

Ref: 400-080 / #97392

RECOMMENDATION OF THE SECURITIES COMMISSION

The Securities Act 1978

**Recommendation for regulations
to amend the Securities Regulations 1983**

Pursuant to section 70(1) of the Securities Act 1978, the Securities Commission hereby recommends that the Governor-General by Order in Council make regulations, generally in the form of the attached draft regulations entitled the Securities Amendment Regulations 2008, relating to the information about investment adviser disclosure which is required to be included in investment statements.

Dated at Wellington this day of 2008.

**The Common Seal of the)
Securities Commission was)
affixed in the presence of:)**

Chairperson

**Securities Amendment Regulations
2008**

Governor-General

Order in Council

At Wellington this day of 2008

Present:
in Council

Pursuant to section 70(1) of the Securities Act 1978, His Excellency the Governor-General, acting on the advice and with the consent of the Executive Council, and in accordance with a recommendation of the Securities Commission, makes the following regulations.

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Regulations

- 1 **Title**
These regulations are the Securities Amendment Regulations 2008.
- 2 **Commencement**
These regulations come into force on [] March 2008.
- 3 **Application**
These regulations apply to investment statements dated after [] March 2008.
- 4 **Principal regulations amended**
These regulations amend the Securities Regulations 1983.
- 5 **Schedule 3D amended**
Clause 1(1) of Schedule 3D is amended by omitting the heading “**Choosing an investment adviser**” and all of the words below that heading and substituting the heading and the words set out in the Schedule of these regulations.

Schedule

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Schedule 3D amended

Engaging an investment adviser

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including—

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by 1 or more particular financial institutions; and
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include—

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations, which come into force on [] March 2008, amend the Securities Regulations 1983. The effect of the amendment is to change some of the information that must be set out at the front of an investment statement. The information concerns engaging an in-

Securities Amendment Regulations 2008

vestment adviser and the warnings and information concerning this process that must be included in investment statements.

Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*:

These regulations are administered by the Securities Commission.
