

Financial Markets Conduct (Imperium Markets Pty Limited) Exemption Notice 2020

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 (Imperium Markets Pty Limited) Exemption Notice 2020.

2 Commencement

This notice comes into force on 21 April 2020.

3 Revocation

This notice is revoked on 30 April 2022.

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

Imperium Markets means Imperium Markets Pty Limited.

(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 from section 310 of the Act

Imperium Markets is exempted from section 310 of the Act.

6 Conditions of exemption in clause 5

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

- (a) any financial product market operated in New Zealand by Imperium Markets is limited to a facility through which investors may apply to one or more registered banks for quotations for the investor to acquire debt securities issued by each registered bank;
- (b) each investor participating in any financial product market operated by Imperium Markets in New Zealand is an entity that is a wholesale investor (as defined in clause 3(2) of schedule 1 of the Act) and, when participating in that market –
 - (i) is already a customer of any registered bank which the investor seeks a quotation from; and
 - (ii) is acting on its own behalf as principal;
- (c) Imperium Markets does not trade on its own behalf or as agent on behalf of others on any financial product market it operates in New Zealand;
- (d) Imperium Markets does not receive or hold client money or client property or operate any clearing and settlement facility in connection with its operation of any financial product market in New Zealand; and
- (e) Imperium Markets does not describe itself as operating a licensed financial product market in New Zealand or hold out that any financial product market it operates is a licensed financial product market in New Zealand.

Dated at Wellington this 17th day of April 2020



Sarah Vrede
Director of Capital Markets
Financial Markets Authority

Statement of reasons

This notice, which comes into force on 21 April 2020 and is revoked on 30 April 2022, exempts Imperium Markets from section 310 of the Financial Markets Conduct Act 2013. Section 310 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—

- Imperium Markets' financial product market may only relate to financial products that are not complex (bank term deposits and other debt securities issued by registered banks). Further, the conditions of the exemption ensure that all participants in that financial

product market are wholesale investors, and each issuer is a registered bank in New Zealand. Accordingly:

- the purposes of promoting informed participation of businesses, investors and consumers in the market, 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,

can be substantially achieved without Imperium Markets being subject to licensing requirements; and

- Imperium Markets will not hold investor money or property in relation to any financial product market it operates, will not be a participant in any of the transactions that take place on any financial product market it operates, and will not operate any clearing and settlement facility 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 that the statutory purposes described above can be substantially met without Imperium Markets 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 facilitating the establishment of a new financial product market with appropriate regulatory settings.

Furthermore, taking into consideration:

- the matters set out in section 308 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 to encourage a diversity of financial product markets that 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 Imperium Markets may bring in relation to the financial product market permitted by the conditions to the exemption in this notice. Also, to subject the issuers whose products are traded on Imperium Markets' financial product market(s) to listing rules and requirements would impose significant costs on both Imperium Markets and the issuers disproportionate to any benefit.

The exemption is subject to conditions limiting the nature of the market, the nature of participant, 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.