

Financial Markets Conduct (IG Australia Pty Limited) Exemption Notice 2022

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 (IG Australia Pty Limited) Exemption Notice 2022.

2 Commencement

This notice comes into force on 7 March 2022.

3 Revocation

This notice is revoked on the close of 30 September 2026.

4 Application

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

- (a) the accounting period that ends 31 May 2022; and
- (b) subsequent accounting periods, up to and including the accounting period ending 31 May 2026.

5 Interpretation

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

Act means the Financial Markets Conduct Act 2013



ASIC means the Australian Securities and Investments Commission

Australian auditor means an accountant who is a registered auditor under the laws of Australia who is qualified to give an opinion as to whether IG Australia's financial statements comply with Australian GAAP

Australian GAAP means Australian equivalents to International Financial Reporting Standards

IG Australia means IG Australia Pty Limited, a company incorporated in Australia and registered as an overseas ASIC company in New Zealand under the Companies Act 1993 (company number 7639257)

IG Group Holdings means IG Group Holdings plc a company incorporated in England and Wales (company number 04677092) that is listed on the London Stock Exchange and is the ultimate parent company of IG Australia

International Financial Reporting Standards means—

- (a) International Financial Reporting Standards, International Accounting Standards, and Standing Interpretations Committee interpretations that have been adopted by the International Accounting Standards Board in accordance with the constitution of the International Financial Reporting Standards Foundation; and
- (b) final interpretations by the International Financial Reporting Standards Interpretations Committee approved by the International Accounting Standards Board in accordance with that constitution

Market Data Limited means a company incorporated in England and Wales (company number 05022252) that is the parent company of IG Australia

overseas auditor means a person who is suitably qualified to perform statutory audits in the United Kingdom and to give a report, prepared on a reasonable assurance engagement, on IG Australia's processes, procedures and controls

qualified auditor has the same meaning as in section 461E of the Act

Regulations means the Financial Markets Conduct Regulations 2014

- (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.

6 Exemptions

IG Australia is exempted from—

- (a) sections 455(1)(c), 461D and 461G of the Act; and
- (b) section 460 of the Act to the extent that it requires IG Australia to ensure that its financial statements comply with generally accepted accounting practice; and
- (c) section 461B of the Act; and
- (d) regulation 248(1) of the Regulations to the extent that it requires IG Australia to obtain an assurance engagement with a qualified auditor; and
- (e) regulation 248(1A) of the Regulations to the extent that it requires the assurance engagement to be done in accordance with applicable auditing and assurance standards; and
- (f) regulation 249 of the Regulations to the extent that it requires a qualified auditor's opinion; and

- (g) clause 29(a) of Schedule 6 to the Regulations to the extent that it requires the register entry for an offer of derivatives by IG Australia to contain financial statements that comply with generally accepted accounting practice that have been audited by a qualified auditor.

7 Conditions of exemption from clauses 6(a), (b) and (g)

- (1) The exemptions in clauses 6(a) and (b) are subject to the conditions that—
 - (a) IG Australia, in relation to the financial statements that are required to be prepared under section 460 of the Act, must comply with the law and regulatory requirements of, or permitted by, the Commonwealth of Australia that relate to the preparation, content, and audit of those financial statements and, in particular, IG Australia must ensure that—
 - (i) those financial statements comply with Australian GAAP; and
 - (ii) those financial statements are audited by an Australian auditor; and
 - (iii) an audit report is prepared by the Australian auditor in respect of that audit; and
 - (b) IG Australia must ensure that there are kept at all times accounting records that will enable IG Australia to ensure that the financial statements prepared under section 460 of the Act comply with paragraph (a)(i); and
 - (c) if the auditor's report referred to in paragraph (a)(iii) was qualified or referred to a fundamental matter in any respect, IG Australia must, within 7 working days after the report is signed, provide a copy of the report, and a copy of the financial statements to which it relates, to —
 - (i) the FMA; and
 - (ii) the External Reporting Board; and
 - (d) the financial statements of IG Australia that are delivered to the Registrar for lodgment under section 461H of the Act must be accompanied by written notification to the Registrar that IG Australia is relying on this notice in respect of the accounting period to which the financial statements relate.
- (2) The exemption in clause 6(g) is subject to the conditions that the register entry for any regulated offer of derivatives by IG Australia must contain—
 - (a) a copy of IG Australia's most recently completed financial statements before the date of the PDS for the offer that comply with Australian GAAP and have been audited by an Australian auditor; and
 - (b) a copy of the Australian auditor's report on those financial statements; and
 - (c) a statement to the effect that:
 - (i) the law normally requires the financial statements on the register to comply with New Zealand's generally accepted accounting practice; and
 - (ii) in this case, the financial statements comply with Australian GAAP; and
 - (iii) compliance with Australian GAAP in this case is allowed under the Financial Markets Conduct (IG Australia Pty Limited) Exemption Notice 2022.

8 Conditions of exemption from clause 6(c)

The exemption in clause 6(c) is subject to the conditions that—

- (a) IG Australia does not incur any tax liability in New Zealand in any of the accounting periods to which this notice applies; and
- (b) there are no changes to the established business model and operating structure within which IG Australia operates during any of the accounting periods to which this notice applies, which could give rise to a tax liability in New Zealand; and
- (c) the financial statements that are prepared under clause 7(1)(a) and delivered to the Registrar for lodgment under section 461H of the Act, must contain, in the notes to those financial statements, which will be audited by an Australian auditor—
 - (i) a statement to the effect that—
 - A IG Australia’s financial statements would normally need to include financial statements for its New Zealand business, prepared as if that business were conducted by a company formed and registered in New Zealand and audited by a qualified auditor, and that IG Australia is relying on the Financial Markets Conduct (IG Australia Pty Limited) Exemption Notice 2022, which exempts it from this requirement; and
 - B IG Australia has a unique business structure and operates within the global business model that was established by its ultimate parent company, IG Group Holdings, which means it has not incurred a tax liability in New Zealand during the relevant accounting period; and
 - (ii) a quantitative value together with a narrative description that explains the basis for the value of each of the following items for IG Australia’s New Zealand business, each determined in accordance with either Australian GAAP or generally accepted accounting practice:
 - A total revenue:
 - B total expenses:
 - C total assets:
 - D total liabilities.

9 Conditions of exemption from clauses 6(d), (e) and (f)

The exemptions in clauses 6(d), (e) and (f) are subject to the conditions that—

- (a) IG Australia, in relation to the assurance engagement required under regulation 248(1) of the Regulations, must obtain an assurance engagement with an overseas auditor; and
- (b) the assurance engagement must be done in accordance with the auditing and assurance standards that apply to the assurance engagement carried out by the overseas auditor; and
- (c) the assurance report must include an opinion by the overseas auditor on IG Australia’s processes, procedures and controls, as stated in regulation 249(1) of the Regulations; and
- (d) in preparing the assurance report, the overseas auditor must test the control objectives as stated in regulation 249(2) of the Regulations in relation to their effectiveness in New Zealand in respect of IG Australia; and
- (e) the assurance report must include a statement confirming that such tests have been carried out; and
- (f) the assurance report must identify the control objectives in regulation 249(2) of the Regulations that apply only to New Zealand licensed derivatives issuers, and for which there is no equivalent obligation for any of Market Data Limited’s regulated subsidiaries, which

operate in different jurisdictions and are required to obtain a similar assurance engagement and report.

10 Further conditions of exemptions

The exemptions in clause 6 are subject to further conditions that—

- (a) IG Australia must continue to hold an Australian Financial Services Licence issued by ASIC; and
- (b) ASIC and the United Kingdom's Financial Conduct Authority must continue to be members of the International Organisation of Securities Commissions (**IOSCO**) and full signatories to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Co-operation and the Exchange of Information.

Dated at Auckland this 3rd day of March 2022.



Paul Gregory
Acting Director of Capital Markets
Financial Markets Authority

Statement of Reasons

This notice comes into force on 7 March 2022 and is revoked on 30 September 2026.

This notice exempts IG Australia Pty Limited (**IG Australia**), an Australian incorporated company that holds an Australian Financial Services Licence and a derivatives issuer licence under the Financial Markets Conduct Act 2013 (the **Act**), from the following provisions of the Act and the Financial Markets Conduct Regulations 2014 (the **Regulations**) —

- section 455(1)(c) of the Act, to the extent that an FMC reporting entity must keep accounting records that will enable it to ensure that financial statements comply with generally accepted accounting practice (**NZ GAAP**);
- section 460 of the Act, to the extent that it requires financial statements that comply with NZ GAAP;
- section 461B of the Act, which requires overseas FMC reporting entities to prepare and lodge financial statements that include financial statements for its New Zealand business;
- sections 461D and 461G of the Act, to the extent that they require financial statements to be audited by a qualified auditor as defined by section 461E of the Act and the audit report to comply with applicable auditing and assurance standards;
- regulation 248(1) of the Regulations, to the extent that it requires IG Australia to obtain an assurance engagement with a qualified auditor; and
- regulation 248(1A) of the Regulations to the extent that it requires the assurance engagement to be done in accordance with applicable auditing and assurance standards in New Zealand; and

- regulation 249 of the Regulations to the extent that it requires a qualified auditor's opinion on the derivatives issuer's processes, procedures and controls; and
- clause 29(a) of Schedule 6 to the Regulations to the extent that the register entry is required to contain financial statements that comply with NZ GAAP that have been audited by a qualified auditor.

The exemptions are subject to a number of conditions including that IG Australia prepare financial statements that comply with the financial reporting requirements of Australia that relate to the preparation, content and audit, of those financial statements. The main effects of the exemptions are—

- the financial statements that are prepared will comply with Australian equivalents to International Financial Reporting Standards (**Australian GAAP**) rather than NZ GAAP, and will be audited by an auditor registered under the laws of Australia to perform the audit (**Australian auditor**):
- the notes to IG Australia's financial statements will provide key financial information about IG Australia's New Zealand business, rather than IG Australia preparing separate financial statements for its New Zealand business prepared as if that business were conducted by a company formed and registered in New Zealand:
- the register entry for an offer of derivatives by IG Australia will contain IG Australia's most recently completed financial statements, that comply with Australian GAAP and will have been audited by an Australian auditor:
- IG Australia will obtain an assurance engagement with a person who is registered or licensed under the laws of England and Wales to give a report, prepared on a reasonable assurance engagement on IG Australia's processes, procedures and controls for the handling of client money.

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 exemptions because—

- the FMA is satisfied that the financial reporting and assurance requirements, and the nature and extent of regulatory oversight, for IG Australia and its auditors is of a high quality and at least equivalent to those that exist in New Zealand. As such, IG Australia's investors will have access to broadly similar information to the information that they would otherwise receive:
- IG Australia has a unique business structure and operates within the global business model that was established by its ultimate parent company, IG Group Holdings plc, for its global subsidiaries. IG Australia's business structure means it does not incur any tax liability in New Zealand. With no tax liability in New Zealand the Inland Revenue Department has no use for IG Australia's New Zealand business financial statements and there are no other known users of these financial statements. To the extent that there are any users of IG Australia's New Zealand business financial statements, key financial information about IG Australia's New Zealand business will be included within the notes to IG Australia's financial statements:
- The Australia Securities and Investments Commission (**ASIC**) and the United Kingdom's Financial Conduct Authority (**FCA**) are signatories to the International Organisation of Securities Commissions' Multilateral Memorandum of Understanding Concerning Consultation and Co-operation and the Exchange of Information. This means that the FMA will be able to obtain co-operation from ASIC and the FCA if any compliance concerns arise in relation to IG Australia's financial reporting, audit and assurance engagement requirements:
- the costs associated with each of the following would outweigh any benefit to investors—
 - preparing separate financial statements that comply with NZ GAAP, together with an audit of those statements by a New Zealand licensed auditor when investors have access to

- broadly similar information in the audited financial statements of IG Australia that are prepared in accordance with the laws of Australia,
 - preparing New Zealand business financial statements, and
 - engaging a qualified auditor to provide a separate assurance engagement in respect of certain derivatives investor money obligations.
- the granting of the exemptions is desirable in order to promote the purposes of the Act, specifically the purposes of avoiding unnecessary compliance costs and promoting innovation and flexibility in the financial markets:
- the FMA is further satisfied that the extent of the exemptions are not broader than is reasonably necessary to address the matters that give rise to the exemptions given that the financial statements will be subject to Australian GAAP and audit oversight that is broadly equivalent to the New Zealand requirements, the assurance engagement will still be carried out, and IG Australia is only exempt from the requirement to prepare New Zealand business financial statements on condition it has no tax liability in New Zealand.