



INSTITUTE OF FINANCIAL ADVISERS INC.

**MEMBERSHIP AND CERTIFICATION
BYLAWS**

**EFFECTIVE
1 JULY 2007**

CONTENTS

	PAGE
1. CRITERIA FOR AND CATEGORIES OF MEMBERSHIP	2
2. APPLICATION FOR MEMBERSHIP	2
3. PROVISIONAL MEMBER	3
4. GENERAL MEMBER	3
5. ASSOCIATE MEMBER	4
6. CERTIFIED FINANCIAL PLANNER ^{CM}	4
7. CHARTERED LIFE UNDERWRITER.....	5
8. FELLOW	6
9. LIFE MEMBER	7
10. AFFILIATE.....	7
11. PROMOTION OF MEMBERSHIP	7
12. ANNUAL CERTIFICATE TO PRACTISE.....	8
13. APPROVED EXPERIENCE	8
14. WITHDRAWAL OF MEMBERSHIP	9
APPENDIX ONE: MEMBERSHIP BY WAY OF EXPERIENCE TEST.....	11
APPENDIX TWO: CONTINUING PROFESSIONAL DEVELOPMENT GUIDELINES.....	12

COMMENCEMENT

These Bylaws come into operation on 1 July 2007.

DEFINITIONS

Approved experience	means experience as defined in Section 13 of these Bylaws
Institute	means The Institute of Financial Advisers Incorporated
ATO	means a training organisation authorised in terms of Section 13 of these Bylaws
CPD	means Continuing Professional Development.
Committee	means the Membership and Certification Committee
Member	means a member of The Institute of Financial Advisers Incorporated
National Office	means the management and administrative headquarters of the Institute.
Practitioner(s)	means any member involved in the process of investment advising, insurance advising and/or financial planning but does not include persons such as research house representatives or fund management representatives, who when carrying out their duties as fund management or research house representatives, provide investment advice related to their organisation's products/services

1. CRITERIA FOR AND CATEGORIES OF MEMBERSHIP

1.1 There are nine categories of membership of the Institute:

1. Provisional Member
2. General Member
3. Associate Financial Planner
4. Associate Life Underwriter
5. CERTIFIED FINANCIAL PLANNER^{CM} member
6. Chartered Life Underwriter
7. Fellow
8. Life Member
9. Affiliate

Membership categories 1-6 are for practitioner members only.

1.2 There are colleges of membership reflecting areas of specialisation. A practitioner shall elect which college they wish to belong to when they are eligible for Provisional Membership. A member can apply to belong to more than one college provided they meet the criteria for each college.

1.3 Notwithstanding anything to the contrary in the following sections relating to CPD requirements, any member who has been an adviser for one or more ATOs continuously in any two year period (during all of which time the said ATO or ATOs was/were approved as an ATO or ATOs) shall receive a credit of half the number of CPD hours towards any requirement set out in these Bylaws for CPD.

2. APPLICATION FOR MEMBERSHIP

2.1 Application for membership shall be made in the form prescribed by the Committee and authorised by the Board.

2.2 The Committee may approve the application for Provisional membership of any insurance adviser, financial planner or investment adviser who is a permanent resident of New Zealand who has satisfied the Committee (or any person or persons designated by the Board of the Institute) with respect to their eligibility for membership, moral character and business ethics.

2.3 The Committee may admit to membership of the Institute any person who is not a practitioner but who is otherwise involved in the business of providing insurance advice, financial planning advice or investment advice upon such conditions as may be prescribed by the Constitution or the Committee and approved by the Board.

2.4 A person shall become a member once:

1. his/her application has been approved by the Committee who shall enter that person's name on the Membership Database; and
2. the person has paid the relevant membership subscription and any other fees.

2.5 The Committee has absolute discretion to refuse membership and shall not be required to give reasons for such refusal.

2.6 The Committee has discretion to admit any person to any class of membership if in its opinion circumstances exist to justify a departure from the eligibility criteria set out in the bylaws.

3. PROVISIONAL MEMBER

3.1 Eligibility for Provisional Membership.

To obtain Provisional Membership, an applicant shall declare involvement as a practitioner who is ordinarily resident in New Zealand for at least nine months every year, provide evidence of professional indemnity insurance cover, be accepted for Provisional Membership by the Committee, and pay the relevant membership subscription and any other fees.

3.2 Professional Indemnity Insurance

The minimum level of professional indemnity insurance cover for a member is \$500,000 with the maximum excess allowable being \$10,000. The minimum level of professional indemnity insurance cover where two or more members practice together in partnership, or as a company, or where a member or any legal entity employs members, is the lesser of \$500,000 per member or \$5,000,000 per entity, with the maximum excess allowable being the lesser of \$10,000 per member or \$100,000 per entity.

3.3 Maintenance of Provisional Membership.

To maintain Provisional Membership, a member shall

1. subject to clause 1.3, satisfy the committee that they have completed CPD in the manner specified by the Board.
2. agree to comply with the Institute's Code of Ethics, Practice Standards, Constitution and Bylaws
3. pay the relevant member subscription and any other fees.

4. GENERAL MEMBER

4.1 Eligibility for General Member status.

To obtain General Member status a Provisional Member shall:

1. Complete the Institute approved training courses required for General Membership
2. Complete the requirement for two years approved experience to the satisfaction of the Committee

4.2 Prior Experience

The Committee may recognise certain types of prior industry experience as defined by the Board, and as a result amend the training courses and/or the approved experience requirement for a Provisional Member to obtain General Membership. Such experience is to be continuous and immediately prior to joining the Institute. Application for recognition of prior industry experience must be made within six months of joining the Institute.

4.3 Maintaining General Member status

To maintain General Member status the member shall:

1. subject to clause 1.3, satisfy the Committee that they have completed CPD in the manner specified by the Board.
2. agree to comply with the Institute's Code of Ethics, Practice Standards, Constitution and Bylaws
3. pay the relevant member subscription and any other fees.

5. ASSOCIATE MEMBER

5.1 Eligibility for Associate Member status

a. College of Financial Planners

To obtain Associate Member status in the College of Financial Planners a member shall:

1. satisfy all the General Member status requirements; and
2. successfully complete 4 papers towards an Institute approved Diploma in Personal Financial Planning or equivalent; and
3. declare an intention to fully qualify as a CERTIFIED FINANCIAL PLANNER^{CM}.

b. College of Insurance Advisers

To obtain Associate Member status in the College of Insurance Advisers a member shall:

1. satisfy all the General Member status requirements; and
2. complete an institute approved course in business financial services.
3. successfully complete 4 papers towards an Institute approved Diploma in Personal Risk Management or equivalent; and
4. declare an intention to fully qualify as a Chartered Life Underwriter

5.2 Maintaining Associate Member status

To maintain associate member status the member shall:

1. subject to clause 1.3, satisfy the Committee that they have completed CPD in the manner specified by the Board.
2. agree to comply with the Institute's Code of Ethics, Practice Standards, Constitution and Bylaws
3. pay the relevant member subscription and any other fees.

6. CERTIFIED FINANCIAL PLANNER^{CM}

6.1 Eligibility for CERTIFIED FINANCIAL PLANNER^{CM} designation

To obtain the designation CERTIFIED FINANCIAL PLANNER^{CM} a member shall:

1. be eligible for Associate Member status as defined in clause 5.1 (a).
2. hold an Institute approved Diploma in Personal Financial Planning or similar qualification acceptable to the Committee (the onus is on the member to satisfy the Committee of the suitability of the alternative qualification); and
3. Once the requirements of 6.1.1 and 6.1.2 have been completed to the satisfaction of the Committee, pass the Case Study Exercise/Examination set by the Institute as a requirement for this class of membership.

6.2 Maintaining CERTIFIED FINANCIAL PLANNER^{CM} designation while practising

To maintain the designation CERTIFIED FINANCIAL PLANNER^{CM} while practising members shall:

1. subject to clause 1.3, satisfy the Committee that they have completed CPD in the manner specified by the Board.
2. declare compliance with the Institute's Code of Ethics, Practice Standards, Constitution and Bylaws.
3. pay the relevant member subscription and any other fees.

6.3 Maintaining CERTIFIED FINANCIAL PLANNER^{CM} designation while not practising

In order to maintain the CERTIFIED FINANCIAL PLANNER^{CM} designation while not practising members shall;

1. notify the Institute in writing of their intention to cease practising stating the date at which the cessation will commence; and
2. return all Annual Certificates To Practice to National Office; and
3. maintain financial membership of the Institute; and
4. pay any license fees associated with the CERTIFIED FINANCIAL PLANNER^{CM} designation; and
5. refrain from giving financial advice until such time as the Committee approves the reissuing of an Annual Certificate To Practice as detailed in 6.4.

6.4 Reissuing of Certified Financial Planner^{CM} Annual Certificate to Practise

To have an Annual Certificate to Practice reissued after a period of not practising a member shall;

1. apply to the Committee in writing for the reissuing of their Annual Certificate to Practice; and
2. provide evidence of all CPD activities completed while not practising; and
3. complete such Mentoring or educational requirements as may be set and in the time frame laid down by the Committee; and
4. pay any amounts levied by the Council specifically on members of the College of Financial Planners pertaining to the financial year in which the application for reissue of the Annual Certificate to Practice is made.

7. CHARTERED LIFE UNDERWRITER

7.1 Eligibility for Chartered Life Underwriter Designation

To obtain the designation Chartered Life Underwriter a member shall:

1. be eligible for Associate Member status as defined in clause 5.1(b).
2. hold an Institute approved Diploma in Personal Risk Management or similar qualification acceptable to the Committee (the onus is on the member to satisfy the Committee of the suitability of the alternative qualification); and
3. Pass the Case Study Exercise/Examination set by the Institute as a requirement for this class of membership.

7.2 Maintaining Chartered Life Underwriter designation while practising

To maintain the designation Chartered Life Underwriter while practising members shall;

1. subject to clause 1.3, satisfy the Committee that they have completed CPD in the manner required by the Board.
2. declare compliance with the Institute's Code of Ethics, Practice Standards; Constitution and Bylaws and
3. pay the relevant membership subscription and any other fees.

7.3 Maintaining Chartered Life Underwriter designation while not practising

In order to maintain the Chartered Life Underwriter designation while not practising, a member shall:

1. notify the Institute in writing of their intention to cease practising stating the date at which the cessation will commence; and
2. return all Annual Certificates To Practice to National Office; and
3. maintain financial membership of the Institute; and
4. pay any license fees associated with the Chartered Life Underwriter designation; and
5. refrain from giving risk and/or financial advice until such time as the Committee approves the reissuing of an Annual Certificate To Practise as detailed in 7.4.

7.4 Reissuing of Annual Certificate to Practice

To have their Annual Certificate to Practise reissued after a period of not practising a member shall;

1. apply to the Committee in writing for the reissuing of their Annual Certificate to Practice; and
2. provide evidence of all CPD activities completed while not practising; and
3. complete such Mentoring and/or educational requirements as may be set and in the time frame laid down by the Committee; and
4. pay any amounts levied by the Council specifically on members of the College Of Insurance Advisers pertaining to the financial year in which the application for reissue of the Annual Certificate To Practise is made.

8. FELLOW

8.1 To be recognised as a fellow of the Institute a current member must have:

1. a record of academic achievement; and
2. have given special service to the Institute at Committee or Board level for more than ten years; and
3. be approved to hold such class of membership by the Council on the recommendation of the Board of Directors.

9. LIFE MEMBER

- 9.1 To be recognised as a life member of the Institute a current member must have:
1. a record of extraordinary service to the Institute at Council, Committee and Board level for at least ten years, and
 2. be approved to hold such class of membership by the Council on the recommendation of the Board of Directors.
- 9.2 The number of life members at any one time shall be not more than 1% of current practising members, and no more than five affiliate members may be life members at any one time.

10. AFFILIATE

- 10.1 Members who are not practitioners and who either:
1. provide ancillary services or support to the industry, or
 2. are involved in the provision of financial services to the consumer which are outside the definition of a practitioner member
- can apply for affiliate membership of the Institute, provided that they declare in writing their compliance with the Constitution of the Institute, its Bylaws, Code of Ethics, and Practice Standards.
- 10.2 If an affiliate member commences practise as an insurance adviser, investment adviser and/or financial planner, then they must immediately apply for admission as a provisional or General Member.

11. PROMOTION OF MEMBERSHIP

- 11.1 When members refer to membership of the Institute they should clearly indicate which membership category they hold. The accepted wording is set out below:

<u>Membership Category/Qualification</u>	<u>Accepted Wording/Abbreviation</u>
1. Provisional Member	Provisional Member Institute of Financial Advisers Institute of Financial Advisers Provisional Member
2. General Member	General Member Institute of Financial Advisers Institute of Financial Advisers General Member
3. Associate Financial Planner	Associate Financial Planner AFP
4. Associate Life Underwriter	Associate Life Underwriter ALU
5. Certified FINANCIAL PLANNER ^{CM}	CERTIFIED FINANCIAL PLANNER ^{CM} CFP ^{CM}
6. Chartered Life Underwriter	Chartered Life Underwriter CLU
7. Fellow member	Fellow Institute of Financial Advisers Institute of Financial Advisers Fellow
8. Affiliate member	Affiliate Institute of Financial Advisers Institute of Financial Advisers Affiliate
9. Life member	Life Member Institute of Financial Advisers Institute of Financial Advisers Life Member

12. ANNUAL CERTIFICATE TO PRACTICE

- 12.1 An Annual Certificate to Practice may be issued to qualifying practitioner members, except Provisional Members. To qualify for an Annual Certificate to Practice members are required to meet all membership requirements for their category of membership. The Certificate may be renewed annually at the discretion of the Committee, and shall remain the property of the Institute.
- 12.2 Any practitioner member (other than a Provisional Member) who practises without an Annual Certificate to Practice may be removed from the Membership Database and lose their membership designation and will be required to return any Institute property to National Office.
- 12.3 The Certificate shall remain the property of the Institute and shall be current until revoked by the Committee at which time it shall be returned to National Office.
- 12.4 National Office may issue the Certificate to financial members of the Institute who return completed compliance declarations by the final date for payment of subscriptions. The Committee may revoke the certificate of any member if it is not satisfied with respect to their eligibility for membership, or moral character, or business ethics or any other criteria for membership as laid down by the Bylaws.

13. APPROVED EXPERIENCE

- 13.1 To obtain approved experience a member must be an adviser for an ATO (Approved Training Organisation) or ATOs or work in association with a Mentor who is either a CERTIFIED FINANCIAL PLANNER^{CM}, or a Chartered Life Underwriter (depending upon the college to which the member belongs) or an independent Mentor approved by the Committee.
- 13.2 Members may approach Mentors within their own organisation or externally but all Mentor arrangements require the prior approval of the Committee.
- 13.3 The Mentor shall use his or her best endeavours to ensure that the member:
1. complies with the Institute's Constitution, Bylaws, Code of Ethics and Practice Standards.
 2. maintains appropriate records of client activities.
 3. has satisfactory administrative systems in place.
 4. obtains the required depth and breadth of experience
 5. provided that as between the Mentor and the member, the Mentor shall not incur any personal liability in the undertaking of such role.
- 13.4 The Mentor will be required to report six monthly to the Committee and shall confirm that the required experience standards have been met, and provide other comment/information as sought by the Committee.
- 13.5 To qualify for and maintain ATO status an applicant organisation will, at their expense, satisfy an independent audit that they:
1. Have in-house training specifically targeted at new advisers covering courses required by the Institute for general membership. These will be prescribed from time to time.
 2. Have supervisory and reporting structures in place which ensure that new advisers have sufficient Mentoring to meet the requirements of the Institute's Mentoring regime.

3. Require their relevant advisers to complete annually in-house CPD programmes of a sufficiently robust and comprehensive nature that they would achieve each year a minimum of half the hours required by the Institute.
4. Have internal standards of professional practice that are at least the equivalent of those that bind members of the Institute.
5. Have professional indemnity insurance cover for all their advisers to at least the level required by the Institute in respect of individual members.

13.6 In order to maintain status as an ATO, the relevant organisation will submit at its expense to an annual audit to be completed by an independent individual or organisation.

14. WITHDRAWAL OF MEMBERSHIP

14.1 Retirement or Resignation from the Institute

1. No member may retire or resign if:
 - a. any complaint is lodged against the member (whether before or after the giving of the notice of resignation); or
 - b. any disciplinary hearing is commenced against the member (whether before or after the giving of the notice of resignation).
2. Any notice of retirement or resignation where a member is the subject of either or both of the above two events shall not take effect until:
 - a. the hearing of any complaint or disciplinary proceedings has been disposed of; and
 - b. any resulting action, disciplinary measure, fine or penalty has been imposed.
3. No notice of retirement or resignation shall take effect until all subscriptions, fines, penalties, levies and other payments due to the Institute have been paid. However, the Board may determine otherwise, in which case all unpaid subscriptions, fines, penalties, levies and other payments shall constitute a debt due to the Institute by the former member and shall be recoverable as such.
4. A member must provide notice in writing to National Office of any intention to resign or retire.

14.2 Withdrawal by Resolution of the Committee

Membership of the Institute may be withdrawn by resolution of the Committee where a member does not comply with the criteria for membership as laid down by the Bylaws.

14.3 Withdrawal by Resolution of the Board of Directors

Membership of the Institute may be withdrawn by resolution of the Board of Directors of the Institute where a member has not paid any amount payable by them to the Institute within three months of the date the payment was due. All unpaid monies shall constitute a debt to the Institute and shall be recoverable as such.

14.4 Termination or Suspension by Disciplinary Committee

Membership of the Institute can be terminated or suspended by the Disciplinary Committee of the Institute in accordance with the Disciplinary Bylaws.

14.5 Effect of Withdrawal or Termination of Membership

Where membership of the Institute is withdrawn or terminated:

1. the member shall cease to be a member of the Institute with effect immediately; and shall forthwith cease to hold themselves out as a member of the Institute and shall return to the Institute any certificate or other device signifying or denoting membership of the Institute.
2. the Chief Executive Officer shall send to that person written notice of the withdrawal or termination and the reasons therefore as soon as reasonably practicable; and
3. the Institute shall be entitled to publicise and advise people of any withdrawal or termination of membership; and
4. the Institute shall be entitled to recover as a debt any monies due by the former member to the Institute; and
5. the Institute may, at its discretion, notify members when a member ceases to be a member and publish such information in any Institute newsletter or newspaper, magazine or other media as the Chief Executive Officer deems appropriate.

APPENDIX ONE: MEMBERSHIP BY WAY OF EXPERIENCE TEST

The following criteria were adopted by the Institute of Financial Advisers Board at its meeting on 7 May 2004 as forming the test for appropriate experience to allow reduced entry requirements for membership of Institute of Financial Advisers

Directly Comparable Experience

An applicant who can prove they were actively involved in giving investment or insurance advice prior to 1 April 1999 and can also prove between 5 and 10 years full time and immediately continuous experience in either insurance or investment advice may become a Provisional Member of the Institute of Financial Advisers but only have to complete a six-month mentoring programme and no vocational training courses prior to admission as a General Member.

If an applicant under this test can prove they were actively involved in giving investment or insurance advice prior to 1 April 1999 and can also prove they have 10 years or more full time and immediately continuous experience in either insurance or investment advice they may become a General Member of Institute of Financial Advisers without the need to complete the Provisional Member requirements.

Relevant Professional Experience

If an applicant can prove:

- They have a relevant three year business degree from a New Zealand University, or an overseas qualification recognised by the New Zealand Qualifications Authority as the equivalent, and
- That they have been practising full-time as either a solicitor or accountant in public practice for the previous ten years.

they may become Provisional Members of the Institute of Financial Advisers and then become a General Member on passing of either the Adviserlink "Fundamentals & Processes" training module or the "The Financial Planning Process" paper 125.211 offered by Massey University or "Finance For Financial Planners" paper Exec 782 offered by Waikato University.

Related Experience

An applicant who can prove 10 years full time and immediately continuous advisory experience in closely related business areas (to be determined at the discretion of the Committee) may become a Provisional Member of Institute of Financial Advisers and then a General Member upon completion of whatever mentoring and training requirements the Committee deems appropriate. (It is expected that the Committee will develop precedents for other disciplines.)

APPENDIX TWO: CONTINUING PROFESSIONAL DEVELOPMENT GUIDELINES

The Membership and Certification Bylaws of the Institute of Financial Advisers Inc require all practising members of the Institute to complete Continuing Professional Development. This shall be measured for each two consecutive financial years. The number of hours required shall be as follows:

- For periods up to the two year period ending 30 June 2008 – 40 hours
- For the two years ending 30 June 2009 – 50 hours
- For the two years ending 30 June 2010 and all subsequent two consecutive financial year periods – 60 hours

At least half those Continuing Professional Development hours must relate to “structured CPD” with the balance “unstructured CPD”. Structured CPD is not restricted to courses offered by the Institute or to topics directly related to financial advice. Provided a topic is relevant to a member's professional duties and responsibilities it will fall within the scope of the Institute's requirements.

The responsibility lies with each member to choose suitable professional development activities and to judge, within the guidelines provided, whether these activities contribute to the individual's personal and/or professional development. Examples of “structured” and “unstructured” CPD are detailed below.

The number of hours for particular CPD events or activities should exclude breaks such as for meals or refreshments. National Office will provide guidelines on hours for CPD provided by the Institute and may advise on appropriate hours for other activities. For university courses, such as papers in the Massey University Post Graduate Diploma in Business Studies, 10 hours per paper is suggested as appropriate for CPD hours. For conferences, structured CPD hours should be restricted to sessions that are technical in nature.

Members are required to maintain a CPD log containing sufficient information and detail to evidence attendance and participation in educational events that qualify in the various criteria and to the level of hours required by the Institute Bylaws.

Structured CPD	Unstructured CPD
<ul style="list-style-type: none"> • University courses • Adviserlink courses • In-house technical training • Conferences both local and international • Branch courses or meetings with technical content • IFA courses • IFA Roadshows • IFA case study completion or IFA exam for CFPCM • Seminars by other professional bodies, e.g. NZICA • Assessed distance learning • Other structured courses 	<ul style="list-style-type: none"> • Reading IFA newsletters • Reading professional/technical articles including on the internet • Educational videos / tapes • Specific reading material that relates to practical work • Distance learning with no assessment • Product launches • Institute Branch Meetings (including Committee Meetings but excluding meetings with technical content) • Mentoring meetings