

Media Release

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**International investors could bypass NZ unless red tape sorted out**

International investors could bypass New Zealand if problems with the Financial Advisers Act are not sorted out, says Colin McKinnon, NZ Private Equity and Venture Capital Association Executive Director.

“The investment community is concerned about the requirement to have all financial advisers registered and qualified under definitions for parties giving investment advice under the new Financial Advisers Act,” Mr McKinnon said.

“Unless the Act is amended, it will mean an embarrassing raft of unintended consequences with international investors likely to bypass New Zealand rather than have to comply with this legislation. This would be bad news for New Zealand businesses needing investment to grow.

“Officials are working to fix the problems with the current legislation through amendments to the Financial Service Providers bill. It needs to carve out "wholesale" transactions or transactions involving sophisticated investors.

“Unless changes are made, it could, for example, capture angel investors providing advice to management and other investors in young companies. If angel investors – who in the past year invested almost \$50 million into young New Zealand companies - were required to hold valid practicing certificates and be registered, few would bother.

“I don’t believe for a minute that the Minister intends to capture these people or these types of transactions, but the current drafts of the legislations are not clear. The government must ensure these problems are tidied up swiftly.”

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