

21 March 2024

Enforceable Undertaking

Pursuant to section 46 of the Financial Markets Authority Act 2011

The enforceable undertaking is offered to the Financial Markets Authority for its acceptance under section 46 of the Financial Markets Authority Act 2011 by:

Peter Alan Harris

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www.fma.govt.nz

AUCKLAND OFFICE | Level 5, Ernst & Young Building | 2 Takutai Square, Britomart | PO Box 106 672 | Auckland 1143
WELLINGTON OFFICE | Level 2 | 1 Grey Street | PO Box 1179 | Wellington 6140

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Overview

Date: 21st day of March 2024

Parties

PETER ALAN HARRIS (**Mr Harris**), of Auckland, New Zealand

and

FINANCIAL MARKETS AUTHORITY (**FMA**), an independent Crown entity established under the Financial Markets Authority Act 2011

(The **Parties**)

Introduction

Mr Harris has offered, and the FMA has agreed to accept, the enforceable undertaking set out in this document.

This enforceable undertaking is accepted by the FMA in accordance with section 46 of the Financial Markets Authority Act 2011 (**FMA Act**).

Background

Relevant context

CBL Corporation Limited (CBLC) was listed on the NZX Main Board in 2015. It had a market capitalisation of \$747 million, and a share price of \$3.17, when trading of its shares was halted and then suspended in February 2018. The company was put into voluntary administration in February 2018, and then placed in liquidation in May 2019.

The FMA filed two proceedings in 2019 alleging breaches of the Financial Markets Conduct Act 2013.

The first proceeding relates to the documentation supporting CBLC's initial public offering in 2015 (the **IPO Proceeding**). The IPO Proceeding is brought against CBLC, Peter Harris (the former Managing Director), Alistair Hutchison (a former non-executive director),¹ and Carden Mulholland (the former Chief Financial Officer). The IPO Proceeding has not settled.

The second proceeding relates to CBLC's obligation, as a listed entity, to disclose material information to the market (the **Continuous Disclosure Proceeding**). The FMA has alleged that CBLC failed to comply with its continuous disclosure obligations during 2017 and 2018 in relation to:

- the need for its primary operating subsidiary, CBL Insurance Limited (In Liquidation) (CBLI), to strengthen its reserves;
- the existence and impact of a large amount of aged receivables (insurance premiums owed but not paid) in respect of business originated by Securities and Financial Solutions Europe SA, a French insurance business; and
- directions issued to and conditions imposed on CBLC's Irish subsidiary, CBL Insurance Europe dac, by the Central Bank of Ireland.

The FMA has further alleged that CBLC engaged in misleading and deceptive conduct and/or made unsubstantiated representations in trade in respect of a market announcement on 24 August 2017.

The Continuous Disclosure Proceeding was brought against CBLC, Mr Harris, Mr Mulholland, Mr Hutchison and CBLC's four independent directors (Sir John Wells, Anthony Hannon, Paul Donaldson, and Ian Marsh (the **Independent Directors**)). Last year, CBLC and the Independent Directors agreed to settle the Continuous Disclosure Proceeding and the High Court approved jointly recommended penalties in December 2023. The FMA has discontinued the Continuous Disclosure Proceeding against Mr Hutchison's estate.

The FMA has now entered into a settlement agreement with Mr Harris to resolve its claims against him in the Continuous Disclosure Proceeding on terms acceptable to both the FMA and Mr Harris. A penalty hearing will take place at the High Court in Auckland in due course.

As a term of the settlement, Mr Harris has offered, and the FMA has agreed to accept, the enforceable undertaking set out in this document.

¹ Mr Hutchison died in December 2021, but the IPO Proceeding continues against his estate.

Undertaking

Undertaking

Mr Harris has offered the undertaking below and the FMA has agreed to accept this undertaking in accordance with section 46 of the FMA Act:

1. Mr Harris will not hold management or directorship positions with any listed issuer or licenced insurer in New Zealand and will not participate (directly or indirectly) in any regulated offer² in New Zealand, from the date this enforceable undertaking is executed by both parties until the final determination by the courts of the relief sought by the FMA in the IPO Proceeding against Mr Harris (including any appeals)

(the Enforceable Undertaking).

Acknowledgements

2. Mr Harris acknowledges that:
 - 2.1 the Enforceable Undertaking voluntarily given by him and accepted by the FMA in accordance with section 46 of the FMA Act may be legally enforced by the FMA in accordance with section 47 of the FMA Act from the date this Enforceable Undertaking is executed by both parties until the final determination by the courts of the relief sought by the FMA in the IPO Proceeding against Mr Harris (including any appeals); and
 - 2.2 in accepting the Enforceable Undertaking, the FMA is not prevented from pursuing the IPO Proceeding or exercising its rights under financial markets legislation and/or the FMA Act in relation to any contravention(s) of the Enforceable Undertaking or arising from any future conduct.

1. As per the definitions of "listed issuer", "licensed insurer" and "regulated offer" in s 6(1) of the Financial Markets Conduct Act 2013.

Execution

Signed by PETER ALAN HARRIS:



PETER ALAN HARRIS

In the presence of:



Name: Catherine Joan Harris

Occupation: -

Address:



(witnessed in Rome, Italy)

Execution (cont.)

The Financial Markets Authority accepts this Enforceable Undertaking pursuant to section 46 of the FMA Act by its authorised delegate:



Liam Mason

Executive Director the Financial Markets Authority

In the presence of:



Name: Fiona Reid

Occupation: Forensic Accountant

Address: 