



RETAIL DISTRIBUTION REVIEW

Financial Services Board Policy Paper 2014

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Summary of RDR objectives

- Undertaken in the context of the Twin Peaks market conduct mandate and the TCF framework
- A mainly retail focus – but implications for RF's
- Objective: To ensure that financial products are distributed in ways that support delivery of TCF outcomes and enable:
 - Delivery of suitable products and fair access to suitable advice
 - Sustainable business models for financial advice
- 55 specific proposals on product supplier / intermediary relationships and related remuneration
- Phased implementation

Challenges identified by industry

- Welcome the overall reform initiative
- Not that clear on RF impact yet
- Must not create more confusion when trying to reduce confusion
 - eg IFA, Multi-tied, Tied
- Must consider all implications before making any regulatory changes

The role of pension funds and boards of trustees in relation to RDR principles

- Circumstances where funds will have dealings with FAs or intermediaries
- Responsibilities of funds
- Types of funds affected
- Prop QQ – retirement annuity transfers

- Administrative / cost impact of supervisory roles of fund and product supplier
- Prop CC – product supplier oversight of multi-tied intermediaries
- Joint liability of funds / trustees / product suppliers for unfair treatment by financial adviser under TCF?

- Carve out for low income earners
- Reduction in 50% up front commission?
- Role of FAIS Ombud and FSB regulator – what is working and steps to improve what's not
- The case for self-regulation

A blurred cityscape at dusk or dawn. The sky is a mix of blue and purple, with some clouds. In the foreground, a multi-lane highway is visible, illuminated by streetlights. The city buildings in the background are out of focus, with some lights visible.

THANK YOU