

MAY 2025

Consultation: Review of expiring class exemption notices, and designations

About this consultation

The Financial Markets Authority – Te Mana Tātai Hokohoko (FMA) is seeking feedback on our review of 14 class exemption notices that support the regime under the Financial Markets Conduct Act 2013 (FMC Act). These notices will expire between December 2025 and November 2026. At the same time, we are reviewing our three class designation notices.

We would like feedback to inform our review of these class notices. We invite your comments on the matters discussed in this paper. Please use the feedback form provided on the web page for this consultation at www.fma.govt.nz, or contact us if you would like to meet to discuss. Your feedback will be considered in the development of our proposals.

Note that all feedback received is subject to the Official Information Act 1982, and may be made available on our website or other external channels. See the feedback form for more information about your privacy and confidentiality options.

If you have questions, please email consultation@fma.govt.nz or call us on 0800 434 566 (or +64 3 962 2698 if calling from outside New Zealand).

Submissions close at 5pm on Thursday 17 July 2025.

This consultation is for all interested people including market participants, investors, advisers and industry groups

It asks for feedback on our review of 14 class exemption notices expiring in 2025 and 2026 and our three class designation notices

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Overview

Exemptions

We are aware that issues may arise for market participants operating under the FMC Act regime, and exemptions may be required in some cases. The FMA has powers to exempt persons or transactions from some financial markets law requirements. These powers enable us to remove rigidities in the law to take into account circumstances that are unique to a particular class of market participant. In some circumstances we can tailor requirements for businesses to ensure they are reasonable and cost-effective, while still ensuring that investors and consumers are appropriately protected.

There are 14 existing class exemption notices that will expire between December 2025 and November 2026. Most of these exemption notices were granted soon after the FMC Act regime commenced and have been reviewed and renewed once already. However, four were granted more recently and warrant a closer review.

The solutions to regulatory compliance issues provided by exemptions must be both pragmatic and principled. We seek to effectively support market activity by promoting the purposes of the FMC Act regime and ensuring the benefits of regulation are proportionate to the costs. We are reviewing these expiring notices to ensure they remain effective to meet these goals.

We are keen to work with all stakeholders, including market participants, investors, advisers and industry groups, to assist with this review. We invite your feedback to help us determine whether it is appropriate to continue providing relief by way of exemption.

Designations

The FMA also has a number of 'designation' powers. These enable us to reclassify financial products and securities based on their economic substance, rather than their legal form.

There are three class designation notices in force. Unlike exemption notices, designation notices have no expiry date. However, we think it is prudent to review these notices from time to time to ensure they remain fit for purpose, and therefore are including these notices as part of this review.

FMA's exemption and designation powers

The FMA's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets. We have powers to exempt persons or transactions from compliance with requirements in the FMC Act and associated regulations. We also have powers that enable us to reclassify financial products and securities based on their economic substance, rather than their legal form.

Any exemption we grant must not be broader than necessary to address the matters that gave rise to it. We must also be satisfied that any exemption or designation is necessary or desirable to promote one or more of the following purposes of the FMC Act regime:

- confident and informed participation in financial markets
- development of fair, efficient, and transparent financial markets
- to provide for timely, accurate and understandable information to assist investment decisions
- to ensure appropriate governance arrangements apply to financial products and services, and allow for effective monitoring and reduce governance risks
- to avoid unnecessary compliance costs
- to promote innovation and flexibility in the financial markets.

This review provides us with the opportunity to work with stakeholders, including market participants, investors, advisers and representatives, to ensure the exemptions and designations subject to this review meet these goals. We encourage all stakeholders to provide feedback. We can only renew exemptions where we are satisfied that the statutory requirements are met.

Questions that apply to all the notices can be found on pages 7 to 10. **Schedule 2** has additional questions on some notices. We also welcome other feedback you may have on the notices we are reviewing.

Review of class exemption notices and designation notices

The following 14 class exemption notices will expire before the end of 2026. We are also reviewing three designation notices at the same time.

The table in **Schedule 1** has a brief summary of the key effects and key reasons for each notice.

No. and group	Name of notice	Expiry date
Group A		
1	<u>Financial Markets Conduct (Requirement to include Climate Statements in Annual Report) Exemption Notice 2023</u>	07.12.25
2	<u>Financial Markets Conduct (Australian Licensees) Exemption Notice 2020</u>	14.03.26
3	<u>Financial Markets Conduct (Catalist Public Market) Exemption Notice 2021</u>	20.06.26
4	<u>Financial Markets Conduct (Employee Share Purchase Schemes) Exemption Notice 2021</u>	06.08.26
5	<u>Financial Markets Conduct (Forestry Schemes) Exemption Notice 2021</u>	17.11.26
6	<u>Financial Markets Conduct (Property Schemes-Custody of Assets) Exemption Notice 2021</u>	17.11.26
7	<u>Financial Markets Conduct (Equine Bloodstock) Exemption Notice 2021</u>	30.11.26
Group B		
8	<u>Financial Markets Conduct (Disclosure Using Overseas GAAP) Exemption Notice 2022</u>	03.11.26
9	<u>Financial Markets Conduct (Overseas FMC Reporting Entities) Exemption Notice 2021</u>	03.11.26
10	<u>Financial Markets Conduct (Overseas Registered Banks and Licensed Insurers) Exemption Notice 2021</u>	03.11.26

11	<u>Financial Markets Conduct (Climate-related Disclosures-Overseas Banks and Insurers) Exemption Notice 2024</u>	03.11.26
12	<u>Financial Markets Conduct (Incidental Offers) Exemption Notice 2021</u>	17.11.26
13	<u>Financial Markets Conduct (Recognised Exchanges) Exemption Notice 2021</u>	17.11.26
14	<u>Financial Markets Conduct (Overseas Banks Offering Simple Debt Products) Exemption Notice 2021</u>	30.11.26
Group C		
15	<u>Financial Markets Conduct (Communal Facilities in Real Property Developments) Designation Notice 2016</u>	N/A
16	<u>Financial Markets Conduct (Forward Foreign Exchange Contracts) Designation Notice 2017</u>	N/A
17	<u>Financial Markets Conduct (Shares in Investment Companies) Designation Notice 2017</u>	N/A

Exemptions not part of this review

There are two class exemption notices expiring in 2026 that are not included in this review. We anticipate these will be made permanent by way of law reform prior to the expiry date of the notices, pursuant to the Financial Markets Conduct Amendment Bill that was introduced to the House of the Representatives on 31 March 2025. The notices are:

- Financial Markets Conduct (Licensed Independent Trustees of Restricted Schemes) Exemption Notice 2021
- Financial Markets Conduct (Overseas Subsidiary Balance Date Alignment) Exemption Notice 2021

The following notices that would otherwise have expired in 2026 have recently been made permanent through the Regulatory Systems (Economic Development) Amendment Act 2025 and therefore are not part of this review:

- Financial Markets Conduct (Communal Facilities in Real Property Developments) Exemption Notice 2021
- Financial Markets Conduct (Employee Share Purchase Scheme Shares Offered under Securities Act 1978) Exemption Notice 2021
- Financial Markets Conduct (Securities Offered under Securities Act 1978 Exemptions Recognising Overseas Regimes) Exemption Notice 2021

Review timing and process

We plan to complete the review of each class exemption notice before it expires. This will allow market participants to seamlessly continue to rely on the notices that are renewed without substantive amendment.

If we decide that an exemption is no longer warranted, or that substantive amendments are required, we will give relevant stakeholders notice of this. If needed we will provide transitional provisions, to give market participants an opportunity to make any necessary changes to business systems and processes.

We plan to complete the review of our designation notices at the same times as the class exemption notices.

Our process and timeline will vary depending on the significance of issues under consideration. The indicative timetable is noted below.

Date	Action
22 May 2025	Consultation paper published
17 July 2025	Feedback due to FMA
August 2025 to May 2026	Analysis of submissions, further development of policy proposals with additional targeted or public consultation if required
October 2025 to March 2026	Policy decisions for Group A exemptions announced
May 2026	Policy decisions for Group B exemptions and Group C designations announced
November 2025 to November 2026	If relevant, drafting of notices, granting of exemptions and publication of notices to give effect to policy decisions in advance of the expiry date for each notice. Possible additional targeted consultation on drafting, transitional arrangements etc.

Feedback requested

We encourage all interested people to make submissions on the notices under review.

We would like to receive information that provides evidence about the extent of reliance, the impact of the exemptions (and what the impact of not having the exemptions would be) and compliance costs. For each notice you are making a submission on, please answer the following questions (and any additional questions in Schedule 2). Please clearly note in your feedback the notice to which your comments relate.

We are particularly keen to receive feedback on the exemption notices that have not previously been reviewed – these are:

- [Financial Markets Conduct \(**Australian Licensees**\) Exemption Notice 2020](#)
- [Financial Markets Conduct \(**Catalist Public Market**\) Exemption Notice 2021](#)
- [Financial Markets Conduct \(**Requirement to include Climate Statements in Annual Report**\) Exemption Notice 2023](#)
- [Financial Markets Conduct \(**Climate-related Disclosures-Overseas Banks and Insurers**\) Exemption Notice 2024](#)

Reliance

Q1. To what extent do you, your clients or your members rely on the notice (or to what extent are you or they likely to rely on it in the future)? If possible, please give details of:

- the approximate value of any financial products offered or issued, financial services provided, or funds managed in reliance on the exemption; and
- the impact of the notice (or its discontinuance) on regulatory compliance costs. Please give actual or estimated dollar amounts.

Q2. Where possible, for context, please provide a description of the relevant market or market sector as a whole and the relevant participants, products or services in that market or market sector. What proportion of the total population in the market or market sector relies on the relevant exemption or designation notice?

Support for renewal

Q3. Do you support the renewal/continuation of the notice or not? What are the reasons for your view?

Q4. If you think the notice should be renewed/continue in effect, please explain in particular:

- why you consider renewal/continuation would be consistent with one or more of the purposes of the FMC Act;

- why you think the original reasons for granting the exemptions/designations remain relevant and valid (you can find the reasons in the statement of reasons at the end of each notice);
- in respect of an exemption notice:
 - the impact renewal would have on market participants, including a description of any compliance costs that would be avoided if it wasn't renewed. Please give actual or estimated dollar amounts. Please also explain why you think those compliance costs are unnecessary;
 - the impact of renewal on investors, including any benefit or detriment to protection of investors' interests or information available to investors;
 - whether and how any conditions in the notice provide adequate alternative protection for investors, consumers and businesses;
 - why you consider the exemptions, if renewed, would be no broader than reasonably necessary to address the matters that gave rise to them;
 - any effect renewal would have on competition in the market.

Regulatory burden

Q5. Please tell us if the notice:

- has not effectively minimised any unnecessary compliance costs it aims to address. Please describe the compliance costs including actual or estimated dollar amounts. Please explain why those compliance costs are unnecessary;
- causes unintended unnecessary compliance costs through its conditions. Please describe the compliance costs including actual or estimated dollar amounts. Please explain why those compliance costs are unnecessary;
- could go further to address unnecessary compliance costs not identified when the notice was made. Please describe the compliance costs including actual or estimated dollar amounts. Please explain why those compliance costs are unnecessary.

Q6. Please tell us how the notice could be amended to address the unnecessary compliance costs identified.

Amendments needed

Q7. Do you think any amendments are needed to the notice if it is renewed? Please specify, if possible, the amendments you propose.

Your feedback may include, for example:

- amendments needed because you consider that exemptions/designations or conditions in the notice are inconsistent with the purposes of the FMC Act or because the reasons why the exemptions/designations were originally granted are no longer relevant or valid;

- in respect of an exemption notice, additional exemptions you consider should be included in the notice to address related regulatory issues, and the conditions to which you consider those exemptions should be subject;
- amendments to solve technical or practical difficulties that could prevent intended reliance on the notice.

For each proposed amendment, please fully explain why you think it is needed, in particular:

- why you consider the proposed amendment would be consistent with one or more of the purposes of the FMC Act, and the original reasons for granting the exemptions/designations;
- the impact on market participants, including compliance costs (please give actual or estimated dollar amounts and explain why you think those compliance costs are unnecessary);
- the impact on investors, including any benefit or detriment to protection of investors' interests or information available to investors;
- if you propose an amendment to the conditions in the notice, whether and how the amended conditions would provide adequate alternative protection for investors;
- in respect of an exemption notice, why you consider the exemptions, if amended, would be no broader than reasonably necessary to address the matters that gave rise to them;
- any effect on competition in the market from the proposed amendment.

Notices that may be redundant

Financial Markets Conduct (Requirement to Include Climate Statements in Annual Report) Exemption Notice 2023

This notice provides a temporary two-year exemption for climate reporting entities that are listed issuers and registered banks, effectively increasing the time to file their climate statements to match that of other climate reporting entities. This was intended to be a temporary exemption only as we had expected that the compliance burden for these entities would ease after the initial climate statements were filed. However, we are aware from changes made to the climate reporting standards in November 2024 that there may also be a timing issue when scope 3 GHG emissions need to be disclosed and assured for the first time. As the mandatory reporting and assurance requirements for these emissions have been delayed for a further year, we are open to considering whether the exemption should be extended for a further year. It may also be appropriate to instead look at options for individual relief, depending on the number of affected entities.

Q8. If you consider there remains an ongoing need for this notice please explain how long it is needed for, and the reasons for your view.

Financial Markets Conduct (Forestry Schemes) Exemption Notice 2021 and Financial Markets Conduct (Property Schemes – Custody of Assets) Exemption Notice 2021

A number of exemptions under these notices apply only to existing schemes established before the commencement of the FMC regime, which are closed to new investors.

These include:

- An exemption from manager licensing and governance documents for existing closed schemes where total assets under management are less than \$40 million under the Financial Markets Conduct (Forestry Schemes) Exemption Notice 2021
- An exemption from independent custody requirements for real property assets and emissions units for existing closed schemes under the Financial Markets Conduct (Forestry Schemes) Exemption Notice 2021
- An exemption from independent custody requirements from real property assets for existing closed schemes under the Financial Markets Conduct (Property Schemes – Custody of Assets) Exemption Notice 2021

Once the existing schemes relying on these exemptions wind up, these exemptions will no longer be required. We would like to hear whether there are issuers with active schemes still relying on these exemptions. We may not renew these exemptions if we find there are no schemes remaining that are eligible to rely on them.

Q9. Please let us know if you or your clients are currently relying on these particular exemptions, and if so, the expected length of time until the affected schemes will be wound up.

Additional information and questions on certain notices

Schedule 2 has additional information and questions in relation to the following notices:

- Financial Markets Conduct (Overseas Registered Banks and Licensed Insurers) Exemption Notice 2021
- Financial Markets Conduct (Climate-related Disclosures-Overseas Banks and Insurers) Exemption Notice 2024
- Financial Markets Conduct (Disclosure Using Overseas GAAP) Exemption Notice 2022
- Financial Markets Conduct (Overseas FMC Reporting Entities) Exemption Notice 2021

Please provide answers to any relevant additional questions in Schedule 2 if any of these four notices are covered by your submission.

Our review, or submissions received, may identify additional questions about other notices. If this happens we may do further public or targeted consultation on the relevant notice or notices.

Schedule 1 – Brief summary of relevant notices

Notices expiring in 2025

Name of class notice	Expiry date	Comments
<u>Financial Markets Conduct (Requirement to include Climate Statements in Annual Report) Exemption Notice 2023</u>	07.12.25	<p>This exemption provides relief to listed issuers and registered banks that are Climate Reporting Entities (CREs) from the requirement to include in the annual report a copy of or link to the climate statement.</p> <p>The CRE must include in its annual report for the period ending on the balance date:</p> <ul style="list-style-type: none">the address of (or a link to) the Internet site where a copy of the climate statements or group climate statements prepared by the entity under any of sections 461Z to 461ZB of the Act will be accessible; andthe date that a copy of those statements will be accessible at that address or link, which must be a date no later than the date by which the entity is required to lodge those statements under section 461ZI of the Act. <p>The exemption applies to all climate statements for accounting periods that end while the exemption is in force from 8 December 2023 to 7 December 2025. The policy intent is all exempted CREs will get two years (i.e. two reporting cycles) of relief under this exemption.</p>

Notices expiring in 2026

Name of class notice	Expiry date	Comments
<u>Financial Markets Conduct (Australian Licensees) Exemption Notice 2020</u>	14.03.26	<p>This notice exempts certain Australian financial services licence holders and their representatives, on conditions, from certain requirements in the FMC Act that apply from when the new financial advice regime came into force on 15 March 2021. The exemptions allow Australian licensees and their representatives to give financial advice to certain New Zealand retail clients from offshore on an unsolicited basis without getting a financial advice provider licence and without</p>

Name of class notice	Expiry date	Comments
		complying with certain duties under the FMC Act if the conditions under the notice have been met.
<u>Financial Markets Conduct (Catalist Public Market) Exemption Notice 2021</u>	20.06.26	<p>This notice provides exemptions to enable issuers listed on the Catalist Public Market, a licensed financial product market targeted at small and medium-sized businesses, to make 'same class' offers and small offers of \$2 million or less through the market. Issuers are exempted from 'regulated offer' requirements, including issuing a product disclosure statement.</p>
<u>Financial Markets Conduct (Employee Share Purchase Schemes) Exemption Notice 2021</u>	06.08.26	<p>Under Schedule 1 of the FMC Act, shares offered under employee share purchase schemes are excluded from the standard regulated offers regime. The framing of the exclusion means it can't easily be applied to:</p> <ul style="list-style-type: none"> • offers made to employee trusts and relatives • offers made under share schemes that have an ancillary debt or managed investment scheme component, for example saving scheme securities. <p>The notice provides relief to extend the benefit of the statutory exclusion in these instances.</p> <p>We have also addressed difficulties with the operation of the 10 percent limit on the number of equity securities that can be issued or transferred in a 12-month period where the employer provides employees interests by creating equitable interests in existing voting securities. To do this, we have provided relief to allow non-voting equitable interests to be issued up to 10 percent of the corresponding class of voting securities. In calculating this figure, we have avoided double counting of the equity securities and equitable interests.</p> <p>This solution does not address the circumstances where an employer may wish to issue a completely new class of non-voting securities that does not provide an equitable interest in a corresponding equity security. This would be difficult to achieve by exemption, and to address this it is likely a change to the Schedule 1 exclusion would be required.</p>
<u>Financial Markets Conduct (Overseas Registered Banks and Licensed Insurers) Exemption Notice 2021</u>	03.11.26	<p>Registered banks and licensed insurers are FMC reporting entities and must lodge financial statements compliant with New Zealand GAAP (generally accepted accounting principles) and audited by a New Zealand-licensed auditor. Many overseas banks and insurers operate in New Zealand via a branch rather than through an incorporated subsidiary.</p>

Name of class notice	Expiry date	Comments
		<p>As a result, the overseas entity as a whole is an FMC reporting entity even though its New Zealand operations may form a small portion of its business.</p> <p>The notice exempts overseas banks that are registered banks in New Zealand, and overseas insurers that are licensed insurers in New Zealand, from certain financial reporting and audit obligations of the FMC Act.</p> <p>The key effects of the exemption are:</p> <ul style="list-style-type: none"> • overseas-registered banks and licensed insurers are allowed to use overseas GAAP and an overseas qualified auditor to prepare their group or entity financial statements • the financial statements do not have to be dated and signed by two directors if that is not a requirement in the home jurisdiction of the overseas registered bank or licensed insurer • the auditor for the New Zealand branch financial statements is permitted to be from New Zealand, Australia or certain overseas jurisdictions.
<p><u>Financial Markets Conduct</u> <u>(Overseas FMC</u> <u>Reporting Entities)</u> <u>Exemption Notice 2021</u></p>	<p>03.11.26</p>	<p>Under the FMC Act, FMC reporting entities must prepare financial statements according to New Zealand GAAP (generally accepted accounting principles), and have them audited by an auditor qualified under New Zealand law. We do not think it is justifiable for overseas issuers to incur the additional cost of restating their accounts in New Zealand GAAP if they have already prepared high-quality financial statements in another jurisdiction subject to appropriate financial reporting regulation.</p> <p>This exemption provides relief to these issuers by allowing them to use the accounting practices (overseas GAAP) and auditors allowed in that jurisdiction to meet their financial reporting requirements. The exemption is limited to issuers listed in overseas jurisdictions where we have assessed that financial statements are prepared according to accounting standards broadly comparable to New Zealand GAAP and where auditors are subject to audit standards and requirements that are broadly comparable to New Zealand standards.</p> <p>This exemption also exempts issuers from the New Zealand-specific requirement of signing financial statements, and allows New Zealand business financial statements to be</p>

Name of class notice	Expiry date	Comments
		<p>prepared in overseas GAAP, and audited by either a New Zealand or Australian qualified auditor, or an auditor allowed in the overseas jurisdiction.</p> <p>The exemption is conditional upon the issuer complying with the requirements for the preparation, content, auditing, and public filing of financial statements of the overseas market where its products are issued. Issuers relying on the exemption must also notify the Registrar of Companies they are relying on the notice when lodging their financial statements.</p>
Financial Markets Conduct (Disclosure Using Overseas GAAP) Exemption Notice 2022	03.11.26	<p>Under the FMC Act, financial information in a product disclosure statement (PDS) or register entry must be prepared according to New Zealand GAAP (generally accepted accounting principles) and, in some cases, audited by an auditor qualified under New Zealand law. We do not think it is justifiable for overseas issuers to incur the additional cost of restating their accounts in New Zealand GAAP when they have already prepared high-quality financial statements in another jurisdiction subject to appropriate financial reporting regulation.</p> <p>This exemption provides relief to these issuers by allowing them to use the accounting practices (overseas GAAP) and auditors allowed in that jurisdiction to prepare a PDS and register entry. The exemption is limited to issuers listed in overseas jurisdictions where we have assessed that financial statements are prepared according to accounting standards broadly comparable to New Zealand GAAP, and where auditors are subject to audit standards and requirements broadly comparable to New Zealand standards.</p> <p>The exemption is conditional upon the issuer including statements in the PDS and register entry disclosing the use of overseas GAAP and stating that they are relying on the notice.</p>
Financial Markets Conduct (Climate-related Disclosures-Overseas Banks and Insurers) Exemption Notice 2024	03.11.26	<p>This exemption provides relief to overseas registered banks and overseas licensed insurers that are climate reporting entities under Part 7A of the FMC Act. Those entities are exempted from the requirement to have their climate statements, or group climate statements, dated and signed by two directors. The conditions of the exemption provide for:</p>

Name of class notice	Expiry date	Comments
		<ul style="list-style-type: none"> the climate statements or group climate statements to be dated and signed by the exempt entity's New Zealand chief executive officer; and certain information to be given to the Registrar of Companies.
<u>Financial Markets Conduct (Incidental Offers) Exemption Notice 2021</u>	17.11.26	<p>Where an issuer listed on an overseas market makes an offer to existing holders of securities (e.g. a rights offer), New Zealand investors may incidentally receive that offer. Without an exemption, the standard requirements of the FMC Act would normally apply, raising additional costs for the issuer.</p> <p>This exemption applies where the securities are listed (or are to be listed) in a jurisdiction the FMA considers to have a high-quality regulatory regime with requirements broadly equivalent to New Zealand's. The exemption relieves the issuer (and related parties) from disclosure, governance, financial reporting and auditing obligations of the FMC Act.</p> <p>Issuers relying on the exemption to make a rights offer can rely almost exclusively on the requirements of the overseas jurisdiction when making an incidental offer to New Zealand investors who are existing shareholders.</p>
<u>Financial Markets Conduct (Recognised Exchanges) Exemption Notice 2021</u>	17.11.26	<p>Where an issuer listed on a major, high-quality exchange makes an offer under the laws of an overseas jurisdiction that has been extended to New Zealand investors but does not principally target them (e.g. an initial public offer), the standard requirements of the FMC Act will normally apply. Without an exemption, compliance with the FMC Act will raise additional costs for the issuer.</p> <p>This exemption relieves issuers listed on certain recognised exchanges from disclosure, governance, financial reporting and auditing obligations of the FMC Act when making such an offer to New Zealand investors.</p> <p>Issuers relying on the exemption can rely almost exclusively on the requirements of the overseas jurisdiction when making such an offer to New Zealand investors. However, issuers will need to provide warning statements when providing offer documents to potential investors, and will need to establish a register entry containing the overseas offer document and any documents required to be provided to retail investors in the relevant jurisdiction.</p>

Name of class notice	Expiry date	Comments
Financial Markets Conduct (Property Schemes-Custody of Assets) Exemption Notice 2021	17.11.26	<p>This notice gives relief for property scheme managers, supervisors and custodians from some of the FMC Act governance obligations that relate to custody of scheme assets. The main effects of the exemption are:</p> <ul style="list-style-type: none"> closed property schemes that transitioned to the FMC Act are not required to have real property held by the supervisor or an independent custodian, provided that property is held on trust for the scheme and the supervisor holds a registered encumbrance or mortgage over the property property scheme custodians are not required to reconcile scheme cash records daily, but must reconcile them at a frequency suited to the level of transactions for the scheme property scheme custodians (except for custodians of schemes where the manager has more than \$200m gross assets under management for all registered schemes) are not required to obtain an assurance engagement annually; this is required when the supervisor determines it is necessary to provide reasonable assurance in relation to custody of the scheme property.
Financial Markets Conduct (Forestry Schemes) Exemption Notice 2021	17.11.26	<p>This exemption gives relief for forestry scheme managers, supervisors and custodians from some of the governance and other obligations under the FMC Act. The main effects of the exemption are:</p> <ul style="list-style-type: none"> closed forestry schemes that transitioned to the FMC Act are not required to update their governing documents or have a licensed manager if they meet certain criteria closed forestry schemes that transitioned to the FMC Act don't have to have their real property or carbon credits held by the supervisor or an independent custodian provided those assets are held on trust for the scheme and the supervisor holds a registered security interest over them forestry scheme custodians are not required to reconcile scheme cash records daily as long as those assets are reconciled at a frequency suited to the level of transactions for the scheme forestry scheme custodians are not required to obtain an assurance engagement annually; this is required when the supervisor determines it is necessary to provide

Name of class notice	Expiry date	Comments
		<p>reasonable assurance in relation to custody of the scheme property</p> <ul style="list-style-type: none"> managers of forestry schemes are not required to make quarterly reports on limit breaks for periods when minimal work is being done in the forest if no limit break occurs in that quarter corporate general partners of schemes that are limited partnerships are exempt from disclosure, governance and financial reporting requirements in relation to shares in the general partner held by or offered to scheme participants, provided information on the shares is included in disclosure information for the scheme.
<p><u>Financial Markets Conduct</u> <u>(Overseas Banks</u> <u>Offering Simple Debt</u> <u>Products) Exemption</u> <u>Notice 2021</u></p>	<p>30.11.26</p>	<p>This exemption enables overseas banks in certain recognised jurisdictions to make offers of 'simple debt products' (call debt securities and fixed-term deposits) under a lighter compliance pathway, providing comparable relief to offers of these products by New Zealand-registered banks.</p> <p>The exemption is not able to be relied upon by overseas banks directly marketing to new New Zealand investors, except through New Zealand-registered banks within the same banking group.</p> <p>The exemption is subject to conditions including that the bank (or its parent):</p> <ul style="list-style-type: none"> must have an investment-grade credit rating for its long-term senior unsecured obligations complies with home jurisdiction requirements governing the preparation, content, auditing and public filing of financial statements makes the financial statements available to investors (e.g. through its website).

Name of class notice	Expiry date	Comments
Financial Markets Conduct (Equine Bloodstock) Exemption Notice 2021	30.11.26	<p>This notice exempts shares and managed investment products offered by horse bloodstock syndicates and companies from the disclosure and governance requirements of the FMC Act. The notice declares that such offers are not 'regulated offers' under the FMC Act. This means that the other requirements of the FMC Act, or other Acts, that apply in connection with regulated offers (such as the requirement for a scheme to be registered and the financial reporting requirements) will not apply. Similar exemptions apply for shares and managed investment products offered under the Securities Act in reliance on a historical exemption.</p> <p>To rely on these exemptions, the offeror must be bound by the rules of either New Zealand Thoroughbred Racing Incorporated or Harness Racing New Zealand Incorporated to comply with a code of practice in relation to the offer. These rules reflect the unique disclosure, governance and financial reporting and audit requirements for investments in horse bloodstock interests and the existing supervisory and enforcement regime under the Racing Act 2003. The requirements in the rules will ensure that disclosure, governance, financial reporting and audit requirements apply to these interests, to enable effective monitoring, reduce governance risks, and ensure timely, accurate and understandable information is provided to investors.</p> <p>The ability to rely on the exemption does not derogate from any ability for certain offers to be made using the lower-cost compliance pathways under the exclusions in Schedule 1 of the FMC Act where these apply.</p>

Designation notices

Name of class notice	Expiry date	Comments
<u>Financial Markets Conduct (Communal Facilities in Real Property Developments) Designation Notice 2016</u>	n/a	This notice declares that shares in companies that manage communal facilities in real property developments are not financial products. This means the shares are not regulated by financial markets law, and the FMC Act requirements relating to disclosure, governance, financial reporting or fair dealing do not apply. The designation applies to shares in a company issued or transferred on or after 28 October 2016 where the shareholding, constitution and activities of the company meet the criteria in the notice. The notice recognises that shares in communal facilities companies are not a financial investment and do not pose financial market risks. The offer of shares is ancillary to the sale of land. It allows residents of a development to use and enjoy communal facilities and contribute to their maintenance.
<u>Financial Markets Conduct (Forward Foreign Exchange Contracts) Designation Notice 2017</u>	n/a	This notice applies to short-duration forward foreign exchange contracts. This is an agreement to buy or sell currency or to exchange one currency for another (whether New Zealand or foreign currency) that involves the delivery or payment of the relevant amount of currency within three working days. The effect of the notice is that issuers of such products are not subject to the initial and ongoing disclosure, governance and financial reporting requirements that would normally apply to derivative issuers. They will not need to obtain a derivatives issuer licence or comply with the requirements related to the handling of derivatives investor money and derivatives investor property.
<u>Financial Markets Conduct (Shares in Investment Companies) Designation Notice 2017</u>	n/a	<p>This notice designates certain shares in investment companies as managed investment products (MIPs) rather than equity securities, and the company issuing the shares as a managed investment scheme (MIS). The designation applies to new shares issued after commencement of the notice.</p> <p>Specifically, the designation applies to shares with the following characteristics:</p> <ul style="list-style-type: none"> the shares are issued by an investment company the shares do not entitle holders to standard shareholder rights, or they permit entrenched key service provider arrangements

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		<ul style="list-style-type: none"> the shares are not quoted on the NZX main board or on the ASX. <p>The designation reduces the ability for issuers to use investment company structures to operate under the 'lighter-touch' equity securities regime rather than the more onerous MIS regime. It creates a more level playing field with other MIS providers.</p> <p>The designation ensures designated shares and companies comply with fit-for-purpose governance and disclosure requirements under the MIS regime.</p> <p>Investment companies can have a power in their constitutions for directors to appoint alternate directors, and can issue redeemable shares, without triggering the designation.</p>

Schedule 2 – Additional information and questions on certain notices

Signing requirements for financial statements and climate statements

The following notices provide exemptions for overseas entities from the standard signing requirements in the FMC Act:

- Financial Markets Conduct (Overseas Registered Banks and Licensed Insurers) Exemption Notice 2021
- Financial Markets Conduct (Climate-related Disclosures-Overseas Banks and Insurers) Exemption Notice 2024

The Financial Markets Conduct (Overseas Registered Banks and Licensed Insurers) Exemption Notice 2021 exempts overseas banks that are registered banks in New Zealand, and overseas insurers that are licensed insurers in New Zealand, from certain financial reporting and audit obligations. Overseas registered banks and licensed insurers are instead allowed to use overseas GAAP and an overseas qualified auditor to prepare their group or entity financial statements. Those financial statements do not have to be dated and signed by two directors if that is not a requirement in the home jurisdiction of the overseas registered bank or licensed insurer.

Q10. Given it has now been some time since this relief was originally granted, we would like to understand if there are entities relying on this exemption that still encounter this issue – that is, are there any entities that are not required to have their financial statements signed by two directors in their home jurisdiction?

Overseas banks and insurers relying on this exemption must still prepare New Zealand business financial statements, and these must be prepared in accordance with NZ GAAP (rather than an overseas GAAP) and must be audited by a New Zealand or Australian auditor, or a qualified auditor in their home jurisdiction. The notice is silent as to the signing requirements for these statements.

However, we have recently granted the Financial Markets Conduct (Climate-related Disclosures-Overseas Banks and Insurers) Exemption Notice 2024, relating to branch climate statements required under Part 7A of the FMC Act, exempting overseas banks and insurers from the requirement for two directors to sign their climate statements on the condition that the New Zealand CEO of the branch signs the climate statements, and the exempt entity files a statement confirming the climate statements have been approved for lodgement in accordance with the corporate governance policies of the exempt entity.

Q11. We are considering whether to introduce a similar signing requirement in relation to the New Zealand business financial statements for overseas banks and insurers. Please let us know if you agree or disagree with the introduction of this additional condition. What are the reasons for your view?

We have also been monitoring international developments in relation to the preparation of climate statements, and specifically in this context, approval and signing requirements. We note in particular that in Australia one director will be required to sign the climate statement.

Q12. In your view, does it remain appropriate for overseas entities to be exempted from the requirement that two directors sign their climate statements? Please give reasons for your view. We would be interested

to know how climate statements, prepared in compliance with your home or other jurisdiction's requirements, will be approved and signed by you (or your clients, as relevant). We would also be interested to know if your directors will be required to provide direct assurance to their auditors in respect of their climate statements.

Exemptions providing broader recognition of overseas regimes

The following notices provide exemptions recognising the financial reporting of overseas issuers as appropriate substitutes for the requirements of the FMC Act:

- Financial Markets Conduct (Disclosure Using Overseas GAAP) Exemption Notice 2022
- Financial Markets Conduct (Overseas FMC Reporting Entities) Exemption Notice 2021

The table below details the overseas GAAP we consider provide high-quality information to investors and the jurisdictions with appropriate financial reporting and audit regulation.

Specified GAAP	Specified jurisdictions
<ul style="list-style-type: none"> • Australian IFRS • Canadian IFRS • EU IFRS • Hong Kong FRS • IFRS (unmodified international standards) • Singapore Financial Reporting Standards • US GAAP • UK IFRS 	<ul style="list-style-type: none"> • Australia • Canada • France • Germany • Republic of Ireland • Republic of South Africa • Switzerland • Singapore • The Netherlands • United Kingdom • United States of America

We are not aware of any recent examples where entities from Germany, Ireland, Singapore or Republic of South Africa have relied on these exemptions. We also note that while the relevant regulators in these jurisdictions are members of the International Forum of Independent Audit Regulators (IFIAR) they are not signatories to the IFIAR's Multilateral Memorandum of Understanding Concerning Co-Operation in the Exchange of Information for Audit Oversight. We are therefore keen to understand if there are any entities from those four jurisdictions that have in the past or may in the future wish to rely on these exemptions.

Q13. Should Germany, Ireland, Singapore and Republic of South Africa remain as specified jurisdictions in these exemptions?