



## **Memorandum of Understanding**

### **Financial Markets Authority and the Reserve Bank of New Zealand**

#### **Objective**

This Memorandum of Understanding (MOU) between Financial Markets Authority (FMA) and the Reserve Bank of New Zealand (RBNZ) is intended to assist each agency cooperate in areas of common interest where cooperation and coordination results in the most effective and efficient regulation of the New Zealand financial system.

The framework set out in this MOU is also intended to ensure cooperation, promote transparency, help prevent unnecessary duplication of effort and help identify risks developing in the financial system.

#### **Responsibilities**

The RBNZ is the nation's central bank, established under the Reserve Bank of New Zealand Act 1989. It has three main functions, which are designed to promote a sound and dynamic monetary and financial system and meet the goal of improving New Zealand's economic performance. These functions are the management of monetary policy to maintain overall price stability; the maintenance of a sound and efficient financial system; and the supply of legal tender to meet the currency needs of the public.

FMA's main objective is to promote and facilitate the development of fair, efficient and transparent financial markets. It enforces securities, financial reporting, and company law as they apply to financial services and securities markets. The FMA also regulates securities exchanges, financial advisers and brokers, trustees and issuers - including issuers of KiwiSaver and superannuation schemes.

#### **Regulatory & Policy Development and Joint Media Statements**

Each agency will advise the other of any proposed changes in regulatory policy, guidance or decisions on regulation that may impact on the objectives of the other, allowing for appropriate time to consult.

If the implementation of regulatory policy, guidance or decisions on regulation impact on the objectives of the other, that agency will notify the other.

When appropriate, both agencies will consult each other in relation to relevant policy documents and also media releases that may be of interest to, or will have an effect on, the other agency. Whenever it is practical and relevant to do so, the agencies should consider whether to issue such material on a joint basis so as to maximize the regulatory impact on the financial system.

### **Mutual Assistance, Co-operation and Co-ordination**

FMA and the RBNZ agree the need for mutual assistance, co-operation and co-ordination between them at all levels. This action will encourage public confidence in the financial system and enable informed participation of stakeholders in economic activity.

FMA and the RBNZ agree to provide each other with timely mutual assistance regarding the exchange of information, referral of relevant matters for consideration and possible enforcement or other appropriate action that may be necessary for each agency to meet its mandate.

FMA and the RBNZ will cooperate in matters of information sharing, joint investigatory activity, referral of cases or any matters of major supervisory intervention.

Co-ordination of such activities as stakeholder surveys, statistics collection, research work and sector consultation will be undertaken by both agencies whenever possible and mutually beneficial to do so.

### **Information Sharing**

The exchange of relevant information in a timely manner is essential to both FMA and the RBNZ.

FMA has information on entities and individuals that is gathered in the course of its monitoring work. The RBNZ similarly gathers information on prudentially regulated entities as well as the general economy, both domestic and international.

Both agencies agree to make relevant information available to the other, subject to any legislative requirements, in a timely and efficient manner.

When confidential material is exchanged under the provisions of this MOU, both agencies agree to treat the material as the home agency would, and not to release or disclose it without the clear consent of the other agency unless required, authorized or permitted by law.

Wherever possible, FMA and the RBNZ will avoid the separate collection of the same information and data from co-regulated stakeholders.

Where FMA or the RBNZ has been served with a compulsory notice that would require the disclosure to some third party of information obtained under this MOU, the agency will, prior to disclosure, notify the other agency in writing so as to enable the other agency to determine what action, if any, it should take.

#### **Proactive Assistance**

Should either agency, during the course of its work, identify a harm or potential harm falling within the jurisdiction of the other, where legal, all relevant information will be passed to the other agency as a matter of urgency.

#### **Cost sharing**

FMA and the RBNZ agree to share the cost of joint activity where this is mutually beneficial and where the value of doing so outweighs the benefit of undertaking individual activity. This might arise in areas of information collection, research, stakeholder education or the holding of events.

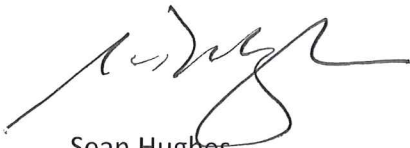
Where the cost of providing material under the MOU is considered significant by either agency, the actual and mutually agreed costs can be fairly claimed from the other.

#### **Coordination Meetings and Liaison other than through the Council of Financial Regulators**

FMA and the RBNZ will establish procedures to facilitate regular contact between officers of the agencies on routine operational matters, and will each appoint a contact person.

FMA and the RBNZ will hold meetings of senior officials at least every six months to discuss the operation of this MOU.

DATED this day      9<sup>th</sup> September 2011



Sean Hughes  
Chief Executive  
Financial Markets Authority



Alan Bollard  
Governor  
Reserve Bank of New Zealand