



COVERSHEET

Minister	Hon Dr David Clark	Portfolio	Commerce and Consumer Affairs
Title of Cabinet Paper	Financial Markets (Conduct of Institutions) Amendment Bill: Supplementary Order Paper	Date to be published	9 November 2022

List of documents that have been proactively released		
Date	Title	Author
21 September 2022	DEV-22-MIN-0221: Financial Markets (Conduct of Institutions) Amendment Act 2022: Release of Consultation Document on Proposed Regulations	Cabinet Office
September 2022	Financial Markets (Conduct of Institutions) Amendment Act 2022: Consultation on regulations	Office of the Minister of Commerce and Consumer Affairs

Information redacted

NO

Any information redacted in this document is redacted in accordance with MBIE's and MFAT'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 Act 2022: Release of Consultation Document on Proposed Regulations

Portfolio Commerce and Consumer Affairs

On 21 September 2022, the Cabinet Economic Development Committee (DEV):

Background

- 1 **noted** that the Financial Markets (Conduct of Institutions) Amendment Act 2022 introduces a new regulatory regime for the conduct of financial institutions;

Licensing fees

- 2 **noted** that financial institutions will need to obtain a licence granted by the Financial Markets Authority that covers the service of ‘acting as a financial institution’ in order to offer certain banking and insurance products and services to consumers once the new conduct regime is in force;
- 3 **noted** that under the Financial Markets Authority Act 2011, the Financial Markets Authority is able to recover the costs of licensing from applicants;
- 4 **noted** that the discussion document *Financial Institution Licensing Fees Under the New Conduct Regime* (the discussion document), attached to the paper under DEV-22-SUB-0221, requests feedback on proposed licensing fees that will apply when financial institutions apply for a licence under the new conduct regime;
- 5 **agreed** to the release of the discussion document for public consultation;
- 6 **authorised** the Minister of Commerce and Consumer Affairs to make any minor and technical changes to the discussion document that may be required;

Sales incentives

- 7 **noted** that in February 2022, DEV:
 - 7.1 agreed that financial institutions and intermediaries be prohibited from offering sales incentives based on volume or value targets to their employees (except senior managers and executives), agents, and intermediaries;

7.2 authorised the Minister of Commerce and Consumer Affairs to issue drafting instructions to the Parliamentary Counsel Office to give effect to this decision;

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- 8 **noted** that it is not necessary to explicitly exclude senior managers and executives from the scope of the prohibition (because the prohibition will only apply to persons who are involved in the provision of products and services to consumers through arranging the contract or giving regulated financial advice);
- 9 **authorised** the Minister of Commerce and Consumer Affairs to release an exposure draft of the Financial Markets Conduct (Conduct of Institutions) Amendment Regulations 2022 relating to sales incentives, for consultation with the public and stakeholders (the exposure draft);
- 10 **authorised** the Minister of Commerce and Consumer Affairs to make any minor or technical changes to the exposure draft that may be required prior to consultation;
- 11 **authorised** the Minister of Commerce and Consumer Affairs to approve and release commentary material related to the exposure draft for consultation with the public and stakeholders;
- 12 **invited** the Minister of Commerce and Consumer Affairs to report back to DEV on the outcome of the consultation on the exposure draft and with final recommendations for authorisation in early 2023.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Nanaia Mahuta
Hon Michael Wood
Hon Kiri Allan
Hon Dr David Clark
Hon Dr Ayesha Verrall
Hon Priyanca Radhakrishnan
Hon Meka Whaitiri
Hon Kieran McAnulty
Dr Deborah Russell MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV