



COVERSHEET

Minister	Hon Andrew Bayly	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Financial Services Reforms – Approval to release of Discussion Documents	Date to be published	3 July 2024

List of documents to be proactively released

Date	Title	Author
May 2024	Financial Services Reforms: Approval to release Discussion Documents	Office of the Minister of Commerce and Consumer Affairs
May 2024	Overview of discussion documents	MBIE
13 May 2024	Financial Services Reforms: Release of Discussion Documents CBC-24-MIN-0031 Minute	Cabinet Office

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.

Some information has been withheld for the reason of Confidential advice to Government.



Cabinet Business 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 Services Reforms: Release of Discussion Documents

Portfolio **Commerce and Consumer Affairs**

On 13 May 2024, the Cabinet Business Committee:

- 1 **noted** that in March 2024, the Cabinet Expenditure and Regulatory Review Committee invited the Minister of Commerce and Consumer Affairs to report back in May 2024 seeking approval to release discussion documents on:
 - 1.1 reforms to relevant legislation that are necessary and desirable to support the transfer of responsibility of the Credit Contracts and Consumer Finance Act 2003 (CCCFA) to the Financial Markets Authority;
 - 1.2 broader reforms to the CCCFA to address known problems and areas of under-performance;
 - 1.3 the CCCFA's high-cost credit provisions, as part of the statutory review required by the CCCFA;
 - 1.4 reforms to the Financial Markets (Conduct of Institutions) Amendment Act 2022 and the Financial Markets Conduct Act 2013;
 - 1.5 improving the effectiveness of dispute resolution;[EXP-24-SUB-0010]
- 2 **noted** that the Minister of Commerce and Consumer Affairs intends to consult on the issues raised in paragraph 1 above through three discussion documents, each of which will focus on a separate topic area and set of stakeholders;
- 3 **noted** that the discussion document *Fit for Purpose Consumer Credit Legislation*, attached as Appendix 1 to the paper under CBC-24-SUB-0031, discusses issues with the CCCFA regime and sets out options to resolve those issues, including in relation to:
 - 3.1 liability settings for directors and senior managers;
 - 3.2 the regulatory model;
 - 3.3 what and when information should be disclosed;
 - 3.4 how much information must be disclosed;
 - 3.5 penalties for incomplete disclosure;
 - 3.6 high-cost credit;

- 4 **noted** that the discussion document *Fit for Purpose Financial Services Conduct Regulation*, attached as Appendix 2 to the paper under CBC-24-SUB-0031, discusses issues with the regulation of conduct and sets out options to resolve those issues, including in relation to:
- 4.1 the minimum requirements for fair conduct programmes;
 - 4.2 the fair conduct principle;
 - 4.3 conduct licences issued by the Financial Markets Authority;
 - 4.4 the ability of the Financial Markets Authority and the Reserve Bank of New Zealand to rely on an assessment by the other regulator;
 - 4.5 the Financial Markets Authority's toolkit;
- 5 **noted** that the discussion document *Effective Financial Disputes Resolution*, attached as Appendix 3 to the paper under CBC-24-SUB-0031, discusses issues with the provision of financial dispute resolution services in New Zealand and sets out options to improve the system, in relation to:
- 5.1 improving consumer awareness and access to the schemes;
 - 5.2 improving scheme effectiveness, through measures which enhance accountability and consistency across schemes;
- 6 **approved** the release of the discussion documents referred to in paragraphs 3 – 5 above;
- 7 **approved** the release of any minor accompanying documents that are intended to be published alongside the discussion documents referred to in paragraphs 3 – 5 above, such as summary or explanatory documents;
- 8 **authorised** the Minister of Commerce and Consumer Affairs to make minor and technical changes to the discussion documents and any minor accompanying documents prior to their release;

9 **Confidential advice to Government**

Rachel Clarke
Committee Secretary

Present:

Rt Hon Christopher Luxon (Chair)
Hon David Seymour
Hon Nicola Willis
Hon Brooke van Velden
Hon Shane Jones
Hon Chris Bishop
Hon Simeon Brown
Hon Erica Stanford
Hon Paul Goldsmith
Hon Judith Collins
Hon Nicole McKee
Hon Melissa Lee
Hon Andrew Bayly

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet