

Financial Markets Conduct (Xero 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 (Xero Limited) Exemption Notice 2025.

2 Commencement

This notice comes into force on 27 June 2025.

3 Revocation

This notice is revoked on the close of 23 December 2025.

4 Interpretation

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

Act means the Financial Markets Conduct Act 2013

ASX means the Australian Securities Exchange

Regulations means the Financial Markets Conduct Regulations 2014

retail investor has the same meaning as in regulation 5(1) of the Regulations

share purchase plan offer means an offer of Xero shares under a share purchase plan made to existing holders of Xero shares in Australia and New Zealand and certain foreign jurisdictions.

Xero means Xero Limited, a company incorporated and registered in New Zealand

Xero shares means the ordinary shares of Xero which are approved for trading on the ASX.

- (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 Exemptions for share purchase plan offer to existing holders

Xero, and every holder of Xero shares, is exempted from Part 3 of the Act in respect of a share purchase plan offer if the only retail investors to whom the share purchase plan offer is made in New Zealand are persons who, at the time fixed for determining eligibility to participate in the share purchase plan offer, are holders of Xero shares.

6 Condition for share purchase plan offer to be made in compliance with Australian law

The exemptions in clause 5 are subject to the condition that the share purchase plan offer is made in compliance with —

- (a) the law of Australia; and
- (b) any code, rules, or other requirements relating to the share purchase plan offer that apply in Australia, including the listing rules of the ASX.

7 Share purchase plan offer made in reliance on this notice not a regulated offer

A share purchase plan offer made in reliance on this notice is not a regulated offer.

Dated at Wellington this 25th day of June 2025.



John Horner
Director – Markets, Investors and Reporting

Statement of Reasons

This notice comes into force on 27 June 2025 and is revoked on the close of 23 December 2025

This notice exempts Xero Limited (**Xero**), a New Zealand incorporated entity listed solely on the Australian Securities Exchange (**ASX**), from Part 3 of the Financial Markets Conduct Act 2013 (**FMC Act**) in respect of a share purchase plan offer (**Offer**) being made to New Zealand retail investors who are holders of Xero's shares.

Xero, as an ASX listed issuer, is subject to Australian law (in respect of the Offer in Australia) and ASX Listing Rules in respect of the Offer. Consequently, the Offer is being made in Australia in compliance with Part 6D of the Australian Corporations Act 2001 (Cth) (as amended to allow for the offering of a share purchase plan under the *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547*) and the ASX Listing Rules.

The exemptions in this notice are subject to a condition that Xero's Offer is made in compliance with law of Australia and ASX Listing Rules that apply.

This notice also provides that the Offer exempted by this notice is not a regulated offer. This means that requirements of the FMC Act or other Acts that apply in connection with regulated offers do not apply to this Offer except as provided by conditions in this notice. However, under clause 20 of Schedule 4 of the FMC Act, Xero is treated as an "FMC reporting entity" with respect to its outstanding shares that were offered under a Securities Act 1978 prospectus and therefore has financial reporting obligations under Part 7 of the FMC Act. Any other financial market conduct obligations that Xero may have, including obligations under Part 2 of the Act, are not affected.

The exemption from Part 3 disclosure in this notice is similar to that of the exemption in clause 5 (exemption for offers made to existing holders) of the [Financial Markets Conduct \(Incidental Offers\) Exemption Notice 2021](#) (**Incidental Offers class exemption**) and subject to similar conditions. The reasons for granting the Incidental Offers class exemption also apply to this exemption, in that, –

- it recognises Australian requirements for listed offers made to existing holders of the issuer's shares as being comparable and broadly equivalent to New Zealand financial markets laws; and
- Australia's regulatory body, Australian Securities and Investments Commission (**ASIC**), is an ordinary member of the International Organization of Securities Commissions and a signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information which means that the FMA can obtain co-operation from ASIC if any compliance concerns arise in relation to Xero.

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

- this notice applies only to offers made by Xero to people who already hold shares in Xero listed on ASX, and who can be taken to have assumed the degree of risk that might accompany overseas investment. This notice cannot be used for an offer of financial products to New Zealand investors more generally;
- the exemption recognises the adequacy of the regulation of financial product offerings in Australia and that the laws of Australia require disclosure of information for investors to an extent broadly equivalent with New Zealand financial markets conduct law. Also, ASIC, Australia's regulatory body, is an ordinary member of IOSCO and a signatory to the IOSCO MMOU which means that the FMA will be able to obtain co-operation from ASIC if any compliance concerns arise in relation to Xero;
- Xero must comply with the financial reporting obligations contained in Part 7 of the FMC Act in relation to the offer of shares made previously to New Zealand retail investors.

As such, the FMA is satisfied that the granting of the exemption is desirable in order to promote the purposes of the Act; specifically, it will avoid unnecessary compliance costs and promote flexibility in the financial markets.

Given that the Offer is made in compliance with Australian law and subject to regulatory oversight broadly equivalent to New Zealand, and only incidentally targets Xero's New Zealand shareholders, the FMA is satisfied that the exemptions are not broader than is reasonably necessary to address the matters that gave rise to them.