

Financial Markets Conduct (ECDD Holdings Limited Stablecoin) Designation Notice 2026

Pursuant to section 562 of the Financial Markets Conduct Act 2013, the Financial Markets Authority, having complied with the requirements set out in section 563 of that Act, gives the following notice.

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Notice

1 Title

This notice is the Financial Markets Conduct (ECDD Holdings Limited Stablecoin) Designation Notice 2026.

2 Commencement

This notice comes into force on 11 March 2026.

3 Interpretation

(1) In this notice, unless the context otherwise requires,—

account holder means an account holder of ECDD in accordance with the terms between ECDD and that account holder relating to eligibility and compliance

Act means the Financial Markets Conduct Act 2013

call debt securities has the same meaning as in regulation 5 of the Financial Markets Conduct Regulations 2014

digital token means a digital representation of value or rights that:

- (a) can be transferred, stored or traded electronically; and
- (b) uses technology supporting the recording or storage of data (which may include distributed ledger technology)

ECDD means ECDD Holdings Limited

registered bank has the same meaning as in section 6 of the Financial Markets Conduct Act 2013

Regulations means the Financial Markets Conduct Regulations 2014

NZD means the New Zealand Dollar

NZDD Stablecoin has the meaning given in clause 4 of this notice

NZDD Stablecoin holder means the person holding an NZDD Stablecoin

trust account means ECDD's account at a registered bank where proceeds received in exchange for the issuance of NZDD Stablecoins are held in call debt securities.

- (2) Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this notice has the same meaning as in the Act or the Regulations.

4 Definition of NZDD Stablecoin

For the purposes of this notice, an NZDD Stablecoin is a digital token that–

- (a) is issued by ECDD to an account holder in exchange for \$1 NZD transferred from the account holder to ECDD;
- (b) is backed by ECDD, as trustee, holding the \$1 NZD on bare trust in its trust account for the benefit of the NZDD Stablecoin holder;
- (c) confers on an account holder the right to:
 - (i) return an NZDD Stablecoin to ECDD; and
 - (ii) require ECDD to deliver the \$1 NZD held on bare trust to the account holder:
subject only to any commercially reasonable restrictions relating to eligibility, compliance, minimum redemption amounts, timing, and fees payable that are agreed between ECDD and an account holder from time to time;
- (d) must not confer on the NZDD Stablecoin holder any income, interest or other gain generated by ECDD.

5 Designation

An NZDD Stablecoin to which this notice applies is declared not to be a financial product for the purposes of the Act.

6 NZDD Stablecoins to which notice applies

This notice applies to an NZDD Stablecoin if the NZDD Stablecoin is issued after the commencement of this notice.

7 Notice does not apply to period of non-compliance with certain obligations

- (1) This notice does not apply to an NZDD Stablecoin during a period that starts when ECDD fails to comply with one or more of the duties set out in subclause (2), and ends at the close of the date on which all of those failures have been remedied under subclause (3).
- (2) The duties are as follows–
 - (a) ECDD must ensure that the value of the NZD held in the trust account is equal to, or exceeds, the total underlying currency amount of the NZDD Stablecoins in circulation;
 - (b) ECDD must ensure that:

- (i) a document prepared by ECDD verifying the information referred to at paragraph (2)(a) is available free of charge on an internet site maintained by, or on behalf of, ECDD; and
 - (ii) is updated at least monthly, beginning from the date that is one month after the commencement of this notice.
- (c) ECDD must:
- (i) obtain an independent verification of the value of the NZD held in its trust account in relation to the total underlying currency amount of the NZDD Stablecoins in circulation, in respect of each consecutive 12-month period, the first such period beginning on the date of the commencement of this notice; and
 - (i) within 15 working days of the end of each such period, publish a document outlining the results of that verification free of charge on an internet site maintained by, or on behalf of, ECDD.
- (3) The duties may be remedied as follows:
- (a) the duty under subclause (2)(a) may be remedied by ECDD depositing sufficient NZD in the trust account to meet the shortfall between the value of NZD in the trust account and the total underlying currency amount of NZDD Stablecoins in circulation referred to in subclause (2)(a);
 - (b) the duty in subclause (2)(b) may be remedied by ECDD publishing the document referred to in subclause (2)(b);
 - (c) the duty under subclause (2)(c) may be remedied by ECDD publishing the document referred to in subclause (2)(c).

Dated at Wellington this 10th day of March 2026.



Liam Mason
General Counsel
Financial Markets Authority

Statement of Reasons

This notice comes into force on 11 March 2026. The notice declares that the NZDD Stablecoin issued by ECDD Holdings Limited (**ECDD**) after the commencement of this notice (**NZDD Stablecoin**) is not a financial product for the purposes of the Financial Markets Conduct 2013 (**the Act**).

The effect of this designation is to provide clarity that the NZDD Stablecoin is not a financial product. It has no effect on the continuity of obligations in relation to the NZDD Stablecoin and/or on ECDD as the issuer of the NZDD Stablecoin, such as Part 2 of the Act (fair dealing) and registration under the Financial Services Providers (Registration and Dispute Resolution) Act 2008. Similarly, there are no material changes to the disclosure and governance requirements imposed in relation to the funds held on bare trust for NZDD Stablecoin holders, which are call debt securities issued by New Zealand registered banks (**reserve assets**).

The Financial Markets Authority (**the FMA**), after satisfying itself of the requirements set out in section 563 of the Act, considers it appropriate to grant the designation because–

- the economic substance of the NZDD Stablecoin is that it is not a financial product, as:
 - the NZDD Stablecoin is not an investment, and no income, interest or other gain is paid to the NZDD Stablecoin holder;
 - the practical use of the NZDD Stablecoin is as a means of payment or remittance;
 - the reserve assets backing the NZDD Stablecoin, and held on bare trust for NZDD Stablecoin holders, are not a source of funding for ECDD; and
 - the risks of acquiring the NZDD Stablecoin are not substantially different to the risks of the underlying reserve assets which are not classed as ‘regulated offers’ for the purposes of the Act, and have relevant protections provided through the Reserve Bank of New Zealand’s prudential regulation of New Zealand registered banks.
- the NZDD Stablecoin is in substance a payment mechanism rather than a debt security and is likely to be seen by consumers as a payment product, regulation as a debt security under the Act is unlikely to contribute to confident and informed participation of consumers in the financial markets. It is likely that having the NZDD Stablecoin classed as a debt security would only confuse customers as to the substance of the NZDD Stablecoin:
- continued availability of the NZDD Stablecoin will promote efficiencies in the payments and remittance markets by increasing competition:
- regulation under the Act as a financial product is unlikely to contribute to transparency and/or the provision of useful information to customers as the underlying reserve assets are not classed as ‘regulated offers’ for the purposes of the Act and so are already excluded from disclosure and governance obligations:
- issuing the NZDD Stablecoin will still be a financial service and therefore subject to the fair dealing provisions in Part 2 of the Act.

The FMA is therefore satisfied that making the declaration is necessary or desirable in order to promote one or more of the main or additional purposes of the Act–

- to promote the confident and informed participation of businesses, investors, and consumers in the financial markets;
- to promote and facilitate the development of fair, efficient, and transparent financial markets; and
- to promote innovation and flexibility in the financial markets.