

From: Governance.Team@fma.govt.nz
To: [REDACTED]
Subject: Response to your Official Information Act request CRM:061600178
Date: Monday, 12 September 2022 2:43:08 pm

Kia ora [REDACTED]

I refer to your information request below made to DPMC on 25 August, and transferred to the Financial Markets Authority on 6 September. In particular you sought *'information on New Zealand government's policy on trading financial derivatives'*.

I can respond to the information you have requested by releasing under the Official Information Act the information below about the FMA's general view on trading financial derivatives. I hope this assists you to understand our views on the suitability of trading financial derivatives and the risks involved.

If you have any further questions, please do contact us. I also note that you have the right to complain to the Ombudsman regarding our assessment of your OIA request, in accordance with section 28 of the Official Information Act. Information about how to make a complaint is available at www.ombudsman.parliament.nz or phone 0800 802 602.

Ngā mihi
Natalie Muir
Principal Adviser, Governance

- The Financial Markets Authority (FMA) is an Independent Crown Entity that regulates New Zealand's financial markets and this includes the licensing and monitoring of Derivative Issuers who must be licenced by the FMA if they offer derivatives to retail investors in New Zealand.
- Derivatives are complex financial instruments, and trading them is not a suitable 'investment' for most consumers. They are designed to track the value of something without the need to actually buy or sell that underlying thing and are used by professionals to manage risk or to speculate. Fund managers might use derivatives to serve a specific purpose in their overall investment strategy, they are generally not suitable for retail investors due to their high risk and complexity. Trading derivatives on the internet adds risk, since online scams related to derivatives trading are common.
- You can read more about derivatives and how we licence and monitor derivative issuers on our website: : [Derivatives | Financial Markets Authority \(fma.govt.nz\)](https://www.fma.govt.nz/derivatives)
- You are correct, some Derivatives Issuers are licensed to provide services in New Zealand, others are not. A list of licensed Derivative Issuers can be found here. Investing with any company that is not licenced by the FMA may expose you to greater risks as these entities are outside of the FMA's regulatory remit and oversight.

-----Original Message-----

From: Department of the Prime Minister and Cabinet (DPMC) via Department of the Prime Minister and Cabinet (DPMC) <noreply@dpmc.govt.nz>

Sent: Thursday, 25 August 2022 7:08 pm
To: Information [DPMC] <information@dpmc.govt.nz>
Subject: DPMC Contact us - your submission details

Submitted on Thursday, 25 August 2022 - 7:08pm Submitted by user: Anonymous Submitted values are:

Your name: [REDACTED]
Your phone: [REDACTED]
Your email: [REDACTED]
Business unit: [REDACTED]
Comments:
Good evening,

I'm seeking information on New Zealand government's policy on trading financial derivatives.

It seems that some financial derivative platforms are licensed to provide services in New Zealand, such as CMC markets and IG markets and others are not.

This query also extends to Crypto derivatives, noting the recent closure of Huobi Crypto exchange due to "NZ government regulation".

Thank you in advance.

