

THE BROKERS

BUSINESS POLICY MANUAL

Prepared by : Alex de Boer—Owner & CEO

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The Brokers

Business Overview

1. The Structure of Our Business

This document provides an overview of key elements of the business.

The business is a Company, called Substantial Equities Ltd and trading as The Brokers. It was established in 1989.

Substantial Equities Ltd has a transitional financial advice provider licence. Its FSP number is 720811.

The main office is at 70 Fox St., Avenal, Invercargill.

We are a member of the dealer group, Newpark Group. The business does not have any professional memberships.

2. Business Ownership

The business is owned by Alex de Boer. The director(s) are:

- Alex de Boer

Our FSP number is 197885.

Our business structure is illustrated in Appendix 1.

3. Business Information

The business provides financial advice through financial advisers. It has 2 advisers. Our total annual revenue is approximately \$200,000. We currently have approximately 500 clients.

There are presently 3 people working in the business, including full-time and part-time staff. A list of staff, with their key roles and responsibilities, is provided in Appendix 2.

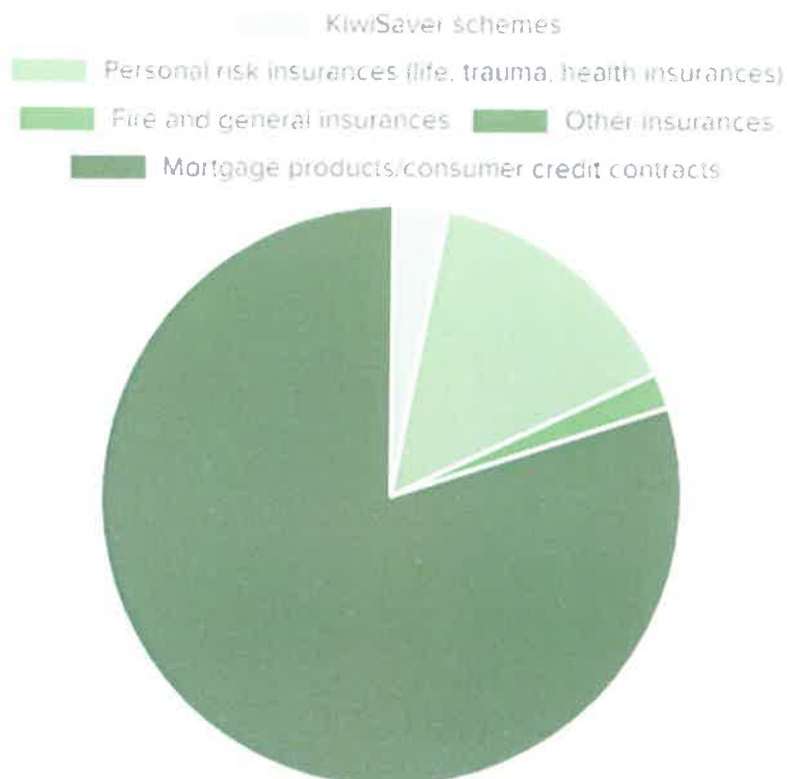
Some key services are provided by third parties. These are listed in Appendix 3.

We offer the following types of financial advice:

- Financial advice on financial advice products
- Switching funds within a Managed Investment Scheme (including KiwiSaver)

We offer financial advice on the following product types:

Product type	Approx Percent revenue
KiwiSaver schemes	3%
Personal risk insurances (life, trauma, health insurances)	15%
Fire and general insurances	2%
Other insurances	%
Mortgage products/consumer credit contracts	80%



We get paid for our services through Commission.

We do not handle client money directly.

Here is a description of our usual types of clients:

Individuals and Families buying residential property including residential Investment property. Individuals and businesses financing their business or commercial Property. Above clients wanting Kiwisaver. Above clients wanting building and contents insurance. Above clients wanting Risk Protection Insurance

We engage with our clients in the following ways:

- * Face to face
- Phone
- Video conferencing (e.g. Zoom, Teams)
- Email

On average, we contact our clients during the year 1 time..

The business uses the following computer systems:

- E-mail and office products
- Document Storage Software
- Password Managers
- Digital advice tools e.g. Evince

The information is stored:

- Hosted in the Cloud

The information is protected by:

- Subscription to anti-virus and security software
- Legal contracts with platform providers

Here are some other notes about the business:

We always put the client interests first. We always treat clients as we would want to be treated.

Appendix 1. Business structure

Role
Alex de Boer: Owner and Financial Adviser

Role
Les McDonnell: Financial Adviser

Appendix 2. Staff roles and responsibilities

Name	Role/Job Title	Location	Key responsibilities
Alex de Boer	Owner, CEO, Financial Adviser	Invercargill	<ul style="list-style-type: none">• Manage the business• Financial Adviser- Business and Insurance• Provide Direction
Lee McDonald	Financial Adviser	Invercargill	<ul style="list-style-type: none">• Financial Advice- Residential Lending and Kiwisaver
Levana Philip	Personal Assistant	Invercargill	<ul style="list-style-type: none">• Support to Lee McDonald

Appendix 3. Outsource providers table of role, name, written agreement

Stephen Kornyei

Accountant

No written agreement in place

Dion O'Connor

Digital Marketing

No written agreement in place

Ben McIntyre

Website Development

No written agreement in place

Our key processes

As a Financial Advice Provider, a key goal is to provide advice that most effectively meets the client's needs. To minimise the possibility of deficient advice, it is important that we document how regulatory obligations are incorporated into the business. This will help ensure that we apply good practices consistently.

The purpose of this policy manual is to set out our normal policies, procedures, and controls for providing financial advice. Policies and procedures provide clarity to the reader when dealing with accountability issues or activities that are of critical importance to our business, such as health and safety, legal liabilities, regulatory requirements, or issues that have serious consequences.

From time to time, where a client's circumstances warrant it, procedures and policies may fall outside the norm. Good practice, however, is to have documented, repeatable processes that ensure fairness and consistency with how we operate our business.

This manual also sets out some of the new requirements we expect from changes to the financial advice regime, that we may have to comply with.

Our policy manual is a living document. This means we get the most benefit from it by reviewing and updating it as situations change.

This manual does not cover every legal obligation our business has. It covers the key requirements for a licensed Financial Advice Provider.

Financial Advice Provider Obligations Policy

Why is this policy important?



The Brokers is registered as a Financial Advice Provider (FAP) and will be governed by the Code of Professional Conduct for Financial Advice Services (CODE OF CONDUCT). All the Financial Advice Providers employed by the business will be Level 5 qualified and FSP registered. We will keep up to date by:

- * Attending industry meetings, workshops and forums
- * Reading new guidance as it is released
- * Discussing the changes with our clients and other people associated with our business as needed.

Our policy- the dos and don'ts



- As a business we will: * Abide by the Code of Conduct * We will only make recommendations based on the best interests of our clients * We will only give advice in the areas where we have the appropriate competence, knowledge and skills



- As a business we would strive to: * Ensure we would not knowingly do anything that would contravene the Financial Markets Conduct Act or regulations or any other applicable laws, such as the Consumer Guarantees Act and the Privacy Act. * Ensure we do not avoid our obligations when providing financial advice.



Our processes

Steps we take

- * We agree the nature and scope of advice and/or service with our clients * We take reasonable steps to ensure that our client understands any limitations of our advice or service * We prioritise the client's interests, if there is a conflict of interest (eg earning commission) * We disclose relevant information to the client in line with our disclosure regulations to enable them to make informed decisions

Conduct Policy

Why is this policy important?



The Brokers follows the Code of Professional Conduct for Financial Advice Services. This includes: * Ethical behavior, conduct and client care * Competence, knowledge and skill

Our policy- the dos and don'ts



- * We take time at courses and reading to understand the Code of Conduct and its future amendments
- * We will make any changes in our business to ensure that we abide by the Code of Conduct



- We will learn from any breaches we make to the Code of Conduct and make any necessary changes to our business practice



Our processes

Staff

- * When we recruit new staff we only select those who have a willingness and patience to understand and vet people. They must also have strong analytical skills, problem solving, and mathematical attributes
- * We will train them to understand our culture, comply with the Code of Conduct, and provide refresher training as necessary to meet industry changes.
- * We review their ability to complete deals and improve this skill as felt necessary. Any poor behavior is rectified immediately

How do we know we comply?



- * We continually learn to improve our knowledge and skill
- * We complete external training and provider product sessions
- *



Our processes

Complaint Process

- Receive the complaint and record it in our complaints register
- Investigate the facts and understand the customer's view
- Agree to resolve the complaint
- If the complaint cannot be satisfactorily resolved, we will refer our client to the Disputes Resolution Scheme

How do we know we comply?



- * All complaints are recorded in our Complaints Register * Complaints are reviewed to identify any underlying issues or causes * Make business process improvements identified

Complaints Handling Policy

Why is this policy important?



* All our clients at the start of the application process are taken through an Adviser Disclosure Statement which, amongst other things, discusses what should you do if something goes. This also makes the client aware of our independent Disputes Resolution Scheme. * We always put clients first and would always address any complaint in a way that tries to resolve it. * Our approach is we treat the clients as we ourselves would like to be treated if our roles were reversed. * We discuss complaints internally to learn and improve. We also record all complaints. * If a complaint cannot be resolved we would strive to end the situation in a way that we can part as friends.

Our policy- the dos and don'ts



- * We always aim to understand our client's feedback and concerns * We try to understand how the client would like the complaint to be resolved.
- * We try to respond to the complaint immediately dependent only on external factors beyond our control. * Internally we review complaints to see how they could be avoided in future



- * We don't act defensively. However, we do try to show the client how this problem has arisen as often both parties can be at fault. * We don't ignore the problem.



Our processes

We
Ensure

- Information is prepared and reviewed for correctness
- The draft advertisement is checked to ensure that it is correct and easy to understand
- If we are in doubt about whether the advertising meets regulatory requirements we will have a legal or compliance expert check the document for correctness
- The business owner approves the final advertisement

How do we know we comply?



- All our advertising is of a one off or short term nature
- Our website content is continually reviewed and updated to ensure it meets its marketing objectives and compliance.

Advertising and Fair Dealing Policy

Why is this policy important?



* The Brokers has its own website-- www.thebrokers.nz. This outlines in detail the products we offer and the biography of our advisers. * The Brokers has a digital media presence on Facebook and Google managed by a professional digital marketing consultant. * From time to time The Brokers undertakes advertising and editorial content in the local print media to promote its services, * The Brokers uses testimonials from existing clients in marketing * The Brokers uses emails to send new opportunities to existing clients * The advisers have their own business cards The focus is on showing existing and prospective clients how we can work with them to improve their financial knowledge and security by offering products that help lead towards financial independence.

Our policy- the dos and don'ts



- * All our advertising is factual and truthful about our business * The information in our advertising is designed to make it easy for the client to understand and come to us. * We must always be able to deliver on what we say we can do



- * We don't use terms or images that may mislead or deceive a customer
- * We do not include false, misleading, or confusing content or statements in our advertising * We don't use any leads which may not have been obtained legally

How do we know we comply?



- * We keep up to date with training offered by the financial advice industry * We keep up to date with product changes and other developments to be able to provide appropriate advice * We review our processes and ensure they are aligned to meet our obligations

Conflicts of Interest Policy

Why is this policy important?



* When we give advice to a client, we immediately identify any conflicts of interest. This can be a situation in which the business or an employee of our business is able to benefit from the actions or decisions we make when we provide financial advice * We must disclose and manage any actual or potential conflict of interest and ensure that the advice is not materially influenced by the interests other than the clients.

Our policy- the dos and don'ts



- * We consider and identify conflicts of interest when giving financial advice * Where possible we try to avoid conflicts of interest



- * We always act in the best interests of our clients and do not put our own interests ahead of theirs



Our processes

Our Actions

- * We will always disclose any conflict of interest to our client and how we intend to manage it. * If the conflict is for reasons in which we do not have enough skill or our products do not provide adequate service we will refer the client to another provider

How do we know we comply?



- * We consider all conflicts of interest that arise internally and make any necessary changes to our organization if deemed necessary

Disclosure Policy

Why is this policy important?



When we provide financial advice we must provide all the relevant information to help clients make informed decisions.

Our policy- the dos and don'ts



- We make an initial disclosure before we provide the advice or service, or as soon as practicable after the service is provided
- We provide additional information throughout the advice process which is relevant to the client's situation.
- Our disclosure must be easily understood
- Clients can at all times access accurate information about our business and the advisers from our website



- We must not provide misleading, deceptive or confusing information to our clients



Our processes

Our Process

- We provide disclosure to the client before advice is given and then at key stages during the advice process
- We make information about our business, and our services available for clients to access at any time

How do we know we comply?



- We prepare our disclosure documents according to the regulations and review them when changes occur.

Health and Safety

Why is this policy important?



As we are conducting a business we have a duty of care for the health and safety of the company and its staff. We, therefore, try to comply with The Health and Safety at Work Act 2015 at all times

Our policy- the dos and don'ts



- We will comply with all the requirements in legislation, regulations, and codes of practice.
- We, therefore, work to identify any risks and/or manage them to minimize and prevent harm



- We don't ignore potential hazards



Our processes



- Identify and assess possible risks
- Act to eliminate or minimize the risks
- Act, and review for continuous improvement

How do we know we comply?



- We understand our business operations, and the hazards and risks associated with those operations
- We consider and respond in a timely manner to information regarding incidents, hazards, and risks.

Information Technology and Security Policy

Why is this policy important?



We strive to protect our customer's personal and financial data and keep it secure

Our policy- the dos and don'ts



- We ensure our passwords are strong.
- We shut our computers down when we leave our office
- We store all client files used to obtain financing and risk protection decisions remotely on third-party servers
- We only share information on the internet with trusted sites and clients



- We don't share passwords and login details with others
- When using the internet we only deal with trusted sites



Our processes

Our Process

- We have our own IT specialist to develop, maintain, and upgrade our website and security
- We review the storage of our paper document process and storage regularly.
- Documents are stored onsite in metal cabinets that are lockable
- All online records and files are stored on paid third-party servers accessed only by password

How do we know we comply?



- We are advised by email whenever our server storage setup is accessed
- We review our processes to ensure we can maintain the integrity of all our client files

Material Issues and Breaches Policy

Why is this policy important?



We are required to report material changes in our business that mean we can no longer satisfy all the requirements of our regulatory obligations to the FMA. We must also record and manage such breaches.

Our policy- the dos and don'ts



- We will be familiar with our obligations. We will report material issues within 5 working days of becoming aware.



- We will work to remedy the weaknesses in our business that caused the issue



Our processes

Our Process

- When we have changes such as * a change of major shareholder, * a change in key staff, *or adding new types of products and services that we haven't previously offered we will notify the FMA by email to compliance@fma.govt.nz
- We will also make any internal changes required to address any issues and breaches

How do we know we comply?



- We annually review the licensing requirements set out in our Financial Advice Provider License

New Client Onboarding

Why is this policy important?



We always introduce new clients to our business to * Ensure they know that all our efforts go into putting their interests first *We are on a journey with them to offer financial advice and training on an ongoing basis to lead to a financially independent retirement

Our policy- the dos and don'ts



- We agree on a Scope of Advice and Service with the client
- We collect all the data and client information needed to provide the service
- We disclose and manage any potential conflicts of interest
- We explain how we are paid for our services



- We don't use the data we collect for any purpose other than that for which it was collected



Our processes

Our Process

- We establish communication channels (email, text, video, phone) to collect data securely and maintain strong contact
- We work to ensure that we establish a good and trusting working relationship with our clients to give us accurate and full information to assist in achieving the client's goals
- We provide disclosure throughout the process and ensure the client understands the stages to follow if they have a complaint about our ser

How do we know we comply?



- We understand the criteria required of advisers to work as Financial Advice Providers. We also receive ongoing training from our financial product providers

Privacy Policy

Why is this policy important?



Our Privacy Policy shows our customers how seriously we take the security of their personal information and how we deal with collecting, using, and disclosing personal information for anyone using our services. The Privacy Act defines principles we need to comply with. This includes the principle that we can only use the information for the purposes for which we have collected it. The systems we use to hold client information include email , Dropbox, our providers such as the insurers we act for, and hard copy client files stored in the office.

Our policy- the dos and don'ts



- We ensure all information is kept as securely as feasible
- We only share information and use information as per the agreed purpose
- We only collect personal information necessary for the services being provided and ensure that the client knows that their information is available anytime they wish to view it
- We ensure that client information is retained and stored as securely as is feasible and practical.
- When we collect client information, we explain the reasons why the information is collected and how it will be used



- We don't give out any personal information unless we know who's asking for it, why they want it and that they are authorized to have it
- We don't breach client confidentiality
- We don't collect information that isn't required to complete the services we agreed with the client
- We don't leave client information visible for non authorised people to see



Our processes

Our Processes

- At the client meeting we: * Explain to our customers the purpose of collecting personal information about them * We cover what we are trying to achieve and what personal information is needed to achieve it
- We explain to the clients how we handle their personal information: * We only collect personal information directly from them or from a public source * We only use their information to provide our services to them * We are required to keep information for 7 years after our client relationship ends * We will dispose of it appropriately at the end of the 7 year period
- We explain that: * We will only hold client data or information we are required to hold. * We have an annual review with clients to discuss their requirements going forward and determine what data to retain
- We check regularly with our systems providers to ensure that we are kept up to date on how the data is secured
- We review our Professional Indemnity Insurance annually to ensure we are insured for a breach of privacy
- We will contact the correct authorities if our business is affected by a data breach

How do we know we comply?



- When we use a new provider check their terms and conditions to understand how they store and use our client information
- We are aware of our obligations under the Privacy Act and keep up to date with any changes we may need to apply
- We keep up to date via the Privacy Commissioner's website for guidance on managing client privacy as and when it is deemed appropriate.
- We are sent all information from the NZ Business Centre (a government-funded organization to help small businesses) and use this to review our business practices

Products and Services Policy

Why is this policy important?



It is important that we apply the most suitable products or a mix of products to meet the client's needs and to ensure their risk protection insurances and other financial products are suitable for short, medium, and long term purposes. We will achieve this by ensuring we understand our client's needs and that our client understands the financial products and services we recommend following an analysis of their needs.

Our policy- the dos and don'ts



- If any conflicts of interest arise, we will prioritise our customer's interests ahead of our own.
- We make recommendations based on our experience and research and the needs of our clients.
- We use our knowledge of the product providers to recommend the best option for the client



- We do not provide information that is not factual or cannot be supported by research, policy wordings, and other appropriate, evidence
- We do not use technical jargon or complex terminology that our clients may not understand



Our processes

Our Process

- We identify our client's requirements and make recommendations on how best to achieve them
- We provide enough information about the financial products we recommend to enable a client to make an informed decision
- We make recommendations based on client needs and interests
- We disclose and manage any potential conflicts of interest
- We check our client's understanding of our advice throughout the process

How do we know we comply?



- We ask our clients questions to test their understanding
- We keep records to show how we formed the basis of our advice
- We undergo continuous training to understand the products and services we provide advice on

Record Keeping Policy

Why is this policy important?



We are required to maintain adequate records, properly provide services to clients, and provide information to the FMA in a timely manner. We must retain all documents required to be kept by law under the FMA Act and regulations, the AML/CFT Act 2009, and other relevant information

Our policy- the dos and don'ts



- We keep all records securely and within easy access
- We keep records for at least 7 years after the client relationship ends
- Our client agreements contain client consent for the FMA to review our records



- We do not delete client records within 7 years even if they are no longer doing business with us
- We do not take shortcuts with recording client information



Our processes

Our Process

- We keep sufficient notes, detailed enough for a person to be able to read and understand the advice and why it was given
- We keep records in hard and / or soft copy for a minimum of 7 years after the client relationship ends
- When key changes are made we record why the change was made to meet the client's requirements and wishes
- Records are easily accessible, kept in a secure fireproof location and soft copies are kept with our digital cloud based provider

How do we know we comply?



- We complete a periodic review of our record keeping process and destroy older files no longer required

Service Providers and Outsourcing Policy

Why is this policy important?



We only use our own FSP approved Financial Advisers to give client advice. We will use outside advice from accountants, lawyers, and doctors to support the client's application and with the knowledge of the client.

Our policy- the dos and don'ts



- We only use outside advisers who have knowledge of the client's affairs and are called in to help process information required with the client application and paid for by the client directly.
- We outsource digital file storage in the cloud and this has secured access. We review the cloud storage annually with the provider
- We also have contracted adviser to develop and maintain our online presence including our website



- We pay close attention to our outside advisers to ensure they are performing the function requested of them



Our processes

Our Process

- We consider compliance, contractual, and legal requirements when selecting an external provider

How do we know we comply?



- We keep in regular contact with our providers to ensure their business can still comply with our needs

Advice Policy

Why is this policy important?



As a Financial Advice Provider, it is important that our financial advice practices are designed to serve the interests of our customers. We regularly review our advice process against Government led policies to ensure our advice process aligns with the requirements. This includes the duties in Part 5A of the Financial Markets Conduct Act 2013, and the Code of Professional Conduct for Financial Advice Services.

Our policy- the dos and don'ts



- We agree on the nature and scope of the advice through disclosure before we provide financial advice
- We ensure that the advice if implemented will help the client to achieve their goals and objectives
- We ensure the client understands the advice by using plain English, avoiding industry jargon, and asking questions to confirm they understand.
- We provide the client with adequate information to consider our recommendations
- When the advice we give results in an approval from our product suppliers we provide our recommendation in writing



- We do not replace existing products or policies without there being good reasons why they are in the client's best interests
- We do not provide advice based solely on the commissions, incentives, or fees that we get paid
- We don't provide advice in areas where we lack competence, knowledge, and skill



Our processes

Our 6 Step Advice Process

- Establish the client relationship and define this with an agreed Scope of Advice
- Collect all the relevant client information and compile this into an Application in a format acceptable to potential Product Providers
- Analyse the client's situation, and compare this to their wishes, needs, and constraints. Present the total package to a suitable provider (or Providers) with a view to obtaining approval.
- Discuss the outcomes with the client and conclude an advice outcome that is acceptable to all parties
- Implement the advice outcome with the acceptable provider and follow this through to a settlement
- At settlement give the client some general advice and guidance to improve their financial knowledge and what the next steps may be to lead to a financially independent retirement. Encourage them to treat us as their personal Financial Adviser whenever they need help or to stay focused. Follow the client up at least annually.

How do we know we comply?



- We use a Progress Summary Form which lists all the stages of the Advice Process. We sign off on each stage and have room for comments. This ensures there are no advice matters missed and keeps a record of all discussions and outcomes with the client.

Client Servicing Policy

Why is this policy important?



Client care is part of the Code of Professional Conduct for Financial Advice Services and duty 431M of the Financial Markets Conduct Act 2013 is the duty to comply with the code of Conduct. Our existing clients are one of our most important assets and their financial situation is always changing. This is why it is important that we keep in contact with our clients and review their situation at least annually where possible. Involved clients also bring leads and future business.

Our policy- the dos and don'ts



- We will diarise the follow-up and will contact the client when we say we will.
- We advise on the importance of review meetings to ensure our clients are maximizing their knowledge and financial progress
- Where necessary and advantageous to the client we will keep them up to date with any product changes



- We do not impose any unnecessary barriers to switching or exiting a product or service



Our processes

Our Process

- When we give our clients a Statement of Advice we make them aware of the importance of regular reviews and encourage regular contact is maintained in both directions.
- We always keep notes on the client file of the outcome of the follow-up
- We keep in contact with clients via email and if they do not want a review we will keep their reply email on file
- Whenever a product or service changes that affect our clients will arrange a review if required
- We immediately attend to complaints and also assist clients with the claims process when necessary

How do we know we comply?



- We always keep notes on the file of discussions with clients to record any meetings and other forms of discussion

Replacement Business Policy

Why is this policy important?



Replacement Business Policy with a client is treated with care as follows: * The adviser must act in the client's best interests. The adviser's prime motivation must not be just earning more remuneration * The client may lose benefits, face additional costs, and have limitations imposed by the new provider. * It is important not to cancel existing policies until the new policy is fully approved and discussed with the client. However, the industry is constantly evolving and there are situations where new policies and providers will benefit the client

Our policy- the dos and don'ts



- We will use our competence, knowledge, and skill, keep records of our advice given
- We will only proceed to replace an existing policy with the client's full knowledge of the advantages and possible disadvantages to ensure this change is totally in the best interest of the clients.



- We won't recommend a different provider without researching all the impacts on the client



Our processes

Our Process

- We complete a relevant fact find, review the client's needs, and then undertake research on the options before recommending an alternative product and/or provider
- We stress to the client the importance of providing all relevant information to avoid rejection at claim time
- We always conduct a comparison between all the options available and compare these to the current product
- We present the findings in a way the client can easily understand including any risks imposed by switching providers or canceling a product
- We advise the client when we are further remunerated for providing the advice
- We always keep the old product in place until the new product is approved and in place

How do we know we comply?



- We advise the client in writing to summarise the advice, including the relevant features, risks, or limitations in changing products and /or providers, and ensure we receive their approval to proceed in writing

Vulnerable Clients Policy

Why is this policy important?



We understand some clients may be vulnerable due to their personal situations or circumstances. Examples are: * Physical disability, hearing or vision impairments, poor mental health, cognitive disabilities or learning impairments * Life events such as-- caring responsibilities, bereavement, income shock, relationship breakdown, domestic abuse, refugees, ex-offenders * Stress, low emotional resilience, lack of support * Poor literacy, lacking knowledge or confidence in handling financial matters, poor English skills We keep a lookout for signs of the above and will ensure these clients are handled with respect and not given advice that may cause harm or take advantage of their vulnerable situation

Our policy- the dos and don'ts



- We always put the client first and only give advice that meets their needs
- We ask questions of existing clients to ensure we understand any changes to their situation
- We ensure our client has access to independent support if needed



- We do not take advantage of vulnerable clients
- We do not make assumptions about them or their personal circumstances



Our processes

Our Process

- We have a role to identify vulnerable clients
- We provide appropriate assistance to our staff as required to deal with these situations
- We ensure all clients are treated fairly and keep adequate records of our interactions
- We ensure communication methods are specific in these situations.

How do we know we comply?



- We keep ourselves aware of our client's possible vulnerabilities and treat all interactions accordingly

Financial Management

This document outlines how financial management functions in our business.

Our daily finances are managed by the business owner.

The accounting software we use is Accountant.

We discuss our financial affairs with our accountant annually.

We do have financial statements prepared for our business annually.

We monitor our financial resources monthly.

We perform the following activities to forecast our business each year:

- Identify and manage all costs and minimise these where possible

Our forecast for this financial year allows for expenditure including:

- ACC levies
- Compliance
- GST, provisional and terminal tax
- Insurance premiums
- Licensing and registration costs
- Training
- Operating expenses and overheads (e.g., salaries, rent, utilities)

We do have separate business bank accounts from our personal bank accounts.

Financial Management Policy

Why is this policy important?



We must have the financial resources to effectively perform the services of a financial advice provider. We don't have any debt to operate our business so we have no debt obligations that could be called up. Accounts are paid up to date at all times Staff are paid by commission only based on results achieved

Our policy- the dos and don'ts



- We have the resources to pay all our debts when they fall due
- Our cash flows are all retained in our account to cover debts



- We practice what we preach as a financial advice business and always ensure we can maintain a positive cash flow



Our processes

Our Process

- We pay all accounts on time from our bank account
- The business has financial resources it can call on if required
- The business carries zero term debt
- We are aware that workflows can vary in this business so ensure our outgoings can match our income at all times
- Our main asset is the cash generated from The Brokers business. All costs must never exceed this.
- If there was ever a material situation that did not allow us to pay our bills and this was beyond our control we are aware of our obligation to notify the FMA

How do we know we comply?



- We operate one bank account for income and bill payments operating with no overdraft. In this way, we can quickly monitor any issues before they become serious
- All our accounts are paid online so our bank account is essentially our financial statement
- We have an accountant to prepare our end-of-year accounts for the IRD
- We have Professional Indemnity Insurance (PI) adequately covering our entity, brand, and trading names
- We check annually that our sub-advisers have PI cover in place

Professional indemnity insurance

We do have Professional Indemnity (PI) insurance in place.

Our insurer is QBE Insurance (via AON/ Newpark as the agent).

Our cover limit is \$2,000,000.

Our excess (or deductible) is \$2,500.

Our policy expires on 31/07/2022.

Our policy is a claims-made policy.

We have our own policy.

Sub-advisers are covered by my business policy.

My PI policy covers the following key things:

- Professional Indemnity
- General Liability
- Statutory Liability
- Employers Liability
- Directors & Officers Liability
- Crime

My PI policy has the following key exclusions or limitations:

- Sanctions Exclusion

Other insurances

- Fire and General Insurance

Human Resources Manual

Our advice business is built on gaining and holding the public's trust in our people. Demonstrating high standards of probity is essential to public confidence in our advice and services. Probity means the quality of having strong moral principles – acting ethically and fairly. Ethics and integrity are central to building trust with our clients.

From time to time we may need to hire new employees or contractors in our business. The purpose of this human resource manual is to set out our policies, procedures and controls for recruiting, vetting, inducting, supervising, and training our staff.

Policies and procedures provide an outline of our operational processes. This helps ensure that we consistently apply good practices.

Our Staff

This Human Resource manual is mostly targeted at employees. The key processes for recruitment and induction are also applicable to contractors. Collectively we refer to everyone as 'our staff'. This includes financial advisers as well as administration and support staff.

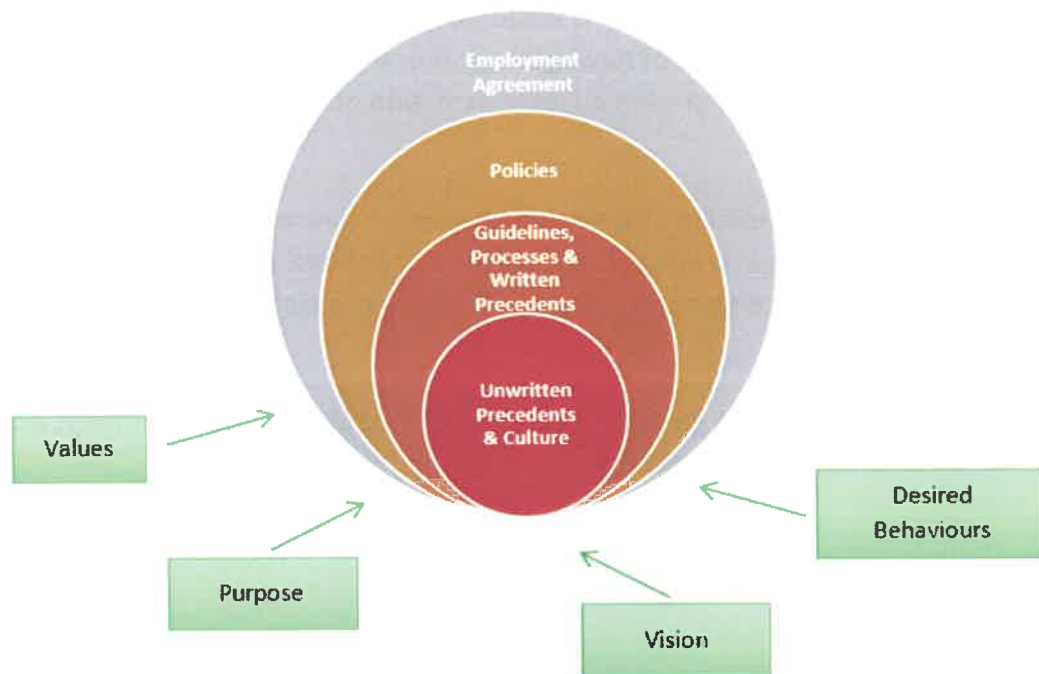
Workplace policies

Our staff find it helpful to understand what the rules are that cover their workplace. These can be provided in policies, procedures, codes, rules, and guidelines.

This human resource manual sets the policies which reflect our core values. The business manager or owner is responsible for managing people risk in the day-to-day operations of our business.

From time to time, special circumstances may arise. These will be managed on an exceptions basis. Our practice is to document our processes to ensure fairness and consistency with how we operate our business.

Diagram 1: How everything fits together



People related risks

People risks include people that come into our business on a short-term or temporary basis. We need to manage the risks even if staff aren't employed by our business (such as contractors).

People-related risks that can impact a small business such as ours include absenteeism, employee fraud, general health and safety, or the reputational damage that can arise if people in our business are found guilty of wrong doing.

We need to implement processes to ensure that any contractors or temporary staff apply the same code of ethics, conduct and obligations that our employees are expected to adhere to.

This manual also sets out some of the new requirements we anticipate from changes to the financial advice regime, that we may have to comply with. This manual does not cover every legal obligation our business has. It covers the key requirements for being a licensed financial advice provider or operating under a licensed financial advice provider.

Our human resources manual is a living document. This means we get the most benefit from it by reviewing it annually and updating it as things change.

Contractors and employees

When engaging staff for our business we will consider our business requirements and decide whether we will engage staff as an employee or as a contractor.

The main difference between contractors and employees is that employees work for our business, while contractors work for themselves. Other differences include:

- Employees and contractors work under different terms and agreements;
- Employees have employment agreements with our business, while contractors are generally free to work for anyone;
- We pay PAYE and KiwiSaver on behalf of our employees, while our contractors usually make their own payments;
- Employees will work where and when we tell them to. Contractors can decide how they work and employ other people to help them;
- Employees generally use our employer's equipment, while contractors use their own; and
- Employees are required to work set weekly or monthly hours and may get paid overtime for working extra. Contractors work to agreed timeframes.

Employment Law in New Zealand

All staff must comply with New Zealand's Employment Relations Act 2000 and other related legislation. Some employment law also applies to contractors.

When it comes to employing a person, it is important that we ensure they are a genuine employee or a genuine contractor. Getting it wrong may result in our business being held liable for extra costs such as:

- unpaid PAYE tax;
- unpaid minimum wages; and
- holidays and leave entitlements.

We may also be at risk of receiving penalties from Inland Revenue and/or the Employment Relations Authority (which could be costly and could harm our reputation).

Employment Relations Act 2000

The Employment Relations Act covers the basic elements of employment and the legal protections and obligations of both employers and employees. The Employment Relations Act also outlines the penalties the we, as an employer, or employees can face for breaching any of the obligations in the Act. This Act does not apply to contractors.

At its core, the Employment Relations Act aims to ensure a positive employment relationship by incorporating good faith in every component of the employment environment. The Act does this firstly by recognising that not only is good faith legislated (in the Act itself) but depends heavily on trust between the business owner and our staff.

The duty of good faith generally requires that the employer:

- Refrain from conduct which is likely to mislead or deceive the employee;
- Be active and constructive: this includes an obligation to be responsive and communicative, and means that the employer must communicate any concerns to the employee and also pro-actively investigate any complaints brought to its attention; and
- Provide the employee with relevant information: this is about providing all relevant information possible where an employee is potentially losing their job, so that both parties are clear, and an employee can comment on the change. What is 'relevant' will depend on the circumstances.
-

Other Acts we need to consider:

Accident Compensation Act 2001

The Accident Compensation Act 2001 guides the law around injury prevention, rehabilitation of injured workers and entitlements following injuries, both in general and at work. Workplace injuries are governed by this Act. Broadly, this Act applies to contractors as well as employees.

The Accident Compensation Act also outlines the way in which the Accident Compensation Corporation (ACC) operates in its role to provide comprehensive, no-fault personal injury cover for all New Zealand residents and visitors if they are injured in an accident.

Domestic Violence - Victims' Protection Act 2018

The Domestic Violence – Victims' Protection Act provides legal protections in the workplace for people affected by domestic violence. Effective from 1 April 2019, the Act gives employees affected by domestic violence the rights to get paid domestic violence leave, ask for short-term flexible working, and not be treated badly at work because they might be affected by domestic violence.

Equal Pay Act 1972

The goal of the Equal Pay Act is to remove and prevent discrimination, based on the sex of employees, in rates of remuneration for male and female employees.

It is an offence to contravene or fail to comply with the provisions of the Equal Pay Act. An individual committing an offence is liable to a fine of up to \$400. A body corporate committing an offence is liable to a fine of up to \$1,000.

The Human Rights Act 1993 also contains a provision on equal pay (s 22). An employee is entitled to complain under either the Equal Pay Act or the Human Rights Act but not both at the same time.

The personal grievance procedures of the Employment Relations Act apply to breaches of the Equal Pay Act.

Holidays Act 2003

The purpose of the Holidays Act is to promote balance between work and other aspects of employees' lives and to provide employees with minimum entitlements to:

- Annual holidays to provide the opportunity for rest and recreation;
- Public holidays to observe days of national, religious or cultural significance;
- Sick leave to assist employees who are unable to attend work because they are sick or injured, or because someone who depends on the employee for care is sick or injured; and
- Bereavement leave to assist employees who are unable to attend work because they have suffered a bereavement.

The Holidays Act relates to employees specifically, not to contractors.

Immigration Act 2009

The purpose of the Immigration Act is to manage immigration in a way that balances the national interest, as determined by the Crown, and the rights of individuals. The Act includes mechanisms that enable immigration officers to gather information in relation to visa holders, employers and education providers, to determine compliance with their obligations under the immigration system. It is an offence under the Immigration Act for an employer to employ someone knowing that they are not entitled to be employed (s 350).

KiwiSaver Act 2006

The KiwiSaver Act sets out the rules and regulations regarding the KiwiSaver scheme. The KiwiSaver Act provides for rules for KiwiSaver, such as the automatic deduction of contributions from a member employee's wages or salary, and contributions to be made by an employer into an employee's KiwiSaver account.

Contractors are responsible for making their own contributions to KiwiSaver, if they have one.

Parental Leave and Employment Protection Act 1987

The purpose of the Parental Leave and Employment Protection Act is to:

- Set minimum entitlements for parental leave for employees;
- Protect the rights of employees during pregnancy and parental leave; and
- Entitle eligible people to up to 26 weeks of parental leave payments.

This Act does not apply to contractors.

Other relevant employment law

- Health and Safety at Work Act 2015 (Refer to our Health and Safety Policy);
- Human Rights Act 1993;
- Protected Disclosures Act 2000 (refer to the section on Whistleblowing, later in this Manual);
- The Privacy Act 1993 (refer to our Privacy Policy);
- Wages Protection Act 1983; and
- Domestic Violence – Victims’ Protection Act 2018.

Our Business Requirements

A well written agreement helps our business and our employees/contractors know what we expect from each other and what each party are entitled to. This means misunderstandings are less likely to happen and if a problem does occur, we can refer to the agreement to clarify the position.

All casual, part time and full time employees are required to have an individual employment agreement which outlines the terms and conditions of their employment. The employment agreement is to be read in conjunction with the terms and conditions included in various policy manuals issued by our business.

Our business presently has no employees.

Contractors are also required to have a written contractor's agreement, setting out our agreement of their role, responsibilities and terms of engagement. Although contractors aren't covered by most employment related law, they will have to abide by our relevant policies.

We have written contracts with some of our contractors.

Within our business each employment agreement will be deemed an individual agreement.

- The agreement must be signed by both parties;
- Our agreements include employee minimum rights;
- A description of work to be performed is included in the agreement or in a position description;
- The agreement sets out the location of work and hours to be worked;
- The agreement confirms the rate of wage or salary payable;
- We provide a clear explanation of how to resolve employment related, disputes;
- An employee who is given notice of dismissal before the end of a trial period can't raise a personal grievance on the grounds of unjustified dismissal (but can still raise a personal grievance on other grounds, such as discrimination or harassment or an unjustified action by the employer that disadvantaged the employee); and
- The agreement will set out any other agreed matters, such as trial or probationary provisions or availability provisions.

Staff Code of Conduct

We do not have a staff code of conduct in place.

How we know we comply

All staff are aware of the conditions of their employment. We ensure that we treat all employees and contractors fairly. Any person employed by or representing our business must comply with New Zealand's employment law and related legislation.

We do not require our staff to review this Human Resources Manual periodically.

We review this Human Resources Manual annually.

We do the following things to ensure we maintain current knowledge of employment law:

This is not required as we have no employees

Fit and Proper Policy

Why is this policy important?



Our business is built on gaining and holding the public's trust in our advisers. In our view fit and proper means the quality of having strong moral principles- acting ethically and fairly.

Our policy- the dos and don'ts



- All Directors, Business Organizers, and any other person who can exert significant control over the business must be fit and proper to hold their respective positions.
- We only appoint people who meet our tests for good character and capability



- We do not appoint or engage a person who could cause detriment to our clients, gain improper advantage or make improper use of their position.



Our processes

Our Process

- We carefully check the past work history of our contractors.
- Our contractors must have a minimum qualification of Level 5 financial skills
- We ask for references and follow these up carefully to look for weaknesses and ethical behaviour
- We will send our contractors to product training programs put on by our providers
- We will assess their performance internally and provide skills training when deemed necessary
- Our contractors must have the skills and empathy to understand people and have the financial problem-solving skills to put together coherent financial plans

How do we know we comply?



- We remain aware of our legal and regulatory requirements, including minimum standards to hold a financial advice provider licence
- We follow consistent advice processes in line with our provider expectations
- We would obtain an independent review of our processes if we felt this would benefit the operation and integrity of our business

Recruitment and Vetting Policy

Why is this policy important?



We only work with contracted personnel who have passed checks to ensure they are reputable, suitably qualified, and there are no signs that could cause our business reputational harm. This will ensure we: * Protect the interests of our clients, and the company * Comply with the provisions of the regulatory framework * Reduce business and legal risk * Protect our good name & Provide clients with appropriate advice

Our policy- the dos and don'ts



- We will complete at least 2 verbal references
- We will sight original evidence of qualifications
- We will review previous work history, including a full CV, and ask questions on the length of time with previous employers and why they left



- We do not take on any contractor with completing all the checks
- In our discussions we would not take any actions that would breach the contractor's privacy or discriminate against them



Our processes

Our Process

- When contracting financial advisers, we also consider the desired adviser attributes and team or cultural fit with our business
- We may ask for examples of situation solutions to various financial applications
- We undertake a criminal conviction check through the Ministry of Justice
- We carry our reference checks to validate experience, capability, good character, and why they left the business (if applicable)
- We sight all originals of qualifications held
- We store all contractor details and files in a secure manner

How do we know we comply?



- All store all evidence that our contractors are who they say they are and keep this on file only if their contract application is successful

Induction Processes for New Staff



Our processes

Our Process

- The Company Director will complete an induction process for all newly contracted staff
- The induction includes organizing access to systems, stationery, and making our product providers aware of the new appointment
- We see it as important to explain how our business thrives through its business values and expectations of conduct
- The new contractor is asked to read our Policy Manual ask any questions
- If the new contractor has any competency gaps the business will initiate training to overcome these
- As the contractor will be offering financial advice the business will arrange to update the Financial Service Provider's record

How do we know we comply?



- The Company Director undertakes the full process of introducing the new contractor to the business

Staff Supervision Policy

Why is this policy important?



All our contractors are answerable to the Managing Director. Our contractors are essential for the success and growth of our business and will be closely involved at all times

Our policy- the dos and don'ts



- We have different contractors who specialise in different aspects of the advice business. These specialised areas include : * Mortgages * General Insurance * Risk Protection Insurances * Business Lending
- The same Client may therefore consult with various advisers. This allows for a certain amount of cross-referencing and ensures we can be fully involved and coordinate all aspects of the client's financial well-being.
- Our processes allow different advisers access to client files. This keeps the client information up to date



- We don't allow contractors to provide financial advice to our clients unless they meet the requirements for competence, knowledge, and skill



Our processes

Our Process

- Each contractor's role is designed to meet the needs of our business and our regulatory obligations
- Each contractor has the skills and experience to fulfill their role
- We recognize professional conduct and those who go above and beyond
- We regularly review progress, discuss any issues or barriers to performance, and provide constructive feedback

How do we know we comply?



- Everyone in the business is motivated to contribute to our client's success and the ultimate proof of this are references, referrals and ongoing business from the clients

Training and Development Policy

Why is this policy important?



We ensure all contractors are kept up to date with industry trends, developments, and requirements. This ensures our clients are receiving the best advice Continuous professional development and Product Provider training are 2 major tools

Our policy- the dos and don'ts



- We ensure our contractors are up to date with any regulatory changes We ensure our product providers give us full support as they change and improve their products We ensure we provide continuing personal development to our contractors



- We don't avoid opportunities given for further training



Our processes

Our Process

- We make time for Contractors to discuss updates from the FMA, product providers etc to ensure we are on top of any changes
- We attend product training sessions with our product providers to keep our knowledge current
- We encourage our contractors to complete further levels of professional development

How do we know we comply?



- We encourage contractors to seek additional training. This is also recognized as a good environment to cross reference good ideas
- We recognize that a lot of valuable training is given by our Product Providers and we take full advantage of this
- Our training sessions are therefore largely driven by the time made available by our Product Providers

Gifts and Incentives Policy

Why is this policy important?



No matter how well-meaning or intentioned a gift, the potential exists for a conflict of interest, or perceived conflict of interest, because of the existence and acceptance of the gift. Giving or receiving a gift could influence a client's decision-making behaviour. This does not necessarily prevent making or receiving a gift but the timing and appropriateness of the gift should show appreciation and not influence a decision.

Our policy- the dos and don'ts



- Working for our client is paramount, and adherence to the policy is an essential part of confirming this requirement.



- It is not appropriate to accept gifts or rewards or benefits which might compromise the integrity of the individual or our business
- WE do not accept a gift if this can be seen as an inducement that might place us under an obligation to a third party
- We do not let potential gifts or benefits become an over-riding consideration for the appointment of service providers or suppliers



Our processes

Our Process

- We must consider: * How the gift would look to an outside party * The reason for the gift being offered * The value or importance of the gift or benefit to the contractor * The frequency of the gift - even a small gift given repeatedly may be of concern
- We must always refuse gifts that will cause a conflict of interest that can't be satisfactorily managed

How do we know we comply?



- Any inappropriate gifts or incentives are addressed with contractors, and the gift is returned.

Leave and holidays

Taking time off can help us have a healthy balance between our work and personal life. You can take leave for holidays, to celebrate your culture and beliefs, when you're sick, if someone who depends on you is sick or someone close to you dies, and other reasons, e.g. jury service and training.

These guidelines apply to all our employees but do not cover parental leave. Leave entitlements can also be found in each person's individual employment agreement.

We also encourage contractors to take time off to revitalise.

We do understand your leave obligations as an employer.

Sick Leave

If you are unwell or injured and unable to work, please advise the business owner or manager as soon as possible.

All staff are entitled to 10 days of sick leave if:

- they have six months' current continuous employment, or
- they have worked for the employer for six months.
- If you are sick or injured, we may ask for a medical certificate

How to request leave

We will consider all your requests for leave. Let us know as early as you can before you want to be away from work. This will give us time to organise work while you're away. We will be more likely to agree to your request.

Annual leave

Your annual leave entitlement is in your employment agreement. We encourage you to take this time off within a year of earning it.

Closedown periods

We close down our business once each year. We'll give you the details in writing at least 14 days before the closedown starts, including closedown dates and how many days' annual leave or other leave you will need to take. Please keep this in mind when planning how to use your annual leave during the year.

Public holidays

You are entitled to 12 paid days off a year for public holidays if they fall on days they would otherwise be working.

Bereavement (tangihanga) leave

You may be able to take paid bereavement, or tangihanga, leave if someone close to you dies. You can take the leave at any time and for any purpose relating to the death. It does not have to be used straight away or all at the same time. Please contact the business owner or your manager if you require bereavement leave.

Domestic violence leave

If you are affected by domestic violence, you have the right to take 10 days of domestic violence leave. This is separate from annual leave, sick leave and bereavement leave. You may also request flexible working arrangements, lasting up to two months.

Whistleblowing process

A staff member makes a protected disclosure (commonly known as 'whistle-blowing') when they report serious wrongdoing in the workplace that they reasonably believe is true or likely to be true.

If you make a protected disclosure, you have protections under the Protected Disclosures Act 2000. Such as, your employer can't take disciplinary (or other action) against you.

Source - Employment New Zealand

<https://www.employment.govt.nz/workplace-policies/protected-disclosures/>

Our whistleblowing process

To raise an issue about our business, one of our financial advisers, another business or an external financial adviser, staff can report it to the FMA by email to questions@fma.govt.nz or by phone on 0800 434 566.

Our Commitment

We aim to provide an environment that enables employees /contractors to voice their concerns.

In the first instance, any concerns should be raised with the business owner.

If the issue involves the conduct of the business owner, then the employee should contact the FMA and make a confidential statement.

For more information on protected disclosures, visit the Office of the Ombudsman website:

<http://www.ombudsman.parliament.nz/what-we-do/protecting-your-rights/protected-disclosures-whistle-blowing>

We do understand our whistleblower obligations.

Our Business Values

Our Undertaking To Our Clients

My client

Our Business is built on always placing the client first and giving full consideration to their situation, desires, and financial constraints.

Our client experience

After meeting with our Financial Adviser our clients will be better informed about how their current financial position and income can position them to meet their future desires. We will understand their needs and even if their current position does not meet the requirements of existing options they will always leave us with a path to follow to overcome the current constraints.

Trusted adviser

We want to become a trusted adviser to give our clients the confidence that they can continue to work with us and trust us to prepare them for life's financial opportunities and constraints. The journey should always be constructive and afford them the best financial opportunities to prepare them for retirement.

What to expect from our financial advisers

Advisers engaged in our business must follow our internal policies and procedures, adhere to our code of conduct, and provide clients with professional service

Our client care, diligence, and skill

When you work with a Financial Adviser from our business, you can be confident that our adviser is qualified to provide advice to you and completes ongoing professional development to stay current with any changes. We also will use plain language that can be readily understood.

If things go wrong

There may be times when clients are unhappy. We will listen to their concerns and work with them to try to give them a better understanding as to why the concern has arisen and

try to resolve it in a timely manner. If we can't agree we will then refer them to our dispute resolution scheme who can work through the issues impartially.

Our commitment

We keep our clients as the key focus of our business and therefore take into account their cultural differences, ethics, and abilities to comply with financial requirements

Our processes

Our Advisers are supported by the tools, policies, procedures, and controls to ensure that they meet our regulatory requirements and deliver the service we promise you.

Our values

Our values are based around always placing our clients first ie how would we want to be treated if our roles were reversed.

My Business Governance

Governance of my business performance is important to me. Good governance and oversight means working on my business as a business owner, not only in my business as an adviser.

From time to time, when useful, I discuss my business with another person whose expertise and opinion I value: 'a business mentor'. The business mentor brings value to my business by providing an external perspective and challenging me in a helpful way to help me think of better, more efficient ways of doing things. Continually serving my clients better and growing my business are important to me.

As the business grows, I may consider a more formalised governance structure, such as an independent director, formal adviser relationship, or other services available to me.

Why governance is important to my business:

- Supports business growth and creates a roadmap for the future
- Makes sure the key business risks are identified and managed
- Helps ensure my business remains compliant
- Provides identified thinking and ideas

My business operates via a company and comprises:

- We have 1 director
- We have 2 senior managers
- We have 2 financial advisers
- We have 1 support and administration staff

As directors of THE BROKERS we have duties to the company, its shareholders, and under the Companies Act 1993. Company directors are elected or appointed to manage the company's business and affairs.

Director's duties include:

- determining and implementing policies and making decisions;
- preparing and filing statutory documents with the Companies Office or other agencies;
- calling meetings, including an annual meeting of shareholders if needed;
- maintaining and keeping company records; and
- binding the company to contracts with suppliers, lenders and others dealing with the company.
- Our company constitution sets out additional duties and responsibilities.

Directors of the business must act honestly, in the best interests of the company, and with reasonable care at all times. Directors must not act, or agree to the company acting, in a manner that's likely to breach the Companies Act 1993, other legislation, or our company's constitution.

Governance – how it works

Purpose

The purpose of governance is to ensure that we have a clear strategy, meet our regulatory obligations, manage key business risks, support us putting in place a good culture, and plan for the future of the business.

Our governance is conducted by:

- The Directors
- Our accountant
- Our lawyer

I meet with external mentors periodically to benefit from their expertise and oversight, to help achieve our business goals and ensure that it is compliant. I take time to consider governance annually.

Terms of Reference

The terms of reference outline the objectives, purpose and goals of governance, and reminds us of these.

Governance Terms of Reference for THE BROKERS

Introduction

The purpose of THE BROKERS is to provide financial advice to clients. The focus of the business is to achieve the business goals in a way that is also in the best interests of our clients and shareholders.

These terms of reference set out my/our roles and responsibilities.

Governance advisers

The following people help us govern THE BROKERS:

- Lee McDonald

Roles and responsibilities

The role of the governance body is to:

- Promote high standards of integrity, conduct, and ethical behavior.
- Ensure that the business has appropriate risk management and regulatory compliance policies and processes in place to meet legislative requirements.
- Ensure that the business's financial statements are true and fair and otherwise conform with general accounting practices and the law.
- Ensure the business meets its duties set out in the Companies Act 1993, Financial Markets Conduct Act 2013, and other relevant legislation.

Good conduct

Governance is important to ensure that the business 'practices what it preaches' by ensuring that we abide by the policies and procedures that have been put in place and that we meet our regulatory requirements.

Good conduct includes the following:

- that we have adequate resources for training, supervision, and compliance;
- that we avoid and address inappropriate behavior; and
- that we engage openly and honestly with relevant regulators and respond fully to any regulatory concerns.

Key obligations

- The governance body has a responsibility to act with loyalty and in good faith

Conflicts of interest

Members of any governance body must disclose any conflicts of interest. A record is kept on an 'interests register'. If a conflict of interest situation arises, the member will excuse himself or herself from discussions and not take part in a related vote.

Structure, Remuneration & Evaluation

Composition

The principles that drive those who govern my business are:

- The Chair of the governance body is Mr Alex de Boer
- The governance body can call in expert advice as needed to overcome knowledge shortfalls.

Appointment

The business owner can contract in skilled people to help with governance issues as required and ensure the business remains compliant, relevant, and profitable.

Remuneration

- We reimburse their reasonable expenses
- The remuneration is set by an invoice supplied once the advice process is completed

Responsibilities of the Chair

We often appoint an informal Chair to keep our meetings on track and ensure we work through our agenda effectively.

Access to information

Our business mentors may investigate any matter falling within its purpose and responsibilities. For that purpose, it may have access to:

- Facilities
- Business records
- Staff

Independent advice

Business mentors are entitled to obtain independent professional advice as required to assist with the smooth running of the business. Before obtaining the advice, approval of the business owner is required. A copy of any advice will be made available to all business mentors.

Meeting frequency

I set aside time to focus on governing the business at least annually. This may include meeting with business mentors.

Meeting requirements

Meeting agenda

The meeting agenda will include the standing agenda items as set out in the template below.

An agenda will be circulated with supporting papers prior to a meeting. At least 7 days' notice is recommended, or a notice period that is appropriate for the urgency and importance of the matters to be considered at a special meeting.

Minutes

Minutes will be recorded at each meeting with a mentor and presented for approval at the next meeting with that mentor. Sufficient information will be recorded to reflect the nature of the discussion, any decisions made and the requirements for any resulting actions.

Decision making

Key decisions are made and implemented by the business owner(s).

Governance to-do list

Meetings with business mentors will usually follow the topics set out in the standing agenda. These are also the things I think about when setting time aside to review my business.

AGENDA

Governance meeting of THE BROKERS

Date:

Location:

Time:

Conflicts of interest Interests register tabled

Minutes of the previous meeting Review and confirm

Meeting agenda

1. Current state Business performance: 60 mins

- API written
- API issued
- Retention and quality
- Servicing clients
- Expenses

Finances:

- Clawback management
- Bank accounts
- Monthly solvency (e.g. Net Tangible Assets)

2. Key business risks Review risk register 30 mins

Material issues/breaches

Incidents, near misses, losses

3. Regulatory obligations Companies Act 60 mins

Health & Safety

	Financial Advice Provider	
	Privacy	
	Other	
4. Compliance plan	Review compliance activities	30 mins
	Activities for the next period	
	CPD needs	
	CPD undertaken	
5. Business and Strategy	Opportunities	120 mins
	Marketing activities planned	
	Sales campaigns coming up	
6. General business		30 mins

Keeping a record

We keep a written record (meeting minutes of each meeting with business mentors) of matters considered and the decisions made.

Records (meeting minutes) form part of our business records and will be held for a minimum of seven years.

Meeting Minutes

Meeting date and time

Attendees

Apologies

Minutes of the previous meeting

Matters arising from the previous meeting

Current financial state

Key business risks

Regulatory obligations

Compliance plan

Business and Strategy

General business

Meeting finish time

Action List from Meeting 07/09/2022

Action No	Action	Assigned To	Status	Deadline	Update
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Annual planner

[illegible]

Review remuneration

Financial management

Meet with accountant

Review six month results

Approve full year
financial statements

Income tax payments
due

GST returns due

Risk and compliance

Review key business risks

Review and approve
annual compliance plan

Review insurance cover

Update FSPR

Disputes resolution
scheme annual fee

Annual return to the
FMA

Review key policies

Business Continuity Plan

Compliance Assurance
Programme

HR Manual

Policy Manual

Financial Management
manual

Risk management

Risk Management Policy

Why is this policy important?



Managing business risk helps us to find the right balance between risk and reward. The aim of risk management at THE BROKERS is not about eliminating all risks; it is about enabling our business to understand the key risks it faces and put in place appropriate measures to mitigate and manage those risks.

Our policy- the dos and don'ts



- We regularly identify key risks to our business both externally and internally and put in place controls to mitigate those risks
- If possible, we reduce, mitigate, or transfer each risk. For example, we may take out insurance to cover a risk or implement a new process.



- We don't take risks that could put our clients, staff or business in harm.
- We don't ignore key risks but regularly check that our controls are working.



Our processes

Our Processes

- We identify and define the key risks that our business could be exposed to
- We ensure that sufficient controls are in place to manage the risk
- The controls are reviewed and modified regularly.
- Timing of the reviews is fluid and depends heavily on changes to the marketplace we operate in.

How do we know we comply?



- We discuss the key risks with our insurer when we renew our business insurance policies
- Material issues and breaches are notified to the FMA

What are our key business risks?

Our key business risks are risks that could put us out of business or significantly disrupt our business.

Questions we use to help identify our key business risks:

- What could cause us to go out of business?
- What could harm our people, either physically, emotionally or financially?
- What might a natural event or disaster mean?
- What legal obligations could we be at risk of breaching?
- What might affect our assets or systems?

Our key business risks include:

Advice Risk

Our duties are to make product recommendations to our clients that best suit their circumstances. To do this we must exercise due care, diligence and skill.

Advice risk is the risk of providing advice that is not suitable for the client as a result of not going through a robust financial advice process. Advice risk could also arise if the advice provided is not adequate or up to date. For example, not keeping current with changes made by providers.

Agency Risk

This occurs when we are unable to obtain favorable terms and conditions with providers. Agency risks also include a breach of the agency agreement, the provider cancels the agreement, or an unfavorable change to the terms and conditions of the agreement.

Client Risk

Clients are the key to the success of our business; they also pose one of our bigger risks. The risks related to our clients are:

- Dissatisfaction and unresolved issues;
- Discontinuances and clawbacks;
- Claims and non-disclosure;
- Age-related – health, death;
- Move away;
- Circumstances change; and
- Mis-communication.

Financial Risk

Our business can't operate if it doesn't generate enough revenue to pay its expenses. Financial risk is often caused by significant costs that we haven't planned for. Financial risk is also not finding enough suitable clients to provide services to.

Health & Safety Risk

This is the risk of serious harm or injury to the adviser or client as part of an engagement.

Key Person Risk

This is the risk of an important person in our business no longer being available.

Legal and Regulatory Risk

This is the risk of not complying with the terms of the licence that we provide advice under or not complying with the legislation and regulatory obligations for our role and industry.

Litigation Risk

Litigation risk is the risk of someone taking legal action or complaints against our business, the possible financial consequences and costs as well as the time taken to deal with it.

Natural Disaster Risk

This is the risk of being impacted by a natural disaster such as severe weather, fire, flooding, earthquake etc.

Operational Risk

Business risk also includes operational risks, like not properly complying with client instructions, failing to execute recommendations and not following up on client applications or claims, for example.

Operational risk is the risk of human error or failure of our internal processes, procedures and systems.

Outsourcing Risk

We may rely on another party to provide services for our business. The risk is that the provider does not meet the agreed service standards.

Regulatory Risk

This is the risk of insufficient knowledge of the relevant regulation or legislation. Regulation and legislation can change, and we have to keep up to date. Failure to comply with regulatory obligations can result in fines, regulator intervention, loss of licence or criminal convictions.

Reputational Risk

Financial advice businesses grow from satisfied clients and building a good reputation. Events that cause us poor publicity or influence our clients is called reputational risk.

Technology

This is the level of reliance we have on technology to operate our business. Technology failures which could disrupt our business, cause security incidents or service outages.

How we define a material business risk

A 'material' business risk is one that is significant. It could influence a client's decision to do business with us. It will need significant time and effective controls to prevent the risk from occurring.

Examples include:

- Could be a high profile action taken against us;
- Joint ventures with firms or people with questionable reputations;
- The loss of respected advisers; and
- Breach of client privacy by revealing client details to unauthorised persons.

Business risk also includes operational risks, like not properly complying with client instructions, failing to execute recommendations and not following up on client applications or claims, for example. When a material business issue or breach occurs, we must notify the FMA as part of our licence conditions.

How we assess our risks

Not all risks are 'material'. We already manage most risks through our day to day processes. For more significant risks we consider how likely they are to occur, and what damage they could do.

We do this through 'risk rating'. We rate the risk, imagining that there are no controls in place. This helps us identify which risks will need the most attention.

How likely is it that the risk will occur?

Some risks will be more likely to eventuate than others so are rated on their 'likelihood'. Risks that are more likely to occur need to be treated differently from risks that are less likely to occur.

Likelihood examines how likely it is that a risk event taking place. This is based on our knowledge of the business and whether something similar has occurred in the past. **Probability** describes the chance of the risk occurring. We consider if it could happen, even though it may be unlikely.

LIKELIHOOD	PROBABILITY
Almost Certain	<ul style="list-style-type: none">• Will occur in most circumstances if there are no controls in place• 90% chance of it happening (a 9 in 10 chance)
Likely	<ul style="list-style-type: none">• Will probably occur in the right circumstances• Will occur over 70% of the time (almost a 3 in 4 chance)
Possible	<ul style="list-style-type: none">• Might occur now or at some time in the future• Could occur about 50% of the time (a 1 in 2 chance)
Unlikely	<ul style="list-style-type: none">• Could occur but doubtful• Only expect it to occur about 30% of the time or less (about a 1 in 3 chance)
Rare	<ul style="list-style-type: none">• May occur but only in exceptional circumstances• Only arises about 10% of the time or less (a 1 in 10 chance).

How bad could it be?

We also assess how much damage it could do to our business if the risk eventuates. This is called the 'impact'.

Description	Impact on the Business
5. Severe	Significant threat to the business. Prolonged adverse media and/or Regulator scrutiny and poor customer experience resulting in potentially catastrophic business impacts or financial impact > \$50,000.
4. Major	Potential to cause substantial business disruption in the short to medium term. Adverse media and/or Regulator scrutiny and poor customer experience which require significant remediation or financial impact of \$20,000 - \$50,000.
3. Moderate	Some business objectives are affected. Could cause reasonable damage in the short to medium term. Adverse media publicity, regulatory enquiry and/or negative customer experience which require remediation or financial impact of \$10,000 - \$20,000.
2. Minor	Limited impact that can be contained or remedied. Local or low media coverage. Poor customer experience resulting in minor business impacts or financial impact of \$5,000 - \$10,000.
1. Insignificant	Impact on business objectives expected to be negligible. Poor customer experience resulting in minimal business impact or financial impact < \$5,000.

Risk Matrix

Once we have considered the likelihood and impact, we use a risk matrix to work out an overall risk rating. This risk rating will guide us on the action we need to take.

		IMPACT				
		Insignificant	Minor	Moderate	Major	Severe
LIKELIHOOD	Almost Certain	Medium	High	High	Extreme	Extreme
	Likely	Medium	Medium	High	High	Extreme
	Possible	Low	Medium	Medium	High	Extreme
	Unlikely	Low	Medium	Medium	High	High
	Rare	Low	Low	Medium	Medium	High

Overall Risk Rating

The risk matrix provides an overall risk rating. This guides our business on how quickly and comprehensively we need to act to address the risk.

Extreme	It could put us out of business. Urgent intervention is required.
High	It could significantly impact our business. Considerable time and resources may be required to mitigate.
Medium	It would impact our business, but we could recover. It could result in short term impact to services, staff or regulator enquiry.
Low	There would be no major impact to our day to day business.

Making sure that we have effective controls in place

Controls are the checks and balances we have in our business. Their function is to prevent the risk from occurring.

As part of our compliance processes we will test and monitor our controls on a regular basis.

Our business Risk Register

We use a Risk Register to document key business risks, and the controls which manage each risk. The Risk Register is a proven method used to manage risk. As risks are identified they are logged on the register and actions are taken to respond to the risk.

The Risk Register records details of all the risks identified. Risks associated with the business and its activities are identified then graded in terms of likelihood of occurring and impact.

Our Risk Register identifies:

- A description of each risk;
- The likelihood and impact of the risk if no controls were in place;
- An assessed risk rating – Low, Medium, High or Extreme;
- Key controls that currently exist to avoid, manage, mitigate or transfer the risks; and
- How often the controls will be tested.

Our Risk Register

#	Risk Description	Likelihood	Impact	Risk Rating	Key Controls	Review frequency
1	<p>Advice risk</p> <p>Our duties are to make product recommendations to our clients that best suit their circumstances. To do this we must exercise due care, diligence and skill.</p> <p>Advice risk is the risk of providing advice that is not suitable for the client as a result of us not going through a robust financial advice process. Advice risk could also arise if the advice provided is not adequate or up to date. For example, not keeping current with changes made by providers.</p>	Rare	Minor	Low	<ul style="list-style-type: none"> • Use an approved statement of advice template and forms • Good record keeping processes • Product knowledge • Ongoing training and education 	Annually
2	<p>Client risk</p> <p>Clients are the key to the success of our business; they also pose one of our bigger risks. The risks related to our clients are:</p> <ul style="list-style-type: none"> • Dissatisfaction and unresolved issues; • Discontinuances and clawbacks; • Claims and non-disclosure; • Age-related – health, death; • Move away; • Circumstances change; and • Mis-communication. 	Unlikely	Minor	Medium	<ul style="list-style-type: none"> • Professional indemnity insurance • Keeping good notes of client discussions • Independent disputes resolution scheme 	Annually

3	Financial risk Our business can't operate if it doesn't generate enough revenue to pay its expenses. Financial risk is often caused by significant costs that we haven't planned for. Financial risk is also not finding enough suitable clients to provide services to.	Unlikely	Minor	Medium	<ul style="list-style-type: none"> • We don't operate with any debt • We keep our overheads very low • The owner also owns the office space • Income is based on commission paid only 	Annually
4	Health and safety risk This is the risk of serious harm or injury to the adviser or client as part of an engagement.	Unlikely	Insignificant	Low	<ul style="list-style-type: none"> • Warning signs where appropriate 	Annually
5	Legal and regulatory risk This is the risk of not complying the terms of the licence that we provide advice under, or not complying with the legislation and regulatory obligations for our role and industry. Whether our business has its own licence, or operates under another licensee, our business will have to comply with the licence terms.	Rare	Major	Medium	<ul style="list-style-type: none"> • We have the necessary knowledge and skills to provide appropriate advice and keep up to date with product changes and other developments • We completed training about the new regime to learn about the new obligations 	Annually
6	Litigation risk Litigation risk is the risk of someone taking legal action or bringing complaints against our business. This includes the possible costs and financial consequences, as well as the time taken to deal with	Rare	Major	Medium	<ul style="list-style-type: none"> • Ensure our Professional Indemnity Insurance is sufficient and in place 	Annually

it.

7	Operational risk Business risk also includes operational risks, like not properly complying with client instructions, failing to execute recommendations and not following up on client applications or claims, for example. Operational risk is the risk of human error or failure of our internal processes, procedures and systems.	Rare	Minor	Low	<ul style="list-style-type: none"> • We have a form that ticks off on all the stages of the financial advice process for each client. • This form follows the requirements laid down by the FMA 	Annually
8	Regulatory risk This is the risk of insufficient knowledge of the relevant regulation or legislation. Regulation and legislation can change, and we have to keep up to date. Failure to comply with regulatory obligations can result in fines, regulator intervention, loss of licence, or criminal convictions.	Rare	Major	Medium	<ul style="list-style-type: none"> • We follow the procedures laid down in our business policy. • We enable advisers to attend external training when appropriate 	Annually
9	Reputational risk Financial advice businesses grow from satisfied clients and building a good reputation. Events that cause us poor publicity or influence our clients is called reputational risk.	Unlikely	Moderate	Medium	<ul style="list-style-type: none"> • We obtain existing client referrals • We focus solely on meeting the client's requirements • When a client cannot meet the requirements of product providers we offer advice on would steps they can take to improve their financial situation 	Annually

1 **Technology risk**

0 This is the level of reliance we have on technology to operate our business. Technology failures could disrupt our business, or cause security incidents or service outages.

Unlikely Insignifican Low
t

- We deal with clients promptly and communicate clearly
- We do not hide potential issues from the client or provider
- We have offsite digital storage of all relevant documents
- We keep an office hard copy

Business Continuity Management

Risks to our business can be the result of an event outside of our control, such as a natural disaster.

This type of event can derail our business from its normal activities. For example, extreme weather, earthquake, fire etc. During such an event, the safety of staff is our highest priority.

Business Continuity Management (**BCM**) is how we respond to that event. Its aim is to keep our people safe and return our business to being able to operate as soon as possible.

There are three key components:

- Dealing with the emergency;
- Keeping our people safe and getting the business operating again; and
- Restoring our technology.

Components of an effective BCM

Emergency Response Plan

What we need to do in an emergency

Business Continuity Plan

How to get our business operating again
after a significant event

Disaster Recovery Plan

Being able to restore our technology and
other systems

Emergency Response Plan

This sets out our priorities and responsibilities when there is an emergency.

In the event of an emergency



Remain calm



Notify emergency services – dial 111



Follow the instructions of Building Wardens, Police and Civil Defence



Take any action required to keep employees, clients, visitors and contractors safe from harm

The principle purpose in an emergency is the **preservation of life and property**.

Our Priorities

- Obtain information on the incident;
- Invoke an appropriate response plan;
- Ensure the welfare of our staff and clients;
- Provide leadership and direction in a crisis;
- Provide a decision making and communications channel; and
- Seek specialist advice as required (e.g., building engineer).

Emergency Response

Evacuation site

On the pavement in front of the building

- Fire: evacuate premises.
- Earthquake: Drop, Cover and Hold. Assess the situation and take appropriate actions.
- Earthquake (if our business is located in a tsunami zone), go to the evacuation site after feeling a long or strong earthquake.
- Our organisation has stored water and emergency supplies.

Emergency contact details for staff

Name	Mobile	Email	Address	Emergency Contact
Alex de Boer	0275158799	alex@thebrokers.nz	13 Royal Tce., Owaka	0275158799
Lee McDonald	02040873640	lee@thebrokers.nz	29 St Andrew St., Invercargill	02040873640

Who else do we need to contact in an emergency?

Role	Name	Mobile	Skill / experience
It Support Provider	Dion O'Connor	0275341563	Digital Marketing
Agregator	Newpark Financial Services	0992743004	Financial Services

Emergency Checklist

Incident Management	<ul style="list-style-type: none"> • Determine the type and scale of the incident • Contact the appropriate response provider
People	<ul style="list-style-type: none"> • Obtain assurance of staff safety • Check whether any clients or visitors are in the office • Determine the course of action to eliminate the emergency
Premises	<ul style="list-style-type: none"> • Prioritise people's safety • Call for appropriate support • Communicate the actions and safety issues to all personnel • Determine the impact on the premises • Secure the premises • Advise staff when it is safe to return
Business Continuity- IT and Disaster Recovery	<ul style="list-style-type: none"> • Check the status of the IT systems • Divert the phone if necessary • Determine what services are affected
Business Continuity- Client Servicing	<ul style="list-style-type: none"> • Ensure client safety if on the premises • Ensure communication channels with clients are maintained
Business Continuity- Premises	<ul style="list-style-type: none"> • Co-ordinate repairs and inspections as needed • • Control access to the premises

Emergency Authority

In a crisis, the following people have special authority to make key decisions or approve emergency expenditure, up to the limits specified.

Persons with Delegated Authority	Describe delegated authority
Alex de Boer	Managing Director and Owner

Client Care

Our process to contact and advise clients of any loss of service, or during an emergency:

* Review all the open client files * Prioritise the activity and deadline status of these files * Put procedures in place to continue the advice process * Advise clients of the situation

Our process for providing an alternative service to clients during any downtime:

The Brokers has 2 qualified advisers with full access to all the client files. If either Adviser is unavailable the other Adviser can assume responsibility

Business Continuity Plan

A Business Continuity Plan (BCP) is a detailed plan outlining the actions to take in the event of a disruption to our business, and to ensure it can continue to operate following a significant disruption.

Our BCP is about keeping our people safe and enabling the business to function until such time as business as usual functions can resume. Our BCP focuses on the most important parts of our business. Its goal is to provide staff with key information to help manage a significant business disruption event and recover as quickly and easily as possible.

Contingency planning is a crucial part of our BCP — it means having a backup if our current business processes no longer work.

Our BCP covers any significant risks or threats that could disrupt our business activities.

Benefits of our BCP:

- Ensures that we can reach all staff quickly and easily;
- Sets out what to do if there is a loss or unavailability of essential services;
- Provides options if there is a loss or unavailability of key personnel;
- Reminds us to communicate with clients and other key stakeholders; and
- Helps us decide which business activities can be put on hold until normal business operations resume.
- Provides a process for caring for our clients while we return to normal business operations.

Alternative Premises

In the event our premises are unable to be occupied for an extended period due to circumstances beyond our control (e.g. fire, earthquake etc), our alternative premises could be:

Location	Advantages	Disadvantages
29 St Andrew St., Invercargill	Advisers Home office	None
1 Bainfield Rd., Invercargill	Advisers Home office	None

Essential equipment and critical systems

Task	Equipment	Alternative options
Providing advise space	Office	Use alternative adviser space
Accessing files	Computer, Internet access	as above
Processing applications	Computer, Photocopier, Scanner, as above Internet access phone	

Key Contact and Suppliers List

Type	Company	Main phone	Other phone	Email	Account number
Bank	Westpac	032135959	n/a		03-0905-0115101-01
Insurance	Newpark	099274300	n/a	office@newpark.co.nz	n/a
IT Provider	Spark Business	126		spark.co.nz	140712027
Landlord	Owner	0275158799	n/a	alex@thebrokers.nz	n/a
Phone/Internet	Spark Business	126	n/a	spark.co.nz	140712027
Police	Invercargill	111	N/A	N/A	N/A

Outsourced Service Provider List

Outsourced Service	Company	Contact Details	Location of agreement	Notes on maintenance and support
Accountant	Hayward & McAuslan	Stephen Kornyei	Hayward & McAuslan	
Lawyer	D.L. R. Brett Solicitor	David Brett	D.L.R.Brett	
Technology Support	Source Development	Ben McIntyre	Source Development	website
File Storage	DropBox	dropbox.com	Dropbox	website
Avis Support Tools	Asteron/ Partners Life/ AIA	various	Asteron/Partners Life/ AIA	website
Digital Marketing	Gather & Reel	Dion O'Connor	Gather & reel	various

Disaster Recovery Plan

The purpose of our Disaster Recovery Plan (**DRP**) is to develop, document and test our plan to restore technology and other key systems as quickly as possible. Technology is usually disrupted when a natural disaster, cyber security threat or emergency occurs. Our **DRP** considers all information systems and business operations that could be disrupted.

Objectives of our Disaster Recovery Plan:

- That all staff understand their duties to implement the plan;
- That operational policies are adhered to for all planned activities;
- That any proposed contingency arrangements are cost-effective; and
- That our disaster recovery actions consider staff, key customers, suppliers, and others.

In the event of a crisis, speedy decisions are often needed without all the information normally relied on. It is necessary for our staff to understand how to restore the business in the event of a crisis. All staff should also know what the critical business functions are, and what functions can wait until normal business resumes.

We test our **BCM** periodically to ensure that it will be helpful if a significant event did occur. We set aside a time to simulate a natural disaster and see how well our plan holds up.

Our systems

Our systems, forms, files, client details are all held by and accessed from: --- our various product providers. --- cloud based backup. All these systems are accessed via secure passwords from our own business computers. Passwords are stored securely. There are hard copies of all our forms and client files held in lockable cabinets in our office

How to restore data and systems

In the event of a system failure this is how to apply back-ups etc to enable quick recovery.

System Type	Method
Cabinet hard storage	Stored by client surname in the office
Cloud Based Storage	Accessed via files held at Dropbox in the name of The Brokers and Alex de Boer and accessed via a password
Forms	Held on Adviser computers and in the adviser offices

Protection of Client Information and Advice Services

How we protect client information:

Client information is protected by: * Secure storage of hardcopy files in the Adviser offices * Password protected in cloud based storage

How we continue to provide financial advice services in the event of an IT-related or physical business disruption:

* As we have 2 Financial Advisers and several offices we can continue to provide advice. * As we have both physical hard copy files and digital storage in the icloud we can access the data from several sources. * As all applications are sent to our providers in email form with attachments we can recover the information from our providers. * As all our Advisers have access to each other's client files we can cover all clients in a disruption



Procedures following a Cyber Security Incident

Our Process

- THE BROKERS store client information in Hard Copy. This is immune to cyber attack.
- We only store financial information required to send a complete application to Product Provider.
- All the required information is stored in digital files off-site in the icloud and is protected by passwords
- The icloud provider provides backup of all files sent from our business. Also, if requested they can provide details of the breach in security and its extent.
- * We receive an email from our digital provider when files are altered or accessed so we can act quickly if we see the party is someone not part of our own team.
- We never store client passwords to access their files. All information from clients is received as hard copy or as files attached to an email
- We never keep originals of client identification documents. We also undertake client identification as required under the AML legislation
- If we felt client confidentiality had been breached we would advise the client and take any necessary action

Notification Requirement

Our business must notify the FMA within 10 working days of any event that could materially impact the information security of our critical technology systems and provide details of the event, the impact on our financial advice service and clients, and any remediation activity.

We remember, too, if there is a privacy breach, to follow our privacy breach reporting process. Refer to our Privacy Policy.

Final steps in the BCP

Business Continuity Plan completed by: Mr Alex Hugo de Boer

Date: 05/09/2022

Next review due: 05/03/2023

Schedule dates to test the BCP

It is important to test our BCP periodically to ensure that we can implement it in an emergency.

Next test due: 05/03/2023

BCP Tests	Date of Test	Comments	Sign Off
Test that we can restore our systems			
Test to ensure file recovery			

Compliance Assurance Programme

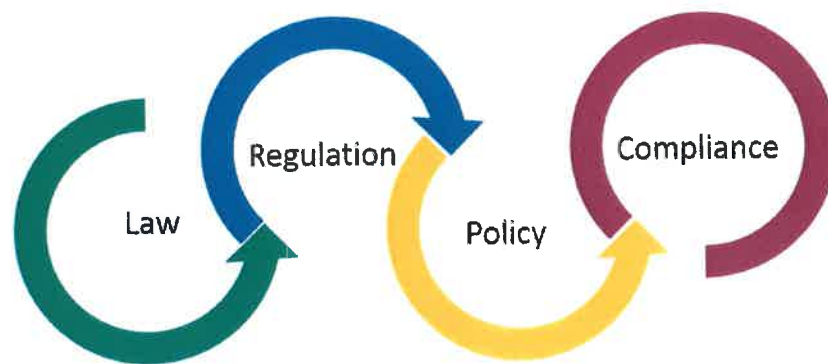


Introduction

A strong compliance process helps to ensure that we meet not only our regulatory and legal obligations, but deliver a great customer experience as well. We do this by ensuring that we have effective policies and procedures in place. Our controls are how we ensure that we are complying with our policies.

Compliance is an outcome of conforming to a rule or standard. The rule may come from a law or regulation, or our internal business rules such as a policy or code of conduct. This means that we need to follow both external rules and internal rules and / or standards.

Figure 1: Compliance links



Compliance is how our business meets these rules and standards.

Whenever legislation changes, we need to implement a process to meet the new requirements. We need to be sure that we meet all the legal and regulatory requirements for our business. This compliance assurance programme sets out how we do this.

Purpose

Our business has developed systems and procedures to comply with:

- Financial Markets Conduct Act 2013 (the Act);
- Financial Markets Conduct Regulations (the Regulations);
- Financial Market Authority (FMA) guidance notes and monitoring reports; and
- Our internal policies, processes and organisational standards.

This programme is to ensure that our business has adequate and effective arrangements to challenge and test:

- The design and operation of our processes and controls; and
- The adequacy of our compliance activities.

The programme provides information on:

- Roles and responsibilities for overseeing compliance within our business;
- The regulatory obligations to be met by our business;
- The procedures in place to comply with our obligations; and
- How compliance with these procedures will be monitored.

Compliance Commitment

The Brokers is committed to a strong customer focused culture which is underpinned by robust and compliant processes. Our staff play an integral role in fulfilling, monitoring and reporting on compliance obligations.

We aim to empower our staff to do the right thing and know how to do it.

Recognising, reporting, and remediating breaches is the responsibility of all staff. We have a no blame policy regarding breaches, but not so regarding failure to report or remediate any breaches.

Compliance Framework

Our compliance framework is the structured business processes we have implemented to comply with our regulatory obligations and ensure good business practice. It includes the day to day activities to check compliance.

Elements of our compliance framework are:



Our Client Promise (Business code of conduct)



Identify our key business risks; and

Identify our regulatory obligations



Implement policies, procedures and controls to meet the obligations; and

Maintain business registers to record key business information



Educate and train our staff



A compliance calendar to remind us when compliance activities are due



A programme to validate our compliance framework (our compliance assurance programme)

How we develop our compliance framework:

- For each relevant business procedure we identify the regulatory obligation;
- We note the obligations on a register called our compliance obligations register;
- We ensure that there is a policy or procedure in place that staff members need to follow to meet the obligation;
- We note the controls in place for each obligation and determine the level of risk for the business;
- We provide training to staff and contractors on our policies and procedures and explain their regulatory obligations;
- We test and monitor that the controls are in place and working as intended; and
- We address any control weaknesses and improve as required.

Roles and Responsibilities

All staff in our business are required to comply with the law, the Code of Professional Conduct for Financial Advice Services and our business policies. Some roles have specific responsibilities for checking compliance as follows:

FAP Licensee: The name of the licence holder is The Brokers, FSP number FSP720811.

The FAP Licensee must meet the licensing criteria as well as the standard and specific conditions of the licence. An annual regulatory return **will** be provided to the FMA if required.

Financial advisers: The financial advisers who operate under the FAP Licence are:

- Alex de Boer-FSP191785
- Lee McDonald-FSP691991

Financial advisers must provide compliant financial advice as required by the FAP Licensee. Financial advisers must have their client files reviewed on a periodic basis as determined in the annual compliance assurance programme.

Compliance Person: The name of our Internal Compliance Person is Alex de Boer.

The Internal Compliance Person is responsible for:

- Ensuring that our policies, procedures and controls are regularly reviewed and updated.
- Keeping track of regulatory changes and making business changes as required.
- Providing compliance training to new staff.
- Sharing compliance reports and information.
- Completing internal compliance testing and monitoring checks.
- Filing regulatory reports and returns.
- Reviewing any business registers such as complaints, conflicts of interest, breaches etc.

Compliance assurance: We have not selected a person or company to independently check our compliance programme. We will seek a person who has the following qualifications and relevant skills:

- Level 5 Certificate
- Director
- Owner

Business owner: The responsibility of the business owner is to ensure that The Brokers is meeting its regulatory obligations. While certain functions of the FAP Licensee may be outsourced, the responsibility remains with the business owner.

Regulatory Obligations

The first part of our compliance framework is to identify what rules and standards our business needs to meet. The new financial advice regime sets new requirements. These can be found in:

- [Financial Services Legislation Amendment Act 2019;](#)
- [Financial Markets Conduct Act 2013;](#)
- Regulations for new disclosure requirements (not yet available); and
- [The Code of Professional Conduct for Financial Advice Services.](#)

Regulators, law makers and industry bodies publish additional information on the requirements. This material provides valuable information to help us to comply. These may include:

- Guidance notes;
- Industry reports;
- Association training material;
- Codes of practice;
- Industry best practice; and
- Standards.

Business activities, products and services

We list all the key activities for our business. This covers our key operational processes, including how we deal with clients, third parties, vendors and/or suppliers.

We identify the people, systems and processes involved in each business activity. For example, all sales activities involve interactions with clients and are recorded in our client file notes.

Applicable areas of law

We also identify other areas of the law that apply to our business. These include:

- Advertising and promotion;
- Consumer protection;
- Employment law;
- Fair trading or fair dealing;
- Intellectual property;
- Privacy and data protection; and
- Workplace health and safety.

Keeping up to date

We keep up to date and determine the compliance obligations imposed on our business by:

- Reading information supplied on government or FMA Websites
- Subscribing to a third-party information service
- Consulting with a compliance advisor, accountant or our lawyer
- Going directly to the primary sources of law (legislation and regulations)
- Reading brochures and any other handouts available

Obligations Register

We create a register of the regulatory rules. This our '**Obligations Register**'.

The Obligations Register records all of our business compliance obligations. The register includes the relevant rules, tasks or actions we need to take.

The Obligations Register is set out in a table form:

Act, licence, regulation or other reference	Clause	Obligation	How do I know I comply?
---	--------	------------	-------------------------

Column 1: Act, licence, regulation or other reference.

This column sets out where the rule comes from. For example; the Financial Markets Conduct Act (**FMC Act**), the Code of Professional Conduct for Financial Advice Services (**Code**) or the Disclosure Regulations.

Column 2: Clause

This column sets out the specific reference to where the rule came from. This could be a section in the legislation or a code standard.

Column 3: Obligation

This column explains what the rule is. This could be a copy of the rule or a summary of the rule.

Column 4: How do I know I comply?

Once we have identified the rules, we add the process to meet that obligation (our controls).

Our Obligations Register

Our Obligations Register is provided in Appendix 1.

Reviewing our business processes and controls

Throughout the year we test and monitor our business processes and controls that are required by law and those material to our business, to ensure that they are working and are effective. Where possible, testing is done independently of those involved in the day-to-day process and oversight.

Critical controls are those that are effective in reducing a high risk issue. Key/critical controls are the ones that are checked and/or reported against most often.

The object of a control is to modify the risk in some way, i.e. to reduce the likelihood and/or impact of the risk.

Control effectiveness

Best practice is for controls to be tested at least annually to ensure that they are working, appropriate and relevant. Depending on the nature and importance of the control, some controls **will** be assessed more frequently.

Control effectiveness checklist

Control exists and is documented

- It won't work if it doesn't exist.
- If we can prove the control happened, it's generally considered more effective than a control with no evidence of having occurred.

Control is well designed

- The strength of control should be assessed/reviewed.
- The timing of the control should closely relate to the activity.
- What is the cost-benefit of running the control?

Control is operating as intended

- Can we evidence that the control is in place and is working properly?

Control has not failed

- Have there been any risk events during the last 1- 2 years? How many?
- Why didn't the controls work?

Control has been independently reviewed

- The control should be reviewed by someone who didn't design it and doesn't use it regularly. Independent review provides better insights into the effectiveness of the control.

For each control identified/in place, our Internal Compliance Person uses a control testing template to assess the effectiveness of the control. Our template is provided in Appendix 3.

Testing will consider

- The nature of the control and how often it is performed;
- The size and content of the sample will be relevant to the process;
- The risk rating of the process – higher risk processes will be subject to more frequent control testing;
- Dependency on other controls; and
- Exceptions in the control effectiveness, and how they have been reported and investigated.

A combination of the following methods may be used to help evaluate control effectiveness and design:

Subject Matter Expert



Some controls in terms of design and effectiveness are best assessed by a subject matter expert, for example, an IT consultant. Examples of these controls are segregation of duties, systems access rights, etc. These controls may mitigate high risk areas or require significant levels of technical competency, such as cyber security.

Risk indicators



There are specific indicators identified over time that help determine the control effectiveness, e.g. error rate, compliance rate, system availability, training completion rate, etc.

Independence



Outcomes of independent compliance reviews and/or testing provide good evidence of the effectiveness of controls. The person conducting the test will not have been involved in designing or implementing the control.

Sample testing



A selection of a representative sample of controls. For example, we might test 10% of the new clients onboarded over a 12-month period.

Control effectiveness scale

Once tested, the design and effectiveness of a control can be rated as follows:

Rating	Effectiveness	
4	Very good The control is always reliable, efficient and easy to audit. The control is operating effectively and will mitigate or detect risk in most circumstances.	✓
3	Good The control is mostly reliable and effective and can be audited. While the control mitigates most aspects of the risk, it could be strengthened.	OK
2	Adequate The control is usually reliable but not always effective. It may be difficult to audit.	⚠
1	Poor or Ineffective The control is unreliable, ad hoc or poorly documented and does not leave an audit trail. The control may be poorly designed. The control does not provide enough protection and may not control the risk.	✗

Our Compliance Calendar

We need to complete some of our obligations within a certain timeframe. For example, once a year we pay our membership fee to belong a dispute resolution scheme.

A compliance calendar is a simple way to record when these actions are due and remind us to check that they have been done. By setting up a compliance calendar we

- Know our compliance obligations due each month;
- Schedule time to complete checks; and
- Confirm the actions that have been completed.

Our compliance calendar is in Appendix 2.

Month	Compliance Activity	Responsibility	Actioned
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Recurring			
Ad hoc			

Some tasks need to be completed frequently e.g. monthly. These are noted in the 'reoccurring' section. Other tasks may only be required occasionally and are noted in the 'ad hoc' section.

Compliance Assurance

People in our business perform key functions as part of our compliance framework. We can rely on direct oversight and knowledge of the business to help determine whether processes and controls are working.

Our testing is focused on areas where there could be greater risks or less direct knowledge of the control effectiveness. We do this by implementing a compliance workplan to ensure that these controls do not get missed.

Compliance Assurance Programme

The Compliance Assurance Programme (**CAP**) is the in-depth process we implement to challenge and test our compliance. The focus is on whether our compliance framework has been designed properly and is operating effectively.

The testing and design of the tests are done by a person independent of the people involved in the day to day processes and/or oversight.

The CAP is approved every year by the business owner. It aims to provide assurance on whether the business is meeting its regulatory obligations and where processes and controls require strengthening.

To achieve our approach to compliance assurance is to focus on:

- The types and levels of risk in our business;
- Testing and monitoring the design and effectiveness of our systems and processes; and
- How involved our business owner is in overseeing business functions

Reporting

The results of our compliance testing should be reported to our business owner or kept on file to evidence how we know that we comply. Our report template is included in Appendix 4.

Appendix 1: Obligations Register

New Zealand legislation is available online at <http://www.legislation.govt.nz/>

Act, licence, regulation or other	Policy	Key Controls	Frequency	Process Owner	Sample Size (Min 5%)
FMC Act 2013 Sections 3-4, and 431B Main purposes The main purposes of this Act are to— (a) promote the confident and informed participation of businesses, investors, and consumers in the financial markets; and (b) promote and facilitate the development of fair, efficient, and transparent financial markets. Additional purposes Additional purposes of regulating the giving of financial advice and provision of financial advice services with a view to ensuring— (a) the availability of financial advice for persons seeking that advice; and (b) the quality of financial advice and financial advice services.	Financial Advice Provider Obligations Policy	* We keep up to date with training offered by the financial advice industry * We keep up to date with product changes and other developments to be able to provide appropriate advice * We review our processes and ensure they are aligned to meet our obligations	Annually	Alex de Boer	
Fair Trading Act The Fair-Trading Act 1986 protects clients against being misled or treated unfairly	Advertising and Fair Dealing	All our advertising is of a one-off or	As felt necessary	Alex de Boer	

by traders or shops. The Act prohibits misleading and deceptive conduct, unsubstantiated claims, false representations and certain unfair practices. It also sets out when information about certain products must be disclosed to clients, and helps ensure products are safe. <https://www.Client.org.nz/articles/fair-trading-act>

Financial Markets Conduct Act

Part 2, Fair Dealing sets out the obligations for misleading or deceptive conduct generally in relation to financial products and services.

A person must not, in trade, engage in conduct that is misleading or deceptive or likely to mislead or deceive in relation to any dealing in financial products; or the supply or possible supply of a financial service or the promotion by any means of the supply or use of financial services.

A person must not engage in conduct that is misleading or deceptive or likely to mislead or deceive in relation to any dealing in quoted financial products.

<http://www.legislation.govt.nz/act/public/2013/0069/latest/DLM5155240.html>

Financial Service Providers (Registration and Dispute Resolution) Act 2008

Requires the appointment of a disputes resolution scheme to act as mediator when a complaint cannot be resolved directly with the client.

Policy

short term nature

Our website content is continually reviewed and updated to ensure it meets its marketing objectives and compliance.

As required

Alex de Boer

Complaints Handling Policy

* All complaints are recorded in our Complaints Register

* Complaints are reviewed to identify any underlying issues or causes *

Make business process improvements identified

as required

Alex de Boer

Code of Professional Conduct

Conduct Policy

* We continually

as offered

Alex de

Boer

learn to improve our knowledge and skill * We complete external training and provider product sessions *

The Code is part of a wider regulatory regime for financial advice. Subpart 5A of Part 6 of the FMC Act imposes statutory duties on persons who give regulated financial advice to retail clients.

Those duties include:

- to comply with the standards of ethical behavior, conduct, and client care required by the Code
- to meet the standards of competence, knowledge, and skill (including any continuing professional development requirements) provided in the Code for giving the advice.

<http://legislation.govt.nz/act/public/2019/0008/latest/DLM7386404.html>

FSLAA

Section 431K requires anyone giving financial advice to prioritise the interests of clients, if there is a conflict.

<http://legislation.govt.nz/act/public/2019/0008/latest/DLM7386404.html>

Code of Professional Conduct

Part 1, Ethical Behavior,

Conduct, and Client Care. Code Standard 2, Act with Integrity,

- A person who gives financial advice must always act with integrity
- Avoiding or appropriately managing any conflict of interest

<https://www.mbie.govt.nz/assets/a96d1b4800/code-of-professional-conduct-for-financial-advice-services.pdf>

Conflicts of Interest Policy

* We consider all conflicts of interest that arise internally and make any necessary changes to our organisation if deemed necessary

Alex de Boer

Financial Advisers (Disclosure) Regulations 2010

This regulation prescribes disclosure for authorised and registered financial advisers.

<http://www.legislation.govt.nz/regulation/public/2010/0378/lates/DLM3306750.html>

Disclosure Policy	We prepare our disclosure documents according to the regulations and review them when changes occur.	as necessary	Alex de Boer
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Health and Safety at Work Act 2015

3 Purpose (1) The main purpose of this Act is to provide for a balanced framework to secure the health and safety of workers and workplaces.

Health & Safety Policy	We understand our business operations, and the hazards and risks associated with those operations	as needed	Alex de Boer
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We consider and respond in a timely manner to information regarding incidents, hazards, and risks.

Alex de Boer

Privacy Act

The Privacy Act 2020 deals with the collection, storage, and use of personal information about identifiable individuals and therefore principally affects client marketing. Everyone in the organisation who handles personal information should understand the Information Privacy Principles and the objectives

Information Technology and Security Policy	We are advised by email whenever our server storage setup is accessed	as the event occurs	Alex de Boer
	We review our processes to ensure we can maintain the integrity of all	Annually	Alex de Boer

	our client files			
FMC Act 2013		Material Issues and Breaches Policy	We annually review the licensing requirements set out in our Financial Advice Provider Licence	Alex de Boer
411 Licensee must deliver reports to FMA. Every licensee must, at the prescribed times or on the occurrence of the prescribed events and otherwise in the prescribed manner, send to the FMA reports that contain the prescribed information.				
412 Licensee must report certain matters				
(1) Every licensee must ensure that there are in place effective methods for—				
(a) monitoring the licensee's and every authorised body's compliance with the market services licensee obligations; and				
(b) identifying material changes in circumstances.				
FSLAA				
Section 410 amended (Meaning of material change of circumstances)				
Code of Professional Conduct		New Client Onboarding Policy	We understand the criteria required of advisers to work as Financial Advice Providers. We also receive ongoing training from our financial product providers	Alex de Boer
Part 1, Ethical Behavior, Conduct and Clients Care				
(All code standards under part 1 apply)				
https://www.mbie.govt.nz/assets/a96d1b4800/code-of-professional-conduct-for-financial-advice-services.pdf				
FMC Act				
Part 2 – Fair Dealing				
(see Advertising and Fair Dealing Policy above)				

Privacy Commission

Privacy Act 2020

(see Information Technology and Security Policy above)

Privacy Policy

When we use a new provider check their terms and conditions to understand how they store and use our client information	at the time provider starts	Alex de Boer
We are aware of our obligations under the Privacy Act and keep up to date with any changes we may need to apply	Annually	Alex de Boer
We keep up to date as via the Privacy Commissioner's website for guidance on managing client privacy as and when it is deemed appropriate.	as appropriate	Alex de Boer
We are sent all information from the NZ Business Centre (a	Monthly	Alex de Boer

government-funded organization to help small businesses) and use this to review our business practices

FMA

Licensing requirement

Products and Services Policy

We ask our clients questions to test their understanding as required Advisers

We keep records to show how we formed the basis of our advice as required Advisers

We undergo continuous training to understand the products and services we provide advice on when available Advisers

Privacy Act 2020

Record Keeping Policy

We complete a periodic review of our record keeping process and destroy older files no longer required Annually Adviser

- The business must ensure that information is protected against loss, misuse, or unauthorised disclosure.
- The business must not keep the information for any longer than it is needed for the purposes for which it was collected.
- The information must not be disclosed, except in certain situations. These

include where the disclosure is directly related to the purpose for which the information was collected, where the source of the information is a publicly available publication, and where the disclosure is authorised by the individual concerned.

- Where the information can be readily retrieved, the business's client is entitled to confirmation of whether the information is held, and to have access to it. There are exceptions, for example, where disclosure would prevent detection of a criminal offence, or would involve a breach of someone else's privacy.

Code of Professional Conduct

Part 1, Ethical Behavior, Conduct and Client Care

Code Standard 5, Protect Client information

<https://www.mbie.govt.nz/assets/a96d1b4800/code-of-professional-conduct-for-financial-advice-services.pdf>

FMA

Licensing requirement

Standard condition 4 Outsourcing

Service providers and Outsourcing Policy
We keep in regular contact with our providers to ensure their business can still comply with our needs
as required
Adviser

FMA

Licensing requirement

- How do you provide the financial advice?
- Can the FAP demonstrate that its advice practices are designed to serve the interests of its customers?

Advice Policy
We use a Progress Summary Form which lists all the stages of the Advice Process. We sign off on each stage and
Annually
Alex de Boer

- Does the FAP have an approved documented process for how regulated financial advice should be provided?
- Does the FAP have an approved documented process to ensure the FAP and the advice provided on the FAP's behalf complies with the Code of Professional Conduct for Financial Advice Services?

have room for comments. This ensures there are no advice matters missed and keeps a record of all discussions and outcomes with the client.

FMA

Licensing requirement

- Does the FAP have an approved documented process for how regulated financial advice should be provided?
- Ongoing client suitability assessment
- Record keeping
- Review client advice records within a year of purchasing a book

Client Servicing Policy

Annually

Alex de Boer

We always keep notes on the file of discussions with clients to record any meetings and other forms of discussion

FMA

Licensing requirement

- How do you provide the financial advice?
- Can the FAP demonstrate that its advice practices are designed to serve the interests of its customers?
- Does the FAP have an approved documented process for how regulated financial advice should be provided?
- Does the FAP have an approved documented process to review its conduct and the conduct of all the persons that it engages to provide

Replacement Business Policy

Annually

Alex de Boer

We advise the client in writing to summarise the advice, including the relevant features, risk, or limitations in changing products and /or providers and ensure we

financial advice?

Code of professional Conduct for Financial Advice Services

- Provide advice that is suitable

Duties

- Duty to give priority to client's interests
- Duty to exercise care, diligence and skill

FMA

Licensing requirement

Conduct and client care requirements

Duties

- Duty to ensure client understands nature and scope of the advice
- Duty to give priority to client interests
- Duty to exercise care, diligence and skill

FMA Guidance Note, Vulnerable Clients

- <https://www.fma.govt.nz/compliance/guidance-library/customer-vulnerability-our-expectations-for-providers/>

FMA Licensing Requirement

The Licensee must at all times, have adequate financial resources to effectively perform the licensed service.

Minimum standards

1. The Licensee must have a sufficiently strong balance sheet.

receive their approval to proceed in writing

Vulnerable Clients Policy

We keep ourselves aware of our client's possible vulnerabilities and treat all interactions accordingly

Alex de Boer

Financial Management Policy

We operate one bank account for income and bill payment operating with no overdraft. In this way we can quickly monitor any

Alex de Boer

2. The Licensee must be able to pay its debts as they become due in the normal course of business.
3. The Licensee must maintain an appropriate level of liquid assets at all times to cover reasonably expected contingencies in the business.
4. The Licensee must have adequate and effective systems, policies, procedures and controls to:
 - Monitor its financial resource levels
 - Consistently calculate an appropriate level of liquid assets to hold for the business
 - Assess the risk of its financial resources not being adequate to continue to provide the service, or a serious financial problem occurring.

Note: these requirements are based on currently licence applications. The specific requirements for a full FAP Licence will be updated in Module 6 once the full licence guide is published by the FMA.

issues before they become serious		
All our accounts are paid online so our bank account is essentially our financial statement	Annually	Alex de Boer
We have an accountant to prepare our end of year accounts for the IRD	Annually	Alex de Boer
We have Professional Indemnity Insurance (PI) adequately covering our entity, brand, and trading names	Annually	Alex de Boer
We check annually that our sub-advisers have PI cover in place	Annually	Alex de Boer
We remain aware of our legal and	Annually	Alex de

Section 396(b), directors, senior managers, and proposed directors and senior managers are fit and proper persons to hold their respective positions and otherwise satisfy the requirements that are prescribed by the regulations for licences for that service.

Policy

Boer

regulatory requirements, including minimum standards to hold a financial advice provider licence

Alex de Boer

Annually

We follow consistent advice processes in line with our provider expectations

Alex de Boer

Annually

We would obtain an independent review of our processes if we felt this would benefit the operation and integrity of our business

Employment Relations Act

<https://www.employment.govt.nz/starting-employment/hiring/>

Recruitment and Vetting Policy

Alex de Boer

Before employment commences

All store all evidence that our contractors are who they say they are and keep this on file only if their contract application is successful

Code of Professional Conduct

Part 2, Competence, Knowledge and Skill

<https://www.mbie.govt.nz/assets/a96d1b4800/code-of-professional-conduct-for->

[financial-advice-services.pdf](#)

Employment Relations Act

<https://www.employment.govt.nz/starting-employment/hiring/induction/>

Induction Processes for New Staff

The Company Director undertakes the full process of introducing the new contractor to the business

as required

Alex de Boer

FMA

Licensing requirements

Adviser

as required

Staff and Supervision Policy

Everyone in the business is motivated to contribute to our client's success and the ultimate proof of this are references, referrals and ongoing business from the clients

MBIE

Minimum rights of employment

Code of Professional Conduct

Part 2, Competence, Knowledge and Skill

<https://www.mbie.govt.nz/assets/a96d1b4800/code-of-professional-conduct-for-financial-advice-services.pdf>

Code of Professional Conduct

Part 2, Competence, Knowledge and Skill (all code standards for part 2 apply)

<https://www.mbie.govt.nz/assets/a96d1b4800/code-of-professional-conduct-for-financial-advice-services.pdf>

Training and Development Policy

We encourage contractors to seek additional training. This is also recognized as a good environment to cross reference

as available

Alex de Boer

good ideas

We recognize that a lot of valuable training is given by our Providers and we take full advantage of this

Our training sessions are therefore largely driven by the time made available by our Providers

Code of Professional Conduct

Part 1, Ethical Behavior,

Conduct and Client Care

Code Standard 2 – Act with Integrity

<https://www.mbie.govt.nz/assets/a96d1b4800/code-of-professional-conduct-for-financial-advice-services.pdf>

FMA

Licensing requirements

Gifts and Incentives Policy

Any inappropriate gifts or incentives are addressed with contractors, and the gift returned.

Risk Management Policy

We discuss the key risks with our insurer when we renew our business

	insurance policies			
	Material issues and breaches are notified to the FMA	as required		Alex de Boer
FMA Guidance FMA's guide to conduct https://www.fma.govt.nz/compliance/guidance-library/a-guide-to-the-fmas-view-of-conduct/	Business Code of Conduct and Values The Adviser code of conduct is gathered from: -- referrals given -- any issues raised by our Product Providers -- the level of appointments -- any complaints from clients or potential clients -- completed deals versus interviews -- general observed attitude of the Adviser during a work day	Annually		Alex de Boer
FMA Licensing requirement	Professional Indemnity Insurance * Cover is renewed annually. * Cover is reviewed at the time of renewal	Annually		Alex de Boer
	Whistleblowing * By regular discussions with the	as required		Alex de

	Process	Advisers	Boer
Financial Service Providers (Registration and Dispute Resolution) Act 2008 This Act requires financial service providers to be registered.	FAP Obligations	* We are a	Annually
	Policy	member of a disputes resolution scheme * This is renewed annually	Alex de Boer
Domestic Violence – Victims’ Protection Act 2018 The Domestic Violence – Victims’ Protection Act adds legal protections in the workplace for people affected by domestic violence.	Domestic Violence legislation obligations	Review this regularly with Advisers to highlight possible issues and take action as appropriate	Alex de Boer

Appendix 2: Compliance Calendar

Month	Compliance Activity	Responsibility	Actioned
January	Quarterly compliance testing	Alex de Boer	
	GST return	Alex de Boer	
February			
March	Prepare annual compliance plan and calendar	Alex de Boer	
	Six monthly compliance testing	Alex de Boer	
	Annual and ad hoc compliance testing	Alex de Boer	
	Update Business Continuity Plan	Alex de Boer	
	Test Business Continuity Plan	Alex de Boer	
	Review and update business policies	Alex de Boer	
	Review Regulator guidance and notices on regulatory change	Alex de Boer	
	GST return	Alex de Boer	
April	Quarterly compliance testing	Alex de Boer	
	Complete financial statements	Accountant	
May	Annual renewal of DRS	Alex de Boer	
	GST return	Alex de Boer	
June	File tax return	Accountant	

July	Quarterly compliance testing	Alex de Boer
	GST return	Alex de Boer
August	Provisional Tax	Accountant
September	Six monthly compliance testing	Alex de Boer
	GST return	Alex de Boer
October	Quarterly compliance testing	Alex de Boer
November	GST return	Alex de Boer
December		
Recurring		
Ad hoc		

Appendix 3: Control testing template

Control Name or Type	
Date control was tested and reviewed.	
Name of person testing the control.	
Any reports or observations of the control failing?	
What is being reviewed:	
<ul style="list-style-type: none">Control exists and is documented.Control is well designed.Control is operating as intended.Control has not failed.Control has been independently reviewed from the person who designed and implemented it?	
Notes and suggested improvements (if any)	

Appendix 4: Report Template

The Brokers, Compliance Report

Date: _____

The Brokers has created policies and procedures that establish a system of controls to provide assurance that The Brokers, and each individual acting on the business’ behalf, complies with its regulatory obligations, and to manage the key business risks.

Compliance with Company and Financial Obligations	Yes	No	N/A
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To the best of my knowledge I am satisfied that:

- Legal agreements were adhered to.
- Correct tax was paid.
- Company accounts are up-to-date and meet with accounting and reporting practices.
- Records are kept, are up-to-date and are backed up.
- Controls are in place, and working to prevent, fraud or misappropriation of funds.
- The business is able to pay its debts when they fall due.

Compliance with Regulatory Obligations			
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To the best of my knowledge I am satisfied that:

- Regulations were complied with.
- Compliance monitoring is satisfactory.
- There were no material breaches.
- Controls are in place and working effectively.
- Contracts and agreements are up-to-date and being complied with (including insurance and disputes resolution).
- All reports were filed as required under the various Acts.

Complaints and Notifications			
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To the best of my knowledge I am satisfied that:

- FMA was notified of any material changes.
- Complaints are being captured in the Complaints Register.
- Complaints have been reviewed and changes made if required.

Advisor, Code and Act compliance

To the best of my knowledge I am satisfied that all financial advisers:

- Are correctly registered.
- Provide compliant advice
- Meet the Competence, Knowledge and Skill requirements set out in the Code for the products they provide advice on.
- Training is up-to-date and recorded
- All advertising (social media, website included) is compliant.
- Disclosure processes are up-to-date and compliant.

Health and Safety

To the best of my knowledge I am satisfied that:

- The Brokers is meeting its Health and Safety responsibilities.
- All staff are aware of their responsibilities.
- Controls are in place and working effectively.
- There are no incidents to be reported to either the directors or Worksafe.

Policies and Procedures

To the best of my knowledge I am satisfied that:

- All policies and procedures are being complied with.
- Regular compliance checks are being completed.
- Risks are being reported and monitored.
- Controls are in place and working effectively.

General

Is there anything else that needs to be brought to the attention of the business owner?

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I hereby certify that to the best of my knowledge the above information is true and correct.

Name:

Position:

Signature:

Date:

