



Fit for purpose financial services conduct regulation

The Ministry of Business, Innovation, and Employment is seeking feedback on changes to the Financial Markets (Conduct of Institutions) Amendment Act 2022 (CoFI Act) and Financial Markets Conduct Act 2013.

Consultation and process

Public consultation will close at **5pm on 19 June 2024**. Under current legislation, the CoFI Act is set to commence on 31 March 2025. Any amendments made to the CoFI regime as a result of this consultation are likely to come into force in 2026.

Why is financial market conduct regulation important?



Financial markets conduct regulation ensures consumers are informed and treated fairly, and regulated entities act with integrity. The government is reviewing how conduct within the financial services sector is regulated to ensure it works well for everyone.

What is covered in this discussion document?



This review will explore options to simplify requirements introduced under the CoFI Act, reform conduct licensing requirements, improve how the Reserve Bank and Financial Markets Authority (FMA) work together as regulators, and enhance the regulatory tools available to the FMA.

Why are we considering changes?



Over the past decade there have been several legislative and regulatory changes aimed at improving the conduct of financial markets participants. These changes may have contributed to a reduction in clarity and increased regulatory burden for financial market participants.



The reforms are aimed at:

- Simplifying the regulation of financial services
- Removing undue compliance cost for financial markets participants
- Promoting fair, efficient and transparent financial markets to improve outcomes for consumers.

This will benefit industry and consumers by ensuring New Zealanders can confidently and safely access the financial products and services they need.

Issues we want feedback on



- What does it mean to treat consumers fairly?
- What minimum standards and processes should financial institutions have to ensure that they are treating consumers fairly?
- How should the financial markets conduct licensing regime be structured?
- How should the Reserve Bank and FMA work together?
- Should the FMA be given more effective tools?

General questions to consider when reading the discussion document:

How should the fair conduct principle in the CoFI Act be altered to meet the reform's objectives?

Which fair conduct programme requirements in the CoFI Act should be removed or amended, if any? Why?

Should the FMA issue a single conduct licence covering different classes of market services (rather than a separate licence for each service)?

What improvements could be made to how the Reserve Bank and the FMA work together in relation to firms regulated by both regulators?

Does the FMA require additional powers to perform its role effectively?

Read the full consultation document [here](#). Submissions close at 5pm on 19 June 2024