

30 May 2026

Hon Cameron Brewer
Minister of Commerce and Consumer Affairs
Parliament Buildings
WELLINGTON

Dear Minister,

FMA RESPONSE TO YOUR 2026/27 LETTER OF EXPECTATIONS

Thank you for your letter of 28 April 2026 setting out your expectations for the Financial Markets Authority (FMA) for the coming year.

We recognise the importance of our role in supporting economic growth by delivering proportionate, risk-based regulation that protects consumers as well as enabling innovation, growth and well-functioning financial markets.

The FMA Board will continue to maintain close oversight of key cost drivers to ensure public resources are used effectively and responsibly to deliver our statutory objectives.

Governance, accountability and performance

Maintaining public and market confidence in the FMA's governance and regulatory credibility is a core responsibility of the Board and we place a strong emphasis on accountability. In addition to a Board self-review, an external Board review is planned to test and strengthen our governance and performance arrangements. We will report these results to you.

Demonstrating the impact of our work is crucial to transparency and accountability. The FMA will work closely with your officials at MBIE over the coming year to refresh our Statement of Intent and ensure our performance measures and reporting closely align with our new strategic objectives. We anticipate our new Statement of Intent to be in place for FY 2027/28. In the meantime, our annual Financial Conduct Report, to be released in June, sets out to a wide range of stakeholders what we've delivered over the past year and what to expect from us in the year ahead.

Proportionate and risk-based regulation

The FMA has undertaken significant work with your predecessors to deliver proportionate and risk-based regulation, including building on the partly FMA funded Capital Markets 2029 report. More than 40 class exemptions and 100 individual exemptions are now in place to both support New Zealand's capital markets and ensure regulation is appropriate for individual firms.

The FMA's capital market work programme has enabled regulated entities to simplify disclosures and made debt buybacks easier to reduce compliance costs. In addition, we have worked with MBIE and the XRB to minimise the regulatory burden on firms who prepare climate statements in Australia. The FMA remains available to support MBIE, should there also be future policy considerations around auditor and director liability.

We welcome your positive feedback on progress to expand the regulatory sandbox initiative designed to support financial services innovation. Lessons learned from the sandbox are now embedded across our broader regulatory approach. Development of the on-ramp licence continues, supported by structured external stakeholder engagement to inform and strengthen its design. Engagement with the FinTech community is a priority to ensure the FMA can support economic growth and competition.

The FMA remains committed to working closely with domestic regulatory partners to minimise regulatory overlap, avoid unnecessary compliance costs, and contribute to a stronger and more productive economy. The Council of Financial Regulators is well placed to lead engagement with the sector, given its role in coordinating regulators. As co-chair, the FMA is committed to ensuring it clearly signals upcoming regulatory changes and keeps reforms aligned, prioritised, and well sequenced.

Implementing regulatory change

The FMA and Commerce Commission continue to work collaboratively leading up to the transition date of 1 July 2026 to ensure a smooth transition of the transfer of responsibilities under the Credit Contracts and Consumer Finance Act 2003. People, process, responsibilities, and market engagement is progressing at pace to ensure a successful transition. Industry engagement to support understanding and compliance around the implementation of the Contracts of Insurance Act 2024 is underway.

The Financial Markets Conduct Amendment Bill introduces a range of changes for the sector. Ahead of its enactment, we are focused on operational preparedness to apply proportionate oversight from the outset. This includes changes to introduce a single conduct licence to tackle unnecessary regulatory burden as well as FMA supported changes to the climate related disclosure regime.

Consistent with the Finance and Expenditure Committee's inquiry into banking competition, we continue to work with MBIE officials to understand the Government's approach to engaging with banks on transaction account fees and profitability.

Digital changes and lifting capability

We continue to monitor the latest trends including visible momentum in the development and adoption of artificial intelligence (AI) across the financial services sector. This includes payment and trading platforms rapidly adopting autonomous AI systems (agentic). The FMA is using sector insights from our discussion paper *Tokenisation in financial markets* to shape work on digital assets and future regulatory options. We are looking to improve near-term regulatory certainty for firms operating in this area, and to inform any potential future law reform.

To ensure the regulatory system keeps up with long-term changes, we continue with investment in our systems and internal capability to help respond to emerging risks and persistent challenges of scams and financial fraud. This supports growth and innovation, while avoiding unnecessary compliance costs.

Sector engagement and guidance

Clear communication and two-way dialogue with industry is essential to effective regulation. The FMA continues to deliver practical and accessible guidance to support compliance, lift capability

and strengthen understanding of regulatory expectations. Guidance will be practical and grounded in real-world application, enabling firms to understand how to comply. It will be well sign-posted to industry and tested before release. The FMA will use a range of tools to engage with the market following release, including roundtables, webinars, industry body events and speeches to ensure its guidance is well understood.

Reporting and ministerial engagement

The FMA Board maintains close oversight of the organisation against its strategic performance measures and expectations. In addition to the Statement of Performance Expectations for 2026/27, we will provide you with quarterly reporting within 20 working days of the end of a quarter.

General expectations and good governance

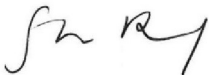
The FMA Board and Executive acknowledge the general expectations required as an Independent Crown Entity and remain committed to ensuring effective and high-performance governance.

Together with my fellow Board Members and the Executive we are committed to an effective working relationship with you, your office and MBIE officials. We will ensure active engagement with MBIE as part of our strategy setting process and preparation of key documents to ensure effective accountability.

The FMA remains committed to the ‘no surprises’ principle and will continue to keep you appropriately informed of any significant issues that may affect your portfolio responsibilities or attract public or media attention.

If you have any questions about this response, please do not hesitate to get in touch.

Yours sincerely,



Steven Bardy
Acting Board Chair