

## Financial Markets Conduct (KiwiSaver Annual Statement Fees) Exemption Notice 2017

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 (KiwiSaver Annual Statement Fees) Exemption Notice 2017.

#### 2 Commencement of this notice

This notice comes into force on 12 May 2017.

#### 3 Revocation of this notice

This notice is revoked on the close of 1 July 2017.

#### 4 Interpretation

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

**Act** means the Financial Markets Conduct Act 2013

**Regulations** means the Financial Markets Conduct Regulations 2014

**specified KiwiSaver scheme** means a KiwiSaver scheme specified in the Schedule.

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

#### 5 Exemption

Every manager of a specified KiwiSaver scheme is exempted, in respect of that specified KiwiSaver scheme, from clause 34(2)(b)(iii) of Part 3 of Schedule 1 of the Regulations.

## 6 Condition

The exemption in clause 5 is subject to the condition that the confirmation information of a specified KiwiSaver scheme provided pursuant to clause 34(2)(b) of Part 3 of Schedule 1 of the Regulations disclose the approximate total sum, expressed as a dollar amount, of the fees charged to a scheme participant for the accounting period ending on 31 March 2017. Regulation 70A of the Regulations applies, with all necessary modifications, to confirmation information required to be provided by this notice.

### Schedule

#### Specified KiwiSaver schemes

ASB KiwiSaver Scheme  
Booster KiwiSaver Scheme  
Defence Force KiwiSaver Scheme  
Kiwi Wealth KiwiSaver Scheme  
Mercer KiwiSaver Scheme  
NZ Funds KiwiSaver Scheme  
Simplicity KiwiSaver Scheme  
Smartshares KiwiSaver Scheme  
SuperLife KiwiSaver Scheme  
Supereasy KiwiSaver Superannuation Scheme

Dated at Auckland this 10th day of May 2017.



Garth Stanish  
Director of Capital Markets  
Financial Markets Authority

### Statement of reasons

This notice comes into force on 12 May 2017 and is revoked on 1 July 2017.

This notice provides an exemption for specified KiwiSaver scheme managers from certain transitional requirements of the Financial Markets Conduct Regulations 2014 (**Regulations**). The principal regulations require the manager of a KiwiSaver scheme to disclose prescribed information (**confirmation information**). The confirmation information must be disclosed in respect of each accounting period. The Financial Markets Conduct (KiwiSaver) Amendment Regulations 2017 (**Amendment Regulations**) specify more extensive disclosure requirements for KiwiSaver scheme confirmation information including disclosing the actual total fund charges (**total fees**) as a dollar amount. The Amendment Regulations also require managers to disclose the total fees on a percentage basis during a transition period if the manager cannot otherwise fully comply with the Amendment Regulations. Some managers are currently able to disclose the total fees as a dollar

amount but are unable to fully comply with the Amendment Regulations during the transition period. This exemption allows specified KiwiSaver scheme managers to disclose the total fees as a dollar amount rather than on a percentage basis during the transitional period.

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 exemption because—

- The exemption allows specified KiwiSaver schemes to make disclosure of the total fees as a dollar amount in the KiwiSaver scheme confirmation information. The confirmation information for the accounting period ending on 31 March 2017 are due to be provided to scheme participants by 30 June 2017.
- The exemption addresses a one-off short term transitional issue for specified KiwiSaver scheme managers that make disclosure of the total fees as a dollar amount in KiwiSaver confirmation information or have developed the capability to do so. Disclosure as a dollar amount provides information that is more easily understood by investors (compared to disclosure on a percentage basis). Without the exemption, each specified KiwiSaver scheme would be required to disclose the total fees only on a percentage basis. On this basis, the FMA is satisfied that the granting of the exemption is desirable in order to promote the purposes of the Act, by enabling specified KiwiSaver scheme managers to avoid the unnecessary compliance costs of preparing confirmation information that disclose total fees on a percentage basis and by promoting the informed participation of investors through the provision of information in the most understandable form available.
- The exemption is no broader than reasonably necessary to address the matters giving rise to the exemption because the exemption only applies to disclosure of the total fees during the transition period and the condition otherwise requires compliance with the Amendment Regulations.