

Financial Advisers (GT Nominees Limited) Exemption Notice 2016

Pursuant to section 148 of the Financial Advisers Act 2008, the Financial Markets Authority, being satisfied of the matters set out in section 148(2) of that Act, gives the following notice.

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Notice

1 Title

This notice is the Financial Advisers (GT Nominees Limited) Exemption Notice 2016.

2 Commencement

This notice comes into force on 25 November 2016.

3 Revocation

This notice is revoked on the close of 30 November 2018.

4 Interpretation

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

Act means the Financial Advisers Act 2008

Custodian Regulations means the Financial Advisers (Custodians of FMCA Financial Products) Regulations 2014

fair market value means, in respect of an FMCA financial product, the value of that financial product determined in accordance with generally accepted accounting practice

generally accepted accounting practice has the same meaning as in section 8 of the Financial Reporting Act 2013

relevant date has the same meaning as in regulation 9(3) of the Custodian Regulations

specified custodial services means FMCA custodial services provided to persons who are clients of GT Nominees Limited as at the commencement of this notice, in respect of FMCA financial products held on behalf of those clients as at that date (or FMCA financial products transferred or issued in exchange for those FMCA financial products).

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

5 Exemption

GT Nominees Limited is exempted from regulation 9 of the Custodian Regulations in respect of the specified custodial services.

6 Conditions of exemption in clause 5

The exemption in clause 5 is subject to the following conditions:

- (a) the aggregate fair market value of the FMCA financial products in respect of which the specified custodial services are provided, does not exceed \$250,000 as at the relevant date; and
- (b) the only FMCA custodial services provided by GT Nominees Limited are the specified custodial services.

Dated at Wellington this 18th day of November 2016.



Liam Mason
Director of Regulation
Financial Markets Authority

Statement of reasons

This notice comes into force on 25 November 2016 and is revoked on 30 November 2018.

This notice exempts GT Nominees Limited (**GT Nominees**) from compliance with regulation 9 of the Financial Advisers (Custodians of FMCA Financial Products) Regulations 2014 (**Custodian Regulations**) in respect of FMCA custodial services provided to persons who are clients of GT Nominees as at the commencement of this notice, in respect of FMCA financial products held on behalf of those clients as at that date (**specified custodial services**), subject to the conditions that the value of FMCA financial products in respect of which the custodial services are provided, does not exceed \$250,000 and that GT Nominees does not provide any other FMCA custodial services.

The Financial Markets Authority, after satisfying itself as to the matters set out in section 148(2) of the Act, considers it appropriate to grant an exemption because:

- the scope of the exemption is limited to the specified custodial services, and the exemption only applies for so long as the scale of FMCA custodial services provided by GT Nominees remains limited;
- the benefits of compliance are limited because of the limited scale of the FMCA custodial services provided by GT Nominees, including in particular the low value of the assets held, noting also that, pursuant to the Custodian Regulations, GT Nominees must still provide information to investors about client money and client property received, held, or paid;
- the limited scale of the FMCA custodial services being provided by GT Nominees, and in particular the low value of the assets held, means that the cost of obtaining an assurance

report, as otherwise required by regulation 9 of the Custodian Regulations, would be disproportionate in the context of risks and benefits, and would therefore be unreasonable or not justified by the benefits of compliance; and

- the portfolios to which the FMCA custodial services relate have been in wind-up since 2013. It is envisaged that the wind-up will be completed in 2017. The exemption facilitates the continued orderly wind-up of the portfolios, and incurring the costs of an assurance report would be unreasonable or not justified in the context of a portfolio that is in its last stages of being wound-up with a relatively low level of remaining assets. This is reflected in the duration of the exemption and the conditions of the exemption.