



Craig Stobo  
Chair  
Financial Markets Authority  
PO Box 1179  
Wellington 6140  
Email: [Craig.Stobo@fma.govt.nz](mailto:Craig.Stobo@fma.govt.nz)

Dear Craig,

## **ANNUAL LETTER OF EXPECTATIONS FOR 2025/26**

I am writing to convey my strategic and performance expectations for the Financial Markets Authority 2025/26 financial year.

### **Contributing to Government priorities**

The National/ACT/New Zealand First Coalition Government (the Government) agreed a policy programme of work for this term which will contribute to the Government's overarching aim to improve outcomes for all New Zealanders.

This year, the Government's top priority is going for the growth we need to lift incomes, strengthen local businesses and create opportunity. We are focused both on changes we can make now to grow the economy, while also driving through the fundamental changes that are needed to address some of New Zealand's long-standing productivity challenges. In particular, we are focused on the policy, regulatory, tax and investment conditions that support growth.

In 2025, we will work towards a better deal for New Zealand consumers by making financial services more accessible, fairer, and affordable, while enhancing competition to provide greater choice and bring down costs. This year we will simplify financial services laws to improve access to credit, streamline the Conduct of Financial Institutions regime, and enhance dispute resolution services. We will also modernise governance and competition laws, remove barriers to company listings, and strengthen protections against financial scams. The Government will also pass legislation to enable data sharing in sectors like banking and energy, fostering competition and delivering better options for consumers.

### **My priorities**

I would like to acknowledge the continued hard work of the FMA throughout the previous year. The FMA plays an important role in promoting and facilitating the development of efficient and transparent financial markets and the confident and informed participation of businesses, investors and consumers in financial markets.

My priorities for this year in the financial sector are focused on:

- Continuing to deliver reforms to simplify the financial services regulatory settings and remove unnecessary compliance; and
- streamlining capital market settings to encourage investment in infrastructure and productive businesses.

### **Specific expectations for the FMA:**

During 2025/26, my specific expectations are that the FMA will:

- Ensure the smooth transfer of the Credit Contract and Consumer Finance Act functions from the Commerce Commission to the FMA.
- Fully utilise the Financial Markets (Conduct of Institutions) Amendment Act 2022 (CoFI) regime to support the development of fair, efficient and transparent markets and positive consumer outcomes.
- Engage with industry at appropriately senior levels in developing and fostering uptake of any guidance and to support them in establishing their new responsibilities under the CoFI regime, including setting proportionate expectations for smaller institutions under CoFI.
- Engage with industry for the smooth commencement of the Contracts of Insurance Act 2024.
- Continue to proactively engage across government and industry to address the issue of scams and fraud.
- Work to support efforts to strengthen New Zealand's capital markets, given their key role to support investment, innovation and growth of New Zealand businesses.
- Demonstrate strict fiscal management and value for money across all appropriations through identifying cost efficiencies in operational and litigation funds.
- Be an active regulator by utilising its full regulatory toolkit to achieve real impacts across the financial markets regulatory landscape.
- Boldly enforce breaches of financial markets regulation to prevent consumer harm and promote confident participation in financial markets.
- Work to lift the level of governance and risk management in the financial sector.
- Anticipate and effectively respond to emerging strategic issues across the financial markets conduct regulatory system, including sustainable finance, the digitalisation of financial services, and digital assets (including cryptocurrencies).

### **General expectations for the FMA:**

Continuing from my specific expectations above, I also generally expect the FMA to:

- Work with the Reserve Bank of New Zealand to coordinate and collaborate on matters of interest to both regulators where appropriate, including working together in a coherent way to reduce duplication in reporting requirements.
- Continue to provide resource and effective leadership on issues that require cross-agency involvement as Co-Chair of the Council of Financial Regulators.
- Avoid unnecessary compliance costs including by:
  - taking a proportionate and risk-based approach to regulation;
  - ensuring that market participants have a clear understanding of their legal obligations, and the distinction between legal obligations and guidance, and that regulatory expectations set by the FMA are properly founded in the law;
  - streamline the FMA's conduct licensing requirements, including standard conditions and regulatory returns, to reduce complexity and duplication Work with MBIE to support my work programme as outlined above.
- Promote innovation and flexibility in financial markets including by:

- actively supporting the development of financial markets to promote growth and enabling innovative new businesses to grow;
  - Supporting innovative entry into markets with approaches like regulatory sandboxes.
- Work with MBIE to strengthen the strategic governance of the financial markets conduct regulatory system.
- Maintain a strong organisational capability with a focus on delivery.
- Ensure that recently acquired regulatory functions are well established within the organisation with clear direction and appropriate resourcing.

### **Preparation of accountability documents and performance measures**

The Crown Entities Act 2004 mandates the requirements for the accountability documents of Crown entities.

Please ensure that the FMA prepare a draft Statement of Performance Expectations for my consideration by 1 May 2025.

In line with the Government's expectation of demonstrating accountability for public money, I expect that you will include sufficient performance measures in your statutory accountability documents to demonstrate, and enable measurement of, the outcomes that will be achieved with the funding the FMA receives. Further information regarding governance expectations is set out in the **Annex** to this letter.

### **Response**

I would appreciate your response to this letter by 1 June 2025, outlining how you propose to address the expectations above.

I look forward to building an effective working relationship with you over the coming year.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'SAS', with a long horizontal flourish extending to the right.

Hon Scott Simpson  
**Minister of Commerce and Consumer Affairs**

Copy to: Samantha Barrass  
Chief Executive, Financial Markets Authority

Andrew Hume  
General Manager, Commerce, Consumer and Business, MBIE

## **Annex 1: General expectations and good governance**

### *Effective leadership*

Ensuring the senior leadership team is, and remains, high performing is essential. To assist with this, I expect the leadership to address opportunities for improvement, including strategic focus/planning, organisational capability, staff turnover, organisational dynamics, and succession. I expect an efficient use of government resources when performing FMA functions. I look forward to hearing how the organisation progresses against these goals.

### *Effective monitoring of entity performance and relationship with the MBIE*

In addition to setting and driving a strategy that delivers on the Government's priorities, your senior leadership is the most important monitor of entity performance. I expect the senior leadership to provide me with high quality information and analysis (including through regular reporting to my officials at MBIE and in meetings with me) on the FMA's ongoing performance against its strategic and operational plans, implications for future performance, and risks and opportunities facing the FMA and how it is responding to them.

I also expect you to continue the constructive relationship you have developed with your monitor at MBIE.

### *No surprises*

The Government has a 'no surprises' policy. No surprises means that the Government expects the senior leadership team to:

- be aware of any possible implications of their decisions and actions for wider government policy issues;
- advise the responsible Minister of important initiatives and issues that may be of significance in their portfolio areas, controversial or discussed in the public arena or require a ministerial response, preferably ahead of time or otherwise as soon as possible; and
- inform the Minister in advance of any major strategic initiatives.