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Do You Know where Your Money Is? Product Disclosure Statements for Discretionary Investment Services

PDF (Size: 119KB) PP. 42-54 DOI: [10.4236/blr.2013.41006](https://doi.org/10.4236/blr.2013.41006)

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ABSTRACT

New Zealand capital markets currently do not serve retail investors well, creating investor skepticism regarding participation. A recent Reader's Digest survey rated financial advisers among the least trustworthy of professions. This article maps the legal implications of the new measures introduced by the Financial Markets Conduct Bill 2011 to guard investor interests in relation to financial products and services. The paper provides a useful critique of the proposed reforms, in particular, whether the "Product Disclosure Statement" (PDS) and the new licensing of fund managers will give retail investors confidence in investing through financial intermediaries. The paper concluded with recommendation for New Zealand regulator to obtain inspiration from overseas model.

KEYWORDS

Securities Law; Product Disclosure Statement; Financial Intermediaries

Cite this paper

E. Lou, "Do You Know where Your Money Is? Product Disclosure Statements for Discretionary Investment Services," *Beijing Law Review*, Vol. 4 No. 1, 2013, pp. 42-54. doi: [10.4236/blr.2013.41006](https://doi.org/10.4236/blr.2013.41006).

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