

CODE FOR FINANCIAL ADVERTISING

Purpose of the Code

The purpose 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 [Advertising Standards Code](#) should also be consulted 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.

Definition of Advertisement

“Advertising and Advertisement(s)” means any message, the content of which is controlled directly or indirectly by the advertiser, expressed in any language and communicated in any medium with the intent to influence the choice, opinion or behaviour of those to whom it is addressed.

Application of the Code

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.

Interpreting the Code

Social responsibility in advertising is embodied in the Principles and Rules of the Code. In interpreting the Code, emphasis must be placed on compliance with both the spirit and intention of the Code. It is possible for advertising to be in breach of one or more of the Principles in the Code without being in breach of a specific Rule.

In determining whether a Principle has been breached, the Complaints Board will have regard to all relevant matters, including;

- generally prevailing community standards;
- previous decisions;
- the consumer takeout from the advertisement;
- the context, medium and intended audience; and
- the product or service being advertised.

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 for the purposes of this Code:

‘**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.

Guideline 1 (a) Clarity

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.

Guideline 1 (b) Exaggeration

Advertisements shall not portray unrealistic or exaggerated financial expectations or outcomes.

Guideline 1 (c) Risk

Advertisements shall not state or imply that investments are safe or free from risk.

Guideline 1 (d) Examples

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.

Guideline 2 (a) Truthful presentation

Advertisements shall be accurate and statements and claims able to be substantiated.

Guideline 2 (b) Key information

Key information shall be legible and / or audible with care taken to ensure disclosure commensurate with the importance of the information.

Guideline 2 (c) Endorsements

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.

Guideline 2 (d) Technical language

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.