

## Co-operation policy

---

The Financial Markets Authority (FMA) often receives the co-operation of entities or individuals when we investigate financial market misconduct.

When deciding whether to pursue a regulatory response against an entity or individual, and if so, what sanction to use, one of the factors we may consider is the nature and extent of any co-operation they have provided.

### Scope of co-operation policy

Where an entity or individual co-operates with us, and continues to do so in a full and complete way, we may choose to exercise our discretion to take a lower level regulatory response, or no action at all, against the individual or entity.

A lower level regulatory response may include (but will not be limited to) a settlement, or a submission made by us to the court for a reduced penalty on behalf of an individual or business.

This co-operation policy operates in conjunction with our [Strategic Risk Outlook](#), [regulatory response guidelines](#), [model litigant policy](#) and [enforcement policy](#). Our agreement to exercise discretion under the co-operation policy does not prevent a third party from taking action.

### Considerations under the co-operation policy

Whether an entity or individual provides co-operation will always be relevant to our decision-making process. However, the decision to take a lower level regulatory response (as a consequence of co-operation being provided) remains at our sole discretion.

On matters of conduct, we exercise our discretion base on several factors including:

- how quickly the entity or individual notified us of the misconduct
- what action was taken by the entity or individual once the misconduct was identified
- whether senior management actively and meaningfully participate in addressing the misconduct
- what is the likelihood of the misconduct reoccurring.

In terms of the nature of the co-operation itself, we are more likely to consider requests for a lower level regulatory response where entities or individuals:

- fully disclose to us the conduct that may have potentially contravened financial markets legislation
- fully co-operate with us during any investigation(s) and provide full and frank disclosure of their own conduct and all of their relevant information, including written documentation
- fully co-operate with us during any court proceedings, including giving evidence
- are prepared to pay compensation and/or a pecuniary penalty sum, in circumstances where we consider it appropriate

- are willing to instigate and maintain an effective compliance programme.

We are unlikely to agree to a lower level regulatory response where an entity or an individual has required or actively encouraged others to take part in misconduct and/or to contravene financial markets legislation.

Where appropriate, we may decide to keep the names of entities and individuals confidential.