

Media release

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FMA focus on improving conduct and increasing trust in financial markets

The Financial Markets Authority (FMA) Chief Executive Rob Everett has set out the evolving approach for the FMA as the regulator's mandate expands under the *Financial Markets Conduct Act*, taking effect from 1 December.

Mr Everett told the Institute of Financial Professionals (INFINZ) AGM, in Auckland today, that the FMA would be setting high expectations of conduct, how firms and professionals behaved, both between themselves and between firms and consumers and investors.

The FMA would continue to intervene to prevent poor quality outcomes for consumers and investors.

Mr Everett said, "The FMA's mandate is expanding, from 1 December, with several hundred businesses and professionals expected to apply for new licences. Licensing allows us to establish minimum standards for firms and professionals who want to deliver financial services. But this is only part of the increased powers granted to the FMA under the *Financial Markets Conduct Act (The Act)*.

"The Act also places the good conduct of professionals and firms at the heart of the FMA's remit. Conduct regulation is new to New Zealand and will deliver a step change in the way financial services are provided in the years ahead."

Mr Everett said that one of the FMA's biggest roles is to ensure businesses are on-course and improving their performance and conduct under the regulations and that the interests and needs of consumers needs to be their top priority.

The FMA will be using all of its new powers – including licensing, supervision, compliance, and enforcement – to react to potential harms that may arise in the markets.

In 2009 the Capital Market Development Taskforce pointed to the need for a modern and effective financial regulator to have a full range of regulatory tools and powers at its disposal. Mr Everett said "the lack of those - for predecessor agencies - is substantially corrected in the new Act. Some of the new powers we have been given allow us to anticipate problems, and act before they cause direct harm."

The speech also provided some insights into the work the FMA has been doing to identify its strategic priorities for the medium term. The FMA is completing a wide-ranging analysis of the sectors it regulates, identifying the areas of greatest potential concern. The complete results of that analysis – identifying directly the priority areas where the FMA would focus its attention most – will be published later this year.

"We are a risk-based regulator and that means focusing our resources where they are most needed. While we will be acting to minimise harms where we find them, the greater benefit we are working to deliver is

increasing trust and confidence in financial markets and the firms and professionals working in the markets. This in turn can help deliver better outcomes for businesses, consumers, investors and the economy as a whole,” said Mr Everett.

ENDS

Read full speech [here](#).

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