

**Government Response to  
Report of Finance and Expenditure Committee  
on the  
Inquiry into the future nature, impact, and risks of cryptocurrencies**

**Presented to the House of Representatives**

**In accordance with Standing Order 256**

## **Government response to the Report of the Finance and Expenditure Committee on the Inquiry into the future nature, impact, and risks of cryptocurrencies**

### **Introduction**

- 1 The Government welcomes the Finance and Expenditure Committee's report on its "Inquiry into the future nature, impact, and risks of cryptocurrencies". The report is a result of a considerable amount of work by the Select Committee over a long period of time and represents a valuable contribution to the development of policy related to digital assets and blockchain (including cryptocurrencies). The Government responds to the report in accordance with Standing Order 256.

### **Government response**

- 2 The Government supports the primary purpose of the report to facilitate more public debate on matters raised, and to prompt further consideration and work by the Government to ensure that New Zealand is well-placed to adapt to the opportunities, challenges and risks associated with digital assets and blockchain.
- 3 There are considerable benefits of digital assets and related technologies for greater competition and innovation in financial services and the wider economy. The Government wishes to support growth in the digital assets industry and will continue to proactively consider the recommendations in the report.
- 4 The Government also notes that there are evolving risks to markets and investors from digital assets, and cryptocurrency has been an enabler of ransomware and some other transnational crime and scams. The Government is actively monitoring international developments around the treatment of digital assets and will continue to consider appropriate policy settings to manage these risks. In particular, the Government notes recent recommendations from the International Organization of Securities Commissions and Financial Action Task Force on the regulation of digital assets related to securities and anti-money laundering/counter-financing of terrorism laws.
- 5 There is work currently underway across government related to, or aligned with, the report. The report recommendations will be considered as this work progresses. Relevant work includes:
  - 5.1 The Reserve Bank of New Zealand has been undertaking work looking at the future of money in New Zealand, including risks and

opportunities relating to cryptocurrency use in New Zealand. This includes work on the potential for a central bank digital currency.

- 5.2 The Council of Financial Regulators<sup>1</sup> is monitoring policy developments related to digital assets and guidance to start-ups through its Digital and Innovation Community.
- 5.3 The Ministry of Justice, in consultation with industry, is implementing recommendations from a statutory review of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, which includes recommendations relating to obligations for virtual asset service providers.
- 5.4 The Financial Markets Authority provides guidance and information to investors, businesses and consumers on cryptocurrencies and digital assets which may constitute financial products, including by issuing regular warnings for investors and taking regulatory action for suspected breaches of financial markets law.
- 5.5 Inland Revenue provides guidance and information to businesses and consumers on the tax treatment of crypto assets in New Zealand.

## **Conclusion**

- 6 The Government thanks the Committee for its work.
- 7 The Government will continue to consider matters raised by the Committee and continue to monitor international market developments.

---

<sup>1</sup> The Council of Financial Regulators is made up of the Ministry of Business, Innovation and Employment, the Treasury, the Reserve Bank of New Zealand, the Financial Markets Authority and the Commerce Commission.