

Financial Markets Conduct (Bonus Bonds) Exemption Amendment Notice 2017

Pursuant to section 556 of the Financial Markets Conduct Act 2013, the Financial Markets Authority, being satisfied of the matters set out section 557 of that Act, gives the following notice.

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Notice

1 Title

This notice is the Financial Markets Conduct (Bonus Bonds) Exemption Amendment Notice 2017.

2 Commencement

This notice comes into force on 29 September 2017.

3 Revocation

This notice is revoked on the close of 31 October 2021.

4 Principal Notice

This notice amends the Financial Markets Conduct (Bonus Bonds) Exemption Notice 2016 (the **principal notice**).

5 Clause 30(2) replaced

Replace clause 30(2) of the principal notice with:

“(2) The exemption in clause 30(1)(c) of this notice only applies until 30 June 2018.”

Dated at Wellington this 27th day of September 2017.



Garth Stanish
Director of Capital Markets
Financial Markets Authority

Statement of reasons

This notice, which comes into force on 29 September 2017 and is revoked on 31 October 2021, amends the Financial Markets Conduct (Bonus Bonds) Exemption Notice 2016 (**principal notice**) by extending the exemption in clause 30(1)(c) of that notice until 30 June 2018. The effect of the notice is to enable the manager of the Bonus Bonds Scheme (**scheme**) to continue to offer Bonus Bonds to zero balance customers (those persons who previously held but no longer hold Bonus Bonds on the date that the public notice required under clause 31(a) of the principal notice was published for the first time) (**zero balance customers**) for a further nine months without providing those customers with a copy of the scheme's PDS before accepting an application or issuing further units in the scheme to them.

The Financial Markets Authority (**FMA**), after satisfying itself as to the matters set out in section 557 of the Financial Markets Conduct Act 2013 (**Act**), considers it appropriate to grant the amendment extending clause 30(1)(c) of the principal notice because—

- the manager of the scheme requires further time to implement a reliable and stable technology platform in order to ensure that zero balance customers are provided with a copy of the scheme's PDS prior to accepting an application or issuing further Bonus Bonds to them:
- the policy reasons for granting the exemption in respect of zero balance customers remain valid and relevant. Specifically, zero balance customers will already have received relevant disclosure (either by written notice or via the scheme's website and publication in major newspapers) of information regarding the scheme's transition to the Act, the availability of the PDS and other information relating to the governance of the scheme. In addition, zero balance customers are likely to already have an awareness of how the scheme operates including the information required in a PDS regarding the risks, benefits and costs associated with an investment in the scheme. In these circumstances we believe zero balance customers are unlikely to be materially disadvantaged by not receiving a copy of the PDS prior to making further investments in the scheme.

The FMA is therefore satisfied that the amendment to the exemption relating to zero balance customers is necessary or desirable in order to promote one or more of the main purposes of the Act, specifically to promote innovation and flexibility in the financial markets.

The FMA is further satisfied that the amendment is not broader than is reasonably necessary to address the matters that give rise to the amendment as it only applies for a limited time up until 30 June 2018.