

CODE FOR FINANCIAL ADVERTISING

February 2014

Introduction

The object of this code is to ensure that advertisers maintain rigorous standards in financial advertising.

All advertising shall adhere to the laws of New Zealand and the Principles and Guidelines set out in this Code. The ASA Code of Ethics and the Code for Comparative Advertising should also be consulted, if appropriate, along with any relevant legislation. Advertisers should also be aware of requirements of their professional codes of conduct in relation to advertising. Relevant websites include www.fma.govt.nz, www.comcom.govt.nz, www.sorted.org.nz.

This Code covers all words and visual depictions in all advertising for the lending, saving or investment of money, for guarantees, financial instruments and the purchase or sale of securities.

In interpreting the code emphasis will be placed on compliance with both the principles and the spirit and intention of the code. The guidelines are merely examples, by no means exhaustive, of how the principles are to be interpreted and applied. It is also possible for an advertisement to be in breach of the principle without being in breach of a specific guideline. Upon complaint, the ASCB is vested with discretion to ensure a common-sense outcome. It is important to note that in considering a complaint both the likely audience and media placement, that is when and where the advertisement is broadcast, printed, or displayed, are key factors in determining code compliance. Please note there may also be guidance notes to assist with code interpretation for this code, see www.asa.co.nz.

For the avoidance of doubt, where relevant legislation that affects this Code has been updated and if a conflict occurs in relation to legislative and code requirements, legislative requirements will prevail.

Definition:

'Financial advertisements' are advertisements for the lending, saving or investment of money, financial instruments, financial transactions, offers of securities and includes category 1 and category 2 products as defined in the Financial Advisers Act 2008. Advertisements for the provision of advice or services in respect of financial products, investments or securities are also deemed to be financial advertisements for the purposes of this Code.

PRINCIPLE 1

Financial advertisements should observe a high standard of social responsibility particularly as consumers often rely on such products and services for their financial security.

Guidelines

- 1(a) Advertisements shall be set out in a way that allows them to be readily understood by the audience being addressed. All relevant information should be disclosed.
- 1(b) Advertisements shall not portray unrealistic or exaggerated financial expectations or outcomes.
- 1(c) Advertisements shall not state or imply that investments are safe or free from risk.
- 1(d) If examples of past performance are used, financial advertisements should make clear this does not necessarily give a guide for the future. Examples used should not be unrepresentative unless clearly identified as such.

PRINCIPLE 2

Advertisements should strictly observe the basic tenets of truth and clarity. Advertisements should not or should not be likely to mislead, deceive or confuse consumers, abuse their trust, exploit their lack of knowledge or without justifiable reason, play on fear. This includes by implication, omission, ambiguity, exaggerated claim or hyperbole.

Guidelines

- 2(a) Advertisements shall be accurate and statements and claims able to be substantiated.
- 2(b) Key information shall be legible and / or audible with care taken to ensure disclosure commensurate with the importance of the information.
- 2(c) Advertisements shall not claim or imply endorsement by any government agency, professional body or independent agency unless there is prior consent and the claim and endorsement are current and verifiable.
- 2(d) Technical language and statistics are acceptable provided they are relevant and used in a way readily understood by consumers without specialist knowledge. Publication of research results must identify the researcher and source references.