



## COVERSHEET

<b>Minister</b>	Hon Kris Faafoi	<b>Portfolio</b>	Commerce and Consumer Affairs
<b>Title of Cabinet paper</b>	Financial Markets (Conduct of Institutions) Amendment Bill: Approval for Introduction	<b>Date to be published</b>	TBC

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
4 December 2019	Financial Markets (Conduct of Institutions) Amendment Bill: Approval for Introduction	<i>Office of the Minister of Commerce and Consumer Affairs</i>
4 December 2019	DEV-19-MIN-0327	<i>Cabinet Office</i>

### Information redacted

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



# Cabinet Economic Development Committee

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Financial Markets (Conduct of Institutions) Amendment Bill: Approval for Introduction

**Portfolio** Commerce and Consumer Affairs

On 4 December 2019, the Cabinet Economic Development Committee:

- 1 **noted** that a <sup>Constitutional conventions</sup> priority on the 2020 Legislation Programme <sup>Constitutional conventions</sup> is being sought for the Financial Markets (Conduct of Institutions) Amendment Bill (the Bill);
- 2 **noted** that the Bill forms the basis of a broad conduct regime that will require certain financial institutions to be licensed in respect of their general conduct under the Financial Markets Conduct Act 2013 [DEV-19-MIN-0237];
- 3 **agreed:**
  - 3.1 that financial advice providers be required to comply with financial institutions' fair conduct programmes, except in respect of financial advice;
  - 3.2 to increase the maximum level of pecuniary penalties available for contravention of relevant obligations by intermediaries under the regime, so that intermediaries may be liable for pecuniary penalties up to the greatest of:
    - 3.2.1 the consideration for any relevant transaction;
    - 3.2.2 three times the amount of the gain made or the loss avoided;
    - 3.2.3 \$1,000,000 for an individual and \$5,000,000 for bodies corporate;
  - 3.3 that conditions that relate to involvement in the provision of a financial institution's services and products by financial advice providers can be imposed on the licences of those financial advice providers (regardless of whether their involvement is related to the giving of financial advice) to ensure consumers are treated fairly;
- 4 **approved** the Bill [PCO 22342/9.0] for introduction, subject to the final approval of the government caucus and sufficient support in the House of Representatives;
- 5 **agreed** that the Bill be introduced on 11 December 2019;

6 **agreed** that the government propose that the Bill be:

6.1 referred to the Finance and Expenditure Committee for consideration in early 2020;

6.2 enacted by the end of 2020.

Janine Harvey  
Committee Secretary

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**Present:**

Rt Hon Winston Peters  
Hon Kelvin Davis  
Hon Grant Robertson (Chair)  
Hon Nanaia Mahuta  
Hon Kris Faafoi  
Hon James Shaw

**Officials present from:**

Office of the Prime Minister  
Officials Committee for DEV

**Hard-copy distribution:**

Minister of Commerce and Consumer Affairs

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