

EDUCATION PROGRAMME AND ACCREDITATION GUIDELINES (OPERATIONS)



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Key Contact Details

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Accreditation at a Glance

NZFMA provides an Accreditation Programme for both Financial Markets and Operations staff working in wholesale financial markets in New Zealand, collectively known as “*The New Zealand Financial Services Accreditation Programme*”.

These Guidelines are specific to **NZFMA Operations Accreditation**.

The NZFMA Financial Services Accreditation Programme provides an industry training and assessment framework for individuals working in the New Zealand OTC and exchange-traded financial markets. The benchmark minimum knowledge and competency standards have been aligned to New Zealand’s regulatory requirements for market professionals.

Accreditation is open to employees of NZFMA Member organisations who meet the following eligibility criteria:

- Have a minimum of six months industry experience
- Have been recommended by their employer (a member of NZFMA)
- Have successfully completed the NZFMA Financial Services Accreditation Programme
- Have committed to undertake the appropriate annual Continuing Education (CE) activities

NZFMA has determined that the annual CE requirement for Operations Accredited Individuals is 20 hours per annum.

The pages that follow provide detailed guidelines for gaining and maintaining NZFMA Operations Accreditation.



1. About NZFMA Operations Accreditation

The purpose of NZFMA Operations Accreditation is to provide a minimum education and training standard for individuals working in operational areas of financial markets for our Member organisations. Accreditation within the financial markets has been designed to enhance efficiency and increase the market's credibility, both domestically and internationally. By seeking to accredit individual practitioners, NZFMA, on behalf of its Member organisations, seeks to cultivate a disciplined, risk-aware, and knowledgeable market place.

The accreditation of financial markets operational personnel by NZFMA involves two key phases.

These are:

- The initial level of education, training and experience required to fulfill an operations role within the traded financial markets operations environment (ie. gaining accreditation); and
- The on-going development and extension of an individual's knowledge, skills and expertise through undertaking Continuing Education (ie. maintaining accreditation).

Information on NZFMA's development and background of the New Zealand Financial Services Accreditation Programme can be found in Appendix 2.

1.1 Gaining Accreditation

Individuals may apply for NZFMA Operations Accreditation upon the successful completion of the NZFMA Operations Core Module. Alternatively, applications with exemptions to all or part of the programme in accordance with clauses 2.4 and 2.5 below may be submitted.

The NZFMA Operations Accreditation Programme aims to ensure that persons working in operations in the New Zealand traded financial markets have had their knowledge and skill objectively evaluated against agreed industry standards in the general areas of the economic environment, operation of financial markets, financial products, regulation and compliance, and operations fundamentals.

It is a requirement that anyone enrolled into the NZFMA Financial Services Education Programme complete their required study and assessments within a maximum 12 month period from the date they enrolled.

Of course, the adoption and implementation of NZFMA Operations Accreditation as a benchmark within Member organisations remains at the discretion of each organisation's management.

Industry-based self-regulation is a constructive force in wholesale financial markets. Internationally there is an acceptance that participants should meet approved industry-developed competencies. Licensing or accreditation of participants is best practice within all



developed financial centres and markets. Moreover, development of industry standards for individuals also makes good business sense, in addition to providing assurance to regulators of the high professional standards within New Zealand's traded financial markets.

1.2 Maintaining accreditation

Continuing Education Requirement

Once accredited, it is important that accredited individuals proactively seek to extend and further develop their expertise or take on new areas of knowledge and skill. This is done by undertaking ongoing education.

To maintain NZFMA Operations Accredited Individual status, individuals must complete 20 hours of Continuing Education activities each reporting year. Of these 20 hours, five (5) hours must relate to the New Zealand regulatory environment (a list of suggested topics that would satisfy the regulation and compliance portion of the CE requirements is listed in Appendix 1).

Individuals maintain their own CE records, and the NZFMA member organisation confirms the individual's compliance with the NZFMA CE programme on an annual basis. The CE reporting year period is determined by the NZFMA member organisation.

Meeting NZFMA's CE requirements while maintaining NZFMA Accredited status means that individuals also meet the Financial Markets Authority's ongoing CE requirements for QFE Advisers and Authorised Financial Advisers.

2. Can I become a NZFMA Accredited Individual?

2.1 Who may apply

For the purposes of NZFMA Operations Accreditation, an individual is eligible to apply for accreditation if they participate (or manage those that do so) in the:

- settlement
- confirmation
- risk management/measurement
- accounting
- credit/market risk assessment
- reconciliation and investigation

of financial markets transactions within the financial markets on behalf of a NZFMA Member.



2.2 Who may not apply

Individuals are not eligible to apply for NZFMA Financial Markets Accreditation if they do not work for a NZFMA member organisation. However, NZFMA recognizes that they may still benefit from undertaking the Financial Services Accreditation Programme. Therefore, individuals are still able to enrol in the programme. Once successfully completed, they will be issued with completion certificates.

2.3 Accreditation application pre-requisites

NZFMA will accept applications for accreditation from those who meet all of the following criteria:

- have a minimum of six months experience in traded New Zealand financial markets; and
- have been recommended by their employer, a member organisation of NZFMA, having been assessed by their employer as suitable; and
- have successfully completed all requirements of the NZFMA Operations Accreditation Programme; and
- commit to undertake appropriate annual continuing education activities (refer Section 6 for NZFMA's policy on continuing education).

2.4 Recognition of overseas alternative accreditation

NZFMA accepts that many New Zealand financial markets participants may have obtained overseas accreditation, certificates, or professional status, or be operating at a senior level due to their experience. Participants in this situation should contact NZFMA for advice on their accreditation options. NZFMA recommends that overseas transferees successfully complete the NZFMA Operations Core Module to ensure that they have met the New Zealand benchmark established in these Guidelines.

Individuals who have previously successfully completed other financial services education programmes may apply to the NZFMA for accreditation with exemption to all, or part of, the NZFMA Accreditation Programme. Applications for Operations Accreditation with Exemption will be considered by the NZFMA Accreditation committee on a case-by-case basis and should be accompanied by detailed information on the course content studied. However, individuals will be required to complete the NZFMA NZ Bridging module to demonstrate their knowledge of the New Zealand financial services regulatory environment.

For further information on cross credit options, contact the NZFMA office.

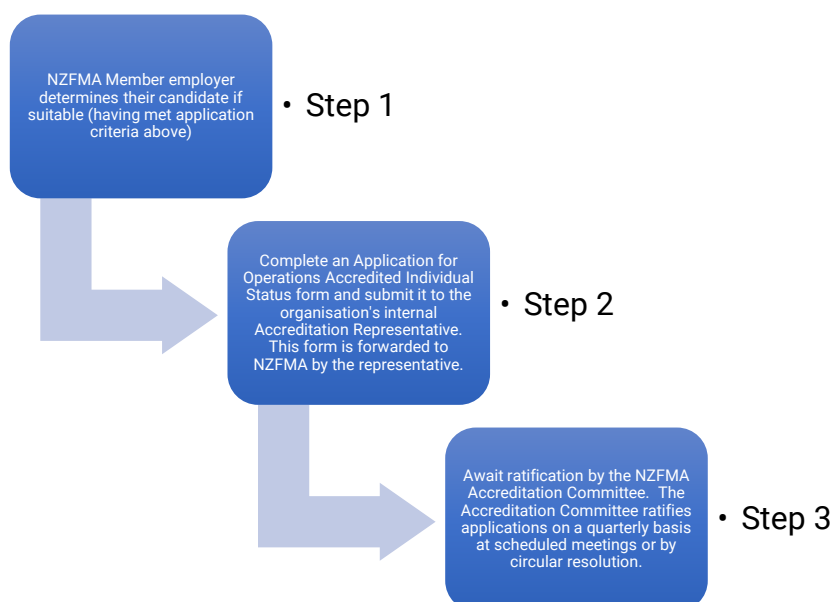


2.5 Recognition of significant markets experience (Grandfathering)

NZFMA acknowledges that many New Zealand financial markets participants have significant knowledge having worked in New Zealand's financial markets operations for many years. The NZFMA will consider Applications for Accreditation from NZFMA member representatives with an exemption from all or part of the NZFMA Accreditation Programme provided that person has worked in the New Zealand financial markets for a continuous period of minimum 10 years.

Successful completion of the NZFMA NZ Bridging module is compulsory for any application for an exemption with Recognition of Significant Markets Experience.

2.6 NZFMA Accreditation application process



2.7 Member organisation procedure

Accreditation representatives for each NZFMA member organisation are appointed by the Board annually.

The Accreditation representative is responsible for internally co-ordinating information about the Accreditation process (Operations and Financial Markets) and its requirements, and liaising with perspective candidates and NZFMA on accreditation matters.

Each candidate for NZFMA Accredited Individual Status will first need to be assessed by their NZFMA member organisation to ensure that they meet the criteria for NZFMA Accreditation Individual status.



Each NZFMA member organisation then submits their application(s) for NZFMA Accredited Individual Status to NZFMA.

NZFMA Accreditation is valid only while the individual is employed by a NZFMA member organisation. NZFMA Accreditation will transfer should the individual move employment to another NZFMA member organisation.

2.8 Individuals who do not meet the criteria for NZFMA accreditation

It is recognised that individuals who are not employed by NZFMA Member organisations may also benefit from completing the New Zealand Operations Accreditation Programme. Those individuals who successfully complete the programme and assessment will receive a Certificate of Completion. NZFMA Accreditation is not available to individuals who are not employed by NZFMA member organisations.

3. The NZFMA Operations Accreditation Programme Module

The NZFMA Operations Accreditation Programme comprises the Operations Core module only.

It is a requirement that all individuals enrolled into the NZFMA Financial Markets Accreditation programme complete the required study and assessments within a maximum 12-month period from the date of enrolment, however the majority of students complete the programme considerably quicker than that.

3.1 NZFMA Operations Core module

The Operations Core Module includes:

- Self-study
- An on-line examination (90 minutes duration/70 multiple choice questions)

The New Zealand Operations Core Module covers the following topics:

Chapter 1	Financial Markets
Chapter 2	The Economic Environment
Chapter 3	Financial Market Products
Chapter 4	Operations Essentials
Chapter 5	Risk Management



3.2 Operations Core module assessment delivery and format

The examination will be:

- computer based
- closed book
- multiple choice
- 70 questions
- 90 minutes duration
- available at approved exam venues (including in-house)

3.3 Examination results and pass mark / re-assessment

The pass mark is 80% per chapter for the New Zealand Operations Core module examinations. Candidates will be notified electronically of their result immediately following the completion of the examination.

An automated feedback report stating the percentage of questions answered correct for each chapter of the exam will be provided electronically to each student at the end of the examination.

Students should use this feedback report if they were unsuccessful in their exam attempt as it will provide useful guidance on how to best prepare for their next attempt.

If a student is unsuccessful in the exam, they will be required to re-sit an exam consisting of questions from only the chapters in which they achieved less than 80%. A reduced examination duration time will apply to reassessments as above.

Candidates who do not pass the exam may re-sit the exam at any scheduled time, after five business days of the unsuccessful attempt.

A fee may be charged for each examination re-sit.



4. NZFMA Member Organisation Responsibilities and Procedures

4.1 Appointment of an Accreditation Representative

To assist in the processing of NZFMA Accredited Individual candidates, all NZFMA Member organisations will appoint an individual as their Accreditation Representative.

The Accreditation Representative will co-ordinate information about the Accreditation process and its requirements and liaise internally with prospective candidates and NZFMA on NZFMA Accreditation matters. Individual inquiries, although welcomed by NZFMA, should be directed to the organisation's Accreditation Representative in the first instance.

4.2 Assessment of candidates fore accreditation status

Each candidate for NZFMA Operations Accredited Individual Status will need to be assessed by their NZFMA Member organisation in order to ensure that they meet, as detailed in these Guidelines,

- the criteria for NZFMA Operations Accredited Individual status; and
- the Essential and Desirable criteria, as well as the Personal Competencies, which may also be used to assess candidature (as outlined in Appendix 3)

The NZFMA Member organisation will remit applications for NZFMA Operations Accredited Individual Status to the NZFMA. This may be done by application on the appropriate forms, or by computer generated print outs for bulk registrations, appropriately signed by the Accreditation Representative.

4.3 NZFMA Accreditation register

An Accreditation Register will be compiled by the NZFMA from the names of candidates provided by Member organisations and will be maintained on a database.

This database will be used for the purposes of the *New Zealand Financial Services Accreditation Programme* only, and is subject to strict security, confidentiality, and privacy features.

4.4 Periodic reporting

In line with the Continuing Education guidelines for NZFMA Accredited Individual status (refer Section 8 of these Guidelines) it will be necessary for Member organisations to verify that Accredited Individuals have fulfilled annual Continuing Education requirements and are still in



the employ of the Member organisation. This will be requested on an annual basis in aggregate form.

4.5 Suspension or termination of accreditation

If a NZFMA Accredited Individual is no longer employed by a NZFMA Member organisation, their Accreditation is suspended until they are employed by another NZFMA Member organisation.

Member organisations are encouraged to inform the NZFMA of termination or suspension in writing or by email notification to ensure that the NZFMA Accreditation Register remains up to date.

4.6 Overseas posting calculation of CE hours

When a NZFMA Accredited Individual has been posted overseas, while still remaining an employee of a Member organisation, they will still be required to meet the 20 hour Continuing Education requirements.

Should their overseas absence extend beyond 4 years, the individual will be required to undertake the accreditation process upon their return to their normal work duties in New Zealand.

4.7 Leave of absence, calculation of CE hours

Accredited staff members of NZFMA Member organisations who are on officially sanctioned leave for an extended period of time, while remaining employees of the Member organisation, can maintain their accredited dealer status by undertaking CE activities (as outlined in clause 6.3) on a pro-rata basis.

This provision applies to absences of up to a maximum of two years.

For example, if an employee was to take parental leave for 6 months, then they would need to accumulate 50% of the requirement for CE to maintain their accredited dealer status.

5. Financial Services Accreditation Programme Appeals

The NZFMA Accreditation Committee (NZAC) has developed an appeal process for the *New Zealand Financial Services Accreditation Programme*.



All appeals will be considered by the NZAC Appeals Sub-Committee which will have the following members:

- Chairperson of the NZAC, or the deputy, if the Chairperson is not available, and;
- NZFMA Chief Executive; and,
- One other member of the NZAC.

Appeals must be received in writing within 5 business days of the incident which is the subject of the appeal. Please see the end of this section for the full list of areas acceptable for appeal.

The person appealing will receive notification of receipt of the appeal from the NZFMA and be advised of the date when the NZAC Appeals Sub-Committee will consider their appeal.

The appeal should be addressed to the Chairperson of the NZAC, care of the NZFMA.

Appeals will only be considered where the person appealing has lodged the appeal. Appeals may be accompanied by a letter of support from the candidate's Accreditation Representative.

The person appealing may attend the NZAC Appeals Sub-Committee to represent themselves, but no advocates or legal representation will be allowed to attend the meeting. A support person may accompany the appellant, however, the support person may not address the NZAC Appeals Sub-Committee nor prompt the appellant.

The written appeal should outline the matters for appeal and attach all supporting material to be considered by the NZAC Appeals Sub-Committee, except where not available (e.g. the contents of an exam). The NZAC Appeals Sub-Committee will consider issues and materials that it considers relevant in the case. The NZAC Appeals Sub-Committee will assess each case on its own merits.

The NZAC Appeals Sub-Committee will consider, and make a determination on, the appeal within 10 business days of receipt of the appeal at the office of the Association. The candidate will be advised of the outcome within 5 business days of the meeting of the NZAC Appeals Sub-Committee.

The NZAC Appeals Sub-Committee can only make a decision to uphold or reject the appeal. If the appeal is upheld, the NZAC Appeals Sub-Committee is empowered to provide a remedy to the appellant. If the appeal is rejected, the appellant will be advised of the reason.

The decision of the NZAC Appeals Sub-Committee will be by majority and is final and binding.



The following persons will have access to the *New Zealand Financial Services Accreditation Programme* appeals process:

- New Zealand Financial Services Core module candidates
- NZFMA Operations Core module candidates
- New Zealand Foreign Exchange Markets module candidates
- New Zealand Interest Rate Markets module candidates
- New Zealand Bridging module candidates

The NZAC Appeals Sub-Committee will accept appeals in the following areas:

- NZFMA Education Programme and Accreditation Guidelines
- Assessment content – incorrect or ambiguous questions
- Exam content – apparent differences between the manual content and exam content of the NZ Financial Services modules.
- Assessment subject matter (i.e. weighting, coverage)

The NZAC Appeals Sub-Committee will not accept appeals in the following areas:

- Exam booking and cancellation rules and procedures
- Assessment re-sit rules and procedures
- Assessment type (i.e. electronic, multiple choice)
- English comprehension
- The type of assessment strategy employed (i.e. closed book)
- Recognition of prior qualifications from foreign countries
- Exemption rules

6. Continuing Education

Continuing Education is an integral component of NZFMA Accreditation and is mandatory under these Guidelines. It is a vital element in enhancing the efficiency of the market's activities and developing practitioners within Member organisations.

The primary objective of Continuing Education is to ensure that individuals within NZFMA Member organisations maintain their practitioner knowledge, skills and integrity and represent the financial services industry in a competent and professional manner. In addition, by engaging in Continuing Education, NZFMA Member organisations and individuals are making a positive investment in their future.



6.1 NZFMA CE for FAs and Nominated Representatives

Completion of the required continuing education hours in accordance with the NZFMA CE Programme will satisfy the CPD requirements for Financial Advisers (FA's) and Nominated Representatives (NR's) under the Financial Advice Provider (FAP) model PROVIDED that the Financial Adviser completes 30 hours of structured training (ST) within a two-year period. To be structured training, the training must form part of the requirements for a qualification on either the National Qualifications Framework or be part of a structured continuing professional development programme managed by a FAP, or professional body.

All workshops, seminars, and courses facilitated by NZFMA are structured training opportunities, and NZFMA will keep detailed attendance records, and provide e-Certificates of Learning to all attendees.

Individuals who are Financial Advisers and Member Organisations registered as FAPs on behalf of Nominated Representatives will need to maintain and keep current a professional development plan for each CPD period as prescribed in the Code of Professional Conduct for Financial Advice Services, Part 2, Standard 9.

6.2 NZFMA Member CE requirements

NZFMA Accredited members are required to complete 20 hours of Continuing Education a year. Of these 20 hours, five (5) hours CE must be related to compliance and regulation¹ in the financial markets industry.

During the CE reporting year in which an individual attains NZFMA Accreditation by completing the standard requirements (NZ Core Module plus a Specialist Module), completion of CE will not be required for the remaining portion of the members' CE reporting period.

Individuals who attain NZFMA Accreditation by way of an exemption to the programme (refer 2.4 and 2.5) will be required to complete 20 hours Continuing Education on a pro-rata basis (including a pro-rata calculation to the 5 CE hours compliance and regulation requirement) effective from the date on which NZFMA Accreditation was approved by the Accreditation Committee.

Member organisations may nominate a 12-month reporting period date to suit their internal requirements. This allows organisations to align the reporting of their continuing professional development activities with other reporting responsibilities. Once nominated, this reporting period date will remain the annual CE Reporting Date for that member organisation.

¹ See Appendix 1 of the Guidelines for additional list of suggested topics that would satisfy the regulation and compliance portion of the Continuing Education requirements.



6.3 Continuing education activities

Continuing Education activities include the following:

- Training and education seminars, courses and/or workshops offered by the NZFMA, or other educational institutions, in subjects meeting any of the topics/competencies for NZFMA Accreditation, as defined in Appendix 1 of these Guidelines (assessment portion of any course or workshop may be included in the CE hours claimed, provided the candidate passed such assessment); or,
- Preparation and/or presenting courses, seminars, workshops, lectures, conventions, discussion groups, congresses, symposiums etc; or,
- Individual enrolment in a tertiary course of study, at an educational institution, in subjects meeting any of the topics/competencies for NZFMA Accreditation as defined in Appendix 1 of these Guidelines. In assessing the time spent on Continuing Education activities, individuals should record only those hours spent directly on the Continuing Education activity (in the case of discussion groups, etc); or,
- The research, writing, preparation or presentation of technical publications, where the contents of the paper are directly related to the topics/competencies for NZFMA Accreditation as defined in Appendix 1 of these Guidelines; or,
- Participation in NZFMA Committee meetings, or other structured meetings where the individual is appointed to the Committee or is a substitute for an appointed Committee member, and where the purpose of the meeting will develop new knowledge and skills to assist the individual in their current role. The maximum number of hours that can be claimed is 5 hours of which no more than 1 hour can be counted towards the regulation and compliance component of Continuing Education requirements; or
- Any other training programme, workshop, course or learning event approved by the Accreditation Committee from time to time.

6.4 Reporting and recording

Member organisations are required to provide annual confirmation to NZFMA that the Accredited Individuals within their employ have fulfilled the Continuing Education requirements in order for them to maintain their Accreditation status. Whilst the NZFMA will keep records confirming that Member organisations have complied with the criteria, the onus for monitoring Continuing Education hours will lie with the Member organisation.

Member organisations are to report for each Accredited Individual:



1. That the Accredited Individual has satisfied the Continuing Education requirements by completing CE activities as detailed in Section 6.3 and Appendix 1; and
2. The details of the Continuing Education undertaken during the Continuing Education year (if required).

Members are required to authorise, date and sign the above report and submit it to the NZFMA within two weeks of the organisation's nominated CE reporting date.

The NZFMA reserves the right to audit records to verify that the Continuing Education Guidelines are being followed and that the details reported are correct.

6.5 Full time or part time employment

To maintain their NZFMA Accredited Individual status, all individuals must complete 20 hours of CE per year, whether they are full time or part time employees.

7. NZFMA Accreditation Committee

The NZFMA Accreditation Committee (NZAC) was formed in June 2007 and is a Committee of the NZFMA. Although its structure is in line with the NZFMA Committee Guidelines, it does have some special requirements which reflect its importance.

- The NZAC reports directly to the NZFMA Board
- Members of the NZAC can come from non-Member organisations as independent advisors.

The NZAC will be governed by the NZFMA's committee guidelines, *Guidelines for the Operation of Committees and Working Groups* which are available from the NZFMA website www.nzfma.org.

The NZFMA Board can exempt any sub-committee from requirements of the Committee Guidelines.

7.1 NZFMA Accreditation Committee members

NZFMA Accreditation Committee members are to be recognised practitioners in their fields and drawn from various disciplines including Dealing, Operations, Compliance, Law and Education.

The NZFMA Board will nominate members of the NZFMA Accreditation Committee for a period of 12 months after which they will be required to re-nominate.



7.2 Roles and responsibilities

The NZFMA Accreditation Committee will oversee the *New Zealand Financial Services Accreditation Programme* with respect to the following terms of reference:

- Approval of candidates seeking NZFMA Accredited Individual status
- Monitoring the *New Zealand Financial Services Accreditation Programme*
- Monitoring the appeals process through the NZAC Appeals Sub-Committee
- Monitoring the *New Zealand Financial Services Accreditation Programme Guidelines*
- Promoting the *New Zealand Financial Services Accreditation Programme* to regulators like the Financial Markets Authority (FMA) and the Reserve Bank of New Zealand (RBNZ)
- Investigation and implementation of cross accreditation opportunities
- Periodic reporting to the NZFMA Board, and,
- Any other Accreditation activity agreed with the NZFMA Board.

7.3 Approval of accreditation candidates

The NZAC will review and approve applications for NZFMA Accredited Individual status. The NZFMA Board will be advised at their regular meetings of who has been approved. The NZFMA Secretariat will review all applications for accuracy before submitting them to the NZAC for approval.

Applications will be accepted with supporting email signatures, DocuSign and wet ink signatures.

Applications may be rejected based on non-fulfilment of any of the criteria established in these Guidelines.

7.4 Monitoring of the New Zealand Financial Services Accreditation Programme

The NZFMA Accreditation Committee will meet on a regular basis to monitor the assessment and accreditation process. This functionality will include the review of all aspects of the *New Zealand Financial Services Accreditation Programme* modules and will include:

- New Zealand Financial Services Core module materials
- New Zealand Financial Services Core module exam questions and assessment tools
- NZFMA Operations Core module materials
- NZFMA Operations Core module exam questions and assessment tools
- The materials of the New Zealand Product Specialist modules
- The exam questions of the New Zealand Product Specialist modules and assessment tools
- NZFMA Accreditation Register
- Programme logistics
- Review and approval of NZFMA Accredited Individual candidates



- Marketing of the *New Zealand Financial Services Accreditation Programme*, and
- Any other NZFMA Accreditation matter, as agreed with the NZFMA Board.

7.5 Monitoring of the appeals process through the NZAC Appeals Sub-Committee

The NZAC has developed an appeal process for the *New Zealand Financial Services Accreditation Programme*.

All appeals will be considered by the NZAC Appeals Sub-Committee. Please refer to *Section 5 New Zealand Financial Services Accreditation Programme Appeals* for more information on the appeals process.

7.6 Monitoring of the New Zealand Financial Services Accreditation Programme Guidelines

The NZAC is responsible for the on-going development and maintenance of the *New Zealand Financial Services Accreditation Programme Guidelines* that include the Continuing Education guidelines and the requirements for the *New Zealand Financial Services Accreditation Programme*.

7.7 Promoting the New Zealand Financial Services Accreditation Programme to regulators

One of the most important strategic roles played by the NZAC is the establishment and maintenance of appropriate relationships with New Zealand statutory regulators.

An important goal for the NZAC is the formal acknowledgment of the value that the *New Zealand Financial Services Accreditation Programme* contributes to industry based self-regulation of the New Zealand OTC financial markets.

7.8 Investigation and implementation of cross accreditation opportunities

In the global markets' environment, it is important for accreditation and licensing frameworks to be developed in harmony with both domestic and international standards.

The NZAC will be responsible for strategic advice regarding the cross accreditation of the *New Zealand Financial Services Accreditation Programme*, with like regulatory and self-regulatory models, as well as linkages with academic institutions and industry driven initiatives.

7.9 Periodic reporting to the NZFMA Board

As a sub-committee of the NZFMA Board, the NZAC is responsible for periodic and relevant reporting to the NZFMA Board.



8. Appendices

Appendix 1

List of suggested topics that would satisfy the regulation and compliance portion of the Continuing Education requirements for NZFMA Accredited Individuals (minimum 5 hours pa).

- Financial Markets Conduct Act (FMCA) and the Code Requirements
- An individual's responsibilities under New Zealand Companies Law
- Complaints handling
- Dispute Resolution requirements in respect of the FMCA
- New Zealand Standards
- Insider trading
- Inside information
- Information Barriers
- Market manipulation
- False trading prohibitions
- Fair Trading Act (price fixing, anti-competitive behaviour)
- Anti-Money Laundering and Anti-Terrorist Financing
- FATF requirements re anti-money laundering and reporting of suspicious transactions and anti-terrorist financing
- Ethical conduct/reputation risk issues
- Conflicts of interest with the Companies Law requirements, and internal policies and processes
- Employee trading, internal policies
- Corporate Governance and Directors' duties issues
- Researching issues e.g. reasonable basis, warnings, disclaimers, projections and predictions, distribution conditions
- Client confidentiality requirements
- Privacy principles
- RBNZ reporting requirements
- Error management, reporting requirements and internal policies
- Industry codes of conduct
- Documentation issues and requirements (ISDA® etc.)
- Preparation of compliance documentation
- Preparation and provision of regulation and compliance training
- Historical Rate Rollovers (industry practice, internal policy)
- Back Office, Front Office segregation – regulatory requirements and expectations and internal policy
- Telephone Taping – industry practice, regulatory expectations, internal policy
- Short selling rules, as applicable.



Appendix 2

Development and background of the New Zealand Financial Services Accreditation Programme

The *New Zealand Financial Services Accreditation Programme* began its development in 2005, when the then NZFMA Executive Committee endorsed in principle a move towards accreditation of OTC market dealers.

There were several grounds on which NZFMA's Executive Committee took a stance on the need to set NZFMA Accreditation standards. They included:

- Enhancement of the efficiency and operation of the OTC financial markets by the overall raising of educational standards of those operating within this environment.
- Promotion of significant economies of scale that can be generated by centralising the function of education, registration and accreditation of those individuals operating within the markets.
- Enhancement of New Zealand's financial market profile within the international arena.
- The ability to respond to local regulators possible concerns regarding the educational standards of dealers across all OTC financial markets in a timely and accurate fashion.
- The ability of organisations to respond promptly to inquiries regarding compliance issues by offering NZFMA Accreditation as their prescribed benchmark.

Other significant personal and practitioner gains from NZFMA Accreditation including:

- Individual satisfaction gained from meeting the industry endorsed accreditation benchmark for the OTC financial markets
- Increased human capital achieved by undertaking Continuing Education activities to broaden and keep abreast of developments in the OTC financial markets
- Recognition by regulators of the need for accreditation standards
- Accreditation transferability between participating organisations
- Cross accreditation between related associations
- International recognition of accreditation

Following these recommendations, the NZFMA commissioned AFMA Services to train all New Zealand practitioners to meet the Australian standard, while the New Zealand Accreditation programme was developed.

The reason for starting with the Australian programme was as follows;

- No New Zealand programme had been developed and the NZFMA wanted to demonstrate a strong stance on self-regulation of its markets through educational standards
- The New Zealand Government through its Taskforce into Financial Intermediaries had signaled that it was looking for industry to take a more proactive role in the regulation of their markets



- Many New Zealand OTC dealers were dealing with Australian residents and may not have been satisfying new FSR guidelines administered by ASIC (introduced in 2002)
- Many New Zealand OTC dealers were travelling to Australia under secondment and required ASIC PS 146 (now RG146) compliance to be able to work in Australia

Appendix 3

Essential and desirable criteria and personal competencies

The process of defining OTC market competencies began with the establishment of essential and desirable criteria for dealers within the OTC financial markets. By way of background information, they have been reproduced within these Guidelines.

The following criteria and competencies are to be used by NZFMA Members to assess a candidate's suitability for candidature.

The following "essential" and "desirable" criteria are recognised by the NZFMA Accreditation Committee as the standard for the basic level of knowledge required to be accepted as an NZFMA Accredited Individual.

Essential criteria

1. *Generic* and *Specialist* knowledge and skills, including Interest Rate, Derivatives and Foreign Exchange with respect to the markets traded, and in particular the associated risks.
2. Organisation and individual legal obligations relevant to specific New Zealand legislation.
3. NZFMA *Codes of Conduct and Principles* and any other applicable NZFMA Members' Codes of Conduct.
4. Market dealing conventions (as prescribed for relevant markets by the relevant NZFMA Committee).
5. An obligation to ensure familiarity with all new development with respect to the above areas (Continuing Education).
6. Management and professional development programmes.

Desirable criteria

The following "desirable" criteria were defined by the NZAC to be encouraged for dealing personnel. They include:

1. Tertiary qualifications and/or attendance at those courses tailored to meet the needs of the financial markets industry.



2. An understanding of the dynamics of the financial markets (such as political and economic factors) and their influence upon market risk.

Document Information

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Review Date	

