



CODE OF CONDUCT

Financial Services
Council NZ

EFFECTIVE 1 JANUARY 2019

As the voice of the sector, the Financial Services Council is a non-profit member organisation with a vision to grow the financial confidence and wellbeing of New Zealanders. FSC members commit to delivering strong consumer outcomes from a professional and sustainable financial services sector. Our 98 members (as at 9 September 2021) manage funds of more than \$95bn and pay out claims of \$2.8bn per year (life and health insurance). Members include the major insurers in life, health, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and technology providers to the financial services sector.



INTRODUCTION

The Financial Services Council (FSC) Code of Conduct is an important milestone for New Zealand's financial services industry.

Recognising the need for the industry to take action to improve itself, FSC members have worked together to develop a code of conduct that promotes good conduct and a strong customer-focussed culture. The Code of Conduct supports existing law and regulations, bringing self-regulation to the industry.

There are nine Code Standards focused around three core objectives:

- 1. Principal ethical standard, ensuring business is carried out professionally and with due care.**
- 2. Customer perspective standards, ensuring effective two-way customer communications**
- 3. Delivering good customer outcomes, ensuring effective products and distribution, training, risk management, management of conflict and fair treatment of customers.**

All potentially material breaches of the Code of Conduct are assessed by an independent disciplinary committee, and potential sanctions range from a reprimand, to fines of up to \$100,000, through to expulsion from the FSC.

This new Code of Conduct demonstrates the commitment of FSC members to continuously improving conduct, culture and consumer outcomes for the benefit of New Zealanders and the New Zealand economy.



THE CODE

CODE PURPOSE

This is a code for FSC Members, designed to support the professionalism of the financial services industry.

It is about increasing trust and confidence in the providers of financial services and the products they deliver. The benefit is that Members can help more New Zealanders grow, manage and protect their wealth.

CODE OBJECTIVES

The objectives of this code are to:

- Lift the professionalism of the financial services industry
- Help Members deliver good customer outcomes
- Increase trust and confidence in the financial services industry
- Enable more New Zealanders to build, manage and protect their wealth
- Build a sustainable financial services industry

CODE APPLICATION

This code is effective from 1 January 2019, and applies to all dealings that could impact the standing of the New Zealand financial services industry.

WHAT IS THE CODE?

The code consists of code standards and additional guidance. The code standards are enforceable by the FSC and the Disciplinary Committee may use the guidance when considering a Member's compliance with the code standards.

REVIEW OF THE CODE?

The FSC Board will review the code at least every three years.



WHO MUST COMPLY WITH THIS CODE?

All members of the FSC must comply with this code. The FSC rules state that members must:

- Comply with the rules, and any applicable codes of conduct and standards
- Act in a way to maintain and enhance the good image of the industry
- Use reasonable endeavours to ensure that employees and agents are aware of, and comply with, codes of conduct and standards

This code is not intended to create legal or other rights between any person other than the FSC and its Members. This code is intended to complement existing New Zealand law and is not intended to replace it in any way. In the event of any conflict or inconsistency between New Zealand law and this code, the law takes precedence. Members are expected to comply with New Zealand law and maintain a high standard of risk and compliance practice.

This code will operate in conjunction with, and complement, industry codes and standards. The code standards apply as they relate to each FSC Member's business model. Members are responsible for their own actions and compliance with statutory and relevant contractual obligations. Members are responsible for discharging their responsibilities in relation to their intermediaries; however, they are not responsible for the actions of any independent intermediary.



WHAT HAPPENS IF THERE IS A BREACH OF THE CODE?

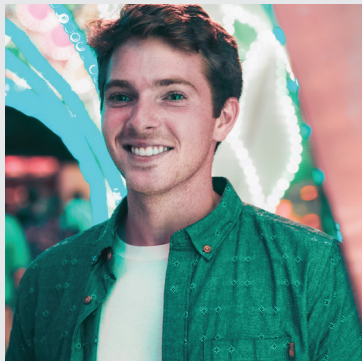
Where a potential material breach of a Code Standard is identified, the FSC will work to help the member minimise the risk of harm to customers and the risk of damage to the reputation of the financial services industry.

There is a thorough FSC process to review and assess potential breaches. The process includes an independent Disciplinary Committee.

Where a material breach is found, sanctions may include:

- A reprimand
- A reparation order
- A fine of up to NZ\$100,000
- A payment towards the FSC's costs of investigating and bringing the disciplinary action
- Suspension from membership of the FSC (which may be subject to conditions) Termination of membership of the FSC

If the member has materially breached a Code Standard, details of the breach may be disclosed to the public and/or the regulator. Details that may be disclosed include the identity of the member, the nature of the breach, any remediation taken and/or any sanctions imposed.



CODE OF CONDUCT: CODE STANDARDS

PRINCIPAL ETHICAL STANDARD

1

Members must carry out business professionally, with due care, competence and skill, and act with integrity. They must behave in a way that promotes public confidence in the financial services industry.



CUSTOMER PERSPECTIVE

2

Members must communicate with customers clearly and effectively.



3

Members must make reasonable efforts to ensure that customers are provided with sufficient information to enable them to make informed decisions about product and services.



DELIVERING GOOD OUTCOMES TO CUSTOMERS

4

Members must seek and consider customer feedback.



5

Members must design and distribute products responsibly.



6

Members must provide employees and distribution channel personnel with appropriate training.



7

Members must maintain appropriate internal processes for explaining the risks to a customer of replacing or retaining an existing product or service.



8

Members must manage conflicts of interest fairly and in a way that promotes good customer outcomes.



9

Members must treat customers fairly.



Financial Services Council NZ

Grow the financial
confidence and wellbeing
of New Zealanders

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