

2. How many of these entities/businesses have been subject to a desk-based review (DBR)² by the FMA since the Act took effect? Please provide totals by calendar year.

Year (1 July-30 June)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
No of DBRs	-	11	-	1	7	7	17	2	1	2

3. How many of these entities have been subject to on-site inspections since the Act took effect? Please provide totals by calendar year.

Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 (as at Jan 2024)
No of OSIs	6	1	-	3	5	12	3	1	1	2	2

4. How many of the on-site inspections referred to at 3 above followed as a direct result of a desk-based review?

5 client money and property service businesses have had on-site inspections subsequent to a desk-based review.

5. How many stockbroking entities/businesses have been subject to more than one:
 (i) Desk-based review; and/or
 (ii) On-site inspection?

5 client money and property service businesses have been subject to more than one DBR, and 6 client money and property service businesses have been subject to more than one OSI.

6. How many stockbroking entities/ businesses have been subject to more than two:
 (i) Desk-based reviews; and/or
 (ii) On-site inspections?

1 client money and property service business has been subject to more than two DBRs, and 1 client money and property service business has been subject to more than two OSIs.

7. Where a stockbroking business has been subject to more than one on-site inspection, please advise the period of time elapsed between visits in each case (i.e., months between first and second visit, second and third visit and so on).

The table below shows the approximate time gap between OSIs of the client money and property service businesses referred to in Q5(ii) and Q6(ii):

² Including section 59 audit reviews.

Case	Approximate time gap (in months) between	
	First and second visit	Second and third visit
1	5	-
2	15	-
3	5	40
4	56	-
5	18	-
6	26	-

8. What, if any, high risk factors has the FMA identified when determining the stockbroking businesses in respect of which it will conduct either desk-based or on-site inspections?

The [Sector Risk Assessment \(SRA\)](#) produced by the FMA outlines the key risk factors associated with the client money or property service provider sector.

9. In respect of all reporting entities the FMA monitors (which your website currently records as 1202), not just stockbroking firms, please advise how many have been subject to an onsite inspection following:
- (i) A formal or informal warning; or
 - (ii) An enforceable undertaking or resolution of proceedings?

10 reporting entities have been subject to an onsite inspection following either a public or private warning, and 1 reporting entity has been subject to an onsite inspection following an enforceable undertaking or resolution of proceedings.

10. Please provide details of the relevant time period between the enforcement outcome and the inspection in each instance.

Case	Approximate time gap (in months) between the enforcement outcome and the on-site inspection
1	14
2	35
3	25
4	19
5	56
6	27

7	47
8	49
9	12
10	45
11	5

11. In respect of all reporting entities the FMA monitors, (which your website currently records as 1202) not just stockbroking firms, please advise in respect of on-site inspections:
- (i) The average length of time of an on-site inspection;
 - (ii) The longest length of time for an on-site inspection to date;
 - (iii) The average number of staff attending an on-site inspection; and
 - (iv) The largest number of staff to attend an onsite, including particularly the number of staff attending the on-site inspection referenced at (ii) above.

This information is not readily available as the FMA does not actively record this information for each inspection we conduct, so accordingly we refuse this request under section 18(e) on the basis that the information does not exist or, despite reasonable efforts, cannot be found.

To the extent that the information could be retrieved from our records, we also refuse this request in full under section 18(f) of the basis that the information requested cannot be made available without substantial collation or research. We consider doing either or both of the steps under section 18A would still not enable us to grant this request.

12. In respect of stockbroking entities/businesses the FMA monitors, please advise in respect of on-site inspections:
- (i) The average length of time of an on-site inspection;
 - (ii) The longest length of time for an on-site inspection to date;
 - (iii) The average number of staff attending an on-site inspection; and
 - (iv) The largest number of staff to attend an onsite, including particularly the number of staff attending the on-site inspection referenced at (ii) above.

The average length of time of an on-site inspection was 2 days.

The longest length of time for an on-site inspection is 10 days (this was an on-site inspection conducted for two related reporting entities, and the inspection time was allocated proportionately).

The average number of staff attending an on-site inspection is 3 staff.

The largest number of staff to attend an on-site inspection was 5 staff.

13. In respect of stockbroking entities/businesses the FMA has conducted on-site inspections, please advise the relevant entities/businesses:
- (i) Average customer numbers;
 - (ii) Average transaction volume; and
 - (iii) Average transaction size.

While the FMA does not hold this averages data, our 2021 Sector Risk Assessment report (page 29) provides the following statistical information relating to the client money or property service provider sector:

*“81 Providers of client money or property service
975,000 customers
\$582 billion total transaction value”*

14. In respect of any reporting entity that has received a warning, has the FMA conducted any subsequent onsite inspection and/or investigations of any of them, if so, how many?

Yes, 10 reporting entities have been subject to on-site inspections following the issuance of a formal warning.

15. Since the Act took effect, is the FMA aware of any asset recovery activity that involved the seizure and/or forfeiture of shareholdings? If yes, please provide available information, including year and value.

The FMA is not involved in asset recovery activity and therefore does not hold any information on this. Accordingly we refuse this request under section 18(e) on the basis that the information does not exist or, despite reasonable efforts, cannot be found.

If you have any questions about this response, you are welcome to send them through to us. You also have the right to make a complaint to the Office of the Ombudsman in respect of this decision. You can find details on how to make a complaint on the Ombudsman’s website at <https://www.ombudsman.parliament.nz/>

Yours sincerely



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