

Financial Markets Conduct (Christchurch City Holdings Limited Subsidiary Balance Date Alignment) Exemption Notice 2018

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

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Notice

1 Title

This notice is the Financial Markets Conduct (Christchurch City Holdings Limited Subsidiary Balance Date Alignment) Exemption Notice 2018.

2 Commencement

This notice comes into force on 28 August 2018.

3 Revocation

This notice is revoked on the close of 27 August 2023.

4 Application

An exemption granted by this notice applies to the following accounting periods of CCHL:

- (a) the accounting period ending on 30 June 2018; and
- (b) subsequent accounting periods.

5 Interpretation

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

Act means the Financial Markets Conduct Act 2013

CCHL means Christchurch City Holdings Limited (New Zealand Company Number 613388)

specified subsidiary means Orion New Zealand Limited (New Zealand Company Number 404935) and any subsidiary of Orion New Zealand Limited, from time to time.

- (2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the

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meaning as in the Act.

6 Exemption


The board of CCHL is exempted from section 461(3) of the Act in respect of each specified subsidiary.

7 Conditions

The exemption in clause 6 is subject to the following conditions:

- (a) the board of CCHL must ensure that the balance date of CCHL is the same as the balance dates of its subsidiaries that are not specified subsidiaries; and
- (b) CCHL's group financial statements that are delivered to the Registrar for lodgement under section 461H of the Act must be accompanied by written notification to the Registrar that the board of CCHL is relying on this notice in respect of the accounting period to which the statements relate; and
- (c) the balance date of each specified subsidiary is a date that is not more than 3 months earlier than the balance date of CCHL.

Dated at Auckland this 27th day of August 2018.



Nick Kynoch
General Counsel
Financial Markets Authority

Statement of reasons

This notice comes into force on 28 August 2018 and is revoked on 27 August 2023.

The notice exempts the board of Christchurch City Holdings Limited (**CCHL**) from requiring that CCHL's subsidiary Orion New Zealand Limited (**Orion**) has the same balance date. The notice provides an exemption from section 461(3) of the Financial Markets Conduct Act 2013 (the **Act**) in respect of Orion. Section 461(3) requires the board of an FMC reporting entity to ensure that the balance date of the FMC reporting entity is the same as the balance date of its subsidiaries.

The Financial Markets Authority (the **FMA**), after satisfying itself as to the matters set out in section 557 of the Act, considers it appropriate to grant the exemptions because—

- Orion is subject to different and distinct legislative and regulatory regimes governing electricity distribution businesses (such as the Local Government Act 2002, the Local Government Act 2002, the Commerce Act 1986, the Electricity Act 1992, the Energy Companies Act 1992, and the Electricity Industry Act 2010) under which it must report and make disclosures against a 12 month period ending on 31 March each year;
- the exemption recognises the difficulties that would be faced by CCHL in complying with the requirement to ensure that the balance date of Orion is the same as CCHL's balance date. Without an exemption, CCHL would be unable to comply with the Act or would be required to change Orion's balance date to align it with CCHL's balance date;

- these outcomes would not provide any meaningful benefit to investors or financial market regulators using the financial statements and would be likely to add unnecessary compliance costs;
- investors will still have access to CCHL's consolidated group financial statements;
- New Zealand Equivalent to International Financial Reporting Standard 10 already adequately provides for the inclusion of a subsidiary's financial information in consolidated financial statements when the subsidiary has a different balance date; and
- the costs associated with Orion having to prepare and audit annual financial statements as at 30 June, in addition to the costs associated with its annual regulatory reporting requirements as at 31 March, would outweigh benefits to investors in receiving financial statements of Orion as at 30 June.

Therefore, the FMA is satisfied that -

- granting the exemption is necessary or desirable in order to promote the purposes of the Act, specifically, the exemption will avoid unnecessary compliance costs and promote flexibility in the financial markets; and
- the exemption is not broader than is reasonably necessary to address the matters that gave rise to the exemption. This is because the exemption is limited to addressing only the particular difficulties experienced by CCHL with an entity that operates under a different legislative and regulatory regime and investors will still have access to CCHL's consolidated group financial statements.