**COVERSHEET**

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<th>Minister</th>
<th>Hon Kris Faafoi</th>
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<td><strong>Title of Cabinet paper</strong></td>
<td>Financial Markets (Conduct of Institutions) Amendment Bill: Approval for Introduction</td>
<td><strong>Date to be published</strong></td>
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**List of documents that have been proactively released**

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<td>4 December 2019</td>
<td>Financial Markets (Conduct of Institutions) Amendment Bill: Approval for Introduction</td>
<td>Office of the Minister of Commerce and Consumer Affairs</td>
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<tr>
<td>4 December 2019</td>
<td>DEV-19-MIN-0327</td>
<td>Cabinet Office</td>
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**Information redacted**  YES

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© Crown Copyright, Creative Commons Attribution 4.0 International (CC BY 4.0)
Financial Markets (Conduct of Institutions) Amendment Bill: Approval for Introduction

Portfolio Commerce and Consumer Affairs

On 4 December 2019, the Cabinet Economic Development Committee:

1 noted that a priority on the 2020 Legislation Programme is being sought for the Financial Markets (Conduct of Institutions) Amendment Bill (the Bill);

2 noted that the Bill forms the basis of a broad conduct regime that will require certain financial institutions to be licensed in respect of their general conduct under the Financial Markets Conduct Act 2013 [DEV-19-MIN-0237];

3 agreed:

3.1 that financial advice providers be required to comply with financial institutions’ fair conduct programmes, except in respect of financial advice;

3.2 to increase the maximum level of pecuniary penalties available for contravention of relevant obligations by intermediaries under the regime, so that intermediaries may be liable for pecuniary penalties up to the greatest of:

3.2.1 the consideration for any relevant transaction;

3.2.2 three times the amount of the gain made or the loss avoided;

3.2.3 $1,000,000 for an individual and $5,000,000 for bodies corporate;

3.3 that conditions that relate to involvement in the provision of a financial institution’s services and products by financial advice providers can be imposed on the licences of those financial advice providers (regardless of whether their involvement is related to the giving of financial advice) to ensure consumers are treated fairly;

4 approved the Bill [PCO 22342/9.0] for introduction, subject to the final approval of the government caucus and sufficient support in the House of Representatives;

5 agreed that the Bill be introduced on 11 December 2019;
agreed that the government propose that the Bill be:

6.1 referred to the Finance and Expenditure Committee for consideration in early 2020;
6.2 enacted by the end of 2020.

Janine Harvey
Committee Secretary

Present: Rt Hon Winston Peters
Hon Kelvin Davis
Hon Grant Robertson (Chair)
Hon Nanaia Mahuta
Hon Kris Faafoi
Hon James Shaw

Officials present from:
Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:
Minister of Commerce and Consumer Affairs