

Financial Markets Conduct (Tradition Kiwi Brokers Limited) Exemption Notice 2025

This exemption is granted by the Financial Markets Authority under section 556 of the Financial Markets Conduct Act 2013 after being satisfied of the matters set out in section 557 of that Act.

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Notice

- 1 Title**
This notice is the Financial Markets Conduct (Tradition Kiwi Brokers Limited) Exemption Notice 2025.
- 2 Commencement**
This notice comes into force on 28 October 2025.
- 3 Revocation**
This notice is revoked on the close of 27 October 2030.
- 4 Interpretation**
 - (1) In this notice, unless the context otherwise requires, —
 - Act** means the Financial Markets Conduct Act 2013
 - client money** has the same meaning as in section 431W(5) of the Act
 - client property** has the same meaning as in section 431W(5) of the Act
 - specified date** means each of 31 March, 30 June, 30 September and 31 December in each year
 - specified period—**
 - (a) means each period starting on the date immediately following a specified date and ending on the immediately following specified date after the commencement of this notice; and
 - (b) includes the period starting on the commencement date of this notice and ending on the immediately following specified date

Tradition means Tradition Kiwi Brokers Limited

Tradition Financial Product Market means the financial product market that is operated by Tradition in New Zealand through the Voice-broking Facility

Tradition market rules means Tradition's terms for client access and trading on the Tradition Financial Product Market from time to time

Voice-broking Facility means the facility by which Tradition operates voice-broking services where the infrastructure used is limited to telephone services, electronic chat communications, intercom and software products that verify client deals and issue trade confirmations

wholesale investor has the meaning set out in clause 3(2) of Schedule 1 of the Act.

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

5 Exemption from section 310 of the Act

Tradition is exempted from section 310 of the Act in connection with operating, or holding out as operating, the Tradition Financial Product Market.

6 Conditions of exemption in clause 5

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

Market access and broking

- (a) Tradition must not receive or hold client money or client property or operate any clearing and settlement facility in connection with its operation of the Tradition Financial Product Market; and
- (b) each participant in the Tradition Financial Product Market must be an entity that is a wholesale investor acting on its own behalf as principal; and
- (c) Tradition must not trade on its own behalf, or as agent on behalf of others, on the Tradition Financial Product Market; and

Financial products offered

- (d) the Tradition Financial Product Market must be used only in relation to one or more of the following financial products –
 - (i) derivatives between participants in the Tradition Financial Product Market;
 - (ii) debt securities issued by registered banks; and
 - (iii) New Zealand government bonds.

7 Exemption does not apply to period of non-compliance with certain obligations

- (1) The exemption in clause 5 does not apply to Tradition during the period that—
 - (a) starts when Tradition fails to comply with 1 or more duties set out in subclause (2); and
 - (b) ends at the close of the date on which all of those failures have been remedied under subclause (3).
- (2) The duties are as follows:
 - (a) Tradition must send a report to the FMA within 10 working days after the last day of each specified period that contains the following information for that specified period, in relation to the financial products specified in clause 6(d) that are traded on the Tradition Financial Product Market:

- (i) the total number of trades and the total value, in NZD-equivalent terms, of trades by all participants by type of financial product; and
 - (ii) whether there have been any instances of potential or actual breaches of Tradition market rules and if so, details of the potential or actual breach:
 - (b) Tradition must notify the FMA as soon as practicable of any investigation, enforcement, or disciplinary action taken by any other New Zealand or overseas regulatory authority in relation to the Tradition Financial Product Market.
- (3) The duties may be remedied as follows:
- (a) the duty under subclause 2(a) may be remedied by sending the report referred to in that paragraph to the FMA:
 - (b) the duty under subclause 2(b) may be remedied by notifying the FMA of the information required by that paragraph.

Dated at Auckland this 22nd day of October 2025.



John Horner
Director – Markets, Investors and Reporting
Financial Markets Authority

Statement of Reasons

This notice, which comes into force on 28 October 2025 and is revoked on 27 October 2030, exempts Tradition Kiwi Brokers Limited (**Tradition**) from section 310 of the Financial Markets Conduct Act 2013 (the **Act**). Section 310 of the Act requires that a person must not operate, or hold out that the person operates, a financial product market in New Zealand, unless the person holds a licence to operate that market under Part 5 of the Act, or the market is exempt from the licensing requirement under section 312 of the Act.

The Financial Markets Authority (**FMA**), after satisfying itself of the matters set out in section 557 of the Act, considers it appropriate to grant the exemption set out in this notice for the following reasons—

- Tradition's financial product market is simple in its format, the type of products that can be traded are limited, and the conditions of the exemption ensure that all participants in the Tradition financial product market are wholesale investors. Accordingly, the following purposes can be substantially achieved without Tradition being subject to licensing requirements—
 - promoting informed participation of businesses, investors and consumers in the financial markets; and
 - promoting and facilitating the development of fair, efficient, and transparent financial markets; and
 - the additional purposes of providing timely, accurate and understandable information to persons to assist those persons to make decisions relating to financial products or the provision of financial services; and
- the exemption is subject to conditions that Tradition must not:
 - hold client money or property in relation to the financial product market it operates; and
 - operate any clearing and settlement facility on such financial product market; and
 - trade on its own behalf, or on the behalf of others, on such financial product market.

As such, it is not necessary to impose requirements in relation to those matters to achieve the purpose of the Act relating to governance arrangements and the management of governance risks; and

- given the statutory purposes described above can be substantially met without Tradition being subject to licensing requirements, it is desirable to grant the exemption in order to promote the further statutory purpose of avoiding unnecessary compliance costs; and
- granting the exemption promotes innovation and flexibility in the financial markets, by allowing specialised interdealer broking services to operate with appropriate regulatory settings; and
- furthermore, taking into consideration:
 - the matters set out in section 308 of the Act regarding the nature of the activities conducted, the size of the market, the nature of the financial products dealt with, the participants, and the technology used; and
 - the purpose set out in section 229 of the Act to encourage a diversity of financial product markets to take account of the differing needs and objectives of issuers and investors,

the obligations arising out of the operation of subparts 7 and 8 of Part 5 of the Act would be out of proportion to any benefits licensing Tradition may bring. From a regulatory perspective, the needs and objectives of the particular investors in relation to the particular products appear to be largely met by existing arrangements. Also, to subject the issuers whose products are traded

- on Tradition's financial product market to listing rules and requirements would impose significant costs on both Tradition and the issuers disproportionate to any benefit; and
- the exemption is subject to conditions limiting the infrastructure of the facility, the nature of participants, the capacity in which they are participating, and the range of products traded on any facility that has the benefit of the exemption. As such, the FMA considers the exemption is not broader than reasonably necessary to address the matters that gave rise to the exemption.