



FINANCIAL MARKETS AUTHORITY
TE MANA TĀTAI HOKOHOKO - NEW ZEALAND

FINANCIAL MARKETS
AUTHORITY

2020

SNAPSHOT

Information relates to the FMA's annual report for the year ended 30 June 2020. Read the full report at fma.govt.nz

Funds under the microscope

In 2020 we looked into the following areas of KiwiSaver to make sure Kiwis are getting a fair deal:



Are investments true to label?



Are Kiwis getting value for money?



Active and passive investment strategy and how this relates to fees

Financial Action Taskforce mutual evaluation (FATF)

This year FATF tested the effectiveness of New Zealand's Anti Money Laundering/Countering Finance of Terrorism compliance regime. The outcome of the 18-month review has been delayed by COVID-19.

Enforcing the law

The FMA is responsible for enforcing financial markets law. The following highlights cover some of the outcomes from enforcement activity in the past year.



Eight Financial Service Provider Registration reviews



One prison sentence



Four sets of proceedings launched in the High Court



One private censure (FMC Act)



Convictions in two cases



Successful application for Interim liquidators



Two enforceable undertakings



10 formal Anti-Money Laundering warnings



One payment in lieu of penalty



One suspension of a market participant



Issued one stop order to prevent a company from offering or accepting money for financial products



One cancellation of authorisation as a financial adviser



Two referrals to NZICA, the audit oversight body, relating to audit conduct

Influencing market conduct

The FMA influences market conduct in a number of ways, including engagement with and monitoring of industry. During the year, we talked to thousands of financial advisers through our engagement programme. We published a number of reports and guidance outlining our expectations on industry conduct, including the Good Practice Guide on Liquidity for Managed Funds, Thematic Review of Managed Investment Scheme Custody Arrangements and Cyber-resilience in FMA-regulated financial services.



Increasing New Zealanders' access to quality financial advice

The introduction of new regulation of financial advice brings new standards of professionalism that inspire confidence and build trust. The new regime introduces licensing of providers starting from March 2021. The FMA will receive additional funding to manage this regime. In 2020 we launched transitional licensing and designed the full licensing programme.

Helping people understand KiwiSaver

2020 was the first time many investors had seen a drop in their KiwiSaver balances, due to COVID-19 volatility. We published information to help people understand market volatility and 'stay the course' to avoid locking in losses.

This year was also the first time retirement projections appeared on annual statements. We ran a campaign to encourage Kiwis to 'take a looksee' at their KiwiSaver statements to see how much they'd have at retirement.

KiwiSaver
looksee



Promoting te reo Māori

In collaboration with the Institute of Directors, we released *Ngā mea waiwai o te tūranga whakataka*, a te reo Māori translation of our guide 'The Essentials of being a Director'.

Responding to COVID-19

COVID-19 impacted all of us in 2020, and financial markets were no exception. We:

- Worked with other government agencies and the Council of Financial Regulators to coordinate our COVID-19 response
- Eased the regulatory burden where possible while still ensuring protection for investors
- Wrote to the chief executives of licensed firms and insurers setting out our conduct expectations in response to COVID-19
- Provided guidance to providers and consumers on KiwiSaver Significant Financial Hardship withdrawal
- Ensured market participants were set up to respond to the crisis
- Issued guidance on financial reporting and auditing during COVID-19
- Responded to potential frauds and scams seeking to exploit the pandemic
- Set out our expectations for how entities should respond to vulnerable customers.



Protecting New Zealanders

In 2020 we:

Developed an information sheet for entities dealing with **vulnerable customers**

Published **83** warnings and alerts

Ran campaigns to warn against **scams** in Pacific and Chinese communities

Continuing to do our job well

A PWC Effectiveness and Efficiency Review concluded the FMA is a 'high performing organisation'. In 2020, the Government confirmed additional funding, which will be an increase of

\$24.8m over 3 years

For more information on the FMA and our 2020 activities, see fma.govt.nz