

Self-assessment tool: Customer care – managing conflicts of interest

Why this matters

As a financial advice provider, you have a duty to give priority to your clients’ interests. It’s part of good governance to ensure that any conflicts of interest that do arise are quickly identified and managed so that your clients’ confidence and trust in you is maintained.

Use this self-assessment tool to see if you’re ready to complete the customer care – managing conflicts of interest section of your Class 1 or Class 2 FAP full licence application. It should help you identify areas of strength or weakness in your full licence preparation so you can seek further help or advice and address any gaps before you apply. *

Are you ready?	Yes/No	Steps still required
DOCUMENTATION – Conflicts of interest process		
<p>Have you documented your process for managing conflicts of interest, and have you communicated it to your team?</p> <p>Your process should set out your conduct expectations and how you /your financial advisers will identify, monitor, and manage any conflicts between clients’ interests and your own interests or the interests of the person providing the financial advice.</p> <p>At a minimum, your documented process is likely to include:</p> <ul style="list-style-type: none"> • The meaning of conflict of interest as stated in schedule 21A of the Financial Markets Conduct Regulations 2014 which defines a conflict of interest as where “a reasonable client would expect [it] to, or to be likely to, materially influence the advice given by” the adviser. • Information that helps you/your financial advisers identify situations when conflicts of interests arise. For example, where a financial interest (such as a gift, incentive, sponsorship, part or full ownership in an entity or other business, etc) or personal or business relationship might influence the financial adviser’s recommendation. • Information that assists you/your financial advisers in understanding the disclosures required to be made publicly available and given to clients as per Schedule 21A of the Financial Markets Conduct Regulations 2014. • The support, training, and supervision you will provide to help your financial advisers (and any authorised bodies) recognise and manage conflicts of interest. • How you will monitor that: <ul style="list-style-type: none"> - all conflict-of-interest situations relating to you and your financial advisers are being identified and managed; and - the disclosure requirements are being complied with. 		

<ul style="list-style-type: none"> The steps you will take to resolve any issues that arise from conflicts of interest quickly and in a way that is fair to clients. A register where any ongoing or potential conflicts of interest are recorded and reviewed regularly. The register should record a description of the conflict, and how it was or will be managed. 		
<p>If you don't have a documented conflicts of interest process, can you explain how you will ensure your clients' interests are prioritised and that the disclosure requirements are being complied with?</p>		

Are you ready?	Yes/No	Steps still required
REGULAR REVIEW		
Do you know when your conflicts of interest process was last reviewed and updated?		
Have you set a date for the next review?		

Ready to take the next step? Start your draft full licence application online on the FMA website

Remember, you don't have to complete your application in one sitting. Make a start, complete what you can, and then return to fill in any gaps.

Need more help?

- For a definition of conflict of interest as it applies to financial advice, see [Schedule 21A of the Financial Markets Conduct Regulations 2014](#).
- For information about the duty to give priority to clients' interests, see [Section 431K of the Financial Markets Conduct Act 2013](#).
- For more information about disclosures you must make to clients:
 - See [Schedule 21A of the Financial Markets Conduct Regulations 2014](#).
 - Visit the [MBIE website](#)
 - Check out the helpful tips and examples in the [Financial Services Council Disclosure Guide](#)
- For more information about the Code of Professional Conduct for financial advice services visit the [Financial Advice Code website](#)
- For more information about your duties and obligations as a financial advice provider, visit the [FMA website](#)
- Contact us: 0800 434 566 or questions@fma.govt.nz

*Please note that this self-assessment tool is designed to help you prepare to apply for your Class 1 or Class 2 full licence. Completion of this form does not provide any guarantee that you will be granted a full licence. To apply for a licence, you will need to complete the full licence application form on the [FMA website](#). Your application will then be assessed by our licensing team.