

Here is Debbie Jeffares' response in full

We were approached to undertake the accounting, compliance, secretarial and some back office functions for clients who had overseas shareholders and directors, with a medium term view to establish their own offices in New Zealand. Every New Zealand company requires a registered office in New Zealand, we knew of many companies that were using a virtual office meaning that there was no physical person resident at that address, we do not believe that this is acceptable. It is common practice for accountants to be the registered office of the companies they act for.

The Financial Services Provider Register was only ever a register of providers which imposed minimal obligations. Due to this we imposed additional requirements on our clients who were registered, including holding the authority and power to deregister, basic KYC and funds management protocols to prohibit companies who would be engaging in Money Laundering Activities. Our clients always understood that being on the FSP Register was only ever a register and they could not state that they were regulated or licenced by the NZ authorities. Our staff regularly reviewed registered clients websites to ensure that there was no reference to licence or regulated or language of a similar nature, they could only state that they were registered. Every overseas resident director and shareholder is screened every 24 hours via a worldwide database for any adverse press, convictions or actions taken against them or any company and or person they are associated with. In short, we provide an additional layer of compliance to ensure these Companies meet the minimum standards required by the FMA.

Due to relatively recent changes the FMA now has the power to direct the Registrar of Financial Service Providers to deregister financial service providers where they believe the registration is giving a false or misleading impression about the extent to which it is regulated in New Zealand. As our clients do not state that they are licenced or regulated by NZ authorities we have requested clarity from the FMA to what is required in order for them NOT to give a false or misleading impression about the extent to which it is regulated in New Zealand. The FMA have responded in saying that this will be judged on a case by case basis. We have a number of clients looking to set up their own offices in NZ and employ their own staff however if they are deregistered they cannot now do this as they would be in breach of the regulations. We have some clients considering application for a Derivatives Issuer Licence.

We understand from the FMA that the service providers who are now not registered can continue their business activities via their NZ company. Providers who are not registered can no longer be a member of an independent disputes resolution provider. The unintended consequences of the FMA's actions we believe has now lowered regulations and oversight for these financial service companies.

I am not a director of any company which is a client.

We have been working very closely with both FSPR and the FMA, we have responded to every request that we have received and are working with our clients to ensure they adhere to the FMA's instructions. We are not aware of any action being taken by the FMA against any of our clients other than in respect to directing the FSPR to remove them from the FSP register. We are also not aware of any action being taken against our company or me personally, the FMA have advised us that the notice to deregister these clients does not prevent us from continuing to provide our current services.