosure and conduct obligations of financial advisers, and financial services compliance legislation – the Code of Professional Conduct for Authorised Financial Advisers, and – the requirements of consumer legislation and disputes resolution as an Authorised Financial Adviser.
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Classification	Financial Services > Financial Advice
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Available grade	Achieved
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Explanatory notes

- For the purposes of authorisation of a financial adviser under the requirements of the Financial Advisers Act, the Financial Markets Authority will only recognise assessment conducted by The Skills Organisation through its centrally-administered assessment system. Therefore, the only valid assessment tool for this unit standard is an examination administered by The Skills Organisation.
- References
Anti-Money Laundering and Countering Financing of Terrorism Act 2009;
Code of Professional Conduct for Authorised Financial Advisers 2014;
Consumer Guarantees Act 1993;
Fair Trading Act 1986;
Financial Advisers Act 2008;
Financial Advisers (Disclosure) Regulations 2010;
Financial Markets Authority Act 2011;
Financial Markets Conduct Act 2013;
Financial Service Providers (Registration and Dispute Resolution) Act 2008;
Privacy Act 1993;
and all subsequent amendments and replacements.

3 Definitions

AFA – authorised financial adviser.

Category 1 and 2 products – financial service products as defined in the Financial Advisers Act.

FMA – Financial Markets Authority.

QFE adviser – an adviser who is not an AFA and who is an employee or nominated representative of a qualifying financial entity (QFE), for whom the QFE ensures compliance responsibility for each employee and nominated representative of the QFE.

RFA – registered financial adviser.

The Code – Code of Professional Conduct for Authorised Financial Advisers, prepared in accordance with the Financial Advisers Act.

Outcomes and evidence requirements

Outcome 1

Demonstrate understanding of participants and terms in the legislative framework for financial advisers, and the registration and reporting requirements of financial advisers.

Evidence requirements

- 1.1 Interpret terms used in the Financial Advisers Act in accordance with the Act.

Range	terms may include but are not limited to – financial advice, financial adviser service, investment planning service, discretionary investment management service, personalised service, class service, wholesale client, retail client, eligible investor, broker, broking service.
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- 1.2 Explain types of financial service intermediary in terms of the type of financial service they are permitted to provide in accordance with the Financial Advisers Act.

Range	types of financial service intermediary may include but are not limited to – RFA, AFA, QFE adviser, broker; type of financial service may include but is not limited to – category 1 product, category 2 product, investment planning service, discretionary investment management service, broking service.
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- 1.3 Explain the reporting requirements of the Financial Advisers Act that apply to AFAs.

Range	includes relevant regulatory guidance notes issued by FMA for the purpose of managing AFA reporting.
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- 1.4 Explain the Financial Service Providers (Registration and Disputes Resolution) Act in terms of who must be registered and who must be a member of an approved Disputes Resolution Scheme.

Outcome 2

Demonstrate understanding of disclosure and conduct obligations of financial advisers, and financial services compliance legislation.

Evidence requirements

- 2.1 Explain disclosure obligations in accordance with the Financial Advisers Act and the Financial Advisers (Disclosure) Regulations.

Range may include but is not limited to – RFA, AFA, QFE adviser.

- 2.2 Explain conduct obligations in accordance with the Financial Advisers Act.

Range may include but is not limited to – RFA, AFA, QFE adviser.

- 2.3 Explain the requirements of the Financial Markets Conduct Act and its enforcement with reference to a given financial advice situation.

Range requirements may include but are not limited to those related to – fair dealing, Discretionary Investment Management Service, custodian services, licensing regimes.

- 2.4 Explain the requirements of the Anti-Money Laundering and Countering Financing of Terrorism Act and its enforcement with reference to a given financial advice situation.

Range requirements may include but are not limited to those related to – client identification and due diligence, reporting of suspicious transactions.

Outcome 3

Demonstrate understanding of the Code of Professional Conduct for Authorised Financial Advisers.

Evidence requirements

- 3.1 Explain standards of ethical behaviour described in the Code in terms of the requirements for authorised financial advisers, and apply them to a given financial advice situation.

Range standards may include but are not limited to – Code Standard 1, Code Standard 2, Code Standard 3, Code Standard 4, Code Standard 5.

- 3.2 Explain standards of client care described in the Code in terms of the requirements for authorised financial advisers and apply them to a given financial advice situation.

Range standards may include but are not limited to – Code Standard 6, Code Standard 7, Code Standard 8, Code Standard 9, Code

Standard 10, Code Standard 11, Code Standard 12, Code Standard 13.

- 3.3 Explain standards of competence, knowledge and skills, and continuing professional training in terms of the requirements for authorised financial advisers.

Range standards may include but are not limited to – Code Standard 14, Code Standard 15, Code Standard 16, Code Standard 17, Code Standard 18.

Outcome 4

Demonstrate understanding of the requirements of consumer legislation and disputes resolution as an Authorised Financial Adviser.

Evidence requirements

- 4.1 Describe participant roles and responsibilities in resolving complaints.

Range participants may include but are not limited to – AFA, internal complaints processes, dispute resolution scheme, FMA, Disciplinary Committee.

- 4.2 Explain requirements of the Fair Trading Act and its enforcement with reference to a given financial advice situation.

Range requirements may include but are not limited to prohibitions related to – misleading and deceptive conduct, false or misleading representations.

- 4.3 Explain requirements of the Consumer Guarantees Act and its enforcement with reference to a given financial advice situation.

Range requirements may include but are not limited to those related to – reasonable care and skill in providing a service, nature and quality of a service or product, provision of service or product 'reasonably fit for purpose'.

- 4.4 Explain the requirements of the Privacy Act and its enforcement with reference to a given financial advice situation.

Range requirements may include but are not limited to those related to – information privacy principles.

Planned review date	31 December 2017
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Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	16 April 2010	30 September 2011
Rollover	2	21 July 2011	N/A
Review	3	19 February 2015	N/A

Consent and Moderation Requirements (CMR) reference

0003

This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.

Please note

Providers must be granted consent to assess against standards (accredited) by NZQA, before they can report credits from assessment against unit standards or deliver courses of study leading to that assessment.

Industry Training Organisations must be granted consent to assess against standards by NZQA before they can register credits from assessment against unit standards.

Providers and Industry Training Organisations, which have been granted consent and which are assessing against unit standards must engage with the moderation system that applies to those standards.

Requirements for consent to assess and an outline of the moderation system that applies to this standard are outlined in the Consent and Moderation Requirements (CMR). The CMR also includes useful information about special requirements for organisations wishing to develop education and training programmes, such as minimum qualifications for tutors and assessors, and special resource requirements.

Comments on this unit standard

Please contact The Skills Organisation reviewcomments@skills.org.nz if you wish to suggest changes to the content of this unit standard.

Title	Demonstrate the steps in the financial advice process relating to the implementation and review processes		
Level	5	Credits	6

Purpose	People credited with this unit standard are able to: <ul style="list-style-type: none"> – coordinate the implementation of agreed financial strategies and solutions for clients, and – monitor agreed financial strategies and solutions for clients.
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Classification	Financial Services > Financial Advice
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Available grade	Achieved
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Explanatory notes

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- References**
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 Consumer Guarantees Act 1993;
 Fair Trading Act 1986;
 Financial Advisers Act 2008;
 Financial Advisers (Disclosure) Regulations 2010;
 Financial Service Providers (Registration and Dispute Resolution) Act 2008;
 Privacy Act 1993;
 Industry codes of practice
 and all subsequent amendments and replacements.
- Range**
 Assessments requiring application or demonstration of skills and knowledge may be performed using workplace evidence or evidence derived from simulation or scenario based activities.

All activities must comply with legislation, regulations, and best practice, including any guidance notes published by the agency responsible for the relevant enactment or code.

Evidence relating to a minimum of three clients is required to cover a representative range of needs and products.

Outcomes and evidence requirements

Outcome 1

Coordinate the implementation of agreed financial strategies and solutions for clients.

Evidence requirements

- 1.1 Discuss implementation requirements for financial strategies and solutions with the client.
- Range requirements may include – recommended financial products and services; completion of documentation; use of other professional advisers such as accountants, stockbrokers or lawyers; use of other third party service providers such as wrap or platforms providers.
- 1.2 Discuss, clarify, and document any concerns or issues the client or adviser may have regarding the proposed implementation requirements.
- 1.3 Gain and document the client's formal agreement to the implementation requirements.
- 1.4 Clearly explain timeframes and responsibilities for execution and processing and gain confirmation of understanding from the client.
- 1.5 Implement agreed financial strategies and solutions.

Outcome 2

Monitor agreed financial strategies and solutions for clients.

Evidence requirements

- 2.1 Agree methods and timeframes for reporting and evaluating implemented financial strategies and solutions with the client.
- 2.2 Apply agreed methods and timeframes for reporting and evaluating agreed financial strategies and solutions.
- 2.3 Recommend any required changes to financial strategies and solutions following evaluation.
- 2.4 Implement any agreed changes to financial strategies and solutions.
- 2.5 Maintain records of client interactions at a standard that meets the requirements of legislation, regulations, and codes of practice.

Planned review date	31 December 2017
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Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	20 February 2009	31 December 2017
Review	2	19 February 2015	N/A

Consent and Moderation Requirements (CMR) reference	0003
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Comments on this unit standard

Please contact The Skills Organisation reviewcomments@skills.org.nz if you wish to suggest changes to the content of this unit standard.

Title	Demonstrate understanding of and apply research and analysis processes to develop fit for purpose financial solutions		
Level	5	Credits	15

Purpose	People credited with this unit standard are able to: <ul style="list-style-type: none"> – demonstrate understanding of research and analysis processes used in assessing, reviewing, or comparing a product, service, or solution, and – conduct appropriate research to develop financial solutions.
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Classification	Financial Services > Financial Services - Professional Practice
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Available grade	Achieved
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Explanatory notes

- References
Consumer Guarantees Act 1993;
Fair Trading Act 1986;
and all subsequent amendments and replacements.
- Definition
Research and analysis – includes the following, or a series of steps of a similar nature:
 Gathering relevant existing information, but does not include designing or conducting market or consumer surveys.
 Analysing information with reference to economic or commercial factors and the implications for client choices or outcomes.
 Understanding the interdependencies between and comparing the implications of different types of financial contracts.
 Assessing the availability and impact of the support offered by public and community sector institutions – e.g. Accident Compensation Corporation, Work and Income, Inland Revenue, Earthquake Commission, Housing New Zealand, Veterans Affairs.
 Using suitable common tools or methods to analyse options. Tools and methods may include, calculations, tables, spread sheets, etc.
- Range
Assessments requiring application or demonstration of skills and knowledge may be performed using workplace evidence or evidence derived from simulation or scenario based activities.

All activities must comply with legislation, regulations, and best practice, including any guidance notes published by the agency responsible for the relevant enactment

or code.

Outcomes and evidence requirements

Outcome 1

Demonstrate understanding of research and analysis processes used in assessing, reviewing, or comparing a product, service, or solution.

Evidence requirements

- 1.1 Identify and describe key steps and activities in a research and analysis process.
- 1.2 Explain the importance of the relevant activities and the contribution they make to identifying fit for purpose client solutions.

Outcome 2

Conduct research and analysis, develop fit for purpose financial solutions, and provide a supporting rationale.

Range at least three examples must be provided, arising from different research scenarios that should vary in complexity and situation.

Evidence requirements

- 2.1 Using case study, simulation, or workplace derived evidence, apply a research process to a range of situations.
- 2.2 Based on the research process outcome, compare alternative courses of action and recommend, with justification, the preferred course of action.

Planned review date	31 December 2017
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Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	19 February 2015	N/A

Consent and Moderation Requirements (CMR) reference	0003
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Comments on this unit standard

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Title	Demonstrate the steps in the financial advice process relating to the development and presentation of recommendations		
Level	5	Credits	8

Purpose	People credited with this unit standard are able to: <ul style="list-style-type: none"> – analyse and evaluate financial situations of clients, and – develop, present, and agree appropriate financial strategies and solutions for clients.
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Classification	Financial Services > Financial Advice
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Available grade	Achieved
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Explanatory notes

- For the purposes of authorisation of a financial adviser under the requirements of the Financial Advisers Act, the Financial Markets Authority will only recognise assessment conducted by The Skills Organisation through its centrally-administered assessment system. Therefore, the only valid assessment tool for this unit standard is an assessment administered by The Skills Organisation.
- References**
 Anti-Money Laundering and Countering Financing of Terrorism Act 2009;
 Consumer Guarantees Act 1993;
 Fair Trading Act 1986;
 Financial Advisers Act 2008;
 Financial Advisers (Disclosure) Regulations 2010;
 Financial Service Providers (Registration and Dispute Resolution) Act 2008;
 Privacy Act 1993;
 Industry codes of practice
 and all subsequent amendments and replacements.
- Definition**
Time Value of Money calculations – financial calculations involving the application of compounding interest to lump sums and regular cash flows over time. Typical components include – lump sum required to produce an identified income, income produced from an identified lump sum, lump sum generated from an identified regular savings amount, regular savings amount required to produce an identified lump sum, future value of an identified present lump sum, present value of an identified future lump sum.
- Range**
 Assessments requiring application or demonstration of skills and knowledge may be performed using workplace evidence or evidence derived from simulation or scenario based activities.

All activities must comply with legislation, regulations, and best practice, including any guidance notes published by the agency responsible for the relevant enactment or code.

Evidence relating to a minimum of three clients is required to cover a representative range of needs and products.

Outcomes and evidence requirements

Outcome 1

Analyse and evaluate financial situations of clients.

Evidence requirements

- 1.1 Analyse client financial situation using client information.
- 1.2 Identify possible effects of changes to financial markets, the economic environment, or other external events on client financial situations and evaluate with reference to possible gains, losses, risks, or constraints.
- 1.3 Identify possible effects of reasonably foreseeable changes to client circumstances and evaluate the probable consequence.
- 1.4 Evaluate any need for subject matter specialist advice and inform the client as appropriate.

Outcome 2

Develop, present, and agree appropriate financial strategies and solutions for clients.

Evidence requirements

- 2.1 Conduct relevant research, analysis, and product modelling in accordance with client information.
- 2.2 Develop appropriate financial strategies taking into account client's information and available financial products and/or services.
- 2.3 Perform relevant calculations to determine the financial requirements to achieve identified goals.

Range may include but is not limited to – Time Value of Money calculations; capital needs on death; education funding requirements; value of direct loss, consequential loss, or liability risks; results are not required to be generated from first principles or formula, use of financial calculator, spread sheets or software tools is acceptable, including on-line resources;

three examples of performing relevant calculations are required.

- 2.4 Draft appropriate financial solutions at an appropriate level for presentation to clients.
- 2.5 Present financial strategies and solutions to clients, amend to reflect feedback, document reasons for changes, and obtain client agreement.

Planned review date	31 December 2017
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Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	20 February 2009	31 December 2017
Review	2	19 February 2015	N/A

Consent and Moderation Requirements (CMR) reference	0003
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Comments on this unit standard

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Title	Demonstrate understanding of financial services best practice, professionalism, and recognised advice process		
Level	5	Credits	10

Purpose	<p>People credited with this unit standard are able to demonstrate understanding of:</p> <ul style="list-style-type: none"> – best practice and professionalism in respect of client care, ethical behaviour, and process – common estate planning and taxation concepts, and – the financial advice Six Step Process and its applicability in achieving appropriate solutions for clients ..
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Classification	Financial Services > Financial Services - Professional Practice
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Available grade	Achieved
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Explanatory notes

- 1 References
 Code of Banking Practice 2012
 Consumer Guarantees Act 1993;
 Fair Trading Act 1986;
 Financial Advisers Act 2008;
 Financial Advisers (Disclosure) Regulations 2010;
 Financial Service Providers (Registration and Dispute Resolution) Act 2008;
 Privacy Act 1993;
 Trustee Act 1956;
 and all subsequent amendments and replacements.
- 2 Definition
Six Step Process – the industry standard for the provision of personal financial advice internationally, derived from ISO 22222 *Personal Financial Planning*.
- 3 Range
 Assessments requiring application or demonstration of skills and knowledge may be performed using workplace evidence or evidence derived from simulation or scenario based activities.

Assessments of any aspects of the Six Step Process require that candidates can describe the process at a similar level to the many summarised forms that are published by local and international financial planning industry participants. Candidates are not required to be familiar with the formal terms of ISO 22222.

All activities must comply with legislation, regulations, and best practice, including any guidance notes published by the agency responsible for the relevant enactment or code.

Outcomes and evidence requirements

Outcome 1

Demonstrate knowledge of and, where appropriate, comply with best practice and professionalism in respect of client care, ethical behaviour, and advice process.

Evidence requirements

1.1 Demonstrate how best practice and professionalism are adopted when providing services to clients.

Range includes but is not limited to – adopting best practice processes, maintaining confidentiality, meeting duty of care, adopting non-discriminatory practices, making full disclosure of remuneration/fees and other conflicts of interest that may influence any recommendation where required, acting in good faith, remaining within one's field of competence.

1.2 Explain how client information is managed to meet appropriate standards of best practice and professionalism.

Range management of information includes protection from loss, protection from inappropriate access both internal and external, having ready availability when needed, updating information where required.

1.3 Present information to clients in a format appropriate for the audience and the nature of the information.

Outcome 2

Demonstrate understanding of common estate planning tools and taxation measures.

Evidence requirements

2.1 Outline key aspects of the creation, operation, and uses of common estate planning tools and demonstrate the ability to recognise when additional specialist advice is required.

Range Will, asset ownership (Individual, Company, Trust), Enduring Power of Attorney.

- 2.2 Outline key aspects of the applicability and calculation of tax measures applicable to retail financial services and demonstrate the ability to recognise when additional specialist advice is required.

Range PAYE, withholding tax, GST, personal tax rates, company tax, Prescribed Investor Rate.

Outcome 3

Demonstrate understanding of the financial advice Six Step Process and its applicability in achieving appropriate solutions for clients.

Evidence requirements

- 3.1 Describe the activities that take place in each step of the Six Step Process.

Range the six steps in the Six Step Process are – establish and define the relationship, collect information and determine goals, analyse and evaluate the information, develop recommendations and present them to the client, implement the recommendations, monitor and review the recommendations.

- 3.2 Explain the importance of the relevant activities and the contribution they make to providing fit for purpose client solutions.

Planned review date	31 December 2017
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Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	19 February 2015	N/A

Consent and Moderation Requirements (CMR) reference	0003
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CMR also includes useful information about special requirements for organisations wishing to develop education and training programmes, such as minimum qualifications for tutors and assessors, and special resource requirements.

Comments on this unit standard

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