

Rīpoata-ā-Tau

Annual Report

2024/25

Promoting and facilitating the development of fair,
efficient, and transparent financial markets

About the Financial Markets Authority - Te Mana Tātai Hokohoko

The FMA is an independent Crown entity and New Zealand's principal conduct regulator of financial markets. Our overarching statutory purpose is to promote and facilitate the development of fair, efficient, and transparent financial markets. Well-regulated financial markets are a cornerstone of a successful economy and the financial wellbeing of its participants. For more on our organisation and how we regulate see pages 10 to 14.

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Financial Markets Authority Annual Report 2024/25

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Compliance statement

Minister of Commerce and Consumer Affairs

This report is provided as required under sections 150 and 151 (3) of the Crown Entities Act 2004. It is the annual report of the Financial Markets Authority - Te Mana Tātai Hokohoko for the year ended 30 June 2025.

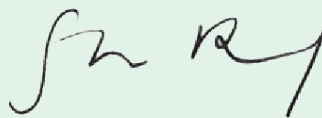


Craig Stobo

Chair

Financial Markets Authority

17 October 2025



Steven Bardy

Chair

FMA Audit and Risk Committee

17 October 2025

Rārangi kōrero

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Ngā tirohanga 2024/25

Spotlight 2024/25



Evolving our outcomes-focused approach

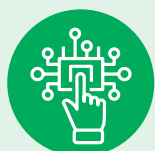
Published our approach to outcomes-focused regulation, which sets out the outcomes we want to see for consumers and financial markets, and how we will work with industry and other stakeholders to get there.

Released our first annual Financial Conduct Report, which highlights our regulatory priorities, key activities and expectations for the sectors we regulate for the coming year.

Licensed financial institutions under the Conduct of Financial Institutions regime, which came into force on 31 March 2025. Banks, insurers and non-bank deposit-takers that are financial institutions are now required to comply with the fair conduct principle when providing relevant services to consumers.

Stepped up our stakeholder engagement with a programme of industry and consumer group roundtables and other events, established stronger relationships with our international regulatory counterparts, and continued to collaborate with the Reserve Bank of New Zealand, the Commerce Commission, the Ministry of Business, Innovation & Employment, and Treasury on topics such as scams, financial inclusion and the growing influence of artificial intelligence.

Launched our 'regulatory sandbox' pilot for fintech, which supports innovation in financial services by allowing firms to test innovative products, services or business models before taking them to market.



Evolving our intelligence-led approach

Developed new internal capabilities to use data and information to enhance how we make evidence-based regulatory decisions, such as statistical risk scoring to enable prioritisation of supervision activity, industry data insights to provide real-time data, and early warning systems for alerts of suspicious activity.

Carried out consumer and market research to help inform our regulatory activities, including papers on understanding fairness in financial services, commercial real estate and the managed funds industry, artificial intelligence in financial services, and market cleanliness (the extent to which the market is free from insider trading and other types of manipulation) in the New Zealand equity market.



Deterring harmful unregulated activities

Participated in collective scam disruption efforts and other interventions to deter harmful unregulated activities, including co-chairing IOSCO's Asia Pacific Regional Committee Scams Working Group, and sharing intelligence to disrupt scams with local regulators and cyber safety agencies.

Filed a case stated proceeding to seek the Court's determination on legal issues about the use, confirmation and acceptance of eligible investor certificates in the wholesale investment sector.



Deterring misleading and deceptive practices

Cancelled the licences of two financial advice providers after identifying breaches of obligations relating to customer care.

Filed criminal proceedings against Kevin Young, a former treasury accountant with Heartland Bank, who entered guilty pleas and was sentenced to six months home detention and ordered to pay a fine of \$11,241 in relation to three charges of insider conduct.

Saw the resolution of our case against Peter Huljich, who was found guilty of insider conduct in Pushpay shares, following the Court of Appeal upholding Mr Huljich's appeal against the 2023 conviction then declining Mr Huljich's application to appeal the Court of Appeal's decision. Mr Huljich was sentenced to six months community detention and a fine of \$200,000.

Filed civil proceedings against IAG and ASB Bank alleging breaches of fair dealing provisions including as misrepresentations related to advertised discounts and other customer benefits. We also saw the resolution of similar proceedings against Westpac and AA Insurance, which were ordered to pay penalties of \$3.25m and \$6.175m respectively.

Published insights on ethical investing disclosure by funds that claim to have ethical features. The report highlighted some good practices, but also issues such as funds using ethical labels without providing details of their strategy, and not disclosing what would happen if investments no longer met prior ethical claims.

Pūrongo mai i te Heamana

Message from the Chair

During my first full year as FMA Chair, I have been pleased with both how we have enhanced our regulatory practices and managed our business of regulation.

The FMA's main statutory objective is set out clearly in our founding legislation: To promote and facilitate the development of fair, efficient, and transparent financial markets. Additionally, our role is to promote the confident and informed participation of businesses, investors, and consumers in the financial markets.

The intent of our regulatory activity must therefore be to achieve the outcomes inherent in these objectives, rather than simply monitor compliance and check boxes.

The publication of our approach to outcomes-focused regulation earlier in the year has set the FMA up to deliver on this. In that document we describe the outcomes we want to see for businesses, investors, and consumers in the financial markets, and how we will work with industry and other stakeholders to get there.

Transparency and dialogue are key ingredients in our approach. The FMA and industry need to be open and clear about their objectives and progress, to ensure we can all better identify risks and support good outcomes.

Accordingly, we have ramped up engagement with industry and consumer groups. We introduced a

programme of roundtables, which included meeting with credit unions and non-bank deposit takers ahead of the Conduct of Financial Institutions regime coming into force. We also held sessions to support publication of various research papers, and webinars on the climate disclosures insights report and our sector review of discretionary investment management service (DIMS) providers.

It is encouraging to see this effort reflected in our annual Ease of Doing Business survey of FMA stakeholders, with jumps in results for a number

“Our goal is to approach our work from the perspective of New Zealand consumers and businesses and use all of our efforts to improve outcomes for both.”

of measures relating to communications and engagement. Notably, 76% of stakeholders agreed that they benefited from engagements with the FMA, up from 54% in 2024. We aim to continue this momentum, and reflect on feedback received from the survey and from stakeholders

throughout the year to further enhance our industry engagement.

A priority for me is that our outcomes-focused approach reduces unnecessary burden on industry. In support of the shift to a single licence for providers of multiple regulated financial services, which is part of the Government's proposed financial services reforms, we have started engaging with industry on how licence conditions can be streamlined. We also opened consultation on a proposed exemption to make it easier for issuers to buy back their own quoted debt

securities, and significantly reduced the number of questions we will ask financial institutions in the regulatory returns following feedback from industry.

We are also cognisant of the complexity associated with bringing innovative new financial products to market. In December we announced the launch of the FMA's 'regulatory sandbox' pilot, which supports innovation in financial services by allowing firms to test innovative products, services or business models before taking them to market. Following an application process we selected six firms that will now have the opportunity to test their ideas in a controlled environment, creating a smoother path to a wider launch. The sandbox pilot will also help the FMA better understand innovative business models and the regulatory barriers facing the fintech community, and then take action to reduce those barriers where appropriate.

The past year has demonstrated that enforcement is also a key part of an outcomes-focused approach. We pursued a wide range of cases, from non-compliance with fair dealing obligations by banks and insurers, to insider trading, market manipulation, disclosure breaches, and financial advisers unfairly pressuring clients or failing to exercise care, diligence and skill when providing advice. While our aim is to work with market participants, we will not hesitate to take action when warranted. This has the dual purpose of holding individuals and entities responsible for misconduct to account, and influencing better practices across the market, and therefore better outcomes for New Zealanders.

Better practices are also a priority for us internally, and we completed several projects to enhance our governance and regulatory systems and processes.

We established the Regulatory Oversight Committee, which helps provide oversight of and guidance to the FMA's core regulatory work and regulatory planning, and has a role in scrutinising regulatory impact, performance and service by the FMA. We have made improvements to internal audit reporting to our Audit and Risk Committee and to the director induction programme. We have also increased our financial discipline, employing tighter cost controls and carefully reprioritising work to ensure resources are focused on where they deliver the most value.

As we said when we launched our outcomes-focused regulation document, our goal is to approach our work from the perspective of New Zealand businesses, investors, and consumers in the financial markets, and use all of our efforts to improve outcomes for these groups. I believe the activity highlighted in this report demonstrates we are doing that. I look forward to collaborating with industry to ensure we continue to achieve this standard.

Finally, I would like to acknowledge the contribution of Kendall Flutey, who departed this year after serving on the FMA Board for the past three years. We also welcomed new members Tracey Berry, Nick Hegan and Mariette van Ryn, who have brought a diverse range of skills, knowledge and perspectives to the Board.



Craig Stobo

**Financial Markets Authority
Chair**

Pūrongo mai i te Tumu Whakarae Matua

Message from the Chief Executive

The past year has been about laying the foundations for how you'll experience the FMA. As Craig mentioned, our outcomes-focused regulation document contains the broad strokes of what industry can expect from us, and what we want to see from industry. And our new Financial Conduct Report (FCR), published in June, sets out our specific regulatory priorities for the coming year. These are aligned to the outcomes we want to see for consumers and markets, providing certainty to our stakeholders about what's important to us.

I encourage you all to read the FCR, not only to understand what we will be focusing on during 2025/26, but also to be able to hold us to account

this time next year when we report back on progress against our regulatory priorities.

Many of the risks and opportunities outlined in the FCR are informed by work we completed in 2024/25.

The Conduct of Financial Institutions (CoFI) regime

came into effect on 31 March. The regime expands the FMA's mandate as a conduct regulator and strengthens consumer protection by requiring financial institutions to prioritise fair treatment of consumers. We welcome the greater focus on outcomes, and acknowledge the significant work undertaken by licensed financial institutions to prepare for the new regime. This included the development of fair conduct programmes (FCPs), which comprise policies, processes, systems and controls that are designed to ensure the financial institution's compliance with the fair conduct principle.

To set a tone of continuous improvement for the CoFI regime, we have already published a review of FCPs provided to us during the licensing process. We were pleased to see many FCPs had

been tailored to the entity's conduct and culture while demonstrating a strong commitment to fair conduct. We encourage entities to learn from the examples of good practice and recommendations outlined in the report.

Fair services, and quality ongoing service are two areas we are particularly focused on, and we continued to take action where we saw consumers had not experienced these outcomes. We cancelled the licences of two financial advice providers that breached obligations relating to customer care. In two separate cases we filed criminal charges against former financial advisers for alleged fraudulent behaviour. We censured Pathfinder for

misleading statements about the nature of its KiwiSaver funds' ethical investments. We also filed civil proceedings against IAG and ASB Bank alleging various misrepresentations related to advertised discounts and other customer benefits, and saw the resolution of similar proceedings against

Westpac and AA Insurance, which were ordered to pay penalties of \$3.25m and \$6.175m respectively.

We published insights on ethical investing disclosure, sharing good practices and areas for improvement identified in our reviews of disclosure for funds that claim to have ethical features. Our research shows that people are motivated to invest ethically but find the category difficult to navigate, so clear and accurate disclosure is essential.

In December we published an insights report based on the first set of climate statements filed by entities under the new climate-related disclosures regime. The information disclosed in climate statements is crucial to ensuring risk is priced accurately to support informed investment decisions. While it acknowledged that climate

“... we have seen increased agreement that the FMA is focused on the outcomes that matter for consumers and markets, and that our regulatory approach is supporting industry.”

reporting entities had put in considerable effort to ensure their first mandatory climate statements were prepared on time, the report identified areas for improvement in most statements, for entities to take on board for future reporting periods.

Scams continued to be an important topic in the consumer space. During the year we issued 109 alerts about potential scams and unregistered businesses. We continued to translate scam warnings and alerts where appropriate, to ensure messages are accessible to communities that are being targeted. For IOSCO's World Investor Week 2024, we ran a public information campaign focused on encouraging people to understand the warning signs of a scam.

It is important that the FMA's priorities are based on evidence – what we have seen and heard from industry, consumer groups and other stakeholders, and data identifying potential risks and trends. To support this we published research on topics including consumers' understanding of fairness in financial services, the use of artificial intelligence in the financial services sector and market cleanliness, which looks at incidents of insider trading and other forms of market abuse on the New Zealand equity market.

We are also seeking to understand the barriers, challenges and opportunities experienced by Māori providers in their pre-licensing context, and the experiences and aspirations of Māori consumers with investments and savings. This research, which we plan to publish shortly, is a key pillar of our Matangirua strategy, which helps to facilitate and promote new opportunities through understanding Māori values-based business models and the unique context and ecosystem in which they operate. Matangirua is also growing our understanding of Māori consumer experiences of harm, and educating staff accordingly to grow institutional knowledge.

We also kicked off a review of access to financial advice. When the current regulatory regime for

financial advice was being developed, ensuring availability of advice was stated as one of its key purposes. Now, over two years on from the regime coming fully into effect, we want to understand whether this purpose is being fulfilled, including where consumers go to get advice, what barriers they face, and if regulatory change is required to improve accessibility. This year we consulted publicly on the proposed terms of reference for the review, to ensure we focus on the right areas.

We anticipate the transfer of credit regulation from the Commerce Commission to the FMA in 2025/26. We have been preparing throughout the year for the transfer of people and data, and remain committed to open, two-way communication with the industry.

After a decline across a number of key indicators in our 2024 Ease of Doing Business survey – and a year of hard work and extensive industry engagement – we are pleased to see better results from this year's survey. As well as the improved perceptions of our engagement activity that Craig has noted, we have seen increased agreement that the FMA is focused on the outcomes that matter for consumers and markets, and that our regulatory approach is supporting industry.

Overall belief that the FMA's actions help raise standards of market conduct and integrity is up slightly, at 82% this year, but still behind our ambitious 90% target. We will continue to work towards meeting that target. We are confident that we're on the right track; I hope you have already seen some tangible differences made in pursuit of our statutory purpose of promoting and facilitating the development of fair, efficient, and transparent financial markets.



Samantha Barrass

**Financial Markets Authority
Chief Executive**

Mō mātou

About the FMA

Who we are

The Financial Markets Authority - Te Mana Tātai Hokohoko (FMA) is an independent Crown entity and New Zealand's principal conduct regulator of financial markets.

We have a responsibility to ensure everyone who seeks to participate in the financial markets can do so with confidence and in an informed manner.

FMA's statutory objectives

To promote and facilitate the development of fair, efficient and transparent financial markets

To promote the confident and informed participation of businesses, investors and consumers in financial markets

Our purpose

To foster the fairest financial sector in the world

Our vision

More New Zealanders than ever believe the financial services sector is working well for them

Our strategic objectives



Evolving our outcomes-focused approach



Evolving our intelligence-led approach



Deterring harmful unregulated activities



Deterring misleading and deceptive practices

Our core functions



Licensing



Monitoring and supervision



Investigation and enforcement



Policy and guidance

What we do

Our functions include:

- **Licensing** firms and professionals to provide certain financial products and services, and where appropriate adding licence conditions or granting exemptions to facilitate market access.
- **Supervision** of the industry to understand and influence how firms manage risks to the outcomes we want to see for consumers and markets.
- **Investigation and enforcement** activities that use a broad range of tools to respond to harm, or potential harm, that poses a risk to the outcomes we want to see for consumers and markets.
- **Policy and guidance** that assists firms and professionals to set expectations and comply with the law. We keep under review the law and practices relating to financial markets and participants.

In delivering our functions we work and engage closely with industry, consumers, the Government and other agencies.

The legislation underpinning our work includes:

- Financial Markets Authority Act 2011
- Financial Markets Conduct Act 2013
- Financial Markets Supervisors Act 2011
- KiwiSaver Act 2006 (Part 4 and Schedule 1)
- Auditor Regulation Act 2011
- Financial Service Providers (Registration and Dispute Resolution) Act 2008
- Financial Market Infrastructures Act 2021
- Anti-Money Laundering and Countering Financing of Terrorism Act 2009

Who we regulate

Financial Advice

Enables distribution of products on an advised or sales basis, including directly or through online platforms.



Financial Advice Providers* who offer advice in the following domain areas:

- Personal risk insurance, life, health and disability
- Lending, including personal, commercial and residential via industry aggregators
- Fire and general insurance, both personal and commercial lines
- Investments (including KiwiSaver), and broader investment and retirement planning

Banking

Provides access to deposit taking, payment services and lending facilities (both secured and unsecured)



- **Deposit taking***
- **Payment services****
- **Mortgages****
- **Overdrafts****
- **Credit cards****
- **Personal loans****

Insurance

Provides risk management functions for both individuals and businesses



- **Life insurance***
- **Non-life insurance***

Capital Markets

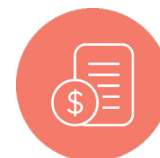
Enables matching of issuers with investors, and creation and trading of securities



- **Issuers***
- **Brokers****
- **Licensed market operators (e.g. financial product markets such as NZX)***
- **Derivatives issuers***
- **Alternative capital raising (e.g. peer-to-peer and crowdfunding)***
- **Financial market infrastructures (e.g. settlement systems)***
- **Investment platforms****

Investment Management

Provides investment vehicles and services to enable investors to seek returns on capital



- **Retail managed funds, KiwiSaver, superannuation etc***
- **Wholesale funds****
- **Supervisors and licensed independent trustees***
- **Discretionary investment management services (DIMS)***
- **Custodians****

Multi-sector

- **Audit***
- **Climate reporting entities***
- **AML/CFT reporting entities***



*Direct regulatory relationship with FMA, including licensed participants

** Indirect relationship, other participants/activities

How we approach our work

The following principles underpin our regulatory approach and guide our regulatory decisions.

- **Outcomes-focused:** We focus on the actual outcomes or 'end results' experienced by consumers and the market, through actively engaging with industry and other stakeholders.
- **Open:** We are engagement-led, and open about our intentions and actions. We are clear about what we expect from others and what they can expect from us. Communications are targeted, clear and concise, using straightforward language. We accept and respond to constructive feedback.
- **System-focused:** We work with others to improve New Zealand's financial system and outcomes for New Zealanders. Success needs contributions from other regulatory agencies, so we collaborate and share. We identify gaps in our remit and powers, and try to mitigate them through relationships and our ability to influence.
- **Proportionate:** The expectations we set and how we enforce them are balanced, consistent, and fair. Our response to poor conduct is proportionate to its nature, the harm caused, and to changing market environments. We are conscious of unnecessary regulatory burden. We are agile, responsive, and pragmatic.
- **Risk-based:** We identify and analyse patterns of risk, behaviour, and capability of consumers and markets to understand the most significant risks to our objectives. This, in turn, helps us prioritise and target our interventions. When we have determined our response, we are decisive.
- **Forward-looking:** We use data and intelligence to make better decisions. We learn about the behaviour of those we regulate (and their consumers). We are flexible and respond to market innovations and changes. We seek to be innovative and forward-looking in our use of technology, new regulatory approaches, and ways of working.
- **Accountable:** We communicate our regulatory approach, priorities and progress made. We continually assess whether we have the right tools and capabilities, and seek to improve. We are accountable for the actions we take (and choose not to take).
- **Disciplined:** We act consistently within our remit and are prepared to make well-considered trade-offs. We focus our resources on where we have the most ability to make a difference to participant behaviour, market vibrancy and innovation, and outcomes for consumers.

Our planning and reporting framework

Our corporate documents provide an accountability framework that allows us to demonstrate and report on our organisational performance in pursuit of our statutory objectives.

Statement of Intent

Outlook and performance measures to show what success will look like over a four-year horizon for the FMA, market participants and consumers.

Statement of Performance Expectations

Annual performance targets and financial forecast showing how we intend to perform the services for which we receive funding.

Annual Report

Yearly report of progress against the Statement of Intent, results against the Statement of Performance Expectations, and overview of key activities and achievements.

Ā mātou mahi 2024/25

Our work 2024/25

This section provides information to enable an informed assessment to be made of our operations and performance for 2024/25, including:

- an assessment of our progress in relation to the strategic intentions set out in our Statement of Intent
- selected other work carried out under our core activity areas.

Throughout this section we use results from our annual Ease of Doing Business and Consumer Confidence surveys as performance indicators. See page 35 for more information about these surveys.

Implementing the Government's priorities

This section also highlights activity that was communicated as being a priority for the Government and the Minister of Commerce and Consumer Affairs. This includes:

- work on the transfer of credit from the Commerce Commission to the FMA (page 16)
- supporting innovation in financial markets, including our fintech sandbox (page 19)
- overarching policy support for the Government's programme of capital markets reforms, including exemptions (pages 16-17, 22, 31)
- delivering a significant step up in engagement, including regular roundtables with industry and stakeholders (pages 18, 20, 23)
- ensuring the smooth introduction of the Conduct of Financial Institutions regime (pages 17, 20, 28).



Strategic objective 1

Evolving our outcomes-focused approach

Strategic intention: The FMA's supervisory and enforcement activities focus on enabling better outcomes for consumers and markets.

The FMA must make choices about where to focus our limited resources to fulfil our statutory objective to promote and facilitate the development of fair, efficient, and transparent financial markets. Our outcomes-focused approach focuses on the areas that have the greatest impact for New Zealand businesses, investors, and consumers and for trust and confidence in the financial markets.

How we assess our performance

We assess how the FMA's supervisory activities are incentivising industry towards increasing their focus on the outcomes they are working to achieve for consumers and the market.

We review how our enforcement activities uphold the standards expected of New Zealand's financial markets firms, and take action where conduct disadvantages consumers, investors, or other businesses, or damages trust and confidence in our financial system.

We survey and report on the perceptions of consumers and external stakeholders on the FMA's effectiveness and efficiency in implementing an outcomes-focused approach. This is in addition to qualitative reporting on engagements and interactions with industry, as well as co-regulators and other stakeholders in New Zealand and internationally.

We assess the progress of matters brought through our formal investigative and enforcement processes, and their timeliness. Our internal quality assurance processes provide assurance that our decisions are appropriate and proportionate, and that we apply our resources to the highest priority matters.

Activity contributing to this strategic intention

Following feedback from industry, we published our approach to outcomes-focused regulation. This approach was illustrated further by the Financial Conduct Report (FCR), which highlighted our regulatory focus areas in support of the outcomes we want to achieve for consumers and markets.

Performance indicators for this strategic intention

The following measures from our Ease of Doing Business survey indicate positive progress in our activity related to our regulatory approach.

Stakeholders agree that the FMA is focused on the outcomes that matter for consumers and markets

2025	73%
2024	68%

See page 22 for commentary on this measure.

Stakeholders agree the FMA's approach to regulation is beneficial and proportionate

2025	55%
2024	49%

Implementing remit changes

An outcomes-focused approach has enabled us to operationalise the following remit changes. We have focused on the outcomes that matter most for consumers and businesses, and reducing unnecessary regulatory burden:

- **Credit Contracts and Consumer Finance Act 2003 (CCCFA):** A project is underway to manage the transfer of regulatory responsibility for the CCCFA from the Commerce Commission to the FMA, enabling a 'twin

peaks' model for financial markets legislation in New Zealand. We have started the process to integrate the Commerce Commission's credit staff and data into the FMA's operating model.

- **Conduct of Financial Institutions (COFI):** The regime came into force on 31 March 2025. In total, we have licensed 77 financial institutions – 17 banks, 46 insurers and 14 non-bank deposit takers. We worked closely with them throughout the process, providing guidance, communicating our expectations, and setting proportionate expectations for smaller institutions. We laid out our focus areas for 2025/26 to the industry through our FCR, which includes ensuring consumers are treated fairly when things go wrong, proactive reviews for existing products, and communication with consumers on product and service offerings.
- **Contracts of Insurance Act 2024:** We provided input to Ministry of Business, Innovation and Employment's (MBIE) policy work on regulations to support this legislation. Ahead of the implementation of the Act we will continue to engage with insurers and intermediaries to better understand their needs, and how they will inform policyholders of changes to their cover.
- **Climate-related Disclosures (CRD):** To support industry adoption we took an educative and constructive approach to our reviews of the first set of climate statements filed by entities under the new regime, including through publishing an insights report to enable industry to improve the standard of reporting in future years.

Performance indicators for this strategic intention¹

Industry sentiment reflects progress in FMA's approach to implementing remit changes, as seen from the following results from our Ease of Doing Business survey:

Stakeholders agree it is easy doing business with the FMA

2025	56%
2024	53%

Stakeholders agree the FMA develops and implements streamlined systems and processes for licensed entities

2025	55%
2024	48%

Outcomes-focused enforcement actions

See pages 26-27 for examples of enforcement actions that illustrate our targeted focus on activity that is most harmful to consumer and market outcomes.

1: In our 2024-2028 Statement of Intent we said we would use the survey measure "The FMA is effective and efficient in its role of implementing remit changes" as a performance indicator for this strategic objective. We did not include this measure in the 2025 Ease of Doing Business survey; we intend to include it in the 2026 survey.

International engagement

We have built stronger relationships with our international regulatory counterparts through a programme of engagement at both executive and operational levels. This included a series of bilateral meetings at the IOSCO Annual Conference, regular calls with our UK, Australian and Hong Kong counterparts, and a visit to Australian, Hong Kong, Singaporean and Malaysian regulators by our Board Chair and Executive Director Strategy. We also hosted international meetings of the IOSCO Assessment Committee and the Asia Pacific Region Funds Passport initiative, and are part of the IOSCO Enforcement Committee.

We became a member of the Global Financial Innovation Network, which supports advancements in effective regulatory responses to emerging and traditional technologies in financial services.

We also participated in the 2024 Trans-Tasman Council on Banking Supervision crisis simulation alongside the Reserve Bank of New Zealand, the Treasury and our Australian counterparts.

As a member of the International Association of Insurance Supervisors, we contributed insights to a publication regarding the fair treatment of consumers. This focused on the critical role insurers, intermediaries and supervisors play in removing barriers and ensuring a wide range of consumers have access to insurance products and are treated fairly.

We contributed to the international approach on Anti-Money Laundering and Countering Financing

of Terrorism (AML/CFT). We were involved in the global peer review process with the Asia Pacific Group on Money Laundering and the Financial Action Task Force, where experts assess other jurisdictions and contribute to the development and uplift of our Pacific partners. We also shared best practice with the Pacific AML/CFT Supervisors Forum, including demonstrating our entity model.

Conduct of Financial Regulators (CoFR) engagement

CoFR is a coordinating body of New Zealand's key financial regulatory agencies. It promotes collaboration and information sharing to support a stable and efficient financial system. Members include the RBNZ, FMA, Treasury, Commerce Commission, and MBIE. CoFR members regularly engaged on subjects such as scams, financial inclusion, the growing influence of artificial intelligence and ongoing geopolitical uncertainty. CoFR continued to publish its quarterly Regulatory Initiatives Calendar, to help the industry stay informed about upcoming regulatory activities.

CoFR members also worked to enhance access to everyday banking services for people who may face barriers such as access to identification or limited access to digital tools. An issues paper on access to basic transaction accounts was released for public consultation.

In March 2025 CoFR commissioned an independent review to assess its effectiveness and help shape its future direction, reinforcing its commitment to continuous improvement.

Promoting innovation, flexibility and reducing unnecessary burden

We launched a regulatory sandbox pilot to facilitate innovation by providing startups and established firms the opportunity to test new products and services in a monitored environment.

We also worked on proactively right-sizing requirements for firms through making full use of our regulatory toolkit. This includes providing guidance, exemptions and designations where appropriate, e.g. we granted exemptions for some insurers from complying with the new CoFI regime as they have very small numbers of policyholders or were close to exiting the consumer market.

Following feedback from industry, we significantly reduced the number of questions for financial institutions in the regulatory returns. We also opened consultation on a proposed exemption to make it easier for issuers to buy back their own quoted debt securities.

Performance indicator for this strategic intention

The following measure from our Ease of Doing Business survey indicates an improvement in industry’s perception on FMA’s supervisory/regulatory approach.

Stakeholders agree the FMA’s supervisory/regulatory approach is supporting industry	
2025	60%
2024	42%

Examples of FMA’s approach directly supporting industry include the regulatory sandbox mentioned above, fair dealing enforcement cases against firms that have not delivered promises about products and services on page 26, and insights and guidance reports, including our AML/CFT guidance for Financial Institutions on risk ratings for new customers.

Industry engagement

Our industry engagement included a programme of sector roundtables, where we met with credit unions and non-bank deposit takers ahead of the CoFI regime coming into force. We also stepped up our engagement with consumer groups and representatives ahead of both the CoFI regime and the expected COCFA transfer. This included a consumer group roundtable hosted by the chief executive, and senior leaders attending meetings with budgeting services in Wellington and Auckland.

As part of CoFI-related engagement we have supported industry to 'right-size' their fair conduct programmes (FCPs) through publication of an insights report that highlighted best practices, gaps and other findings from our reviews of FCPs.

We regularly engaged with financial product market operators such as NZX, including as part of our statutory general obligation reviews, focusing on key risk areas. We also used our review of benchmarking practices in KiwiSaver funds to conduct targeted engagement with Supervisors. This review focused on areas of higher risk, including the appropriateness of market indexes and alignment between asset allocations, fund labels, and stated strategies.

We held sessions to support publication of various research papers, and webinars on the climate disclosures insights report and a sector review of discretionary investment management service (DIMS) providers. FMA staff also met community groups to discuss a range of issues, including scam prevention.

Performance indicator for this strategic intention

We use the following measure from our Consumer Confidence Survey to help assess the success of our activity related to fairness in financial services. This is the first time we have asked this question in the survey.

Consumers evaluate how fairly they were treated in their financial interactions over the last 12 months

2025	68%
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(68% of survey respondents were slightly, fairly or very confident that customers and investors are treated fairly.)

We ran a campaign to help consumers understand the new regulatory regime for banks, insurers, credit unions and building societies, which aimed to improve awareness of fair treatment.

Our consumer-focused research (see page 22) will inform our future work, to help improve both treatment of consumers and their understanding of financial services providers' obligations around fair treatment.



Strategic objective 2

Evolving our intelligence-led approach

Strategic intention: The FMA uses an intelligence-led approach to enable more targeted engagements with the industry

To support our outcomes-focused approach, we are making better use of data and information (including research and insights) to transform our regulatory decision-making. This includes streamlining and enhancing the information we request from providers.

This means we will better understand how both regulated and partially regulated actors and consumers behave. An intelligence-led approach ensures we can proactively identify risks and opportunities, target our regulatory actions to prevent harm to consumers and markets, and avoid unnecessary regulatory burden.

How we assess our performance

We assess how the FMA undertook targeted engagements with the industry using data and information sources (including research and insights).

We assess how the FMA promoted the secure and effective sharing of data with providers, regulatory counterparts (both domestic and global), and other New Zealand Government agencies.

We also report on perceptions from our surveys.

Activity contributing to this strategic intention

We have further developed internal capabilities to effectively use data and information sources. We have engaged with international regulators to understand best practice to develop four core products:

- Statistical risk scoring, to contribute to prioritisation of supervision activity
- Industry data insights, to provide real-time data on firms relative to broader industry
- Market intelligence reporting, to examine conduct outcomes within each sector
- Early warning system, to provide proactive alerts of suspicious activity.

These products are supported by improvements to our intelligence asset collection, to ensure that the data and intelligence we collect is managed effectively and utilised appropriately. We used the data we gathered from firms (e.g. regulatory returns and intelligence from supervisory and response work) to enhance our understanding of risks.

Our reliance on data for effective regulation and supervision necessitates a robust and comprehensive approach to data governance and quality assurance. This approach is built on established international standards adapted to the evolving financial landscape, and leveraged insights from leading research institutions.

We promoted the secure and effective sharing of data through initiatives, for example through our work in deterring scams, as detailed under Strategic Objective 3: Deterring harmful unregulated activities.

We also carried out consumer and market research to help set our priorities and inform the design of our regulatory activities. Our research included:

- Understanding Fairness in Financial Services:** This focused on understanding fairness in financial services and found that many New Zealanders generally agree on what is and isn't fair in most financial scenarios. Age and ethnicity were two key characteristics associated with significant differences in perceptions of fairness.
- Understanding Artificial Intelligence in Financial Services:** Current and future use of artificial intelligence within the financial services sector.
- Commercial Real Estate and the Managed Funds Industry:** This research found that most KiwiSaver providers are well placed to manage their exposure to the commercial real estate market, but more work can be done to mitigate and communicate the risks.
- Market Cleanliness in the New Zealand Equity Market:** Examining the cleanliness (extent to which markets are free from insider trading and other types of manipulation) of the New Zealand equity market since 2004. This misconduct is a threat to the integrity and reputation of markets, and improving how we measure and monitor the prevalence of insider trading assists our response to market abuse.
- Key takeaways from the CrowdStrike event survey:** We surveyed financial service providers on how they responded to the 2024 CrowdStrike IT system outages. Findings highlighted the need for strong business continuity plans and emergency procedures.

Performance indicators for this strategic intention²

We are interested in whether our stakeholders believe our priorities target the appropriate strategic risks, and that we make robust, evidence-based regulatory decisions. To support this, we note the following result from the Ease of Doing Business survey:

Stakeholders agree that the FMA is focused on the outcomes that matter for consumers and markets

2025	73%
2024	68%

We also want to ensure that stakeholders understand the need and relevance for information we request. This year we significantly reduced the number of questions we will ask financial institutions in the regulatory returns following feedback from industry. In support of the shift to a single licence for providers of multiple regulated financial services, which is part of the Government's proposed financial services reforms, we have started engaging with industry on how licence conditions can be streamlined.

The following result from the Ease of Doing Business survey may help to indicate our success in this area. This is the first time we have asked this question in the survey.

Stakeholders agree the FMA provides industry with sufficient information to meet broader regulatory requirements

2025	74%
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2: In our 2024-2028 Statement of Intent we said we would use the survey measures "Stakeholders agree FMA's priorities target the appropriate strategic risks", "Stakeholders agree the FMA makes robust evidence-based regulatory decisions", and "Stakeholders agree they understand the need and relevance for information requested from them by the FMA" as performance indicators for this strategic objective. We did not include these measures in the 2025 Ease of Doing Business survey; we intend to include them in the 2026 survey.



Strategic objective 3

Deterring harmful unregulated activities

Strategic intention: The FMA takes preventative actions to help deter and disrupt harmful unregulated activities

Harmful unregulated activities refer to financial services and activities that are not subject to specific or extensive regulation from FMA or other regulators and have the potential for significant harm to consumers and providers. These arise from remit gaps and limitations, unauthorised business, and frauds and scams, which pose risks to our statutory objective to facilitate and promote the development of fair, efficient, and transparent financial markets.

How we assess our performance

We assess how FMA promoted credible deterrence of harmful unregulated activities.

We assess how the FMA proactively engaged on remit and tool gaps, made full use of regulatory toolkit and broader system influenced and tested the boundaries of our remit through regulatory and Court actions.

We also report on perceptions from our surveys.

Activity contributing to this strategic intention

We regularly engaged with fellow New Zealand and international regulators and participated in collective disruption efforts and other interventions to deter harmful unregulated activities. We continued to co-chair the IOSCO Asia-Pacific working group on scams. This work led to an IOSCO public statement calling on social media companies to collaborate with regulators to combat fraud and scams.

We were recognised as a leading regulator in listing scam warnings on I-SCAN, the international scam alerts network. During the year we also issued 109 alerts about potential scams and unregistered businesses on our own website, and provided translations in some instances to ensure the alerts are accessible to communities that are being targeted.

Collaboration is a vital factor in the local fight against scams. Alongside MBIE, other participating agencies and industry, we worked toward greater coordination of New Zealand's anti-scam efforts, including the development of a more collaborative response.

We also worked closely with other local regulators and cyber safety agencies such as the National Cyber Security Centre, the Department of Internal Affairs, the Commerce Commission and NZ Police, along with banks, payment providers and the telecommunications industry, to share intelligence and disrupt scams.

We participated in community engagement initiatives, with a particular focus on south Auckland and the central business district locations in both Auckland and Wellington. These sessions aimed to raise public awareness of

investment scams, promoted prevention strategies, and deepened our understanding of issues affecting local communities and support networks.

We also delivered targeted presentations to a range of community groups, including Probus, Citizens Advice Bureau, and members of the Financial Wellbeing Network. These sessions were well received and provided valuable opportunities to educate participants on scam risks and the regulatory role of the FMA in protecting investors.

As part of IOSCO's World Investor Week 2024, we ran a consumer awareness campaign focused on investment scams. Across a variety of online channels we published and promoted messaging that encouraged people to understand the warning signs of a scam and "check it out with someone else" before sending money.

We strategically engaged on remit and tool gaps, and advocated for the progressive rationalisation and design of the regulatory system. This included scoping work for seeking market feedback on how tokenised offerings align with our current domestic regulatory regime, as we are aware firms are developing tokenised products and services that often do not clearly fit into existing categories of financial products or services. We also continued to signal to the MBIE that primary legislation is necessary to establish a legal framework for regulating virtual assets, to provide greater consumer and investor protection.

In March 2025 we filed criminal charges against a former financial adviser, David McEwen, for failing to comply with a stop order due to concerns he was continuing to contact potential investors.

To confirm the legal position in respect of use of eligible investor certificates in the wholesale investment sector, we filed a case stated proceeding to seek the Court's determination on legal issues about the use, confirmation and acceptance of eligible investor certificates by wholesale offerors. This follows our investigations into the use of eligible investor certificates by various wholesale property developers, which were launched following our thematic review of wholesale offers of financial products.

Performance indicators for this strategic intention³

In our Ease of Doing Business survey we found the following:

Stakeholders agree that the FMA's actions help raise standards of market conduct and integrity

2025	82%
2024	80%

This may in part reflect a positive perception of our actions to help deter harmful unregulated activities. This is also supported by positive reaction to our engagement and communication activity (see above). However, comments from the survey highlighted the wholesale investment space, as well as scams, as areas that are undermining overall confidence in financial markets and how they are regulated, so this will be an ongoing focus for us.

3: In our 2024-2028 Statement of Intent we said we would use the survey measure "Stakeholders agree the FMA's actions help to deter harmful unregulated activities" as a performance indicator for this strategic objective. We did not include this measure in the 2025 Ease of Doing Business survey; we intend to include it in the 2026 survey.



Strategic objective 4

Deterring misleading and deceptive practices

Strategic intention: The FMA proactively identifies and intervenes against misleading and deceptive practices

Misleading and deceptive practices are defined as the discrepancy between representation and reality of the nature, characteristics and suitability of financial products and services.

In the event of a breach of financial markets legislation, we may intervene on an informal basis or at a low level where such action is proportionate to the misconduct and will achieve an appropriate market outcome. However, where appropriate, we will take strong action and hold individuals and entities accountable when they break the law and fail to meet the standards that are expected of them. If harm has been identified, we may also take regulatory action of some sort even though no 'rules' appear to have been broken.

How we assess our performance

We assess whether the FMA promoted credible deterrence of misleading and deceptive practices by regulated actors, through our formal and informal interventions.

We also report on perceptions from our surveys.

Activity contributing to this strategic intention

The fair dealing provisions of the Financial Markets Conduct Act 2013 (FMC Act) remained a key focus of our efforts to deter misleading and deceptive practices. We filed civil proceedings against IAG and ASB Bank alleging various misrepresentations related to advertised discounts and other customer benefits. We also saw the resolution of similar proceedings against Westpac and AA Insurance, which were ordered to pay penalties of \$3.25 million and \$6.175 million respectively.

Additionally, we published insights on ethical investing disclosure, reflecting findings from our reviews of disclosure for funds that claim to have ethical features. The report highlighted some good practices, but also issues such as funds using ethical labels without providing details of their strategy, and not disclosing what would happen if investments no longer met prior ethical claims.

The cases and actions below highlight where we have reviewed and investigated instances of potential misleading and deceptive practices or wrongdoing, and sought to hold individuals and entities to account, using our broad suite of regulatory tools to address misconduct and effect behaviour change. Many of these cases damage trust and confidence in New Zealand's financial markets and businesses.

Disclosure and documents

Breaches of continuous disclosure obligations

Former CBL Corporation Limited (CBLC) Group Chief Financial Officer Carden Mulholland was ordered to pay a pecuniary penalty of \$641,250 for breaches of the continuous disclosure provisions in the FMC Act, in proceedings brought by the FMA. The Judge found that Mr Mulholland had the required level of knowledge and participation in three of CBLC's continuous disclosure contraventions to make him personally liable as an accessory. This followed investigations into the 2018 collapse of CBLC.

Continuous disclosure and misleading conduct

Following proceedings brought by the FMA, the High Court ordered Peter Harris, former managing director of CBLC (in liquidation), to pay a penalty of \$1.4 million for continuous disclosure and misleading conduct breaches. This followed investigations into the 2018 collapse of CBLC.

Breaching disclosure requirements

We issued a warning to Evco Pacific Limited (EVCO) for failing to make the proper disclosure requirements under the FMC Act, after we found EVCO did not provide the required disclosure to investors about an offer of shares.

Alleged falsifying of documents

We filed a criminal charge against Auckland-based former financial adviser Prem Gounder for dishonestly using a document under section 228 of the Crimes Act 1961. This type of alleged conduct damages trust and confidence in New Zealand's financial markets and businesses. The FMA is bringing this action to both deter others from doing this and to hold Mr Gounder to account.

Misleading consumers

False or misleading representations

Rangi Wyatt Stephen Savage Senior was ordered to pay investor compensation and a pecuniary penalty after being found to have made false or misleading representations, made a regulated offer without a Product Disclosure Statement (PDS), and accepting an application for a transfer of financial products without a PDS, in relation to a regulated public offer for the sale of shares in The Powder Shed Tokoroa Limited.

Misleading statements

We censured Pathfinder Asset Management (Pathfinder) under the FMC Act. Pathfinder made misleading statements about the nature of its KiwiSaver Funds' ethical investments in two advertisements on social media and its website relating to animal testing and fossil fuels.

Misleading customers

Westpac was ordered to pay a penalty of \$3.25 million for misleading customers entitled to advertised discounts as well as overcharging some of its business customers. The penalty was ordered following contraventions of the Fair Dealing provisions of the FMC Act. A total of 24,621 customers were impacted, and \$6.35 million was overcharged.

Fair dealing breaches

We filed a civil proceeding against insurer IAG New Zealand Limited (IAG) for fair dealing breaches in relation to its insurance products; the alleged breaches arise from IAG's failures to correctly price the premiums charged to customers, and its failures to correctly advertise and apply important discounts to its insurance products sold via its business divisions and distribution partners.

Approximately 269,000 customers were affected by the pleaded breaches, resulting in overcharges of approximately \$35 million, with net gain to IAG of approximately \$31.1 million.

False or misleading representations

We filed civil proceedings against ASB Bank Limited for allegedly making false or misleading representations in relation to insurance products and banking services. The FMA's proceedings have two causes of action. The first relates to the failure to apply multi policy discounts on ASB-branded insurance products. The second cause of action is in respect of ASB's failure to consistently apply fee exemptions to certain customer accounts. A total of 23,062 customers were affected by the multi policy discount issue between April 2014 and May 2022. The total value of overcharged premiums was approximately \$2.8 million. During the same period, 2,435 customers were affected by the Fastnet Banking issue, totalling approximately \$1,147,276 in overcharges.

Market manipulation and licensing

Market manipulation

Kok Ding Cheng, an experienced retail investor, was ordered to pay the Crown a pecuniary penalty, following the Court finding him liable for contravening the market manipulation provisions of the FMC Act 2013 on five occasions. The Court found that Mr Cheng deliberately placed a series of small orders for the purpose of increasing the price and/or demand for Rua Bioscience shares.

Operating without a licence

We issued a public warning about a managed investment scheme operated by Jesse Joseph Vaughan and former New Zealand company Crypto Partners Limited, after we became aware Mr Vaughan was offering investments in a managed investment scheme without holding a MIS manager licence and without providing the required disclosure, which are both contraventions of the FMC Act.

Performance indicators for this strategic intention⁴

In our Ease of Doing Business survey we found the following:

Stakeholders agree that the FMA's actions help raise standards of market conduct and integrity

2025	82%
2024	80%

This result may in part reflect a positive perception of our actions to help deter misleading and deceptive practices by regulated actors.

Comments from the survey highlighted timeliness, consistency and transparency as areas that could be improved to ensure our enforcement activity is a more effective deterrent against poor conduct.

4: In our 2024-2028 Statement of Intent we said we would use the survey measure "Stakeholders agree the FMA's actions help to deter misleading and deceptive practices by regulated actors" as a performance indicator for this strategic objective. We did not include this measure in the 2025 Ease of Doing Business survey; we intend to include it in the 2026 survey.

Core functions

In addition to the preceding activity contributing to our strategic objectives, during the period we delivered the following work under our core functional areas.

Licensing

We license firms and professionals to provide certain financial products and services. Throughout the year we processed 1,044 licence applications, including:

- 133 financial institution licences
- 728 financial advice provider licences
- 162 other FMC licences
- 5 Supervisor licences
- 16 overseas auditor licences.

Licensing banks, insurers and non-bank deposit takers as financial institutions in time for the start of the CoFI regime (see page 17) was a key priority this year. We provided entities with information and support for their applications, and published a series of case studies sharing the experience of entities that had already been through the licensing process, to help others understand what is involved.

Supervision

We supervise industry to understand and influence how firms manage risks to the outcomes we want to see for consumers and markets. We provide feedback directly to entities, and also by way of reports that allow the wider industry to understand trends, emerging risks, good practice, and where improvements can be made. This year our publications included:

- Insights from a review of fair conduct programmes (FCPs) received from financial

institutions ahead of the commencement of the CoFI regime (see page 17). We saw that many financial institutions have taken a comprehensive approach to the development of their FCPs, ensuring they align with their business nature, size, complexity and risk profile. We noted some areas for improvement, along with the expectation these will be addressed through regular review as the CoFI regime matures.

- Findings from our reviews of the first set of climate statements that climate reporting entities were required to file under the climate-related disclosures regime. We were pleased with the level of effort entities put into presenting information about their risks and opportunities related to climate change, which will help investors make better-informed decisions. We noted some areas for improvement, such as ensuring climate statements contain a useful level of detail without obscuring material information, and striking a fair balance between positive news and disclosure of risks and challenges.
- Our first monitoring report of insights from the discretionary investment management service (DIMS) sector. DIMS involves investors giving their provider authority to use its discretion about buying and selling financial products on their behalf, and therefore involves a high degree of trust. The report found that while DIMS providers strive for positive investor outcomes, there is room for improvement in their processes and controls.
- The KiwiSaver Annual Report for the year to 31 March 2024, which showed that KiwiSaver investments are working well for New Zealanders, having passed the significant milestone of \$100 billion of funds under management.

- The 2023/24 Audit Quality Monitoring Report, which covered findings from our reviews of FMC reporting entity audit files and registered audit firms. We found the quality of audits remains strong, but some inconsistencies in execution are holding back the ability to produce stronger evidence and support for audit opinions. We also published findings from our reviews of CPA Australia and NZICA, the accredited bodies that are the frontline regulators for domestic licensed auditors and registered audit firms.
- Our 2025 review of NZX's compliance with market operator obligations, which found NZX met its obligations while pursuing further enhancements in governance, resilience, and regulatory progress. We also published monitoring reports from our reviews of licensed market operators Catalist, ASX-24 and SGX-DT.

Investigation and enforcement

We use a broad range of tools to respond to harm, or potential harm, that poses a risk to the outcomes we want to see for consumers and markets.

In addition to the cases highlighted on pages 26-27, this calendar lists key cases and actions where we have reviewed and investigated instances of potential wrongdoing, and sought to hold individuals and entities to account, using our broad suite of regulatory tools to address misconduct and effect behaviour change.

July 2024

- Issued a warning to an individual online trader for suspected market manipulation, after concluding that the individual likely breached the FMC Act by engaging in trading which was likely to have the effect of creating a false or misleading appearance regarding the price of shares for a listed company.

- Censured EC Markets (previously known as CTRL Investments Limited) for breaching the obligations of its derivatives issuer licence by failing to meet its net tangible asset requirements between 31 March 2023 and 29 March 2024, and failing to meet requirements triggered by the breach to provide the FMA with a remediation plan and reporting.
- Censured deVere New Zealand Limited for failing to comply with its financial advice provider licence obligations, including failing to create and maintain adequate records in relation to its financial advice service, and failing to ensure that financial advice was suitable for, and understood by, the client.

August 2024

- The High Court ruled that Oceania Natural Limited defendants Wei (Walker) Zhong and Lei (Regina) Ding have been banned from being a director, promoter or manager of an entity for nine years. This followed a case brought by the FMA where the pair were found to have breached market manipulation and disclosure provisions under the FMC Act.
- The High Court placed Du Val Capital Partners Limited, together with several entities within the Du Val Group, into interim receivership at the request of the FMA. The Court made orders to preserve assets for aggrieved persons. The orders were requested on behalf of aggrieved persons as part of the FMA's ongoing investigation into Du Val Group. A number of entities in the Du Val group were subsequently placed into statutory management by the Governor-General. This action was taken on the advice of the Minister of Commerce and Consumer Affairs following a recommendation made by the FMA.

September 2024

- After successfully defending an appeal to the High Court against the decision, we cancelled Rockfort Markets Limited's derivatives issuer licence. This was as a result of being satisfied Rockfort materially contravened eight of its licence obligations, including failing to comply with an FMA direction order, failing to maintain adequate and effective systems, policies, processes, and controls to ensure compliance with its licence obligations, and producing a product disclosure statement that did not contain all mandatory information.
- Cancelled Integrity Advisers Insurance Limited's financial advice provider licence for engaging in serious misconduct, including unfairly pressuring clients to retain policies they wished to cancel, charging fees for cancellation that were greater than those permitted by Integrity's fees policy, and telling some clients they would be reported to Immigration New Zealand if they failed to pay fees.

October 2024

- Filed civil proceedings against QEX Logistics Ltd and its sole director, Jingjie Xue, for failing to comply with financial reporting requirements under the FMC Act.

December 2024

- Filed civil proceedings against InvestNow Saving and Investment Service Ltd for alleged breaches of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.
- Cancelled the New Zealand licence of Sydney-based auditor Sam Danieli to carry out FMC audits in New Zealand, as a result of multiple failures relating to the audit of Alliant Perpetual.

January 2025

- Issued a public warning to Mr Allan Facey regarding his conduct as the Engagement Quality Control Reviewer for the audit of Alliant Perpetual, after being satisfied there was insufficient evidence to demonstrate that, at the time the auditor's report was dated, Mr Facey had performed an objective evaluation of the significant judgements made by the engagement team and the conclusions reached in formulating the auditor's report.
- Filed a criminal charge against former financial adviser Prem Gounder for dishonestly using a document.

March 2025

- Filed criminal charges against former financial adviser David McEwen for failing to comply with an FMA stop order, due to concerns he was still contacting potential investors. The stop order was originally issued after we determined McEwen and associates had distributed communications that were false or misleading, contained material misdescription or error, and/or did not comply with the FMC Act because they made unsubstantiated claims as to the value of financial products offered to investors.

April 2025

- Following criminal proceedings filed by the FMA, Kevin Young, a former treasury accountant with Heartland Bank Limited, was sentenced to six months home detention and ordered to pay a fine of \$11,241 in relation to three charges of insider trading. We also entered into an enforceable undertaking with Pritesh Patel, who received insider information from Mr Young and subsequently purchased Heartland shares.

May 2025

- Court of Appeal upheld convictions against Peter Huljich for insider trading in Pushpay shares, and allowed the Crown's appeal against sentence in part, increasing the fine from \$100,000 to \$200,000.
- We issued an infringement notice to Pharmazen Limited for failing to file financial statements on time. At the time of the notice Pharmazen had not filed audited financial statements that were due by 30 April 2025, and was also late to file statements in 2023 and 2024.

June 2025

- Ex-financial adviser Murray McClune pleaded guilty to two charges of theft by a person in a special relationship following an investigation by the FMA. Mr McClune procured approximately \$1.7 million from two sets of elderly clients on the basis that he would invest the funds on their behalf. Instead, he used some of those funds for his own personal purposes, and issued falsified statements to give the impression that their funds remained invested.
- Following media interest, we announced that Senior Trust Retirement Village Income Generator Limited (STIG) had lodged a new PDS in June 2025 that differed substantially from earlier iterations, and that we had an ongoing investigation into STIG and Senior Trust Capital Limited (STC). The investigation includes considering disclosures made by STIG and STC in its previous product disclosure statement and associated advertising material and whether those disclosures complied with the FMC Act.
- We cancelled Filcare Services Limited's financial advice provider licence, at its request, after an inquiry that found Filcare had contravened a

number of its licence obligations, including failing to keep adequate records in relation to advice given to its clients, failing to ensure its clients understood the financial advice they received, and not exercising care diligence and skill when providing financial advice to its clients.

Policy and guidance

• Exemptions

The FMA has wide powers under the FMC Act to provide exemptions (secondary legislation) to persons or transactions from compliance obligations under financial markets law. This allows us to provide a tailored approach and ensure requirements for businesses are reasonable and cost-effective. This year we granted or renewed 10 FMC Act class exemptions and 37 individual exemptions to avoid unnecessary compliance requirements on market participants.

• Guidance

We publish guidance for a range of purposes, including explaining our powers and how we will use them, explaining how we interpret the law, describing the principles underlying our approach, and providing practical examples about how to meet obligations. We issue guidance in various formats, including in monitoring reports alongside findings from our supervision work, and expectations letters sent to directors of regulated entities. For more technical areas we also produce guidance notes. This year we published:

- guidance on how providers of client money or property services, and custodians, can meet their obligations under the FMC Act. The guidance addresses previous issues

we observed through monitoring visits and misconduct cases.

- guidance for Supervisors and managers of registered schemes on requirements for schemes in wind-up, to ensure investors and other stakeholders receive adequate information about a scheme's assets and how those assets will be distributed when a scheme is in wind-up.

• Consultation

Consultation is an important part of our policy development process. Feedback from industry and other stakeholders helps to ensure our policy decisions will achieve their purpose with causing unintended consequences or undue regulatory burden. This year we consulted on matters including:

- a proposed exemption for listed issuers from some unsolicited offer rules for debt buy-backs, to ease regulation and boost efficiency
- proposed renewal of a class exemption for DIMS licensees from certain financial reporting requirements
- the regulatory returns for licensed financial institutions
- draft guidance for designations for financial market infrastructures, in conjunction with RBNZ
- proposed renewal of a class exemption for overseas custodians and providers of custodial services from certain audit and assurance requirements.

Information and resources for consumers

We also produce information and resources to help consumers make better investment and financial decisions, and promote informed participation in financial markets.

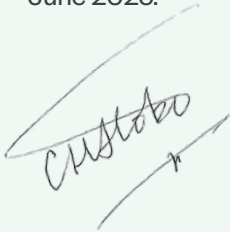
- We launched Jess Learns to Invest, a podcast featuring FMA staff member and investing newbie Jess navigating the ups and downs of becoming an investor. Each episode features Jess talking to an industry expert, covering topics such as investing basics, managed funds, market volatility and property investing.
- As part of Te Ara Ahunga Ora Retirement Commission's Sorted Money Month, we created a series of videos exploring savings, budgeting, debt and spending traits, with a view to appealing to harder-to-reach audiences such as young Māori who feel excluded or overwhelmed by mainstream financial advice. The campaign received over 150,000 impressions.
- We produced a four-part podcast series called Navigating KiwiSaver, focused on demystifying KiwiSaver and providing insights to New Zealanders on getting the best from their retirement savings. It covered topics such as how KiwiSaver works, choosing the right fund, maximising employer contributions, and understanding investment options.
- A key element in the success of the new CoFI regime (see page 17) is ensuring consumers know what they are entitled to when dealing with their bank, insurer, credit union or building society. To coincide with the regime coming into effect, we ran a consumer campaign to help people understand what fair treatment means, what they can expect from their provider, and what to do if things go wrong.

Pūrongo a te Kawenga

Statement of Responsibility

The Board is responsible for the preparation of the FMA's financial statements and statement of performance, and for the judgments made in them. The Board is responsible for any end-of-year performance information provided by the FMA under section 19A of the Public Finance Act 1989.

The Board is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and operation of the FMA for the year ended 30 June 2025.



Craig Stobo

Chair

Financial Markets Authority

17 October 2025



Steven Bardy

Chair

FMA Audit and Risk Committee

17 October 2025

Pūrongo a te Mahi

Statement of Performance

The content on pages 34-51 comprises our Statement of Service Performance. It provides users with sufficient contextual information to understand why the FMA exists, what we intend to achieve in broad terms over the medium to long term, and how we go about this, as well as information to provide users with information about what we have done during the reporting period in working towards our broader aims and objectives.

Statement of Compliance

The Statement of Service Performance of the Financial Markets Authority has been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The Statement of Service Performance has been prepared in accordance with Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period, and complies with PBE financial reporting standards.

The Statement of Performance describes the progress made by the FMA in achieving the levels of performance outlined in the Statement of Performance Expectations (SPE) for 2024/25.

The FMA receives funding from the Ministry of Business, Innovation and Employment through Vote Business, Science and Innovation to deliver services through two output classes – Services and Advice to Support Well-functioning Financial

Markets, and Financial Markets Authority Litigation Fund.

Under the SPE, the FMA has performance standards and measures for each of the two output classes for the 12 months ended 30 June 2025. The output class Services and Advice to Support Well-functioning Financial Markets is reported under three categories which align to the classifications within this multi category appropriation. The financial results for each output class and each category for the multi-category appropriation are reported on throughout this section.

Performance targets are included for each appropriation. Where the performance targets in the Vote align with the target in the FMA's SPE they are reported against under the applicable category in this section of the Annual Report. Where the performance target in the Vote differs from the target in the SPE or there is not a corresponding target in the SPE these targets are separately identified.

The aim of our regulatory activities, in line with our strategic priorities and appropriation category, is to minimise conduct risks, improve behaviours within our markets, and benefit market participants and investors.

The purpose of this appropriation is to support well-functioning financial markets through the activities of the FMA. Success is measured by SPE 1, the overarching measure that reflects our overall statutory purpose of fair, transparent and efficient financial markets.

Performance standards and measures for the output of the FMA for the 12 months ended 30 June 2025

For our SPE performance measures, assessment of our performance against the targets is based on the following scaled rating system.

- **Achieved** – result is 100% or more of target.
- **Substantially achieved** – result is within 5% of target (calculated as the result proportionate to the target being between 95% and 99.99%).
- **Not achieved** – result is more than 5% below target (calculated as the result proportionate to the target being less than 95%).

Surveys

Data for some of our performance measures and reporting come from the following surveys.

Ease of Doing Business survey

This is a survey of key FMA stakeholders to understand the effectiveness of interactions we have with stakeholders and satisfaction with the service we provide. Previously, an invitation to complete the survey was sent to a smaller representative population of stakeholders. This year we substantially expanded the number of stakeholders who were invited to complete the survey, to increase the sample size and therefore our confidence in the results.

Survey year	Sample	Margin of error	Response rate
2025	599 responses	+/- 4% (at the 95% confidence level)	25%
2024	133 responses	+/- 8% (at the 95% confidence level)	19%
2023	114 responses	+/- 8% (at the 95% confidence level)	23%

Consumer Confidence survey

This is annual research we undertake to measure the level of confidence the public has in the New Zealand financial markets, and perceptions of the FMA and regulation. The survey (and associated performance measures) formerly focused on 'investors'. As our remit has broadened under the Conduct of Financial Institutions regime, we have expanded the scope of the survey to encompass 'consumers' in general. Quotas are set on age, region, gender, ethnicity, income and education, to ensure the sample is nationally representative and captures vulnerable groups. Data is also weighted to ensure the sample is representative of the New Zealand population by age, gender and region.

Survey year	Sample
2025	2176 responses
2024	2081 responses
2023	1488 responses

Overarching measure

The overarching measure reflects the Multi-Category Appropriation 'Services and Advice to Support Well-functioning Financial Markets', which covers all three funding categories. The single overarching purpose of this appropriation is to support well-functioning financial markets through the activities of the Financial Markets Authority.

Actual \$000s 12 months to 30 Jun 24		Actual \$000s 12 months to 30 Jun 25		Appropriation/Budget \$000s 12 months to 30 Jun 25
71,062	Appropriation Revenue	71,277		71,277
1,528	Interest Revenue	1,326		1,256
3,305	Other Revenue	1,605		685
75,895	Total Revenue	74,208		73,218
73,044	Total Expenditure	75,826		77,921
2,851	Surplus/(Deficit)	(1,618)		(4,703)

Major variances against budget: The net deficit for the year is lower than budgeted, primarily due to higher-than-expected revenue and lower overall operating expenditure. The revenue variance is largely driven by cost recoveries from successful litigation proceedings and higher-than-anticipated application fee income. Throughout the year, our focus has been on increased financial discipline, tighter cost controls, and careful reprioritisation of work across the organisation designed to ensure resources are focused on where they deliver the most value. As a result, operating expenditure was below budget across most areas, with permanent savings achieved in areas such as rent (following the one-off release of the Britomart Level 6 lease), professional services, travel, and staff welfare. These favourable movements were partially offset by one-off transitional costs related to organisational restructuring, which included changes to our Transformation and Operational Delivery function.

An assessment of our achievements with this appropriation is included on the following pages under each category. We have also achieved the following results for the category measures listed below.

Measure	2024/25 target	2024/25 actual	2023/24 actual (target)	Info source
SPE 1 Index measure	Achieved ⁶	Not achieved	Not achieved (Achieved)	See below
Financial service providers and consumers of New Zealand financial services believe that FMA's actions promote fair, efficient and transparent financial markets ⁵				

⁵ This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

⁶ The target for SPE 1 is based on an equal weighting between the stakeholders and consumers survey sub-components. To achieve the index target will require meeting both sub-measure targets.

Measure	2024/25 target	2024/25 actual	2023/24 actual (target)	Info source
Index sub-measures				
SPE 1.1: Stakeholders agree that the FMA's actions help raise standards of market conduct and integrity ^{7 8}	90%	82% - Not achieved Survey comments relating to confidence in regulation of markets were generally positive, citing good communication from the FMA and satisfaction with recent regulatory changes. However, some responses mentioned regulation being too onerous, not proportionate to the risk, or open to interpretation. The majority of our regulatory work aims to help raise standards of market conduct and integrity. Notable this year was the publication of our approach to outcomes-focused regulation and our Financial Conduct Report, which together set out how we approach regulation and what we will do to support that approach. We also continued to publicise the outcomes of enforcement cases, demonstrating how we respond when market conduct does not meet our expectations.	80% (85%)	Ease of Doing Business survey ⁹

7 This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

8 In prior years this sub-component was calculated as an average based on two survey questions relating to stakeholder perceptions of the FMA's actions to support market integrity, and the FMA helping to raise standards of market conduct. Our 2024/25 Statement of Performance Expectations stated that this two-question methodology would be used. However this year the Ease of Doing Business survey was changed so the sub-component was asked as a single question encompassing both market integrity and standards of market conduct. This change was made to streamline the survey and reduce participant burden, reflecting the significant overlap between these two core concepts from a market participant's perspective.

9 See page 35 for information about the survey.

Measure	2024/25 target	2024/25 actual	2023/24 actual (target)	Info source
SPE 1.2: Consumers are confident in the quality of regulation of New Zealand's financial markets ¹⁰	75%	63% - Not achieved Some survey comments referred to strong regulation in New Zealand, but did not elaborate on the specific reasons for being confident. Responses that expressed less confidence often referred to wider market and economic issues beyond regulation. It is therefore difficult to assess the reason for this result. To demonstrate the quality of regulation, we have continued to promote the outcomes of enforcement cases where we have held those responsible for misconduct to account (although this may have the effect of drawing attention to the misconduct itself). We also ran a campaign to help consumers understand the new regulatory regime for banks, insurers, credit unions and building societies, highlighting that the regulations require these entities to prioritise fair treatment of consumers.	65% (65%)	Consumer Confidence survey ¹¹

Judgements related to these measures

The FMA's overarching statutory purpose is to promote and facilitate the development of fair, efficient, and transparent financial markets. As such, it is what the FMA is funded to deliver and against which we are held to account.

There is no simple measure for fair, efficient, and transparent financial markets. We therefore assess the quality of our performance through how stakeholders (including providers) and consumers in New Zealand's financial markets perceive our impact in helping raise standards of market conduct and integrity, and overall confidence in the quality of our regulation.

Relevant survey questions are repeated annually to allow us to determine trend analysis on perceptions over time. Both survey results are shown to provide transparency of the aggregated measure. Targets for the two index components were increased from the prior year, setting more ambitious targets for these measures.

¹⁰ This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

¹¹ See page 35 for information about the survey.

Cost allocation policy

The FMA has determined the cost of outputs using the cost allocation system outlined below:

- Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.
- Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information. Personnel costs are charged based on actual work undertaken by each team or function. Other indirect costs are allocated to outputs based on the proportion of direct labour costs for each output.

Category One: Investigation and Enforcement Functions

This category is limited to the performance of statutory functions relating to the investigation and enforcement of financial markets legislation, including the assessment of complaints, tips, and referrals.

Actual \$000s 12 months to 30 Jun 24	Actual \$000s 12 months to 30 Jun 25	Appropriation/Budget \$000s 12 months to 30 Jun 25
17,888 Appropriation Revenue	17,441	17,441
- Interest Revenue	-	-
2,393 Other Revenue	467	-
20,281 Total Revenue	17,908	17,441
16,998 Total Expenditure	18,161	19,067
3,283 Surplus/(Deficit)	(253)	(1,626)

Major variances against budget: Revenue is above budget primarily due to one-off cost recoveries from successful litigation cases that were received by FMA in accordance with the litigation funding agreement. Expenditure is below budget, primarily due to lower-than-budget spending across the majority of expense categories. Further details are provided in Note 19 – Explanation of Major variances against Budget.

Our activity in this category for the 2024/25 year included:

- a range of investigation and enforcement activity, including the activity highlighted on pages 26-27
- assessment of complaints, tips and referrals, which has resulted in investigations, enforcement activity, and publication of scam alerts.

We have also achieved the following results for the category measures listed below.

Measure	2024/25 target	2024/25 actual	2023/24 actual (target)	Info source
SPE 2 Index measure	Achieved ¹³	Achieved	New measure	See below
Investigations are completed and meet timeliness and quality measures ¹²				

¹² This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

¹³ The target for SPE 2 is based on an equal weighting between the timeliness and quality sub-components. To achieve the index target will require meeting all sub-measure targets.

Measure	2024/25 target	2024/25 actual	2023/24 actual (target)	Info source
Index sub-measures				
SPE 2.1: Timeliness: Investigations are completed within targeted time	Category A ¹⁴ : 70% within 24 months Category B ¹⁵ : 70% within 18 months	Category A: 100% - Achieved Category B: 92% - Achieved	New measure	Management information (internal tracking of case management)
SPE 2.2: Quality: Formal post-case reviews meet FMA quality criteria	90%	100% - Achieved	New measure	Management information (internal tracking of case management)
SPE 2.3: Quality: Formal post-prosecution reviews meet FMA quality criteria	90%	100% - Achieved	New measure	Management information (internal tracking of case reviews)
SPE 3 Misconduct cases ¹⁶ are assessed and decisions on initial actions are made within 9 working days of receiving information ¹⁷	85%	89.1% - Achieved	89% (85%)	Management information (internal tracking of misconduct cases)

Judgements related to these measures

SPE 2 previously measured whether the progress of all investigation cases was reported to the FMA Board every 40 days. The measure has been changed to focus more specifically on assessing the quality and timeliness of the work, while accommodating for the variation in the complexity of cases.

We do not set certain quantitative targets, such as a specific number of actions, under this appropriation to ensure we do not introduce adverse or unintended consequences. Decisions to carry out investigations and enforcement actions involve multiple considerations and will continue to be guided by legal or regulatory merit.

14 Category A cases are those that involve high complexity. They may contain one or all of the following: a significant number of victims, large-scale loss or a long period of alleged offending, multiple alleged suspects, inter-agency cooperation, international assistance, and legal complexity.

15 Category B comprises all other cases.

16 Misconduct cases involve an "allegation of financial markets conduct that could result in harm", whereas an investigation requires formal trigger points, including reasonable grounds to suspect a breach of any financial markets legislation.

17 This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

Category Two: Licensing and Compliance Monitoring Functions

This category is limited to the performance of statutory functions relating to licensing of market participants and risk-based monitoring of compliance, including disclosure requirements under financial markets legislation.

Actual \$000s 12 months to 30 Jun 24		Actual \$000s 12 months to 30 Jun 25		Appropriation/Budget \$000s 12 months to 30 Jun 25
28,400	Appropriation Revenue	29,680		29,680
1,528	Interest Revenue	1,326		1,256
912	Other Revenue	1,138		685
30,840	Total Revenue	32,144		31,621
38,856	Total Expenditure	38,500		32,446
(8,016)	Surplus/(Deficit)	(6,356)		(825)

Major variances against budget: Revenue exceeded budget primarily due to higher-than-expected application fee income. Expenditure is well above budget, primarily due to increased licensing and monitoring activities undertaken during the period, particularly in relation to the newly introduced CoFI and CRD regimes. Refer to Note 19 Explanation of major variances against budget.

Our activity in this category for the 2024/25 year included:

- licensing market participants, including assessing financial institution licence applications to support the new regulatory regime for Conduct of Financial Institutions
- publishing reports with insights from:
 - reviews of financial institutions' fair conduct programmes
 - monitoring of discretionary investment management service providers
 - reviews of climate statements published under the climate related disclosures regime
 - reviews of FMC reporting entity audit files, and registered audit firms
 - compliance reviews of market operators NZX, Catalist, ASX-24 and SGX-DT.

We have also achieved the following results for the category measures listed below.

Measure	2024/25 target	2024/25 actual	2023/24 actual (target)	Info source
SPE 4 Once received by the FMA, fully completed ¹⁸ licence applications are processed within 60 working days ¹⁹	100%	99.42% - Substantially achieved Of the 1044 applications received, 6 were not processed within 60 working days.	99% (93%)	Management information (internal tracking of relevant documents and activity)
SPE 5²⁰ Applications for individual exemptions are processed within 30 working days of receiving all relevant information ²¹	85%	100% - Achieved Of the 40 applications received, 37 were processed within 30 working days of us receiving all relevant information, and 3 were withdrawn.	Revised measure	Management information (internal tracking of relevant documents and activity)
SPE 6²² The FMA sets regulatory expectations and reports against industry performance based on our supervisory activities ²³	Achieved	Achieved In June 2025 we published the Financial Conduct Report, which sets out our regulatory priorities for the year ahead and reasons for this, covering key risks and opportunities on the FMA's radar.	New measure	Engagement and publication of FMA's Financial Conduct Report

18 A fully completed application is when we have sufficient information to complete an informed assessment of an application to enable us to make a determination whether the applicant meets the requirements as set out in s 396 Financial Markets Conduct Act 2013.

19 This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

20 SPE 5 is a revised measure, which has resulted in a new target for 2024/25.

21 This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

22 Given SPE 6 is a new measure, 2024/25 is the baseline measurement.

23 This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

Measure	2024/25 target	2024/25 actual	2023/24 actual (target)	Info source
SPE 7²⁴ Stakeholders agree the FMA develops and implements streamlined systems and processes for licensed entities ²⁵	65%	55% - Not achieved Comments in the Ease of Doing Business survey noted that systems and processes can be complex, time-consuming and not tailored for specific business types or situations. However, commenters also noted the overall value of FMA systems and processes in contributing to high standards of conduct across the market. This year we put significant effort into supporting banks, insurers and non-bank deposit-takers through the process of becoming licensed as financial institutions under the CoFI regime. We also granted or renewed 10 FMC Act class exemptions and 37 individual exemptions to avoid unnecessary regulatory burden on market participants and consulted on proposals to streamline compliance requirements across a range of areas.	New measure	Ease of Doing Business survey ²⁶

Judgements related to these measures

As with the Category 1 appropriation, we do not set quantitative performance targets such as a maximum number of licences declined, as this could introduce adverse or unintended consequences.

In 2024/25 we removed the qualifier wording from SPE 5 “or as communicated with reasons to the applicant”, and in doing so removed ambiguity on processing timelines. This change has resulted in a new target of 85%.

In 2024/25 we changed SPE 6, where previously the FMA undertook a range of proactive, reactive and thematic monitoring activity. This new measure now reflects our core regulatory activities in a way that allows us flexibility in the development of our risk-based and outcomes-focused supervisory approach and is a quality measure of how well the industry is performing against our expectations.

SPE 7 has also been added as a quality measure that will provide useful feedback and trend analysis on how well we carry out our core activities in relation to licensing requirements.

²⁴ Given SPE 7 is a new measure, 2024/25 is the baseline measurement.

²⁵ This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

²⁶ See page 35 for information about the survey.

Category Three: Market Analysis and Guidance, Investor Awareness and Regulatory Engagement Functions

This category is limited to the performance of statutory functions relating to market intelligence, guidance, investor education, and regulatory and government co-operation and advice.

Actual \$000s 12 months to 30 Jun 24		Actual \$000s 12 months to 30 Jun 25		Appropriation/Budget \$000s 12 months to 30 Jun 25
24,774	Appropriation Revenue	24,156		24,156
-	- Interest Revenue	-		-
-	- Other Revenue	-		-
24,774	Total Revenue	24,156		24,156
17,190	Total Expenditure	19,165		26,408
7,584	Surplus/(Deficit)	4,991		(2,252)

Major variances against budget: Expenditure is significantly under budget due to lower-than-budgeted spend across all expense categories and a shift in focus during the year towards Category Two work. Refer to Note 19 Explanation of major variances against budget.

Our activity in this category for the 2024/25 year included:

- publishing guidance for:
 - providers of client money and property services
 - Supervisors and managers of registered schemes on requirements for schemes in wind-up
- consumer campaigns focusing on scams, personal finance topics such as savings, budgeting, debt and spending traits and the new Conduct of Financial Institutions regime
- policy input and collaboration, including on the transfer of responsibility for consumer credit regulation from the Commerce Commission to the FMA, the Contracts of Insurance Act 2024 and the Climate-related Disclosures regime
- domestic and international stakeholder engagement.

We have also achieved the following results for the category measures listed below.

Measure	2024/25 target	2024/25 actual	2023/24 actual (target)	Info source
SPE 8 The FMA informs and assists providers and consumers of financial services and products by undertaking a range of speeches, seminars and presentations (in person and online) ²⁷	40	86 – Achieved This included 78 speeches and presentations, and 8 roundtables. We enhanced our stakeholder engagement after we set the 2024/25 target for this measure, in response to a general drop-off in last year's Ease of Doing Business results. This helps to account for the target being substantially exceeded.	51 (35)	Count of speeches, seminars and presentations
SPE 9 Stakeholders find FMA communication clear, concise and effective ²⁸	75%	74% - Substantially achieved This result improved from the 63% in 2023/24. We put substantial effort into ensuring our flagship documents Outcomes-focused regulation and the Financial Conduct Report reflected industry priorities and feedback and were supported by clear communications across a range of channels. We also enhanced our approach to stakeholder engagement (see SPEs 8 and 11). In the Ease of Doing Business survey we asked how the FMA could improve market communications. Respondents mentioned making communications more tailored to specific audiences, and providing more opportunities for informal two-way communication, such as workshops and seminars. Respondents also suggested sharing more positive stories, to balance news about enforcement action.	63% (75%)	Ease of Doing Business survey

²⁷ This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

²⁸ This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

Measure	2024/25 target	2024/25 actual	2023/24 actual (target)	Info source
SPE 10²⁹ FMA reaches more stakeholders and consumers across digital channels ³⁰	5% increase to prior year	14,012,353 This is a baseline measurement that will be used to compare performance for following years. It includes: • Total website views – 1,446,320 • LinkedIn impressions – 947,109 • Facebook views – 11,128,581 • Instagram views – 490,343	New measure	Google analytics Digital tools in-house analytics
SPE 11³¹ Stakeholders agree they have benefited from engagements with the FMA ³²	56%	76% - Achieved Survey comments about engagement with the FMA were generally positive, describing engagements as open, constructive and beneficial. Some noted that conversations, while informative, were broad or high level, and not always relevant to their specific areas of interest. As with SPE 8, we enhanced our stakeholder engagement after we set the 2024/25 target for this measure, in response to a general drop-off in last year's Ease of Doing Business results, which helps to account for the target being substantially exceeded. Although this was not an SPE measure last year, the question was included in the 2024 Ease of Doing Business survey. The result, up from 54% in 2024, shows the increased focus on engagement was successful and beneficial to stakeholders.	New measure	Ease of Doing Business survey

²⁹ Given SPE 10 has changed from previous years, 2024/25 is the baseline measurement.

³⁰ This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

³¹ Given SPE 11 is a new measure, 2024/25 is the baseline measurement.

³² This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

Measure	2024/25 target	2024/25 actual	2023/24 actual (target)	Info source
SPE 12³³ Stakeholders agree FMA-issued guidance is useful and supports them in meeting their obligations ³⁴	75%	77% - Achieved Although this was not an SPE measure last year, the question was included in the 2024 Ease of Doing Business survey. The result is up from 73% in 2024, indicating an improvement in how stakeholders view our guidance. In the Ease of Doing Business survey we asked how the FMA could improve market communications. Respondents mentioned making guidance shorter, simpler, more targeted to specific sub-sectors (e.g. different types of financial advice) and supported by more examples.	New measure	Ease of Doing Business survey

Judgements related to these measures

We set quantitative and qualitative targets under this appropriation, as they both provide credible indicators of our performance.

In relation to the quantitative targets, they hold the FMA to account for a minimum number of speeches, seminars and presentations that underpin our engagements and also an increasing target across digital channels to expand our reach.

In relation to the qualitative targets, our engagements and communications are targeted as being impactful and measured with annual surveys. This provides trend analysis on stakeholder perception of the FMA and useful feedback on our perceived impact.

In 2024/25, we have introduced the SPE 11 measure that gauges the quality of broader engagements with stakeholders, and SPE 12 which measures the quality and impact of guidance issued by the FMA.

³³ Given SPE 12 is a new measure, 2024/25 is the baseline measurement.

³⁴ This measure is also included in the 2024/25 Vote Business, Science and Innovation Estimates of Appropriations.

Financial Markets Authority Litigation Fund

This appropriation is limited to meeting the cost of major litigation activity arising from the enforcement of financial markets and securities markets law, or defending litigation action taken against the FMA.

Actual \$000s 12 months to 30 Jun 24	Actual \$000s 12 months to 30 Jun 25	Appropriation/Budget \$000s 12 months to 30 Jun 25
4,731 Appropriation Revenue*	5,772	5,000
73 Other Revenue	73	-
4,804 Total Revenue	5,845	5,000
4,804 Total Expenditure	5,845	5,000
- Surplus/(Deficit)	-	-

Major variances against budget: Both litigation revenue and expenditure are above budget due to the timing and volume of caseloads.

*The appropriation revenue received by the FMA equals the Government's actual expenses incurred in relation to the appropriations, which is a required disclosure from the Public Finance Act.

Assessment of performance

The FMA in the Estimates of Appropriation is required to report the following performance information for this appropriation measure. This appropriation is limited to meeting the cost of major litigation activity arising from the enforcement of financial markets and securities markets law.

Measure	2024/25 target	2024/25 actual	2023/24 actual
Litigation undertaken as per Fund's use conditions	Achieved	Achieved The FMA undertook litigation using the litigation fund as per the conditions of use.	Achieved

Actual \$000s 12 months to 30 Jun 24	Actual \$000s 12 months to 30 Jun 25	Budget* \$000s 12 months to 30 Jun 25
4,804 Expenditure	5,845	5,000

*per estimates of appropriations 2024/25; Vote Business, Science and Innovation

Reconciliation of revenue in the service performance to the revenue in the financial statements

Actual \$000s 12 months to 30 Jun 24		Actual \$000s 12 months to 30 Jun 25	Appropriation/ Budget \$000s 12 months to 30 Jun 25
20,281	Category One	17,908	17,441
30,840	Category Two	32,144	31,621
24,774	Category Three	24,156	24,156
75,895	Total revenue for the Multi-Category Appropriation	74,208	73,218
4,804	Litigation Fund	5,845	5,000
80,699	Total revenue reported in the Statement of comprehensive revenue and expense	80,053	78,218

Reconciliation of cost of goods and services in the service performance to the expenses in the financial statements

Actual \$000s 12 months to 30 Jun 24		Actual \$000s 12 months to 30 Jun 25	Appropriation/ Budget \$000s 12 months to 30 Jun 25
16,998	Category One	18,161	19,067
38,856	Category Two	38,500	32,446
17,190	Category Three	19,165	26,408
73,044	Total expenditure for the Multi-Category Appropriation	75,826	77,921
4,804	Litigation Fund	5,845	5,000
77,848	Total expenditure reported in the Statement of comprehensive revenue and expense	81,671	82,921

Expenditure by category (\$'000)



Disclosure of judgements

Selection and aggregation of performance information

Our performance expectations are set out in two key documents within our accountability framework: our Statement of Intent (SOI) and our Statement of Performance Expectations (SPE). The Statement of Service Performance is intended to inform users how we have performed against these expectations in the past year through our activities.

We aim to demonstrate and measure our impact and progress towards our medium-term strategic intentions, contained in the SOI.

We have selected SPE measures to achieve a balance of qualitative, quantitative and time-bound measures covering a range of our core activities, focused on the impact we want to have on financial service providers, investors and consumers.

For our SPE measures we use a scaled rating system of Achieved, Substantially Achieved and Not Achieved to reflect how we perform against our targets (see page 35).

We do not specifically measure the quality of our decision-making in our performance measures. We have assessed various options to measure quality, such as challenges to licensing or enforcement decisions which would measure quality based on the formal mechanisms with which our decisions can be questioned. However, for all options, we considered setting a target to measure against was only likely to dis-incentivise valid risk-taking for fear of failing to meet it (e.g. if we were challenged more times than a targeted maximum).

Further information on our judgements of certain performance measures was included on pages 38, 40, 43 and 47.

The strategic intentions and the SPE measures were set following identification of key risks and opportunities, and extensive engagement with the FMA Board, executive and staff, as well as MBIE. There were no significant judgements on aggregation.

How we measure

Academic research demonstrates an innate difficulty in measuring regulatory outcomes, which do not readily lend themselves to being quantified or to clear cause-and-effect analysis. For example, the concept of 'fair, efficient and transparent markets' is hard to test. It is also difficult to measure changes in firms' behaviour, or how much of that change is a direct result of the FMA's actions. A reduction in misconduct cases coming to our attention may be the result of our activities, or better concealment/poorer detection of misconduct.

Feedback from our service recipients – users of financial services, participants in our financial markets and regulated entities – is therefore some of the most relevant data we can use to measure our overall effectiveness and performance, and the impact we have as a regulator. A number of our performance measures and reporting come from the surveys described on page 35 of different stakeholder groups. All surveys are conducted by an external provider.

Tō mātou rōpū

Our organisation

Board



Craig Stobo

Chairman; Audit and Risk Committee member; People, Performance and Remuneration Committee member; Regulatory Oversight Committee Chair

Craig Stobo is a professional director with experience as a diplomat, economist, chief investment officer and chief executive. He is currently the Chair of the Local Government Funding Agency and Founding Director of the Auckland Future Fund. His qualifications include a Bachelor of Arts, First Class Honours in Economics from Otago University, Advanced Management Programme from Wharton School of the University of Pennsylvania, and Associate Member CFA Society New Zealand. He is the former chief executive of BT Funds Management and has previously held a variety of director and chair roles, including NZ Windfarms Ltd, AIG Insurance New Zealand, Precinct Properties Limited and Fliway Group Limited.

Current term ends May 2029



Steven Bardy

Board Member; Audit and Risk Committee Chair

Steven is a senior executive with extensive experience as a regulator and advisor in

financial services, financial services regulation, compliance and risk management. He consults on financial services regulation to the World Bank and foreign governments and is a senior advisor to Principia Advisory, a European based global leader in ethics consulting. He was previously

Managing Director of Promontory Australia, an IBM company, and a senior executive leader at the Australian Securities and Investments Commission. He served as the inaugural chair of the Assessment Committee of the International Organization of Securities Commissions (IOSCO) and an ASIC representative on the IOSCO Board. He has also worked in the finance and tax practices of the Australian and US offices of an international law firm, held ministerial advisor positions in the Victorian Government and senior risk and compliance positions in an Australasian Bank, and consulted on strategy in both Australia and Europe.

Steven holds a BEc and an honours LLB degree from the Australian National University and an MBA from the London Business School.

Current term ends February 2027



Tracey Berry

Board Member; People, Performance and Remuneration Committee member

Tracey Berry is a consultant and financial services professional with 26 years' experience in Wealth Management, Banking, KiwiSaver and Insurance. She is currently a partner at Mosaic FSI, as well as a member of the Board for the National Provident Fund. A former Chair of Nikko Asset Management, she was also a member of the Financial Advisers Disciplinary Committee for 13 years. During her career she has held senior or executive roles at a number of New Zealand's largest banks.

Current term ends August 2029



Suzanne Chetwin, CNZM

Board member; People, Performance and Remuneration Committee Chair

Sue has more than 17 years' experience working for and on behalf of consumers. She is a strong supporter of financial regulations that encourage innovation while protecting consumer interests. She is the former CEO of Consumer NZ and was a director of the Banking Ombudsman Scheme. She is on the board of Food Standards for Australia NZ, the Building Practitioners Board and chairs the Grocery Action Group. She chairs the Elizabeth Fletcher Foundation, the investment vehicle which provides funding for the charity Share My Super. She also chaired the Government Review into drug buying agency Pharmac and an independent consumer panel assisting Chorus present its capital expenditure plan to the Commerce Commission. Her experience includes 25 years in journalism, including editing the Sunday Star Times and the Herald on Sunday. Sue holds a Bachelor of Laws.

Current term ends November 2025



Prasanna Gai

Board Member; Audit and Risk Committee member; Regulatory Oversight Committee member

Prasanna is Professor of Macroeconomics at the University of Auckland and a member of the Monetary Policy Committee of the Reserve Bank of New Zealand. He was Special Adviser to the Governor of the Bank of Canada, Senior Adviser at the Bank of England, and Member of the Advisory Scientific Committee of the European Systemic Risk Board. Prasanna has also been Professor of Economics at the Australian National University and a Visiting Fellow of All Souls College, Oxford. He was educated at the Australian National University and Christ Church, Oxford.

Current term ends June 2028



Nick Hegan

Board Member; Regulatory Oversight Committee member

Nick Hegan is an experienced financial services lawyer who has also worked as a trader in wholesale financial markets in New Zealand and offshore. He has sat on the NZ Markets Disciplinary Tribunal for more than ten years and was formerly Head of Legal at Forsyth Barr for eight years until 2022. A former Partner at Russell McVeagh, he was also Chair/Deputy Chair of the Securities Industry Association for five years.

Current term ends August 2029



Christopher Swasbrook

Board Member; Regulatory Oversight Committee member

Christopher has more than 25 years' experience in stockbroking and funds

management. He is currently a Director of Elevation Capital and a Director of NZX-listed New Zealand Rural Land Company. He is also Chair of the Auckland Future Fund, Chair of McCashin's Brewery Limited, Chair of Merx Funds Management Limited, Chair of the Museum of New Zealand Te Papa Tongarewa, and an Inaugural Member and Chair of the Auckland Art Gallery Toi Tamaki Advisory Committee. He was previously a Partner at Goldman Sachs JBWere. Christopher holds a Bachelor of Commerce in Economics.

Term ended August 2025



Mariette van Ryn

Board Member; Audit and Risk Committee member

Mariette van Ryn is an experienced director and former barrister and solicitor.

For in excess of 30 years she has worked across all facets of financial services and regulation in executive, consulting and governance roles. A member of the FMA's Establishment Board, she has more recently been appointed to Insurance & Financial Services Ombudsman Ltd and was previously a Special Division member of the NZ Markets Disciplinary Tribunal. Mariette is a former Director of Milford Asset Management where she was chair of the Risk & Audit Committee. She has also held executive and governance roles at Westpac and is a former partner and Board member of national law firm Simpson Grierson. Mariette has a particular interest in risk management, organisational redesign and productivity improvement. She continues to consult and hold board roles in other sectors.

Current term ends August 2029

Outgoing member

Kendall Flutey – resigned April 2025

Executive leadership team



Samantha Barrass
Chief Executive

Samantha has extensive international regulatory experience, most recently as Chief Executive of UK's

Business Banking Resolution Service, a dispute resolution scheme for banks and business customers. Prior to that she was Chief Executive of the Gibraltar Financial Services Commission, which oversees the prudential and conduct regulation of Gibraltar's financial services sector. She has held a number of other senior roles at finance regulators and industry associations, including the UK's Financial Conduct Authority and the London Investment Banking Association.

Samantha grew up in Christchurch. She studied Economics at the University of Canterbury and Victoria University of Wellington and gained an MSc from the London School of Economics, before beginning her career as an economist at the Reserve Bank of New Zealand.



Clare Bolingford
Executive Director, Licensing and Conduct Supervision

Clare is responsible for directing, planning and delivery of the FMA's core

regulatory functions across licensing, engagement and supervision of regulated individuals and firms. This includes implementation of the new conduct regime for banks, insurers and non-bank deposit takers, and the transfer of consumer credit responsibilities.

Clare's experience includes almost 20 years with the Financial Conduct Authority in the UK, in a variety of policy, change implementation and supervision roles, including oversight of large banking groups and financial advisers. She also spent two years at the UK Treasury, leading capital markets and prudential policy.

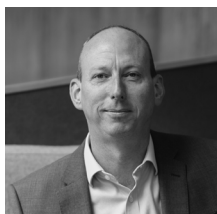


Kari Jones
**Executive Director,
Operational Excellence and Enablement**

Kari is responsible for the strategic direction of

the FMA's operations and capability functions, including technical operations, project management, data engineering, IT security and architecture, customer relationship management, knowledge management, business improvement, people and capability, finance, business support and transformation.

Kari joined the FMA from Health New Zealand - Te Whatu Ora, where she was Chief Data Officer. She was previously General Manager for Analytics & Insights at Woolworths NZ. She has also held senior positions at NZ Post and Air New Zealand.

**Liam Mason****Executive Director, Evaluation & Oversight and General Counsel**

Liam is responsible for a broad range of audit, risk, legal

and governance matters along with evaluating the effectiveness of regulatory interventions and activity. He is also the FMA General Counsel. Liam has been with the FMA since its inception. He has extensive experience in securities law and corporate governance matters, advising on securities and financial services law and policy, Crown entity governance and legal compliance.

Liam has previously led frontline teams overseeing the FMA's compliance frameworks, licensing, knowledge management and intelligence, and fintech functions.

**Louise Unger****Executive Director, Response and Enforcement**

Louise is responsible for overseeing the strategic approach and appropriate

response to the actions and behaviour of market participants that pose risk or harm, including the investigation and enforcement of misconduct cases.

Louise joined the FMA from the Commerce Commission, where she led the team that regulates the Credit Contracts and Consumer Finance Act. Prior to this she specialised in risk and compliance at Lawyers on Demand NZ. She has provided legal, risk and compliance services to a range of organisations, including leading legal and risk teams at Bank of New Zealand.

**Daniel Trinder****Executive Director, Strategy**

Daniel is responsible for leading the strategy and direction-setting for the FMA, ensuring a clear view

of the systems, priorities and regulatory design is developed and communicated across a broad range of external stakeholders.

He has over 25 years' experience in strategy, policy and regulatory affairs including senior roles at HM Treasury in the UK, the IMF, international investment banking firms, as an advisor to central banks and international organisations, and as a consultant on strategy, policy, and governance to several firms and institutions. His most recent role was at Binance, and he has also held senior global roles at Deutsche Bank and Goldman Sachs.

People

Leadership, accountability and culture

We continue to follow the principles of a good employer. The Enterprise, Strategic and Technical Leadership cohorts completed the Leading with Mana leadership development programme in 2024/25. This was co-designed using internal resources including data and insights from our annual engagement survey, the recently introduced competency framework, and focus groups with the executive leadership team (ELT) and selected people leaders. The programme comprised four in-person workshops, digital resources and the formation of learning and accountability groups with fellow participants.

Employee development, promotion and exit

Internal and external learning and development (L&D) opportunities continue to be well-supported, and receive positive feedback. The programme comprises technical and regulatory opportunities for frontline and specialist staff (via workshops and industry events), supporting accreditations and qualifications, and interpersonal skills development. Cultural capability is promoted via te reo Māori classes and Te Tiriti o Waitangi workshops.

Our L&D offering is underpinned by the competency framework, which highlights the key core, leadership and technical competencies required for our people and the organisation to succeed.

We support internal career development, with approximately 41% of our roles filled internally. Our turnover has increased slightly, with rolling voluntary turnover at 13% as at 30 June 2025,

compared to 11.9% as at 30 June 2024. We seek feedback from all our leavers to understand reasons for leaving, what we do well as an organisation, and where we can improve.

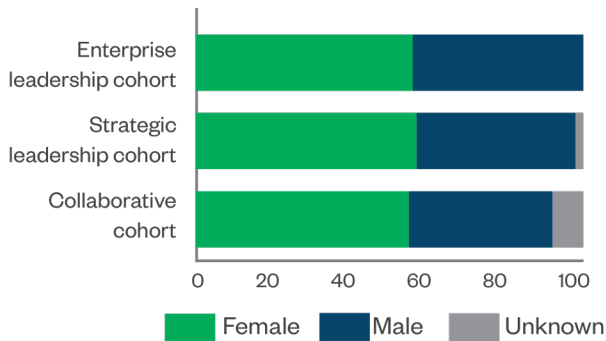
Inclusion and diversity

This year marked the first full cycle of our refreshed diversity, equity, and inclusion (DEI) framework, endorsed by ELT in September 2024. With a dedicated focus on neuro-inclusion, we delivered tailored education sessions led by industry experts, launched a neurodiversity resource hub on our intranet, and introduced the Resilient Minds programme, completed by seven kaimahi (staff members).

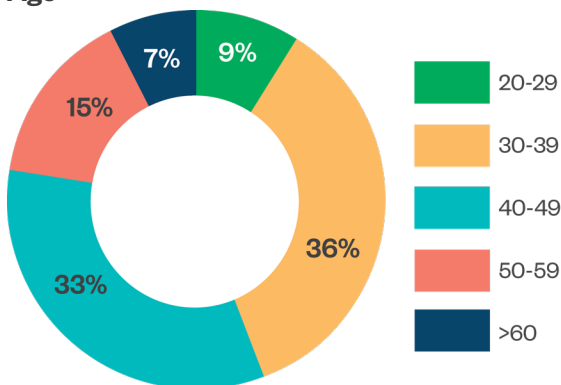
Momentum continues to build through our DEI Champions network, now 12 members strong and supported by an executive director sponsor. Highlights include our first International Women's Day panel and a vibrant Pride event, both of which drew record engagement across internal and external channels. This shows the growing interest in FMA's culture and DEI efforts.

Our commitment to Kia Toipoto - Public Service Pay Gaps Action Plan 2021-24 continues to deliver tangible results. As of 1 January 2025, our gender pay gap (median, including chief executive) has reduced to 1.67%, down from 4.45% in July 2024. We have also started collecting demographic data via our human resources information system Te Pātaka Haurongo and our engagement survey Tono, with an average disclosure rate of 89.6% across categories. These insights will help us track progress and identify areas for improvement.

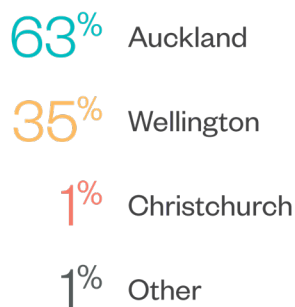
Gender



Age



Location



Wellbeing and work design

To support flexible working while also retaining a focus on collaboration and culture, we have a policy where staff can work three days in the office and two days remotely. In addition, we continue to offer flexibility of working hours and work patterns. We have centrally located offices in Auckland and Wellington, with modern facilities and close to public transport, as well as equipment to allow a flexible and rewarding working experience. We also have a co-working space in Christchurch to allow our Christchurch team members to connect and collaborate.

Remuneration, recognition and conditions

Our reward strategy aims to attract and retain skilled individuals while recognising and rewarding performance that aligns with our regulatory and operational priorities, values, and expected standards of behaviour. Our executive team moderates our annual salary review and promotion outcomes to ensure fairness and equity across the organisation. During this process we take a principles-based approach to reviewing salaries, taking into account paying fairly for the role, our internal budgets and affordability, performance and expectations on us as an Independent Crown Entity. As part of our commitment to Kia Toipoto, we conduct gender parity checks during this process.

We also run educational sessions for leaders and staff on remuneration to enhance understanding and awareness. Our remuneration approach is part of our broader reward and recognition strategy, which includes both financial and non-financial rewards such as additional leave, health and life insurance, parental leave benefits, flexible working practices, learning and development opportunities, and our wellbeing programme.

Ethnicity/nationality

Based on information self-reported by approximately 25% of staff

Nationality	%
NZ European/Pakeha	46.99%
European	22.89%
Asian (inc. Middle Eastern)	13.25%
Māori	9.64%
Pacific islander	3.61%
Other or not specified	3.61%

Recruitment sources

	2025	2024	2023
Corporate	8	14	6
Financial services	10	31	20
Government	17	24	15
International	1	8	12
Internal	35	48	40
Legal	4	2	4
Other	19	42	18

Health issues

Approximately 2.4% of staff have self-reported a health issue. The breakdown of this is:

Mental health	1
Hearing	1
Sight	1
Neurological or intellectual	1
Other	2

Harassment and bullying prevention

We maintain a strict policy against bullying, harassment, and discrimination in the workplace. We provide multiple internal and external channels for staff to raise concerns, including a confidential external barrister trained in employment law issues related to harassment and bullying, offering independent and confidential advice.

Our policies and guidelines on bullying, harassment, and discrimination, along with online training, align with WorkSafe guidance to foster a zero-tolerance environment. We seek feedback through staff surveys to ensure our systems for addressing intimidating behaviours, workplace bullying and harassment are clear and effective. We support and promote a 'speak-up' culture.

Safe and healthy environment

Our Health, Safety, and Wellbeing Committee is made up of employees from across the FMA, including representatives from our People team, supported by an executive director sponsor. It meets regularly to discuss relevant topics and proactively manage hazards, emphasising continuous risk identification and mitigation. The committee also promotes participation in national wellbeing and anti-bullying initiatives such as Mental Health Awareness Week, Pink Shirt Day, and Gumboot Friday.

We encourage staff to take leave throughout the year and offer enhanced leave benefits to support their health and wellbeing.

In addition to fire wardens and first-aiders, we also have trained mental health first-aiders. Additionally, we provide regular educational seminars covering a wide range of topics, including mental health, physical health, neurodiversity, mindset, relationships, and ergonomics. We regularly report to our ELT and Board on health, safety and wellbeing matters.

Recruitment, selection and induction

We continue to receive a high number of applications for vacant roles. However, challenges remain at times in sourcing candidates with the appropriate skill and experience level for some roles.

We have streamlined our early careers offering to ensure it is fit for purpose for future needs, and continue to support our TupuToa internship and 'Shadow a Leader' initiatives.

We also continue to focus on enhancing and automating our application and onboarding processes, resulting in a better experience for candidates and hiring managers, and reducing manual work internally. We survey new staff to seek feedback on their recruitment and onboarding experience, and continue to receive positive feedback on these processes.

Employment type

	2025	2024	2023	2022	2021	2020	2019
Total	338	382	326	311	263	241	212
Permanent	320	344	289	267	242	213	188
Fixed term	7	14	7	12	5	5	7
Contractor/temp	9	22	28	29	14	18	14
Seconded	2	2	2	3	2	2	3
Voluntary turnover	13.0%	11.9%	18.9%	17.5%	9.6%	13.8%	22%
Average service length (permanent only)	4.01 Years	3.3 Years	3.48 years	3.2 years	3.2 years	3.3 years	3.4 years

Employee remuneration

As a Crown entity, the FMA is required to disclose in its annual report the number of employees receiving total remuneration of \$100,000 or more per annum. Total remuneration includes end-of-contract payments such as contractual notice pay and accrued leave entitlements, but excludes redundancy and other termination payments.

Redundancy and other termination payments

Redundancy and other termination payments of \$1,031,026 were paid to thirty employees who ceased to be employees within the financial year ended 30 June 2025 (2024: \$111,467).

Remuneration paid or payable (\$)	Number of employees 2025	Number of employees 2024
640,001 to 650,000	1	-
630,001 to 640,000	-	1
460,001 to 470,000	1	-
440,001 to 450,000	-	1
430,001 to 440,000	1	1
410,001 to 420,000	1	1
400,001 to 410,000	1	1
360,001 to 370,000	-	2
320,001 to 330,000	1	-
310,001 to 320,000	1	1
300,001 to 310,000	2	1
280,001 to 290,000	2	2
270,001 to 280,000	3	2
260,001 to 270,000	1	-
250,001 to 260,000	2	1
240,001 to 250,000	-	1
230,001 to 240,000	10	3
220,001 to 230,000	7	6
210,001 to 220,000	4	5
200,001 to 210,000	4	4
190,001 to 200,000	9	4
180,001 to 190,000	10	11
170,001 to 180,000	25	11
160,001 to 170,000	27	22
150,001 to 160,000	20	17
140,001 to 150,000	21	18
130,001 to 140,000	49	28
120,001 to 130,000	33	42
110,001 to 120,000	17	20
100,001 to 110,000	26	18
Total	279	224

Governance, policies and operations

The FMA was established by the Financial Markets Authority Act 2011 and reports to the Minister of Commerce and Consumer Affairs. Each year, the Minister sends us a Letter of Expectations. We frequently engage with the Minister on our current priorities and discuss the alignment of our work with the Government's objectives.

FMA Board

The FMA Board is appointed by the Governor-General, on the advice of the Minister. Industry representation is an important factor in the makeup of the Board. Members are drawn from a range of sectors, including financial services, with a particular focus on governance experience or expertise, or otherwise representing views of stakeholders such as retail investors and consumers.

The Crown Entities Act 2004 sets out the duties of the FMA Board and its members. The Board is the governing body of the FMA and its primary areas of focus are the strategic and regulatory policy issues that determine the FMA's overall success. The Board is also responsible for setting policies to govern how the FMA operates.

The Board delegates most regulatory decisions to staff but has retained decision-making authority over certain enforcement and exemption powers. These matters are often considered by a Board Division of at least three Board members who have been assigned to the matter.

The Board has also three advisory subcommittees:

- the Audit and Risk Committee
- the People, Performance and Remuneration Committee
- the Regulatory Oversight Committee

Composition of Board members' remuneration

Members' fees are paid on the basis of time spent on the work of the FMA. Fees were:

	Actual 2025 \$000s	Actual 2024 \$000s
S. Chetwin	44	49
S. Bardy	109	84
T. Berry	35	-
K. Flutey	31	37
P. Gai	55	53
N. Hegan	33	-
E. Longworth	-	4
M. van Ryn	43	-
C. Stobo (Chair)	234	24
V. Stoddart	-	25
C. Swasbrook	42	36
M. Todd (Former Chair)	-	179
M. Weenink	-	50
Total Board Members' remuneration	626	541

There have been no payments made to a board observer in the period (2024: \$nil).

There have been no payments made to committee members appointed by the Board who are not Board members during the financial year.

No Board members received compensation or other benefits in relation to cessation (2024: \$nil).

New member

Member name	Membership term start date
T. Berry	August 2024
N. Hegan	August 2024
M. van Ryn	August 2024

Leaving member

Member name	Membership term expiry date
E. Longworth	July 2023
V. Stoddart	February 2024
M. Todd (Former Chair)	April 2024
M. Weenink	April 2024
K. Flutey	April 2025

Independent committees

These committees provide independent expertise and decision-making for important areas related to the Financial Advice regime pursuant to the Financial Markets Conduct Act 2013. The members of these committees are appointed by the Minister for Commerce and Consumer Affairs. They operate and function separately from the FMA, but the FMA provides funding and secretariat services.

Financial Advice Code Committee (Code Committee)

The Code Committee is Aotearoa New Zealand's independent standard setter for financial advice. It is established by Part 4 of Schedule 5 of the FMC Act. The Committee's functions are:

- to produce a draft Code for approval by the Minister
- to review the Code from time to time
- to recommend to the Minister changes to the Code
- to liaise from time to time about the development, review, and implementation of the Code with the Minister, with the FMA and with persons that the Committee reasonably considers to be representative of the financial advice industry and of consumers of financial advice.

Composition of Code Committee remuneration

Code Committee fees are paid on the basis of time spent on the work of the committee. Fees were:

	Actual 2025 \$000s	Actual 2024 \$000s
B. Benson	4	9
K. Coutts	5	6
T. Dench	5	7
A. Dale-Jones (Chair)	29	37
G. Edwards	4	14
E. Jurgeleit	2	10
D. Kale	3	-
P. Mersi	5	9
T. Singleton	4	9
P. Wood	4	-
Total Code Committee remuneration	65	101

New member

Member name	Membership term start date
D. Kale	July 2024
P. Wood	July 2024
B. Benson*	May 2025
E. Jurgeleit*	July 2025

Leaving member

Member name	Membership term expiry date
B. Benson*	October 2024
K. Coutts	April 2025
E. Jurgeleit*	April 2025

* Subsequent to the expiration of their terms, B. Benson and E. Jurgeleit were reappointed for further terms commencing on 20 May and 1 July 2025 respectively.

Financial Advisers Disciplinary Committee

The Financial Advisers Disciplinary Committee (FADC) is an independent body established pursuant to clause 49 of Schedule 5 to the FMC Act.

The FADC conducts disciplinary proceedings arising from complaints about the conduct of financial advisers relating to contraventions of the provisions of the FMC Act that regulate financial advice and financial advice services. Complaints are referred by the FMA and can include breaches of the Code of Professional Conduct for Financial Advice Services.

Composition of Financial Advisers Disciplinary Committee remuneration

Financial Advisers Disciplinary Committee fees are paid on the basis of time spent on the work of the committee. Fees were:

	Actual 2025 \$000s	Actual 2024 \$000s
D. Auld	-	-
J. Matthews (Chair)	6	4
J. Standage	-	-
D. Tulloch	-	-
S. Weir	-	-
A. Gartrell	-	-
C. Pankhurst	-	-
Total Financial Advisers Disciplinary Committee remuneration	6	4

New member

Member name	Membership term start date
A. Gartrell	June 2025
C. Pankhurst	June 2025

Leaving member

Member name	Membership term expiry date
S. Weir	December 2024

Professional indemnity insurance

The FMA has purchased directors' and officers' liability and professional indemnity insurance cover during the period. This insurance is in respect of the liability or costs of Board members and employees.

Internal governance

The Chief Executive's role is to manage the FMA and exercise the powers of the Board that the Board delegates to them. We have a comprehensive delegations framework, to ensure approvals (particularly those relating to enforcement activity and the granting of licences and authorisations) can only be made by staff members with appropriate seniority and competence.

The Executive Committee, comprising the Chief Executive and the Executive Directors (see pages 55-56), is a forum for executive decision-making on issues of strategic importance to the FMA.

We also have a range of internal committees and groups that meet regularly to prioritise work and manage dependencies, oversee risks and delivery issues, and review significant policies, projects and decisions. The committees are comprised of relevant experts and senior staff from across the organisation.

Our Internal Audit Manager runs a continuous review programme to ensure the integrity of our operational and risk management processes. FMA staff are subject to a code of conduct, and a range of policies relating to finance, employee obligations, information management and travel.

Our environmental and sustainability progress

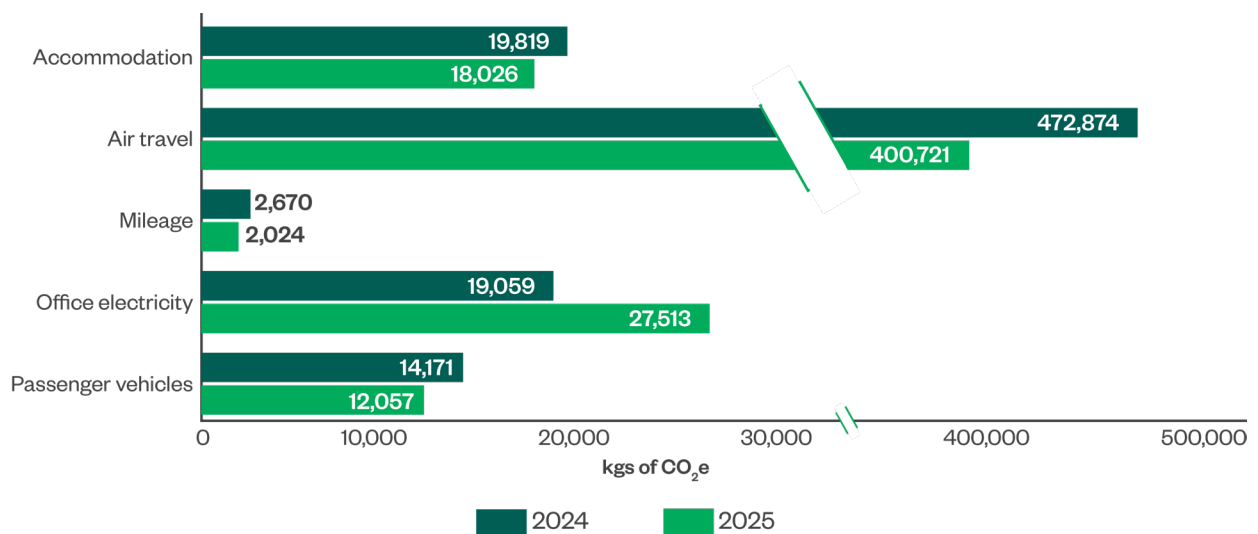
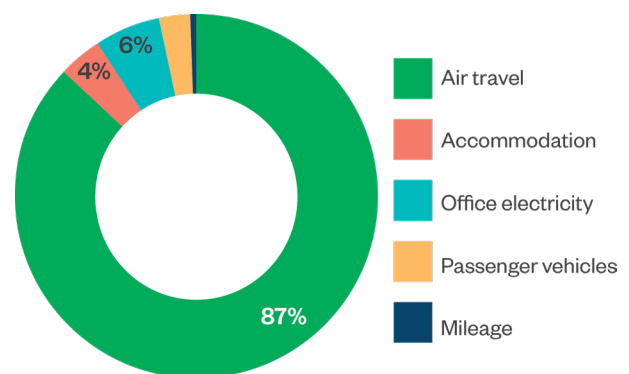
We are committed to minimising our environmental impact and improving our climate reporting and accountability. As an independent Crown entity, the FMA is not mandated under the Carbon Neutral Government Programme. However, we are committed to measuring and reporting our greenhouse gas emissions. By choosing to report, we aim to demonstrate our commitment to environmental stewardship and to set an example for responsible practices.

Our reporting is based on data collected internally and from our suppliers. We have used the Ministry for the Environment's (MfE) guidance on emission factors³⁵ to develop our emissions inventory and supporting calculations. Our emissions inventory covers office electricity, air travel, accommodation, passenger vehicles, and mileage.³⁶

Carbon emissions by activity

Our total emissions for the 2024/25 financial year were 460,341 kgs of CO₂e.

Our largest emission source is air travel, followed by office electricity and accommodation. There are no emissions from paper usage because almost all the paper we purchased was carbon neutral.



³⁵ Measuring emissions guide 2025 | Ministry for the Environment

³⁶ Our emissions reporting has been prepared in accordance with the GHG Protocol: A Corporate Accounting and Reporting Standard, using the operational control consolidation method. Notwithstanding this, quantifying GHG emissions is subject to inherent uncertainty as scientific knowledge and methodologies are still evolving in this area, as are GHG reporting and assurance standards. We may identify further emissions sources in future, and where practicable we will include these in future reporting.

Source of carbon emissions	24/25 Total emissions kgs of CO ₂ e	24/25 Emissions per FTE ³⁷ kgs of CO ₂ e	23/24 Total emissions kgs of CO ₂ e	23/24 Emissions per FTE kgs of CO ₂ e
Scope 1: Direct GHG emissions				
None				
Scope 2: Indirect GHG emissions from imported energy				
Office electricity	27,513	78	19,059	62
Scope 3: Indirect GHG emissions from transportation, products uses or supplies, and other sources				
Accommodation	18,026	51	19,819	64
Air travel	400,721	1,142	472,874	1,535
Mileage	2,024	6	2,670	9
Paper usage ³⁸	-	-	-	-
Passenger vehicles	12,057	34	14,171	46
Total emissions	460,341	1,311	528,593	1,716

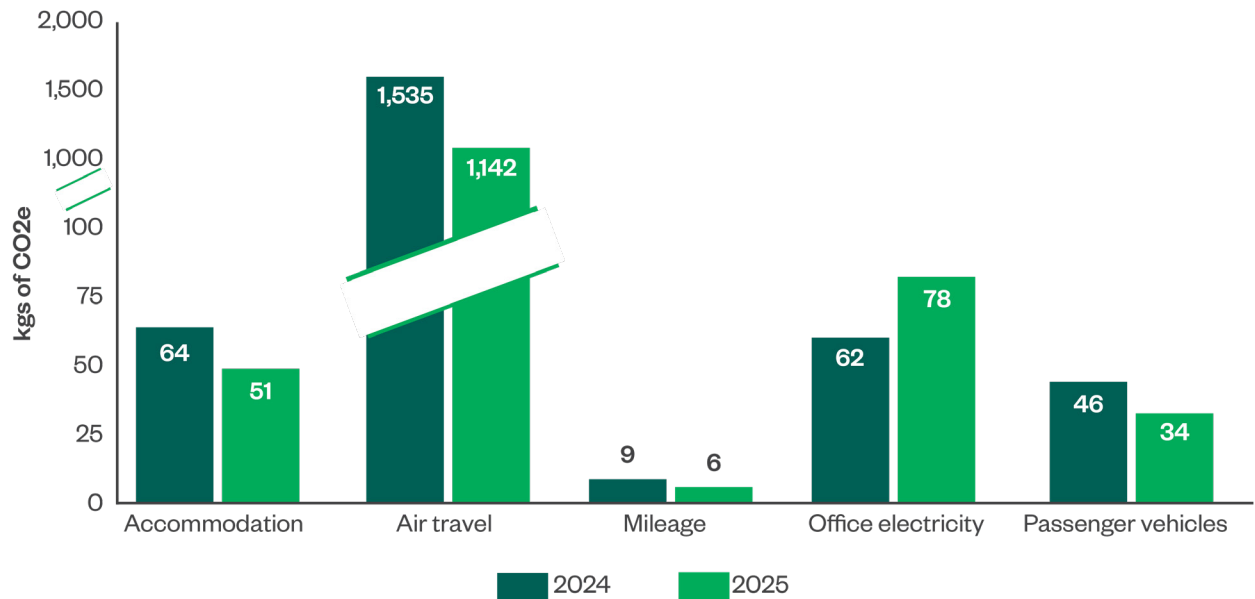
In 2024/25, total emissions decreased by 13% compared to the previous year. This reduction is largely attributable to the following factors:

- Air travel, mileage and passenger vehicles emissions decreased in 2024/25 due to reduced travel distances compared to the previous year, and a shift towards greener travel options.
- Accommodation-related emissions decreased due to a slight reduction in the total number of hotel nights stayed, as well as changes in emissions factors driven by different travel destinations.
- Office electricity emissions increased in 2024/25, primarily due to a higher emissions factor for electricity as published by MfE.

³⁷ The FTE count used in this calculation is the weighted average for the reporting period.

³⁸ Almost all the paper we purchase is carbon neutral, resulting in no emissions from its usage.

Carbon emissions per full-time equivalent (FTE)



Carbon emissions baseline and future target setting

As 2023/2024 marked our first year of carbon emissions reporting, it provided an initial snapshot of our emissions profile. However, as our carbon emissions are heavily affected by travel patterns, such as distance travelled and destinations visited, and the number of FTEs, we acknowledge that a single-year baseline may not offer a stable foundation for long-term target setting.

To enhance the robustness and credibility of our emissions targets, we will establish a more representative baseline by averaging emissions over a three-year period (FY23/24 – FY25/26). This approach will account for year-to-year fluctuations and enable a more informed and sustainable basis for formal carbon reduction targets from FY26/27 onward.

In FY24/25, our focus remained on strengthening emissions reporting, refining internal travel policies, and implementing operational actions that promote sustainability and improve climate accountability.

Overview of emissions categories – 2024/25 highlights

Accommodation

Emissions from work travel accommodations contribute to this category.

The accommodation emissions were calculated based on data provided by our travel agency, along with the relevant emissions factors determined by MfE. For any accommodations not booked through the travel agency, the data was recorded in our internal reporting system and used for the emissions calculation.

Air travel

Travel is a crucial component in successfully delivering our remit. It allows us to conduct essential monitoring visits, engage in face-to-face meetings with both internal and external stakeholders, and maintain strong, effective relationships. These interactions are vital for achieving our objectives and ensuring the effective implementation of our initiatives. Over the past year, a key priority for the FMA has been building and sustaining relationships with key international regulators.

We are always mindful of the fiscal and climate-related implications and use technology wherever possible to minimise the need for both domestic and international travel.

The air travel emissions calculation was based on data supplied by our travel agency, and the relevant emissions factors determined by the MfE.

Mileage

Emissions from employees driving their own cars for business travel. This constitutes a small portion of our overall emissions. The mileage emissions were calculated using staff mileage claim data, along with the relevant emissions factor determined by the MfE.

Office electricity³⁹

We offer flexible working arrangements, allowing staff to work from home at times. This leads to electricity savings and reduced carbon emissions at our office sites. However, any potential reduction is likely offset by increased electricity usage at home, resulting in an overall net-neutral impact on the environment.

The office electricity emissions were calculated using the actual energy consumption in kWh, as provided by the energy company, and the relevant emissions factor determined by the MfE.

Paper usage

There are no emissions from paper usage as 99% of all paper purchased is from certified carbon neutral copy paper ranges.

Passenger vehicles

Emissions from employees using taxis and rideshare apps for business purposes. The emissions from passenger vehicles were calculated based on data provided by our travel agencies, using the relevant emissions factors determined by the MfE.

³⁹ The Christchurch work space is not included in the office electricity emission calculation as it operates as a shared office space where electricity costs are not billed directly to us. The landlord has indicated that separating power usage between tenants would be challenging. Additionally, due to the relatively small size of our Christchurch work space, we believe its impact on our overall emissions is negligible.

Te pūrongo a te kaitātari kaute motuhake
me ngā pūrongo pūtea
**Independent auditor's report and financial
statements**

Independent Auditor's Report

To the readers of Financial Markets Authority's annual financial statements and statement of performance for the year ended 30 June 2025

The Auditor-General is the auditor of Financial Markets Authority (the Authority). The Auditor-General has appointed me, René van Zyl, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the annual financial statements¹ that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive revenue and expenses, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 75 to 99; and
- the performance information that consists of:
 - the statement of performance² for the year ended 30 June 2025 on pages 16 to 20, 23 to 27, and 34 to 51; and
 - the end-of-year performance information for appropriations³ for the year ended 30 June 2025 on pages 36 to 50.

Opinion

In our opinion:

- The annual financial statements of the Authority:
 - fairly present, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The statement of performance fairly presents, in all material respects, the Authority's service performance for the year ended 30 June 2025. In particular, the statement of performance:

¹ Prepared under section 154 of the Crown Entities Act 2004 (the CRA) and required to be audited under section 156(2)(a) of the CRA.

² Prepared under section 153 of the Crown Entities Act 2004 and required to be audited under section 156(2)(a) of the CRA.

³ Prepared under section 19A of the Public Finance Act 1989 and required to be audited under section 156(2)(a) of the Crown Entities Act 2004.

- provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Authority for each class of reportable outputs; determined in accordance with generally accepted accounting practice in New Zealand; and
- fairly presents, in all material respects, for each class of reportable outputs:
 - the actual performance of the Authority;
 - the actual revenue earned; and
 - the output expenses incurred,
 as compared with the forecast standards of performance, the expected revenues, and the proposed output expenses included in the Authority's statement of performance expectations for the financial year; and
- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The end-of-year performance information for appropriations:
 - fairly presents, in all material respects:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred in relation to the appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 17 October 2025. This is the date at which our opinion is expressed.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): The Audit of Service Performance Information issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the annual financial statements and the performance information

The preparation of the financial statements and performance information of the Authority is the responsibility of the Board. The Board is responsible on behalf of the Authority for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. This includes preparing performance information that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare annual financial statements, a statement of performance, and the end-of-year performance information for appropriations that are free from material misstatement, whether due to fraud or error.

In preparing the Authority's annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, the Board is responsible on behalf of the Authority for assessing the Authority's ability to continue as a going concern.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the annual financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations.

For the budget information reported in the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, our procedures were limited to checking that the information agreed to the Authority's statement of performance expectations or to the Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2025.

We did not evaluate the security and controls over the electronic publication of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate whether the statement of performance and the end-of-year performance information for appropriations:
 - provide an appropriate and meaningful basis to enable readers to assess the actual performance of the Authority in relation to the forecast performance of the Authority (for the statement of performance) and what has been achieved with the appropriation by the Authority (for the end-of-year performance information for appropriations). We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
 - fairly present the actual performance of the Authority and what has been achieved with the appropriation by the Authority for the financial year.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board.
- We evaluate the overall presentation, structure and content of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, including the disclosures, and whether the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, and our auditor's report thereon.

Our opinion on the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the annual financial statements, the statement of performance, and the end-of-year performance information for appropriations or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Authority in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Authority.

The Authority has responsibility for auditor regulation. Although the Auditor-General is specifically excluded from the quality review regime (section 67 of Auditor Regulation Act 2011) and licensing regime (section 90), the Auditor-General can opt into parts of the regime (section 15A of Public Audit Act 2001). On the 30 June 2016 the Auditor-General entered into a memorandum of understanding (MOU) with the Authority to opt into parts of the regime and the Auditor-General's service provider Audit New Zealand is subject to review by the Authority from time to time. We do not consider this causes any independence concerns for our audit of the Authority, and we put appropriate mitigations in place to ensure our independence is maintained.



René van Zyl
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Ngā pūrongo pūtea

Financial statements

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2025

Actual 2024 \$000s	Note	Actual 2025 \$000s	Budget 2025 \$000s
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
71,062	Government Grant 2	71,277	71,277
4,731	Litigation fund revenue 2	5,772	5,000
REVENUE FROM EXCHANGE TRANSACTIONS			
1,528	Interest 2	1,326	1,256
73	Interest - litigation fund 2	73	-
3,305	Other revenue 2	1,605	685
80,699	Total revenue	80,053	78,218
EXPENDITURE			
53,652	Personnel expenses 3	58,718	59,473
4,041	Depreciation and amortisation 6,7	2,558	2,133
15,351	Other operating expenditure 5	14,550	16,315
4,804	Litigation fund expenditure 2	5,845	5,000
77,848	Total expenditure	81,671	82,921
2,851	Surplus / (deficit)	(1,618)	(4,703)
2,851	Total comprehensive revenue and expense	(1,618)	(4,703)

Explanations of major variances against budget are provided in Note 18. The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2025

Actual 2024 \$000s		Actual 2025 \$000s	Budget 2025 \$000s
OPENING BALANCE			
2,680	Accumulated funds	5,531	6,760
13,062	Capital contributions	13,062	13,062
15,742	Total opening balance	18,593	19,822
COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR			
2,851	Net operating surplus / (deficit)	(1,618)	(4,703)
2,851	Total comprehensive revenue and expense	(1,618)	(4,703)
18,593	Closing balance	16,975	15,119
5,531	Accumulated funds	3,913	2,057
13,062	Capital contributions	13,062	13,062
18,593	Total closing balance	16,975	15,119

Explanations of major variances against budget are provided in Note 18. The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2025

Actual 2024 \$000s		Note	Actual 2025 \$000s	Budget 2025 \$000s
ASSETS				
Current assets				
10,010	Cash and cash equivalents - operating fund		10,151	10,517
762	Cash and cash equivalents - litigation fund		1,569	2,363
8,000	Term deposits		6,000	4,000
424	GST receivable		357	300
5,202	Receivables and prepayments	11	4,207	3,756
24,398	Total current assets		22,284	20,936
Non-current assets				
2,802	Property, plant and equipment	6	2,390	2,727
3,364	Intangible assets	7	4,008	2,566
6,166	Total non-current assets		6,398	5,293
30,564	Total assets		28,682	26,229
LIABILITIES				
Current liabilities				
4,847	Creditors and other payables	12	5,308	3,811
4,170	Employee entitlements	3	4,548	4,464
32	Lease liabilities	9	8	23
9,049	Total current liabilities		9,864	8,298
Non-current liabilities				
1,208	Lease liabilities	9	395	1,150
1,714	Provisions	10	1,448	1,662
2,922	Total non-current liabilities		1,843	2,812
11,971	Total liabilities		11,707	11,110
EQUITY				
5,531	Accumulated funds		3,913	2,057
13,062	Capital contributions		13,062	13,062
18,593	Total equity		16,975	15,119
30,564	Total equity and liabilities		28,682	26,229

Explanations of major variances against budget are provided in Note 18. The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2025

Actual 2024 \$000s		Note	Actual 2025 \$000s	Budget 2025 \$000s
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from non-exchange transactions:				
71,062	Government grant	2	71,277	71,277
4,300	Litigation fund revenue		6,600	5,000
Receipts from exchange transactions:				
1,447	Interest		1,528	1,256
656	Other revenue		1,178	685
-	MBIE fees and levies (net)		106	-
2,393	Litigation costs awarded (net)		343	-
-	Goods and Services Tax		202	34
Cash was disbursed to:				
(429)	MBIE fees and levies (net)		-	-
(27,822)	Suppliers		(24,800)	(27,513)
(46,629)	Employees		(54,655)	(52,997)
(123)	Goods and Services Tax		-	-
4,855	Net cash flows from operating activities	13	1,779	(2,258)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
1	Sale of fixed assets		3	-
6,000	Decrease in term deposits		16,000	2,000
Cash was applied to:				
(956)	Purchase of property, plant and equipment		(356)	(750)
(1,787)	Purchase of intangible assets		(2,478)	(1,084)
(8,000)	Increase in term deposits		(14,000)	-
(4,742)	Net cash flows from investing activities		(831)	166
CASH FLOWS FROM FINANCING ACTIVITIES				
485	Capital contributions		-	-
485	Net cash flows from financing activities		-	-
598	Net increase / (decrease) in cash and cash equivalents		948	(2,092)
10,174	Cash and cash equivalents at the beginning of the year		10,772	14,972
10,772	Cash and cash equivalents at the end of the year		11,720	12,880
COMPRISING				
10,010	Cash and cash equivalents - operating fund		10,151	10,517
762	Cash and cash equivalents - litigation fund		1,569	2,363
10,772			11,720	12,880

Explanations of major variances against budget are provided in Note 18. The accompanying notes form part of these financial statements.

Ngā tuhinga mō ngā pūrongo pūtea

Notes to the financial statements

Who is the FMA and what is the basis of financial statement preparation?

Note 1 — Reporting entity and basis of preparation

The FMA is an independent Crown entity as defined by the Crown Entities Act 2004. The FMA was established on 1 May 2011 by the Financial Markets Authority Act 2011. The FMA is domiciled in New Zealand and its ultimate parent is the Crown. The FMA is responsible for ensuring public confidence in New Zealand's financial markets, promoting innovation, and supporting the growth of New Zealand's capital base through effective regulation.

These financial statements and service performance information are for the year ended 30 June 2025. They were approved by the Board on 17 October 2025.

Basis of preparation

These financial statements and performance information have been prepared on a going concern basis and in accordance with the requirements of the Crown Entities Act 2004, which requires compliance with generally accepted accounting practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP, the FMA is a public sector public benefit entity. These financial statements have been prepared in accordance with PBE Standards.

Measurement basis

These financial statements have been prepared under the historical cost convention.

Functional and presentation currency

These financial statements are presented in New Zealand dollars, which is the FMA's functional currency, rounded to the nearest thousand dollars (\$000).

Use of estimates and judgements

The preparation of financial statements requires the FMA to make estimates and judgements that affect the reported amounts of assets, liabilities, revenue and expenses. The key estimates and judgements made in preparing these financial statements are as follows:

- Where the FMA configures and/or customises software that it accesses through a software as a service (SaaS) arrangement, judgement is applied in the determination of whether the associated expenditure should be capitalised as an intangible asset, or expensed (see note 7).
- During the current financial year, the FMA's expectations regarding its future use of customer relationship management software changed, and estimation of the remaining useful life was required (see note 7).
- Estimates are required to determine the value of the make-good provision for leases (see note 10).

Accounting policies

Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below and in the notes to the financial statements. These policies have been consistently applied to all periods presented.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Term deposits

Term deposits are fixed term deposits with banks that have original maturities of more than three months.

Goods and Services Tax

All items in the financial statements are exclusive of Goods and Services Tax (GST), except for receivables and payables which are presented on a GST-inclusive basis.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of current assets or current liabilities in the statement of financial position.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

The FMA is a public authority, and consequently is exempt from the payment of income tax under the Income Tax Act 2007. Accordingly, no provision has been made for income tax.

Equity

The FMA's equity comprises the following reserves:

- Accumulated funds arising from normal activities that have been funded by a government appropriation or other revenue.
- Capital contribution reserve comprising closing accumulated funds, transfers from the Securities Commission and capital contributions made to fund specific capital investment.

New or amended standards adopted

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)

This amendment has been adopted in the preparation of these financial statements. The amendment changes the required disclosures for fees relating to services provided by the audit or review provider, and introduces a new requirement to disaggregate the fees into specified categories. This new disclosure is included in note 5.

New Standards not yet in effect

Standards issued that are not yet effective and have not been early adopted:

- **PBE IFRS 17 Insurance Contracts**

This new standard sets out accounting requirements for insurers and other entities that issue insurance contracts and applies to financial reports covering periods beginning on or after 1 January 2026. This standard will not apply to the FMA, as the FMA does not issue insurance contracts.

- **2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1)**

This amendment clarifies the principles for classifying a liability as current or non-current. The amendment is effective for periods beginning on or after 1 January 2026. Application of this amendment is not expected to impact the FMA's financial statements.

Where do FMA's funds come from?

Note 2 — Revenue

Revenue from non-exchange transactions

Funding from the Crown

The FMA is provided with funding from the Crown for specific purposes, as set out in its founding legislation and the scope of the relevant Government appropriations. Revenue from the Crown is recognised when the associated appropriation becomes receivable by the FMA. Revenue is measured at the fair value of consideration received or receivable.

Litigation fund revenue

Litigation fund revenue arises from a litigation funding agreement with MBIE. The current agreement was signed in September 2023. Under the agreement, at the end of a financial year the FMA can retain up to \$3 million in the litigation fund account. During a financial year, where the amount in the litigation fund account falls below \$2 million, the FMA can request a top up to an amount not exceeding \$3 million.

Litigation funding is non-exchange revenue. Amounts received are recognised as a current liability (litigation grant received in advance). Revenue is recognised as litigation expenditure that the agreement permits to be paid from the grant is incurred.

Litigation fund reconciliation from opening to closing balance (including GST)

		Actual 2025 \$000s	Actual 2024 \$000s
Litigation grant received in advance - opening balance	Note	1,838	1,662
Litigation fund repaid to MBIE		-	-
Litigation appropriation received during the year*		5,000	3,300
Litigation appropriation receivables for the year		-	1,600
GST on litigation appropriation for the year		750	735
Interest on litigation appropriation received		73	73
Total litigation grant received in advance including GST		5,823	5,708
Expenditure on eligible litigation		(5,845)	(4,804)
GST on expenditure on eligible litigation		(825)	(728)
Total litigation expenditure including GST		(6,670)	(5,532)
Net litigation movement		(847)	176
Litigation grant received in advance - closing balance		991	1,838
Comprising			
Litigation cash and cash equivalents		1,569	762
Litigation fund receivable		-	1,840
Trade and other payables to be funded from litigation fund		(537)	(757)
Litigation expenditure funded by FMA's operating fund repayable back to FMA's operating fund		(41)	(7)
Litigation grant received in advance	12	991	1,838

*The litigation appropriation received is provided solely to fund external expenditure for litigation cases and does not cover FMA's internal staff costs.

Revenue recognised in relation to the litigation fund is the sum of litigation fund revenue and litigation fund interest, as presented on the statement of comprehensive revenue and expense (total of \$5.845 million). This is the same as the expenditure on eligible litigation shown in the table above.

Revenue from exchange transactions

Other revenue

	Actual 2025 \$000s	Actual 2024 \$000s
Audit quality review fees	286	390
Licence fees*	656	294
Sundry revenue	655	2,616
Superannuation fees	8	5
Total other revenue	1,605	3,305

*Revenue from licence fees comprises application fees and hours charged for additional work performed.

Revenue from Fees

Revenue from fees is recognised on a percentage of completion basis, with percentage of completion calculated on the basis of the number of hours worked compared with estimated total hours required for the work.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

How does the FMA spend the funds?

Note 3 – Personnel costs

Employee entitlements

Short-term employee entitlements, including annual leave, are recognised as an expense over the period during which employees perform the services that entitle them to those benefits. Employee entitlements that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service are measured based on accrued entitlements at current rates of pay.

Superannuation schemes

Contributions to KiwiSaver, the State Sector Retirement Savings Scheme and the Government Superannuation Fund are accounted for as contributions to defined contribution superannuation schemes and are recognised as an expense as employees perform services that entitle them to those contributions.

	Actual 2025 \$000s	Actual 2024 \$000s
Salaries and wages	50,666	43,881
Defined contribution plan employer contributions	2,010	1,697
Other employment related costs*	894	45
Member and committee fees	707	646
Contract staff	2,416	5,794
Recruitment, retention and transitional costs	616	1,007
Redundancy and other termination payments	1,031	111
Increase/(decrease) in employee entitlements	378	471
Total personnel costs	58,718	53,652

*Other employment-related costs include ACC, FBT and staff insurance.

The increase in other employment-related costs in the current year is due to the FMA providing staff with life and health insurance from July 2024 onwards.

The increase in redundancy and other termination payments in the current year is due to the redundancy and other termination payments made to thirty staff who ceased to be employees during the current year.

Employee entitlements liabilities

	Actual 2025 \$000s	Actual 2024 \$000s
Current Portion		
Accrued salaries and wages	1,685	1,280
Annual leave	2,863	2,890
<i>Total Current Portion</i>	<i>4,548</i>	<i>4,170</i>
Total employee entitlements	4,548	4,170

Note 4 – Transactions with related parties

The FMA is controlled by the Crown.

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect the FMA would have adopted in dealing with the party at arm's length in the same circumstances.

Transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on terms and conditions consistent with the normal operating arrangements between government agencies.

There are no related party transactions required to be disclosed (2024: none).

Key management personnel compensation

	Actual 2025	Actual 2024
Board, Code Committee and FADC members		
Board members' remuneration (\$000s)	626	541
Full time equivalent members	1.26	1.17
Code Committee remuneration (\$000s)	65	101
Full time equivalent members	0.22	0.45
Disciplinary Committee remuneration (\$000s)	6	4
Full time equivalent members	0.02	0.02
Leadership Team		
Executive team remuneration (\$000s)	2,826	2,725
Full time equivalent members	6.02	5.76
Total key management personnel remuneration (\$000s)	3,523	3,371
Total full-time equivalent personnel	7.52	7.40

Key management personnel include all board and committee members and the executive team. The full-time equivalent for board and committee members has been determined based on the frequency and length of board and committee meetings, and the estimated time to prepare for such meetings.

An analysis of Board member remuneration is provided on page 62.

Note 5 — Other operating expenses

	Actual 2025 \$000s	Actual 2024 \$000s
Fees to Audit New Zealand for financial statements audit	197	196
Loss on disposal of fixed assets	71	25
Operating lease expenses	2,994	3,732
Professional services	2,822	3,662
Services and supplies*	7,340	6,406
Travel and accommodation	1,126	1,330
Total other operating expenses	14,550	15,351

*Services and supplies are mainly ICT expenses.

Fees incurred for services provided by our audit firm

	Actual 2025 \$000s	Actual 2024 \$000s
Audit of the financial report	197	196
Audit or review related services		
Assurance engagement in relation to performance reporting, regulatory compliance, or funding returns	-	-
Total fees incurred for services provided by the audit firm	197	196

Allocation of Audit Fees

	Actual 2025 \$000s
Fees to Audit New Zealand for financial statements audit	191
Prior year audit fee recovery for financial statements audit	6
Total	197

Property, plant and software used by the FMA for its operations

Note 6 – Property, plant and equipment

Items of property, plant and equipment are recognised at cost less depreciation, and less any impairment losses. Where an item of property, plant and equipment is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value at the date of acquisition. Where items of property, plant and equipment are internally constructed, costs are recognised as capital work in progress until the assets are operating in the manner intended by management, at which time they are transferred to property, plant and equipment. When put into use, the depreciation charge commences.

Subsequent expenditure

Costs incurred subsequent to initial recognition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the FMA and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are expensed in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in surplus or deficit.

Impairment of property, plant and equipment

Items of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable

amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

As the FMA's property, plant and equipment is not held with the primary objective of generating a commercial return, these assets are classified as non-cash generating assets, and their value in use is measured on the basis of depreciated replacement cost.

An impairment loss is recognised in surplus or deficit whenever the carrying amount of an asset exceeds its recoverable amount. Any reversal of impairment losses is also recognised in surplus or deficit.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives of major classes of property, plant and equipment have been estimated as follows:

<i>Office equipment</i>	<i>3-8 years</i>
<i>Office furniture</i>	<i>4-10 years</i>
<i>Leasehold improvements</i>	<i>Life of lease</i>

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each financial year-end.

	Office equipment \$000s	Office furniture \$000s	Leasehold improvements \$000s	Capital Work In progress \$000s	Total \$000s
COST					
Property, plant and equipment at 1 July 2023	2,242	1,430	5,839	-	9,511
Additions	510	58	117	-	685
Disposals/adjustments	(233)	(295)	-	-	(528)
Balance at 30 June 2024/1 July 2024	2,519	1,193	5,956	-	9,668
Additions	247	60	80	85	472
Disposals	(106)	(21)	(920)	-	(1,047)
Balance at 30 June 2025	2,660	1,232	5,116	85	9,093
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Property, plant and equipment at 1 July 2023	(1,636)	(806)	(4,088)	-	(6,530)
Depreciation expense	(331)	(124)	(385)	-	(840)
Elimination on disposal	231	273	-	-	504
Balance at 30 June 2024/1 July 2024	(1,736)	(657)	(4,473)	-	(6,866)
Depreciation expense	(393)	(80)	(341)	-	(814)
Elimination on disposal	106	21	850	-	977
Balance at 30 June 2025	(2,023)	(716)	(3,964)	-	(6,703)
CARRYING AMOUNTS					
At 1 July 2023	606	624	1,751	-	2,981
At 30 June / 1 July 2024	783	536	1,483	-	2,802
At 30 June 2025	637	516	1,152	85	2,390

There are no restrictions over the titles of the FMA's property, plant and equipment nor are any items of property, plant or equipment pledged as security for liabilities.

Impairment of property, plant and equipment

During the current year, an impairment loss of \$nil (2024: \$nil) has been recognised in respect of property, plant and equipment.

Capital commitments

The amount of contractual commitments for the acquisition of property, plant and equipment is \$nil (2024: \$nil).

Note 7 - Intangible assets

Software acquisition and development

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of the FMA's website are recognised as expenses when incurred.

Software as a service (SaaS) arrangements

The costs incurred in configuring and customising software provided under SaaS arrangements are expensed as incurred, unless they:

- create an intangible asset, separate from the software, that the FMA controls (in which case expenditure is capitalised to the intangible asset), or

- are paid to the supplier of the cloud-based software for significant customisation work (in which case the costs are recognised as a prepayment for services and amortised over the expected term of the SaaS arrangement).

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date when the asset is derecognised. The amortisation charge for each financial year is expensed in surplus or deficit.

The useful lives of intangible assets are as follows:

Computer software	3-10 years
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Impairment of intangible assets

Intangible assets that have finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

As the FMA's intangible assets are not held with the primary objective of generating a commercial return, these assets are classified as non-cash generating assets, and their value in use is measured on the basis of depreciated replacement cost.

An impairment loss is recognised in surplus or deficit whenever the carrying amount of an asset exceeds its recoverable amount. Any reversal of impairment losses is also recognised in surplus or deficit.

	Computer software \$000s	Capital work in progress \$000s	Total \$000s
COST			
Intangible assets at 1 July 2023	12,880	704	13,584
Additions	-	1,898	1,898
Disposals	(160)	-	(160)
Transfers from capital work in progress	2,454	(2,454)	-
Balance at 30 June 2024/1 July 2024	15,174	148	15,322
Additions	1,841	548	2,389
Disposals	(338)	-	(338)
Transfers from capital work in progress	696	(696)	-
Balance at 30 June 2025	17,373	-	17,373
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES			
Intangible assets at 1 July 2023	(8,917)	-	(8,917)
Amortisation expense	(3,201)	-	(3,201)
Disposals	160	-	160
Balance at 30 June 2024/1 July 2024	(11,958)	-	(11,958)
Amortisation expense	(1,745)	-	(1,745)
Disposals	338	-	338
Balance at 30 June 2025	(13,365)	-	(13,365)
CARRYING AMOUNTS			
At 1 July 2023	3,963	704	4,667
At 30 June / 1 July 2024	3,216	148	3,364
At 30 June 2025	4,008	-	4,008

There are no restrictions over the titles of the FMA's intangible assets nor are any intangible assets pledged as security for liabilities.

Impairment of intangible assets

During the current year, an impairment of \$nil (2024: \$nil) has been recognised in respect of intangible assets.

Capital commitments

The amount of contractual commitments for the acquisition of intangible assets is \$nil (2024: \$nil).

Changes in accounting estimates

In the year ended 30 June 2024, the FMA made the decision to migrate its on-premise customer relationship management (CRM) system, ClaRE, to a cloud-based solution. When that decision was made, the useful life of ClaRE was reassessed, and it was shortened as a result of that reassessment.

In the current financial year, the FMA moved to a cloud-based CRM. The configuration and customisation of that cloud-based CRM created an

intangible asset, separate from the software, that the FMA controls, and the associated costs were consequently recognised as an intangible asset.

Some of the components of ClaRE were able to be transferred to this new intangible asset, and as a consequence their useful lives were reassessed, and aligned with the useful life of the new intangible asset (five years). This change in accounting estimate was recognised prospectively from the date of useful life reassessment (November 2024).

The change in estimated useful life of the components of ClaRE that transferred to the new intangible asset resulted in a reduction in amortisation expense of approximately \$2.0 million for the year ended 30 June 2025, compared with the amount that would have been recognised under the accelerated amortisation schedule established in the year ended 30 June 2024.

Note 8 – Operating leases

An operating lease is a lease that does not transfer to the lessee substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in surplus or deficit over the lease term as an integral part of the total lease expense.

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Grey Street L2		Takutai Square		Grey Street L7		Awly Building L1		Lambton Quay		Total	
	2025 \$000s	2024 \$000s	2025 \$000s	2024 \$000s	2025 \$000s	2024 \$000s	2025 \$000s	2024 \$000s	2025 \$000s	2024 \$000s	2025 \$000s	2024 \$000s
Not later than one year	45	541	2,149	2,352	-	160	47	45	356	-	2,597	3,098
Later than one year and not later than five years	-	45	8,074	10,197	-	-	4	4	2,026	-	10,104	10,246
Later than five years	-	-	-	1,588	-	-	-	-	3,067	-	3,067	1,588
Total non-cancellable operating lease payments	45	586	10,223	14,137	-	160	51	49	5,449	-	15,768	14,932

The FMA had five leased properties as at 30 June 2025.

Grey Street in Wellington:

(Two lease agreements with two different landlords)

Level 2

In June 2020, the FMA signed a deed of variation of lease for Level 2. The new lease term commenced on 1 July 2021 and expires on 1 August 2025. Upon expiry, the FMA has agreed with the landlord to continue occupying the premises on a monthly tenancy basis until the commencement of the lease for the new premises at Lambton Quay (see below). For the purpose of the lease make-good provision, the FMA has assumed it will vacate the premises at the end of the current lease term.

Level 7

In March 2020, the FMA signed a new lease for part of level 7 within the same building in order to support headcount growth in the Wellington office. The lease commenced on 1 March 2020 and expired on 30 June 2025. Upon expiry, the FMA has agreed with the landlord to continue occupying the premises on a monthly tenancy basis until the commencement of the lease for the new premises at Lambton Quay (see below). For the lease make-good provision, the FMA has assumed it vacated the premises at the end of the lease term.

Lambton Quay in Wellington:

In May 2025, the FMA signed a new lease for level 1. The lease term is commencing 1 October 2025 and expiring on 30 September 2035 (subject to the completion of landlord fitout works). For the purpose of the lease make-good provision, the FMA assumes it will vacate the premises at the end of the current lease term.

Auckland offices:

Takutai Square

In February 2021, the FMA signed a deed of variation of lease for the Takutai Square office. The variation of lease covers leasing an additional floor on level 4, and extends the lease period on all floors (levels 4, 5 and 6) for a new nine-year lease term from the variation date, and includes a reduced per sqm lease rate that applies to all three floors. The new lease term is from 1 February 2021 to 31 January 2030.

In June 2025, the FMA signed a deed of surrender of level 6 and variation of the lease, including provisions for make-good work, effective June 2025. For the purposes of the lease make-good provision for Levels 4 and 5, it is assumed that the FMA will vacate the premises at the end of the lease term in 2030.

Christchurch Office:

Awly Building

In July 2023, the FMA signed a lease in the Christchurch CBD to provide workspace for the Christchurch team. The initial lease term was from 17 July 2023 to 31 July 2024. The lease has been extended to 31 July 2026. There is no make-good provision made for this lease, as the work done to the premises is minimal.

Note 9 — Occupancy lease liabilities

Occupancy incentives

Lease incentive payments received are recorded as a liability and amortised over the life of the lease. The balance relating to the lease agreement with the sublessor for Level 7, Grey Street has been fully amortised as at 30 June 2025.

Deferred rental liability

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, which creates a deferred rental liability where a lease commences with a rent-free, or reduced-rental, period. The current balance is relating to two signed lease agreements: Takutai Square office (February 2021) and Grey Street L2 (June 2020). A lease liability adjustment was recognised during the year to reflect the partial surrender of the Takutai Square office (June 2025).

Movements for each type of lease liability are as follows:

	Occupancy incentives \$000s	Deferred rental \$000s	Total \$000s
Balance at 1 July 2023	3	1,226	1,229
Additional provision made	-	43	43
Amortisation	(1)	(31)	(32)
Balance at 30 June 2024	2	1,238	1,240
Balance at 1 July 2024	2	1,238	1,240
Reclassification	-	6	6
Amortisation	(2)	(841)	(843)
Balance at 30 June 2025	-	403	403

	Actual 2025 \$000s	Actual 2024 \$000s
NON-CURRENT PORTION		
Deferred rental	395	1,208
Total non-current portion	395	1,208
CURRENT PORTION		
Occupancy incentives	-	1
Deferred rental	8	31
Total current portion	8	32
Total lease liabilities	403	1,240

Note 10 – Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

	Actual 2025 \$000s	Actual 2024 \$000s
NON-CURRENT PORTION		
Lease make-good	1,448	1,714
Total non-current portion	1,448	1,714
Total provisions	1,448	1,714

Lease make-good provision

In respect of certain leases, the FMA is required at the expiry of the lease term to make good any damage caused to the premises and to remove any fixtures or fittings installed by the FMA. Information about the FMA's leasing arrangements is disclosed in note 8.

Movements for each class of provision are as follows:

	Lease make-good provision \$000s
Balance at 1 July 2023	1,661
Additional provisions made	53
Amounts used	-
Unused amounts reversed	-
Balance at 30 June 2024	1,714
Balance at 1 July 2024	1,714
Additional provisions made	76
Amounts used	(182)
Unused amounts reversed	(160)
Balance at 30 June 2025	1,448

Note 11 – Receivables and prepayments

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The FMA applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

	Actual 2025 \$000s	Actual 2024 \$000s
Trade debtors	1,440	2,523
Other receivables	301	342
Total debtors and other receivables	1,741	2,865
Prepayments	2,466	2,337
Total receivables	4,207	5,202
TOTAL DEBTORS AND OTHER RECEIVABLES COMPRISE:		
Receivables from services provided (exchange transactions)	505	706
Receivables from grants (non-exchange transactions)	1,236	2,159
Total debtors and other receivables	1,741	2,865

The ageing profile of trade debtors at year-end is detailed below:

	2025 \$000s	2024 \$000s
Not past due	1,345	2,405
Past due one to 30 days	16	85
Past due 31 to 60 days	64	27
Past due 61 to 90 days	14	-
Past due over 90 days	1	6
Total trade debtors	1,440	2,523

All trade debtors greater than 30 days in age are considered to be past due.

Note 12 - Creditors and other payables

Short-term creditors and other payables are recorded at their face value as they are non-interest bearing and are generally settled within 30 days.

	Note	Actual 2025 \$000s	Actual 2024 \$000s
CURRENT			
Trade creditors		1,328	1,443
Accrued expenses and other payables		2,967	1,549
Revenue in advance		22	17
Litigation grant received in advance	2	991	1,838
Total current creditors and other payables		5,308	4,847

Note 13 - Reconciliation of the net surplus / (deficit) from operations with the net cash flows from operating activities

	Actual 2025 \$000s	Actual 2024 \$000s
REPORTING SURPLUS / (DEFICIT)	(1,618)	2,851
Add non-cash items:		
lease incentives	(1)	(1)
deferred rental	(835)	13
make good provision	(76)	-
depreciation and amortisation	2,558	4,041
impairment losses	-	-
(gain)/loss on disposal of fixed assets	71	25
Add / (less) movement in working capital:		
increase / (decrease) in creditors	203	(600)
(increase) / decrease in receivables	1,062	(2,109)
increase / (decrease) in employee entitlements	370	477
Add / (less) movement in investing activities:		
net loss / (gain) on sale of fixed assets	(3)	(1)
increase / (decrease) in creditors relating to investing activities	48	159
Net cash flows from operating activities	1,779	4,855

Note 14 – Contingencies

Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Contingent liabilities

The FMA undertakes civil court action regularly. Should the FMA be unsuccessful in any case, costs could be awarded against it. Cost awards are at the court's discretion.

As at 30 June 2025 there was one civil claim against the FMA and the Crown before the courts. The matter is ongoing with damages being sought.

The probability of the outcome is uncertain at 30 June 2025, and any financial impact cannot be reasonably estimated (2024: \$nil).

Contingent assets

The FMA undertakes civil court action from time to time. Should the FMA be successful in any case, costs could be awarded to it. Cost awards are at the court's discretion.

The FMA may also seek pecuniary penalties. Any monies paid to the FMA by way of costs or penalties are returned to the Crown, after deduction of FMA's costs in bringing proceedings.

There were no contingent assets as at the balance date 30 June 2025 (2024: \$nil).

Note 15 — Events after the balance date

As at 30 June 2025, all financial reporting and funding arrangements for the litigation fund were managed under the existing litigation agreement.

A revised litigation funding agreement is currently being finalised and is intended to take effect from 1 July 2025. The new agreement is based on the existing framework and introduces a litigation reserve to ensure sufficient cash is available to support ongoing enforcement activities.

This is a non-adjusting event after the balance date and does not impact the financial statements for the year ended 30 June 2025.

Note 16 – Financial instruments

Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Actual 2025 \$000s	Actual 2024 \$000s
Financial liabilities measured at amortised cost		
Payables (excluding deferred revenue, taxes payable and grants received subject to conditions)	3,083	3,009
Total financial liabilities measured at amortised cost	3,083	3,009
Financial assets measured at amortised cost		
Cash and cash equivalents	11,720	10,772
Receivables	508	2,865
Investment - term deposits	6,000	8,000
Total financial assets measured at amortised cost	18,228	21,637

Financial instrument risks

The FMA's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The FMA has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure to those risks. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

The only market risk to which the FMA is subject is interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the FMA's exposure to interest rate risk arises from term investments only, and such investments are entered into for periods of less than one year, the exposure to such risk is limited.

Credit risk

Credit risk represents the risk that a third party will default on its obligations to the FMA, causing the FMA to incur a loss. Financial instruments that subject the FMA to credit risk consist of bank balances, bank term deposits, and trade and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Cash and deposits are held with Westpac New Zealand Limited, Bank of New Zealand Limited, ASB Bank Limited, and ANZ Bank New Zealand Limited. They are all registered banks in New Zealand and their credit ratings are:

	Standard & Poors
ANZ Bank New Zealand Limited	AA-
ASB Bank Limited	AA-
Bank of New Zealand	AA-
Westpac New Zealand Limited	AA-

The FMA does not require collateral or security to support financial instruments. Trade receivables mainly relate to receivables from the Government, which means that the associated credit risk is very low.

Liquidity risk

Liquidity risk represents the FMA's ability to meet its contractual obligations associated with financial liabilities.

The FMA mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

The FMA's creditors are mainly those reported as trade and other payables. The FMA aims to pay these within normal commercial terms as noted on creditors' invoices, if not earlier.

The FMA has cash and other short-term deposits that it can use to meet its ongoing payment obligations. In addition, the FMA has a \$400,000 credit card facility with Westpac.

Contractual maturity analysis of financial liabilities:

As the FMA's creditors are mainly those reported as trade and other payables, the FMA will pay these within six months of incurring the liability.

Note 17 – Capital management

The FMA's capital is its equity, which is comprised of accumulated funds and capital contribution. Equity is represented by net assets.

The FMA is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

The FMA manages its equity as a byproduct of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure that the FMA effectively achieves its objectives and purpose, while remaining a going concern.

Note 18 – Explanation of major variances against budget

Statement of Financial Performance

Summary

The 2024/25 full-year results show a net deficit of \$1.618 million, compared to a budgeted deficit of \$4.703 million. This favourable variance is primarily due to higher-than-expected revenue and permanent savings across several expenditure areas. These savings are primarily a result of our increased financial discipline, tighter cost controls, and careful reprioritisation of work across the organisation designed to ensure resources are focused on where they deliver the most value. The commitment to managing within our means, while improving efficiency and impact, will remain a central focus in the year ahead.

For more details, please see the explanation below.

a. Revenue

Revenue exceeded budget due to the following factors:

- **Litigation fund revenue** exceeded budget due to increased activity on the eligible litigation cases.
- **Other revenue** exceeded budget due to one-off cost recoveries from successful litigation cases that were not anticipated in the SPE, as well as a gain from the release of the make-good provision for the Britomart Level 6 lease. In addition, application fee income was higher than budgeted.

b. Expenditure

Expenditure was lower than budget overall, reflecting a combination of cost pressures and offsetting savings.

- **Personnel expenses** were below budget. While higher salary costs were incurred due to

lower staff turnover and fewer vacancies than expected, this was partially offset by:

- » underspend in Contractor staff, reflecting the capitalisation of CRM-related costs and lower spend in other projects,
- » lower recruitment cost due to a slowdown in new hires, and
- » a favourable movement in accrued leave, as staff took more leave than expected.

There was also a one-off overspend in transitional costs related to the recent organisational restructuring. Workforce planning was actively managed throughout the year, including vacancy controls and proactive leave management.

- **Depreciation and amortisation** were above budget, primarily due to the reassessment of the useful life of the CRM system (note 7).
- **Other operating expenditure** was below budget, largely due to disciplined cost control. Underspends were achieved across staff training, expert fees, travel, and staff engagement activities. In addition, a permanent rent adjustment was recognised during the year following the surrender of the Britomart Level 6 lease.
- **Litigation fund expenditure** exceeded budget, consistent with the increased volume of activity on eligible litigation cases during the year.

Statement of Financial Position

Assets

a. Cash and cash equivalents

The operating fund cash balance, including term deposits, was higher than budgeted. This reflects favourable net cash inflows driven by higher-than-expected revenue (including application fee income and unbudgeted litigation cost recoveries), alongside underspend across operational areas.

The litigation fund cash balance was lower than budget due to higher-than-expected litigation-related expenditure, consistent with the increased caseload during the year.

b. Receivables and prepayments

The balance of receivables and prepayments was higher than budget, mainly due to:

- A higher prepayment balance from the timing of annual software licensing commitments, which differed from original budget assumptions.
- A higher accounts receivable balance, driven by a court-ordered penalty that was issued in June and received in July.

c. Property, plant and equipment

The balance was lower than budget, mainly due to lower-than-expected spend on IT equipment.

d. Intangible assets

Intangible assets were higher than budget. This was primarily due to the reassessment of the useful life of the CRM system.

Liabilities

a. Creditors and other payables

The balance was higher than budget primarily due to the temporary holding of penalty income

and a higher-than-expected accounts payable balance resulting from increased vendor billing at year-end.

b. Lease liabilities

Lease liabilities were lower than budget. This was primarily due to a permanent rent adjustment following the surrender of Level 6 at the Britomart office.

Equity

Accumulated funds were higher than budget, primarily due to the lower-than-expected net deficit for 2024/25.

Statement of Cash Flows

a. Cash flows from operating activities were higher than budget, primarily due to:

- Higher operating revenue received during the year, including increased application fee income and unbudgeted litigation cost recoveries.
- Higher-than-expected litigation funding received, including some funding related to the prior year that was received at the start of FY25.
- Lower operating expenditure compared to budget, alongside the reclassification of eligible CRM cloud system costs to capital expenditure.

These favourable movements were partially offset by one-off transitional costs related to organisational restructuring.

b. Cash flows from investing activities were lower than budget.

This was primarily due to the reclassification of CRM cloud system development costs from operating expenditure to capital expenditure.

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