The Digital Assets Opportunity

A framework for digital assets regulation in New Zealand.

Blockchain Forum
NEW ZEALAND

Blockchain & Digital Assets

Digital assets, any digital representation of value, ownership, or rights that is recorded, verified, and transferred on a cryptographically secured distributed ledger (blockchain) are reshaping how we think about trust, ownership and value exchange. When implemented responsibly, they create transparent systems that reduce fraud, enable new models and opportunities for automation and efficiencies across many verticals.

Why regulate digital assets?

New Zealand faces risks and opportunities presented by digital assets, yet the current regulatory framework is not fit-for-purpose. Regulating digital assets is essential both as consumer protection and for long-term economic competitiveness.

Regulation can attract innovation in the financial technology sector. Many jurisdictions have moved to establish clear regulatory pathways for digital asset businesses, creating legal certainty.

Without the same clarity here in New Zealand, innovative businesses will increasingly relocate offshore, resulting in a loss of tax revenue, skilled employment, and technological capital.

However, a regulatory framework that is proportionate, principles-based, and developed in consultation with industry, would signal that New Zealand is open for responsible innovation while maintaining the high standards of market conduct that underpin public trust in the financial system.

International Pressure

International bodies including the International Monetary Fund (IMF), World Bank, International Organization of Securities Commissions (IOSCO), Financial Action Task Force (FATF), Financial Stability Board (FSB) and the Commonwealth have issued substantive guidance on how national authorities should regulate digital assets and digital asset service providers. While their mandates differ, their recommendations converge around a common set of regulatory pillars:

1. licensing & registration regimes for service providers
2. AML/CFT requirements
3. consumer/investor protection
4. market integrity
5. custody/safeguarding client assets
6. disclosure & transparency
7. supervision & enforcement

Regulation should apply the internationally recognised "same activity, same risk, same regulation" principle.

International Regulatory Responses

Australia

Australia has been developing a comprehensive regulatory framework for digital assets through a multi-stage reform process led by the Australian Treasury.

The four primary elements to Australia's approach to digital asset reforms are:

1. framework for digital asset platforms (DAPs)
2. framework for payment stablecoins, which will be treated as a type of Stored-Value Facility (SVF) under Payments Licensing Reforms
3. a review of the Enhanced Regulatory Sandbox
4. initiatives to investigate unlocking potential benefits of digital asset technology across financial markets and the broader Australian economy.

The Corporations Amendment (Digital Assets Framework) Bill 2025 was introduced in November 2025 and received Royal Assent in April 2026.

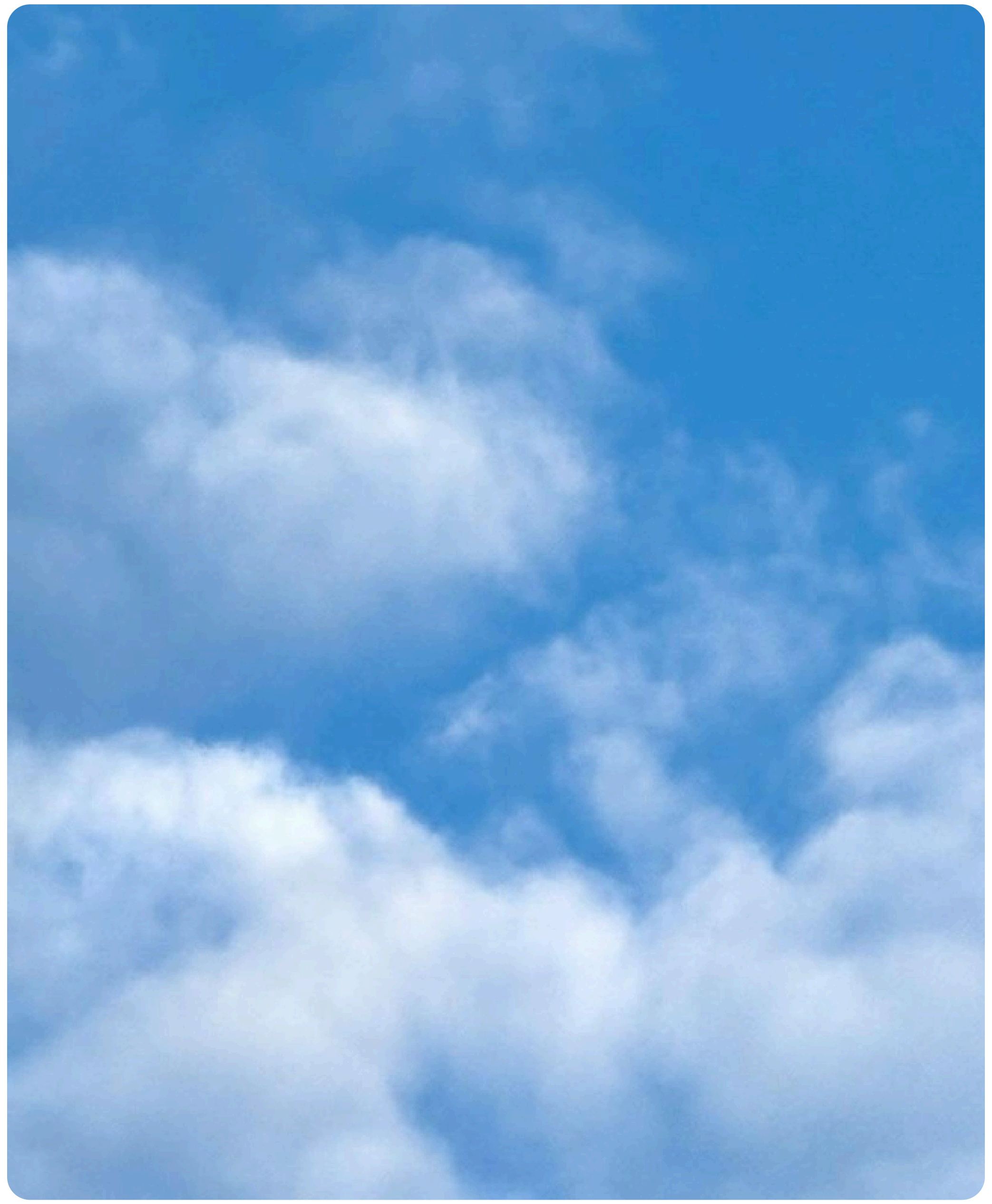
US, EU, UK and Rest of the World

The US passed stablecoin rules (GENIUS Act) in July 2025, requiring issuers to hold 1:1 reserves in high-quality liquid assets, perform monthly reserve attestations/reports, and adhere to AML standards. The Digital Asset Market Clarity Act (CLARITY Act) aims to further define digital commodities and establish a clearer market-structure for regulatory oversight.

In the EU, the Markets in Crypto-Assets Regulation (MiCA) regime entered into force in June 2023 to create a harmonized, comprehensive legal framework for crypto-assets, issuers, and service providers (CASPs).

In the UK, the upcoming Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025 will bring cryptoassets into the Financial Conduct Authority's regulatory perimeter by October 2027.

Many other countries (including notably in Asia and the Middle East) have introduced regulatory regimes designed to protect consumers and provide the certainty needed to attract innovative businesses.



A Roadmap to Regulatory Change in New Zealand

Issue	Current Position	Changes Recommended	Followed by
Digital assets which fall within existing regulated categories of financial product or service should be regulated in the same way as non-digital financial products.	Digital assets which fall within existing "financial product" definitions in the Financial Markets Conduct Act 2013 (FMCA) are already regulated. Digital assets which are investments within a broader "security" definition can be designated by the Financial Markets Authority (FMA) into a class of regulated financial product.	No change to FMCA needed. Digital assets which meet financial product definitions can continue to be regulated under the FMCA framework. The FMA also has flexibility to grant exemptions where needed to help ensure regulation is fit-for-purpose.	No change to FMCA needed.
Commonly traded digital assets fall outside currently regulated categories.	Most commonly traded digital assets (e.g. bitcoin, solana, eth, altcoins, memecoins) are not financial products.	MBIE/FMA/industry to agree a definition of "regulated digital assets" (RDAs) for the purposes of the proposals below. RDAs would capture bitcoin, solana, eth, altcoins, memecoins etc, but exclude payment stablecoins and non-fungible tokens (NFTs) e.g. digital collectibles.	Eventually, this should be included within the FMCA.

Financial Advice Rules

Issue	Current Position	Changes Recommended	Followed by
Giving advice to investors about buying or selling certain digital assets is not currently regulated as financial advice.	Financial advice rules apply under the FMCA to advice in relation to "financial advice products" defined as financial products + consumer credit contracts (e.g. home mortgages) + insurance. Because commonly traded digital assets are not financial products, investment advice in relation to them is not generally regulated which means investors are not protected. Equally, a regulated financial adviser cannot give advice under their financial advice provider (FAP) licence in relation to such digital assets.	Either (1) the FMA can designate advice in relation to RDAs as regulated financial advice, or (2) MBIE can generate regulations under the FMCA which add RDAs as a further category of "financial advice products". Designation by FMA (1) may be quicker, however inclusion by regulation (2) would also bring RDAs within the CMPS regime below. Therefore (2) is preferred. Changes to the Code of Conduct for Financial Advice will also need to be considered.	No further change should be needed.

Client Money or Property Service Rules

Issue	Current Position	Changes Recommended	Followed by
Receiving, transferring or holding money to buy, or from selling, certain digital assets, or digital assets themselves, should be regulated in the same way we do for shares and other financial products.	The FMCA sets out "client money or property service" (CMPS) rules to protect investors. These include requirements to hold client money or property on trust, keep records and otherwise safeguard assets. Where there is a (more than transitory) custody service, this includes a requirement for annual assurance audit. The CMPS rules apply in relation to "financial advice products" (see above) Because commonly traded digital assets are not financial advice products, investors do not have CMPS protections.	The proposed inclusion of RDAs as financial advice products by regulations would bring them within the CMPS rules. Note this still leaves NZ behind other jurisdictions where custody of RDAs requires, or will require, a licence from the financial regulator. However, it would not make sense to require a licence to provide a custody service for RDAs, where no licence is required to do so for financial products such as shares.	The FMA has proposed that custody of financial products such as shares should require a licence. If this is accepted, custody of RDAs should be treated in the same way at the same time (not before). This will require legislative change.

Digital Asset Trading Platforms

Issue	Current Position	Changes Recommended	Followed by
Digital asset trading platforms currently operate outside financial market licensing requirements.	The FMCA requires a person who operates a "financial products market" to be licensed (e.g. NZX). Because commonly traded digital assets are not financial products, no licence is required to operate a digital assets exchange in NZ (only basic financial service provider registration and compliance with AML/CFT laws).	There is no immediate regulatory fix which does not require legislation.	Legislative change - amendments to the FMCA could (1) include a definition of RDAs, (2) create a licensing regime for RDA market facilities. This could be done by (A) expanding the licensing and secondary market trading protections of Part 5 of the FMCA to markets in RDAs, or (B) introducing an RDA market licence as a new form of market services licence under Part 6 of the FMCA. Any licensing requirement should be appropriately phased and could apply over a minimum size threshold. Initially, we consider option (B) to be both simpler and more in line with current international developments. Option (A) risks licences being hard to get and requiring a greater degree of market supervision than current international models. In addition to providing a path to licensing for suitable candidates, insider trading and market manipulation provisions could also apply.

Stablecoins

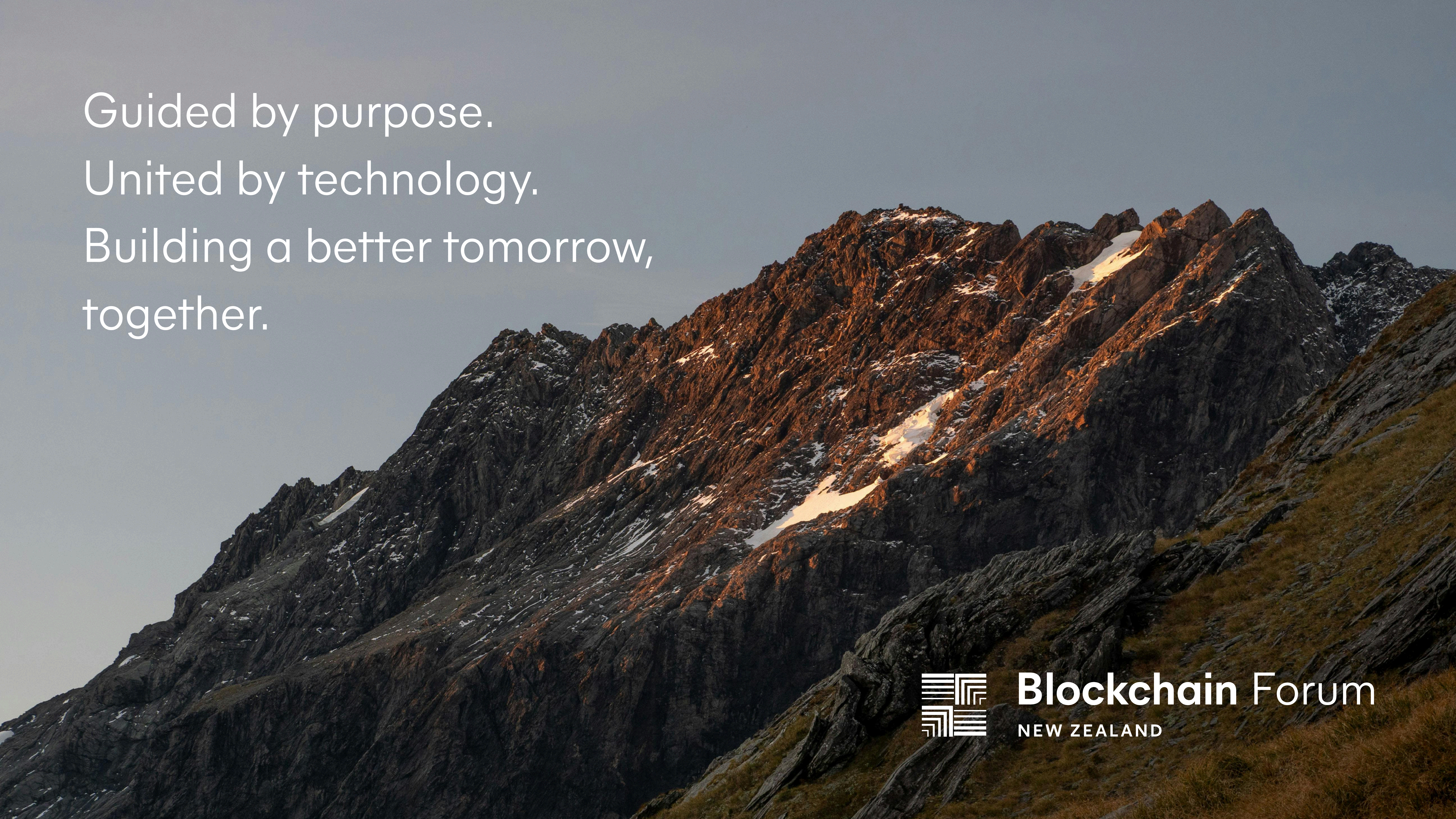
Issue	Current Position	Changes Recommended	Followed by
Stablecoins which are used for payments should be regulated in the same way as other e-payment services. To match other jurisdictions, we should move to licensing payment stablecoin issuers.	NZD stablecoins exist but have not achieved significant market share. Currently, they are not considered to be regulated and rely on a simple bare trust model where one token is backed by 1 NZD in a bank call account. The FMA issued a designation notice in March 2026 declaring that the NZDD stablecoin was not a financial product through its Sandbox pilot. MBIE has issued a consultation document on payments regimes in May 2026.	**FMA designation powers** can continue to be used to confirm that simple NZD stablecoins used for payment purposes (and which do not pay a yield or return to investors) are not financial products. A class designation would be preferable to multiple individual designations. Stablecoins which do pay a yield or return to investors should be permitted, but are likely to fall under existing financial product definitions, potentially with tailored exemptions from the FMA where appropriate.	In the medium term, regulation of payment stablecoins should form part of the wider Payments Modernisation programme to be led by the Reserve Bank of New Zealand (RBNZ). There is already an industry push for a payments licence which would give credibility to providers and protect users. If this is accepted, issuance of payment stablecoins should be treated in the same way within the same framework. This will require legislative change.

About

Blockchain Forum New Zealand is the trusted voice of the blockchain and digital asset community in New Zealand. We bring together members including businesses, developers, investors, government, and communities to grow our capability and position us as a global hub for decentralised innovation.

Our members lead a programme of work, taking a key role in growing our country’s capability to maximise the opportunities provided by blockchain.

Our vision is to help make New Zealand a global hub for blockchain and digital asset innovation and export. We create the conditions for New Zealand's blockchain ecosystem to thrive safely and sustainably, building confidence through clarity rather than hype. We’re advancing knowledge, connecting the ecosystem and promoting awareness of its potential.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United by technology.
Building a better tomorrow,
together.
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