

## Financial Markets Conduct (Plus500AU Pty Ltd) 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 (Plus500AU Pty Ltd) Exemption Notice 2022.

#### 2 Commencement

This notice comes into force on 1 May 2022.

#### 3 Revocation

This notice is revoked on the close of 30 April 2027.

#### 4 Application

An exemption granted by this notice applies to the following accounting periods of Plus500AU:

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

#### 5 Interpretation

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

**Act** means the Financial Markets Conduct Act 2013

**approved auditor** means an accountant who is qualified under the laws of Australia to give an opinion as to whether the financial statements of the New Zealand business of Plus500AU comply with generally accepted accounting practice and is entitled to act as an auditor for Plus500AU



**ASIC** means the Australian Securities and Investments Commission

**Australian auditor** means an accountant who is a registered auditor under the laws of Australia and who is qualified to give an opinion as to whether Plus500AU's financial statements comply with Australian GAAP

**Australian GAAP** means Australian equivalents to International Financial Reporting Standards

**External Reporting Board** means the independent Crown Entity continued under section 11 of the Financial Reporting Act 2013

**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

**International Standards on Auditing** means the International Standards on Auditing issued by the International Federation of Accountants through the International Auditing and Assurance Standards Board

**Plus500AU** means Plus500AU Pty Ltd, a company incorporated in Australia and registered as an overseas ASIC company in New Zealand under the Companies Act 1993 (company number 5741129)

**Regulations** means the Financial Markets Conduct Regulations 2014

**specified financial statements** means financial statements of Plus500AU for the accounting periods from 1 January 2023 to 31 December 2026, prepared in accordance with the laws of Australia.

- (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

Plus500AU is exempted from—

- (a) sections 455(1)(c), 461B, 461D and 461G of the Act; and
- (b) section 460 of the Act, to the extent that it requires Plus500AU to ensure that its financial statements comply with generally accepted accounting practice and are dated and signed in accordance with section 460(1)(b) of the Act; and
- (c) regulation 248(1) of the Regulations, to the extent that it requires Plus500AU to obtain an assurance engagement with a qualified auditor; and
- (d) 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
- (e) regulation 249 of the Regulations, to the extent that it requires a qualified auditor's opinion; and
- (f) clause 29(a) of Schedule 6 to the Regulations, to the extent that it requires the register entry for an offer of derivatives by Plus500AU to contain financial statements that comply with generally accepted accounting practice and that have been audited by a qualified auditor.

## **7 Conditions of exemption from clauses 6(a), (b) and (f)**

- (1) The exemptions in clauses 6(a) and (b) are subject to the conditions that—
- (a) Plus500AU, in relation to the specified 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 laws of Australia that relate to the preparation, content, and audit of those financial statements and, in particular, Plus500AU must ensure that—
    - (i) the specified financial statements comply with Australian GAAP; and
    - (ii) the specified 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) Plus500AU must ensure that there are kept at all times accounting records that will enable Plus500AU to ensure that—
    - (i) the specified financial statements prepared under section 460 of the Act comply with paragraph (a)(i); and
    - (ii) the financial statements for the New Zealand business prepared under paragraph (c) comply with generally accepted accounting practice; and
  - (c) the specified financial statements of Plus500AU must, when those statements are delivered for lodgement under section 461H of the Act, be accompanied by financial statements for Plus500AU's New Zealand business prepared as if that business were conducted by a company formed and registered in New Zealand. Plus500AU must also ensure that—
    - (i) the financial statements for the New Zealand business are prepared in accordance with generally accepted accounting practice; and
    - (ii) those financial statements are audited by an approved auditor in accordance with International Standards on Auditing; and
    - (iii) an audit report is prepared by the approved auditor in respect of that audit; and
  - (d) the financial statements that are delivered to the Registrar for lodgment under paragraph (c) must be accompanied by a copy of the auditor's report on those financial statements prepared under paragraph (c)(iii); and
  - (e) if an auditor's report referred to in paragraph (a)(iii) or (c)(iii) indicates that the requirements of Australian GAAP in respect of the specified financial statements under paragraph (a) or the requirements of generally accepted accounting practice in respect of Plus500AU's New Zealand business financial statements under paragraph (c) have not been complied with, Plus500AU must, within 7 working days after the relevant auditor signs the report, send a copy of the report, and a copy of the specified financial statements or financial statements for the New Zealand business to which it relates, to—
    - (i) the FMA; and
    - (ii) the External Reporting Board; and
  - (f) the financial statements of Plus500AU that are delivered to the Registrar for lodgment under section 461H of the Act must be accompanied by written notification to the Registrar that Plus500AU is relying on this notice in respect of the accounting period to which the financial statements relate.

- (2) The exemption in clause 6(f) is subject to the conditions that the register entry for any regulated offer of derivatives by Plus500AU must contain—
- (a) a copy of Plus500AU'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 (Plus500AU Pty Ltd) Exemption Notice 2022.

## **8 Conditions of exemption from clauses 6(c), (d) and (e)**

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

- (a) Plus500AU, in relation to the assurance engagement required under regulation 248(1) of the Regulations, must obtain an assurance engagement with an Australian 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 Australian auditor; and
- (c) the assurance report must include an opinion by the Australian auditor on Plus500AU's processes, procedures and controls, as stated in regulation 249 of the Regulations; and
- (d) in preparing the assurance report, the Australian 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 Plus500AU; and
- (e) the assurance report must include a statement confirming that such tests have been carried out.

## **9 Further conditions of exemptions**

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

- (a) Plus500AU must continue to hold an Australian Financial Services Licence issued by ASIC; and
- (b) ASIC must continue to be a member of the International Organisation of Securities Commissions (IOSCO) and a full signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Co-operation and the Exchange of Information.

Dated at Auckland this 26th day of April 2022.



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Paul Gregory  
Acting Director of Capital Markets and Director of Investment Management  
Financial Markets Authority

## Statement of reasons

This notice comes into force on 1 May 2022 and is revoked on the close of 30 April 2027.

This notice exempts Plus500AU Pty Ltd (**Plus500AU**), 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 an FMC reporting entity to ensure that its financial statements comply with NZ GAAP are completed and are dated and signed in accordance with section 460(1)(b) of the Act;
- section 461B of the Act, which requires overseas FMC reporting entities to prepare financial statements that include financial statements for their 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 Plus500AU to obtain an assurance engagement with a qualified auditor;
- 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;
- 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 Plus500AU 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 the 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**);
- those financial statements will be accompanied by separate financial statements for the New Zealand business that comply with NZ GAAP;
- those New Zealand business financial statements will be audited by an accountant who is qualified under the laws of Australia to give an opinion as to whether they comply with NZ GAAP and is entitled to act as an auditor for Plus500AU, rather than a qualified auditor (as that term is defined in the Act);
- the register entry for an offer of derivatives by Plus500AU will contain Plus500AU's most recently completed financial statements, which comply with Australian GAAP and will have been audited by an Australian auditor;
- Plus500AU will obtain an assurance engagement with a person who is registered under the laws of Australia to give a report, prepared on a reasonable assurance engagement on Plus500AU's

processes, procedures and controls for the handling of derivatives investor money and derivatives investor property.

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 Plus500AU and its auditors are of a high quality and at least equivalent to those that exist in New Zealand. As such, Plus500AU's investors will have access to broadly similar information to the information that they would otherwise receive:
- the Australian Securities and Investments Commission (**ASIC**) is a signatory 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 if any compliance concerns arise in relation to Plus500AU'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 Plus500AU that are prepared in accordance with the laws of Australia, 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, and the assurance engagement will still be carried out.