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Briefing for the incoming Minister of Commerce and Consumer Affairs

www.fma.govt.nz

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Executive summary

The Financial Markets Authority (FMA) is an independent Crown entity established in 2011 under the Financial Market Authority Act. We work towards growing public confidence in our financial markets and supporting the growth of New Zealand's capital base through effective regulation. As a risk-based conduct regulator, we focus our resources on conduct that poses the most significant risks to investors and the development of fair, efficient and transparent financial markets.

The FMA has responsibility for enforcing securities, financial reporting and company law that apply to financial services and securities markets. We also regulate securities exchanges, financial advisers, frontline regulators, KiwiSaver and superannuation schemes. Together with the Reserve Bank of New Zealand we are responsible for overseeing designated settlement systems.

In 2014 our mandate increased significantly with the introduction of the Financial Markets Conduct Act 2013 (FMC Act). The FMC Act expanded our regulatory mandate by bringing more businesses under the FMA's oversight, added new responsibilities and powers, and reformed how financial service providers interact with investors and consumers.

In February 2017, we confirmed our seven strategic priorities in our Strategic Risk Outlook (SRO), to respond to the risks and trends we identified and originally set out in 2015. Our 2017/18 Annual Corporate Plan, released in August, presents our work plan to address these priorities and provides greater transparency on our use of resources and areas of attention.

This briefing document flags upcoming activities likely to be of public interest, outlines current priorities, and provides an introduction to our regulatory approach and people.

Our key reference documents which we will provide you are listed below. These are also available on our website www.fma.govt.nz

2017-2020 FMA Statement of Intent

2017-18 FMA Statement of Performance Expectations

Strategic Risk Outlook 2017

Annual Corporate Plan 2017-18

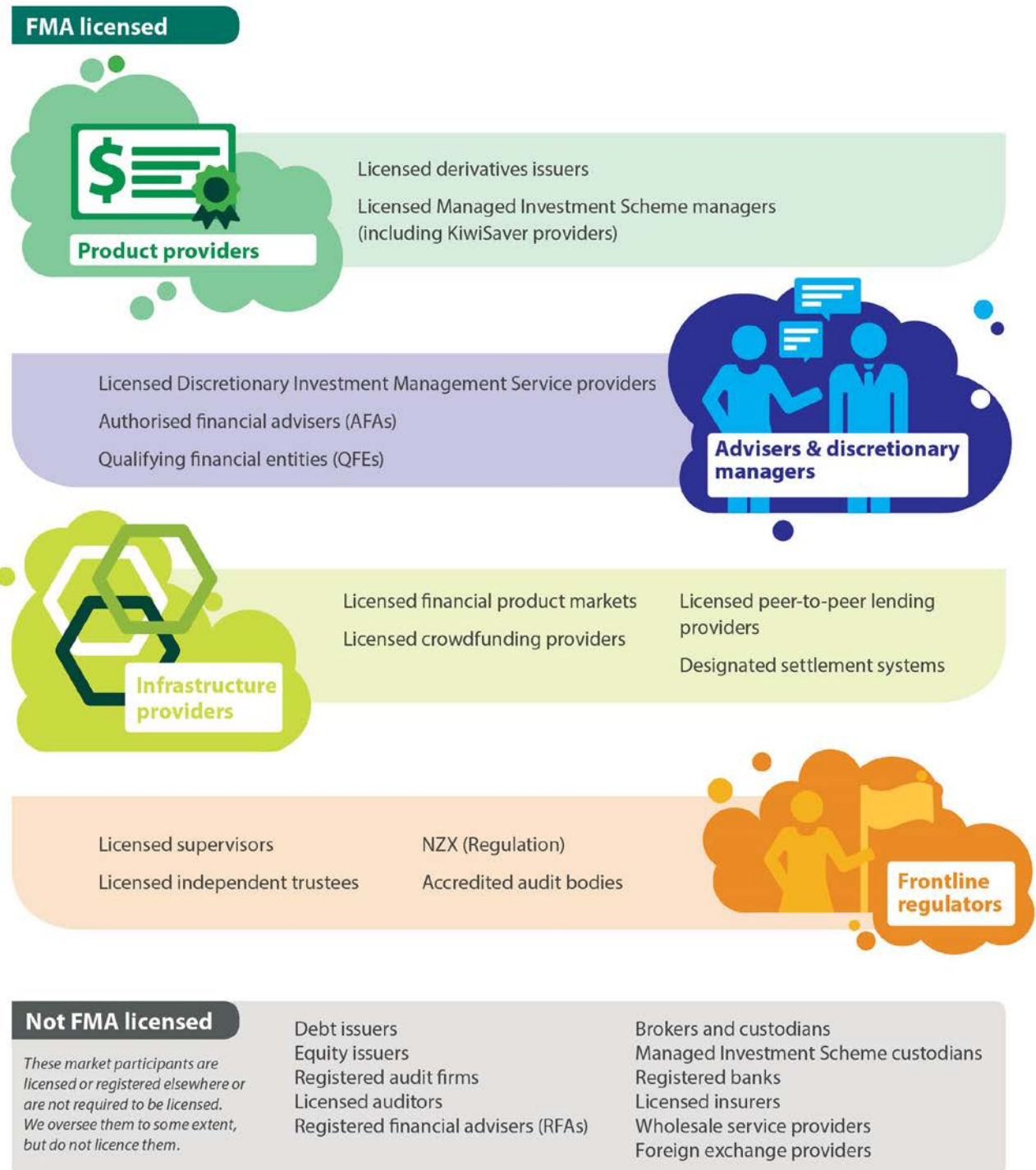
Annual Report 2016-2017

Section 1: About the FMA

Established	Financial Markets Authority Act 2011 (FMA Act)
Status	Independent Crown Entity
Purpose	<p>Our purpose under the FMA Act is to “promote and facilitate the development of fair, efficient and transparent financial markets”.</p> <p>Our role is to strengthen public confidence in New Zealand’s financial markets, promote innovation, and support the growth of New Zealand’s capital base by providing effective regulation.</p>
Key legislation	<p>Financial Markets Conduct Act 2013</p> <p>Financial Advisers Act 2008</p> <p>Anti-Money Laundering and Countering Financing of Terrorism Act 2009</p> <p>Financial Service Providers Act 2008</p> <p>KiwiSaver Act 2006</p> <p>Financial Markets Supervisors Act 2011</p> <p>Auditor Regulation Act 2011</p> <p>Financial Reporting Act 2013</p>
Annual budget	<p>\$38 million</p> <p>From 1 July 2017 the FMA’s total appropriation increased by \$9.8 million to \$38 million following our mandate expanding. This includes a \$2 million litigation fund. This increase is met by increased levies on financial market service providers. Levies now contribute about 70 per cent of our funding, up from 61 per cent.</p>
Office locations	<p>Auckland – Level 5, Ernst & Young Building, Britomart</p> <p>Wellington – Level 2, 1 Grey Street</p>
Staff	<p>We employ 169 people across Wellington and Auckland offices as at September 2017. Our workforce is 60 per cent female, and 70 per cent are Auckland-based. Staff numbers are expected to increase by 20 over 2017/18.</p>
Chair	Murray Jack (since 2015)
Chief Executive	Rob Everett (since 2014)

Who we regulate

This diagram outlines who we regulate and oversee within New Zealand's financial markets.



Our strategic priorities

Strategic priority	We want to see
 <p data-bbox="349 636 608 663">Governance and culture</p>	<p data-bbox="823 602 1461 701">Boards and senior management leading organisational culture and placing customer interests at the centre of their business strategies.</p>
 <p data-bbox="349 801 557 828">Conflicted conduct</p>	<p data-bbox="823 786 1362 848">Conflict management procedures designed to put customer interests first.</p>
 <p data-bbox="349 969 735 996">Capital market growth and integrity</p>	<p data-bbox="823 954 1445 1016">Resilient and dynamic capital markets with broad investor participation and sound infrastructure.</p>
 <p data-bbox="349 1137 620 1164">Investor decision-making</p>	<p data-bbox="823 1137 1337 1164">Capable, confident and well-informed investors.</p>
 <p data-bbox="349 1303 528 1330">Sales and advice</p>	<p data-bbox="823 1288 1442 1350">Sales and advice practices designed to meet the needs of customers.</p>
 <p data-bbox="349 1469 560 1496">Frontline regulators</p>	<p data-bbox="823 1453 1398 1516">Frontline regulators who contribute to well-regulated financial markets.</p>
 <p data-bbox="349 1637 700 1664">FMA effectiveness and efficiency</p>	<p data-bbox="823 1621 1390 1684">The FMA as an efficient and effective intelligence-led regulator.</p>

Section 2: Key recent and upcoming activity

Following is an overview of recent and upcoming FMA activity that may generate interest and discussion.

External communications

Timing	Activity
September	<ul style="list-style-type: none">• FMA Annual Corporate Plan 2017/18• FMA Annual Report 2016/17• Financial Service Providers Register report on FMA's action since it was given powers to review FSPR registration
October	<ul style="list-style-type: none">• IOSCO World Investor Week• KiwiSaver Annual Report 2017• Bank Bill Benchmark Rate (BKBM) and closing rate guidance on conduct and expected controls, along with an overview resource sheet• Robo-advice exemption – announcing our policy decision and response to consultation feedback on a proposed exemption to enable digital personalised financial advice• Commentary on cryptocurrencies, coin and token offers, as well as related investor capability guidance
November	<ul style="list-style-type: none">• Consultation on robo-advice exemption notice and application process• KiwiSaver information tool to compare fund fees and returns• Corporate Governance Handbook – consultation on update• First annual report on crowd funding and peer-to-peer regulatory returns• Fraud Awareness Week – 13-17 November• Updated Investor Capability Strategy
December	<ul style="list-style-type: none">• Audit Quality Review report – annual review of the systems, policies and procedures of registered audit firms and licensed auditors• Enhanced auditor reporting – assessment of new enhanced audit reports prepared with the External Reporting Board• Insurance Replacement report – review of outcomes and findings

Early 2018

- Conduct Outcomes Report 2017 – annual highlights of enforcement, supervision and preventative actions
 - FMA half-year report to the Minister
 - Thematic reports on insurance replacement business practices and remuneration
 - Results of our consumer research on product disclosure statements –reports on consumer ease of use and understanding of disclosure statements
-

Enforcement decisions and actions

We have a range of powers and remedies to respond to misconduct or potential harm with more immediacy and flexibility than litigation. Civil or criminal proceedings remain an option under our legislation and we have a substantial pipeline of enforcement work.

Key decisions and actions anticipated in the near term:

- Strategic decisions likely to be made in relation to Forestlands Limited [REDACTED] [REDACTED] [Withheld under section 6 (c) Official Information Act], release of \$18m funds in escrow, and the FMA's ongoing involvement (see below).
- [REDACTED] [REDACTED] [Withheld under section 6 (c) Official Information Act]
- Costs application brought by defendants in the Viaduct/Mutual prosecution (see below).

Enforcement matters recently in the media

- Criminal charges have been filed against company director Stephen Robertson in relation to PTT Limited and associated entities. Asset preservation orders in connection to Mr Robertson and PTT have been in place since 2015.
- Criminal charges laid against an individual, alleging insider trading in relation to shares of VMob Group Limited. The individual was formerly in a senior role in the company.
- Viaduct/Mutual was a complex finance company trial aborted in May 2017 after nine months. One defendant had already pleaded guilty. The Crown has decided to proceed to a retrial and significantly refined its approach.
- The Mark Warminger case was the first contested market manipulation case in New Zealand. The High Court found two instances of market manipulation, and imposed a \$400,000 penalty and an automatic five-year management ban.
- Eroad was New Zealand's first insider trading prosecution. One defendant pleaded guilty and was sentenced, while the other will face a jury trial in March 2018.
- We brought civil proceedings against Prince and Partners Trustee Company as trustee of Viaduct Capital Limited. In August this was settled for \$4.5million with the trustee admitting that it failed in its duties.
- The sole director of Forestlands Ltd (a forestry scheme) sold 18 forests in October 2016 for \$23.5 million. In response to complaints from investors in relation to the company's engagement with investors and the lack of a distribution methodology across the various schemes, we secured \$18 million of the sale proceeds in trust for investors, and have requested a distribution plan from the director. Aspects of this matter were also referred to the Serious Fraud Office.

Section 3: Current priorities

Financial advice reforms

Scope of work

We have contributed to the review of the Financial Advisers Act and worked closely with MBIE on the Financial Services Legislation Amendment Bill introduced to Parliament in August. The Bill proposes major structural changes to financial advice regulation, aimed at improving access to quality financial advice.

These changes are significant for the FMA. The new regime will significantly increase the number of financial advisers regulated by the FMA, with all advice subject to minimum standards that require monitoring. We estimate we will need to license several thousand advice firms and advisers.

Our preparation includes designing and introducing a new fit-for-purpose licensing process for financial advice providers, and developing a framework for ongoing monitoring. We will also invest in enhancing our technology to enable the new licensing process and manage the volumes, as well as with building a new interface with the Companies Office's new Financial Service Provider Register platform.

We have established a project team to plan for and work on the implementation of the new regime, which is a significant challenge and strategically important for the FMA.

How these changes will be funded

We intend to recover the cost of licensing through licence application fees, as we do currently for the advice sector and other licensed populations. We also need additional funding to meet the cost of implementing an entirely new licensing regime, system integration with the Financial Service Providers Register and ongoing monitoring of financial advisers and financial advice providers.

We will work with MBIE on our funding requirements and provide you with advice, including an analysis of costs required that were not provided for in the FMA's recent funding increase. That funding expressly excluded any provision to implement and/or operate the new financial advice regime, as the new policy settings and requirements had not been established at the time.

Investor capability

It is vital that we work with both investors and market participants to create an environment and standards of conduct in which investors can have confidence. Before the end of the year we will release our refreshed Investor Capability Strategy, which was first published in 2015. The strategy serves to:

- highlight investor decision-making as one of the FMA's strategic priorities. Capable, confident and well-informed investors are an essential part of healthy financial markets.
- define our role in supporting investor capability. We work closely with other Government agencies, the financial service sector and providers, and community organisations to build investor capability and contribute to the National Strategy for Financial Capability.

Our communications to investors support our regulatory focus. For example:

- We monitor complaints and issue timely warnings and links to resources on 'perimeter' products such as binary options and FX trading.

- We develop resources on more complex products we regulate, such as hybrid bonds and property syndicates, and on topics such as the rules around getting financial advice.
- In collaboration with other agencies we provide content for a range of channels to promote our regulatory messages.

Importantly, we also focus on influencing how industry engages with investors. International evaluation studies show consumer protection, regulation and supervision are critical to improving the core financial capabilities of choosing and using financial products and making informed decisions capabilities.

Activity in the near term includes:

- working with issuers to ensure high-quality disclosure and testing how investors use information
- using behavioural insights trials to improve KiwiSaver providers' engagement with members and increasing pressure on default providers to help members make active choices
- providing investor decision-making research to Government to help inform policy change – for example, research on KiwiSaver statements
- supporting MBIE's Fraud Awareness Week by publishing an additional fraud case study and promoting our scam awareness resources through media and targeted social media
- developing resources to help investors understand KiwiSaver statement changes, which include publication of fees in dollar terms and introducing projections.

Supporting innovation in financial markets

One of the purposes of the FMC Act is “to promote innovation and flexibility in financial markets”.

Our [Strategic Risk Outlook](#) identified that regulating for rapid technological innovation presents both opportunities and challenges.

The FMA's objective is to enable innovation, rather than trying to make new products fit into existing requirements. There is scope to do this through regulatory tools such as exemptions, and ensuring financial market law reforms are technology-neutral. We also work with businesses to ensure any risks are mitigated so they are not passed on to investors in ways they don't understand.

Our approach

We have established an internal Innovation Strategy Group to lead our thinking, as well as internal and cross-Government coordination, and external engagement on innovation-related issues.

We are collaborating with other Government agencies and closely watching international developments. We are also actively working with the sector (including the KiwiBank fintech accelerator programme) and looking to engage with new ventures early in the product development process.

Our regulatory settings, size and approach are flexible enough to accommodate novel products and services without creating an artificial environment such as the regulatory 'sandbox' approach taken in some jurisdictions. However we will keep this approach under review as we share insights from jurisdictions that have implemented a sandbox.

Current work

On 18 October the FMA announced its decision to grant an exemption under the current financial advice regime to enable personalised robo-advice (also known as online or digital advice). Strong support for the exemption was expressed in consultation. Further consultation will be undertaken in November on the detail of the application process and exemption notice. Providers will need to apply to the FMA to rely on the exemption, which is expected to be available early in 2018.

The FMA has also recently published commentary on initial coin offers (ICOs) and cryptocurrency services, alongside related online resources for investors. These provide the FMA's view on the regulatory obligations on offerors of ICOs and cryptocurrency services providers under financial market legislation. We encourage providers and developers to talk to us early about services they plan to offer. Our online resources for investors highlight that they must understand the risks involved with cryptocurrencies and associated services before they invest.

Financial Sector Assessment Program (FSAP) review

What the FSAP covered

In 2016 the International Monetary Fund (IMF) conducted a review of New Zealand's financial system, known as a Financial Sector Assessment Program. This review also involved RBNZ, Treasury and MBIE, and covered:

- banking and insurance oversight
- securities regulation (with a focus on managed investment schemes)
- crisis management
- financial market infrastructures.

FSAP reviews identify any potential vulnerability within a country's financial sector, test aspects of the regulatory framework and assess the ability of the financial sector to contribute to economic growth and development. While this review covered only parts of the FMA's remit, we think it is an important external accountability mechanism.

2016 FSAP results

The IMF released its reports in May 2017. They recognised the significant improvements that have been made in securities regulation since the last FSAP review in 2003/04. This validates the significant work invested in these reforms by the FMA, MBIE and market participants over the last decade.

The IMF also made recommendations for further enhancements to the New Zealand regime. These address a number of areas, including:

- frontline supervisors
- custodians
- the wholesale asset management sector
- conduct oversight of the insurance industry.

Our response

We have a work programme to consider and respond to the IMF's recommendations. A number of thematic reviews are being undertaken to gain a deeper understanding of the areas identified. We will discuss findings and possible options with you and MBIE. These may include decisions on some legislative change. The Council of Financial Regulators (CoFR) is coordinating a cross-agency work programme. CoFR will update you and the Minister of Finance quarterly on progress against this work programme, as well as providing reports to the Economic Growth and Infrastructure cabinet committee every six months. The first quarterly report will be provided following this BIM.

Embedding good conduct

The new FMC Act framework has conduct of financial service providers at its core and provides the foundation for the transformation of financial services. With the implementation now complete, our priority is embedding high standards of conduct that place investors' interests at the centre of service providers' business models.

The FMC Act was designed to be both flexible and modern, to accommodate all sizes of business and new forms of services. Firms licensed under the Act range from some of New Zealand's largest corporates, to SMEs in the fintech sector like equity crowd funding platforms and peer-to-peer lenders, and sole trading businesses such as independent trustees.

Maintaining the market integrity that will support investor confidence is a joint responsibility between regulators and service providers, so our focus on conduct within the industry and how investors are treated is at the heart of our mission.

The FMA is working with financial service providers to ensure licensed firms meet their ongoing obligations and licence conditions. We will continue to provide guidance and clarity on our expectations for providers. This focus on conduct is the new normal and has required significant engagement with the sector and a shift in the culture and behaviour of some market participants.

Capital markets

Capital market growth and integrity are central to our remit. Incidents of insider trading, market manipulation and unethical trading undermine investor confidence in capital markets even on a small scale. Our [Annual Corporate Plan](#) includes activities focused on raising standards of conduct, including:

- engagement with fund managers on trading conduct, using lessons from a recent market manipulation court case
- publishing a report on controls and conduct expectations related to New Zealand's Bank Bill benchmark system
- developing our understanding of the wholesale market framework and working with RBNZ on a revised regime for financial market infrastructures.

KiwiSaver

The way KiwiSaver scheme providers behave has a significant impact on KiwiSaver members' experience of the financial service sector and their retirement saving outcomes.

We have responsibilities under the KiwiSaver Act, our supervision framework, our investor capability role, and the Default Provider Panel. The scope of our KiwiSaver work influences providers, investors, infrastructure, and partner agencies. We refreshed our KiwiSaver strategy this year, based on engagement with providers, our SRO, and lessons taken from completed work.

Particular areas of attention for KiwiSaver are:

- sales and advice conduct
- fee transparency and reasonableness
- default providers' provision of information to enable active fund choices
raising investor awareness of the issues impacting their KiwiSaver outcomes.

Financial Service Providers Register (FSPR)

The FMA continues to have concerns about the misuse of the FSPR. In September we published a report outlining the issues we have encountered and action taken to remove from the FSPR businesses and individuals who are not providing financial services from New Zealand and therefore should not be on the register. We continue to receive complaints about entities registered on the FSPR falsely portraying themselves as being regulated in New Zealand when they are not.

The FMA has provided advice to MBIE on changes to the FSPR to reduce misuse, as part of its review of the Financial Services Providers Act. We will continue to provide advice and feedback to MBIE on its regulatory reforms aimed at reducing misuse of the register.

Section 4: Our planning cycle



The [corporate publications](#) shown above are available on our website.

Strategic Risk Outlook

Our [Strategic Risk Outlook](#) (SRO) identifies and prioritises the key risks to our objective of fair, efficient and transparent financial markets. The SRO outlines the seven strategic priorities we identified to address the main risks and potential harms to financial markets. It also contains developing themes and the underlying drivers of risk in the market. We review this publication each year to ensure it adequately captures what we see as the main risks (and drivers of risk) to our objectives, and outlines our current responses to these risks.

Annual Corporate Plan 2017-18

We recently published our first [Annual Corporate Plan](#) in response to public consultation on our funding increase and resulting commitment to greater transparency of how (and why) we allocate our resources.

The plan outlines our objectives and activities for the year under each of our seven strategic priorities, and sets out the outcomes we seek to achieve, sectors impacted and future focus areas. Performance indicators are also included to measure our success against our Statement of Intent and Statement of Performance Expectations.

We have called out several milestones in the plan that will contribute to meeting our objectives. A number of thematic reviews are outlined, signalling to the market key areas of focus for our work.

Section 5: Our regulatory approach

We take a risk-based approach to addressing the gap between our mandate and the resources available to us. This regulatory approach is guided by five elements:

Being risk-based

This focuses our attention on identifying and responding to the most important harms, and developing methods for influencing conduct that is potentially harmful but not illegal.

In applying this approach we are guided by:

- our strategic priorities, which are identified annually and agreed between the FMA Board and FMA management
- the FMA's Regulatory Response Guidelines, which highlight that our focus is first and foremost on education, guidance and lifting standards of compliance and conduct
- available intelligence.

Being intelligence-led

An intelligence-led approach prioritises information capture, analysis and use into business processes, supported by clear expectations and systems.

As part of the 2016 funding review we received \$2.25 million to invest in data analytics and technical systems to improve our capability as an intelligence-led regulator.

The funding increase also enables us to recruit staff and provide training to support frontline activities, so we can focus on identifying and preventing harms before they occur.

Applying a 'harm lens'

Before we intervene to minimise potential risks or harm, we consider:

- the impact
- the likelihood of harm
- the level of financial capability of those impacted
- our role – if we have the mandate, if we can have an impact, and the likely costs.

The seven strategic priorities identified to address the main risks to financial markets are shown on page 7.

Applying a 'conduct lens'

When we interact with regulated businesses and individuals, we apply a 'conduct lens' to any issues we identify.

We have developed a guide to good conduct that outlines the behaviour we expect to see from financial service providers. It covers five areas, describing how we expect financial service providers to treat their customers.

Working collaboratively

We strive to be proactive and approachable, and to engage with the wider financial sector. This helps us to tailor our regulation to New Zealand's specific features, and gain insights to inform our decision-making process.

We have MOUs with a range of other New Zealand financial regulators and agencies to support cooperation and information sharing. In addition the FMA has bilateral MOUs with 14 countries.

Auditor oversight

We oversee registered audit firms in their performance of financial statement audits of FMC Act reporting entities. The majority of audits are performed by large audit firms that are part of an international network. To ensure we are internationally aligned, we are a member of the International Forum of Independent Audit Regulators (IFIAR). We also work closely with the Australian Security and Investments Commission (ASIC) as part of the Trans-Tasman Mutual Recognition.

Council of Financial Regulators

The FMA is a founding member of the Council of Financial Regulators (CoFR) together with the RBNZ, MBIE and Treasury. CoFR provides a forum to review financial market risks and issues, and share information on agencies' strategic priorities. The council comprises of senior leadership from each agency and meets quarterly.

CoFR members are all party to the Regulatory Charter for the financial markets regulatory system. The purpose of the charter is to promote good regulatory stewardship and set expectations for performance and quality of the financial markets regulatory system. The charter recognises the importance of working together to ensure a strong and efficient system to support the performance of the New Zealand economy.

IOSCO

The FMA is also a member of the International Organization of Securities Commissions (IOSCO). IOSCO is recognised as the global standard setter for the regulation of the securities sector. Its membership regulates more than 95 per cent of the world's securities markets. The FMA is represented on three of the main working committees, and the Asia Pacific Regional Committee, which reports to the IOSCO Board.

Section 6: Governance and leadership

FMA Board

Murray Jack, Chair

Murray has over 30 years' experience as a management consultant, having been both Chief Executive and Chair at Deloitte. He was previously a member of the Securities Commission. He is also Chair of Chartered Accountants Australia & New Zealand and Education Payroll Limited.

Current term expires April 2019.

Arthur Grimes

Arthur is Senior Fellow with Motu Economic and Public Policy Research Trust, Adjunct Professor (Economics) at Victoria University of Wellington, and Chair of the Hugo Group strategy sessions. He was previously Southpac CEO and Chair of the Reserve Bank.

Retiring from the board 30 November 2017

Mary Holm

Mary is a financial columnist, author and seminar presenter. She was a member of the Capital Markets Development Taskforce and the Savings Working Group, and has been a newspaper business editor and part-time senior lecturer at the University of Auckland.

Current term expires June 2019.

Elizabeth Longworth

Elizabeth was the former Executive Director of UNESCO in Paris, and Director of the UN office for disaster risk reduction in Geneva. Other previous roles include Sector Director at Industry New Zealand and in-house counsel at the Reserve Bank.

Current term expires June 2020.

Ainsley McLaren

Ainsley is Executive Director of Harbour Asset Management, a board member of the Government Superannuation Fund Authority. She has more than 25 years' broad financial services experience including investment management, fixed interest and financial markets. She was previously Head of Investment Management for ASB Group Investments Limited.

Current term expires June 2021.

William Stevens

William has over 25 years' experience as an investment adviser. He is an NZX adviser, Director of Craigs Investment Partners, and chairs the Dingwall Trust for Children. He was previously Deputy Chair of the New Zealand Markets Disciplinary Tribunal.

Current term expires June 2020.

Vanessa Stoddart

Vanessa is also a Director of NZ Refinery, The Warehouse Group, Heartland Bank and The Alliance Group, and a member of the Tertiary Education Commission. She was previously a senior executive at Air New Zealand and CEO of Carter Holt Harvey Packaging Australia.

Current term expires June 2021.

Campbell Stuart

Campbell has 25 years' experience in stockbroking and funds management. He is also a Director of Aspiring Asset Management. He was previously Managing Principal at UBS New Zealand, was on the NZX Disciplinary Committee, and was Vice Chair of NZX.

Current term expires June 2018

Mark Todd

Mark has over 20 years' experience in financial markets regulation, and has held governance roles with both listed and unlisted companies. He co-founded Anti-Money Laundering Solutions, chairs Mint Asset Management and is a Director of Westpac Life.

Current term expires June 2020.

Carol Cheng – Board observer

Carol joined the Board from 1 September 2017 for a term of 12 months as part of the Institute of Directors 'Future Directors' programme.

Executive committee

Rob Everett, Chief Executive

Rob spent the bulk of his career at US investment bank Merrill Lynch in senior roles in London, New York and Hong Kong and took up his role as Chief Executive in February 2014.

John Botica, Director of Market Engagement

John leads the FMA's market engagement activities with a focus on FMA readiness and implementation of financial adviser reforms.

Brad Edley, Chief Operating Officer

Brad leads the FMA's corporate services team, which includes the strategic and day-to-day functions of our finance, facilities, technology and project management functions.

Sarah Feehan, Acting Director of People and Capability

Sarah has interim responsibility for recruitment, employment relations, learning and development, and organisational culture.

Paul Gregory, Director of External Communications and Investor Capability

Paul leads the strategic management of our communications and investor capability team.

Nick Kynoch, General Counsel

As well as advising the FMA Executive and Board, Nick leads our enforcement and litigation, policy and governance, corporate legal and internal audit teams.

Liam Mason, Director of Regulation

Liam leads licensing and supervision, and is also responsible for the FMA's compliance frameworks, contact centre, and intelligence functions.

Simone Robbers, Director of Strategy and Risk

Simone oversees our regulatory strategy, strategic and operational risk management, corporate governance work, and Government and industry relations.

Garth Stanish, Director of Capital Markets

Garth's team oversees primary and secondary markets, continuous disclosure, market infrastructure, intermediary platforms, clearing providers and auditors.

About New Zealand's financial markets

Funds under management	\$146 billion at June 2017
KiwiSaver assets under management	\$40.7 billion at March 2017
KiwiSaver members	2.72 million at March 2017
Number of listed securities	304 at June 2017
NZX combined equity market capitalisation	\$124 billion (47% of GDP)
NZX monthly trade value	\$3.6 billion in June 2017
Regulated offers to investors in 2016/17	246
Value of funds raised same-class offers in 2016/17	\$4.52 billion

Section 7: Legislation

We regulate conduct across New Zealand's financial markets and administer and/or oversee several statutes. The Financial Markets Conduct Act (FMC Act) is the most extensive, setting the ground rules for financial services and capital markets, and providing tools to support market activity and protect market integrity.

FMC Act

Among other things, the FMC Act governs:

- offers of financial products
 - directors' responsibilities in making public offers for financial products
 - mandatory disclosure to investors for offers of financial products
 - on-market dealing, including on the public exchange
 - financial reporting
 - licensing of firms and professionals.
-

We oversee the following legislation (and any enactments made under this legislation)

- Auditor Regulation Act 2011
 - Financial Advisers Act 2008
 - Financial Markets Supervisors Act 2011
 - Financial Service Providers (Registration and Dispute Resolution) Act 2008
 - Part 4 and Schedule 1 of the KiwiSaver Act 2006
 - Sections 45U and 45V of the Public Finance Act 1989
-

We also have powers, monitor compliance, investigate and enforce conduct that may constitute a contravention of other legislation, where it applies to financial market firms and individuals.

- Anti-Money Laundering and Countering Financing of Terrorism Act 2009
 - Building Societies Act 1965
 - Companies Act 1993
 - Co-operative Companies Act 1996
 - Corporations (Investigation and Management) Act 1989
 - Sections 220, 228, 229, 240, 242, and 256 to 260 of the Crimes Act 1961
 - Financial Reporting Act 2013
 - Friendly Societies and Credit Unions Act 1982
 - Industrial and Provident Societies Act 1908
 - Limited Partnerships Act 2008
 - Part 5C of the Reserve Bank of New Zealand Act 1989
 - Secret Commissions Act 1910
 - Trustee Companies Act 1967
 - Trustee Companies Management Act 1975
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Glossary of terms

Bank Bill Benchmark Rate (BKBM)	BKBM is the main interest rate benchmark in New Zealand. It is designed to reflect the supply and demand for Bank Bills and is used by market participants to calculate the amounts payable under various financial instruments.
CoFR	Council of Financial Regulators. Members are the FMA, Reserve Bank of New Zealand, MBIE and the Treasury.
Designated Settlement Systems	Approved systems or arrangements for payment and settlement of transactions. There are two designated settlement systems that the FMA is jointly responsible for with RBNZ. NZClear is the securities settlement systems and control securities depository. NZ Clearing and Depository Corporation Limited (NZCDC) clears and settles all New Zealand stock exchange transactions
Fintech	Financial technology. New technology and innovation that aims to compete with traditional financial service delivery methods.
FSPR	Financial Service Providers Register. A searchable, online public register of entities and individuals in New Zealand who provide financial services. The register is run by the Companies Office.
IOSCO	International Organization of Securities Commissions. An association of organisations that regulate the world's securities and futures markets, typically the main financial regulator from each country
Regulatory sandbox	Regulatory sandboxes allow selected businesses to operate outside of some regulatory obligations for a fixed period of time. They have been established in some jurisdictions for fintech businesses and products, to provide an initial lighter-touch regulatory environment.
Robo-advice	Also known as 'digital advice' or 'automated advice', robo-advice is financial advice generated by algorithms without the direct involvement of a human adviser. The usual channel for the delivery of robo-advice is through a provider's website, but it can also be delivered through other digital channels such as mobile apps. Robo-advice providers range from new fintech start-ups to large existing financial institutions.
SRO	Strategic Risk Outlook – the FMA's medium-term view of the root causes of risks to fair, efficient and transparent financial markets.