

Financial Markets Conduct (KiwiSaver Confirmation Information) Methodology Notice 2017

Pursuant to section 568 of the Financial Markets Conduct Act 2013, the Financial Markets Authority, having complied with the requirements set out in sections 568 and 569 of that Act, gives the following notice.

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Notice

1. Title

This notice is the Financial Markets Conduct (KiwiSaver Confirmation Information) Methodology Notice 2017.

2. Commencement

This notice comes into force on [#] 2017.

3. Revocation

This notice is revoked on the close of [#] 2022.

4. Interpretation

(1) In this notice, unless the context otherwise requires,—

Act means the Financial Markets Conduct Act 2013

cents per unit amount means the amount specified in clause 6(3)

Regulations means the Financial Markets Conduct Regulations 2014

total annual fund charge amount means the amount specified in clause 6(2)

unit, in relation to fund, means an undivided part or share in the beneficial interest in the relevant fund

valuation period has the meaning given to that term in clause 1(3) of Schedule 4 of the Regulations.

- (2) Any term or expression that is defined in the Act or the Regulations (including in regulation 70 and clauses 1 and 2 of Schedule 4 to the Regulations) and used, but not defined, in this notice has the same meaning as in the Act or the Regulations.

5. Application

- (1) This notice applies to:
- (a) confirmation information for KiwiSaver schemes, prepared for the purposes of regulation 70(2)(c) of the Regulations, setting out the approximate total sum of the fees charged to a scheme participant (**A**) for an accounting period; and
 - (b) accounting periods of a KiwiSaver scheme that commence on or after the commencement date of this notice.
- (2) Despite subclause (1), this notice does not apply if the manager of the KiwiSaver scheme is able to calculate the actual total sum of the fees that have been charged to A for the accounting period.

6. Calculation of approximate total sum of fees

Calculating amount

- (1) The approximate total sum of the fees charged to a scheme participant (**A**) for an accounting period must be calculated by using the following formula:

$$a = b + c + d - e$$

where—

- a** is the approximate total sum of the fees charged to A for the accounting period
- b** is, at the discretion of the manager, either the total annual fund charge amount or the cents per unit amount
- c** is A's individual action fees (as defined in clause 2(1) of Schedule 4 of the Regulations) for the accounting period
- d** is A's other charges (as defined in clause 2(1) of Schedule 4 of the Regulations) for the accounting period
- e** is any credits or discounts provided to A in respect of the fees for the accounting period

Meaning of total annual fund charge amount

- (2) The **total annual fund charge amount** is the total of the amounts calculated using the formula below for each fund in the managed investment scheme for which A is a scheme participant during the accounting period:

$$f \times g$$

where—

- f** in relation to a fund, means A's average balance for the accounting period, being the average calculated from either A's daily, weekly or monthly balance; and
- g** means fund charges, as a percentage of average net asset value, for the accounting period.

Meaning of cents per unit amount

- (3) The **cents per unit amount** is the total of the amounts calculated using the formula below for:
- (a) each valuation period in the accounting period; and

