

Financial Markets Conduct (Plus500AU Pty Ltd) Exemption Notice 2017

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 2017.

2 Commencement

This notice comes into force on 28 April 2017.

3 Revocation

This notice is revoked on the close of 27 April 2022.

4 Application

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

- (a) the accounting period that ended on 31 December 2016; and
- (b) subsequent accounting periods.

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 the exempt

issuer comply with generally accepted accounting practice and is entitled to act as an auditor for the exempt issuer

ASIC means the Australian Securities and Investments Commission

Australian auditor means an auditor who is registered or licensed under the laws of Australia to give an opinion as to whether financial statements comply with Australian IFRS, and to give a report, prepared on a reasonable assurance engagement, on the exempt issuer's processes, procedures and controls, and is entitled to act as an auditor for the exempt issuer

Australian IFRS means the International Financial Reporting Standards that have been adopted by the Commonwealth of Australia

exempt issuer means Plus500AU Pty Ltd

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 issued, endorsed or 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

PDS has the same meaning as in section 6 of the Act

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

Regulations means the Financial Markets Conduct Regulations 2014

specified financial statements means financial statements of the exempt issuer for the accounting periods from 1 January 2016 to 31 December 2022, 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

The exempt issuer 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 the exempt issuer 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 the exempt issuer to obtain an assurance engagement with a qualified auditor done in accordance with applicable auditing and assurance standards; and
- (d) regulation 249 of the Regulations, to the extent that it requires a qualified auditor's opinion on the exempt issuer's processes, procedures and controls; and

- (e) 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 generally accepted accounting practice and have been audited by a qualified auditor.

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

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

- (a) the exempt issuer, in relation to its specified financial statements for each accounting period prepared under section 460 of the Act, must comply with the laws of Australia that relate to the preparation, content, audit, and public filing of those financial statements and, in particular, the exempt issuer must ensure that—
 - (i) the specified financial statements comply with Australian IFRS; 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) the exempt issuer must ensure that there are kept at all times accounting records that will enable the exempt issuer 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 the exempt issuer must, when those statements are delivered for lodgement under section 461H of the Act, be accompanied by financial statements for the exempt issuer's New Zealand business prepared as if that business were conducted by a company formed and registered in New Zealand. The exempt issuer 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 written notification to the Registrar that the exempt issuer is relying on this notice in respect of the accounting period to which those statements and the specified financial statements relate; and
- (e) if an auditor's report referred to in paragraph a(iii) or (c)(iii) indicates that the requirements of Australian IFRS in respect of the specified financial statements under paragraph (a) or the requirements of generally accepted accounting practice in respect of the exempt issuer's New Zealand business financial statements under paragraph (c) have not been complied with, the exempt issuer 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 register entry for any regulated offer of derivatives by the exempt issuer must contain a copy of:—
- (i) the exempt issuer's financial statements for the most recently completed accounting period before the date of the PDS for that offer that comply with Australian IFRS and have been audited by an Australian auditor; and
 - (ii) the Australian auditor's report on those statements; and
- (g) the exempt issuer must hold an Australian Financial Service Licence issued by ASIC; and
- (h) ASIC must continue to be a full signatory to the International Organisation of Securities Commissions' Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information.

8 Conditions of exemption from clauses 6(c) and (d)

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

- (a) the exempt issuer must obtain an assurance engagement with an Australian auditor as stated in regulation 248(1) of the Regulations done in accordance with regulation 249 of the Regulations; and
- (b) the assurance report must include an opinion by the Australian auditor on the exempt issuer's processes, procedures and controls, as stated in regulation 249 of the Regulations.

Dated at Auckland this 27th day of April 2017.



Nick Kynoch
General Counsel
Financial Markets Authority

Statement of reasons

This notice comes into force on 28 April 2017 and is revoked on the close of 27 April 2022.

This notice exempts Plus500AU Pty Ltd (the **exempt issuer**) from the following provisions of the Financial Markets Conducts Act 2013 (the **Act**) and the Financial Markets Conduct Regulations 2014 (the **Regulations**):

- Section 455(1)(c) of the Act (FMC reporting entity must keep accounting records that will enable it to ensure that financial statements comply with New Zealand generally accepted accounting practice (**NZ GAAP**));
- Section 460 of the Act (financial statements must be prepared), to the extent that it requires the exempt issuer to ensure that its financial statements comply with NZ GAAP and are dated and signed in accordance with section 460(1)(b) of the Act;
- Section 461B of the Act (financial statements for the New Zealand business);
- Sections 461D and 461G of the Act (audit of financial statements);
- Regulation 248(1) of the Regulations (a derivatives issuer who holds derivatives investor money or derivatives investor property must, within 4 months after the issuers balance date,

obtain an assurance engagement with a qualified auditor done in accordance with applicable auditing and assurance standards), to the extent that it requires the exempt issuer to obtain an assurance engagement with a qualified auditor as defined by section 461E of the Act done in accordance with applicable auditing and assurance standards:

- Regulation 249(1) of the Regulations (assurance engagement report), to the extent that it requires a qualified auditor's opinion on the exempt issuer's processes, procedures and controls:
- Clause 29(a) of Schedule 6 of the Regulations (documents to be lodged or referred to on register entry).

The main effects of the exemptions are as follows:

- The exempt issuer's financial statements that are prepared will comply with the International Financial Reporting Standards that have been adopted by the Commonwealth of Australia (**Australian IFRS**) rather than NZ GAAP:
- Those financial statements will be audited by an auditor who is registered or licensed under the laws of Australia to perform the audit and is entitled to act as an auditor for the exempt issuer (**Australian auditor**), rather than a qualified auditor (as that term is defined in the Act):
- 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 the exempt issuer, rather than a qualified auditor (as that term is defined in the Act):
- The exempt issuer's derivatives investor money assurance engagement will be with an accountant who is registered or licensed under the laws of Australia to give a report, prepared on a reasonable assurance engagement, on the exempt issuer's processes, procedures and controls and is entitled to act as an auditor for the exempt issuer, rather than with a qualified auditor (as that term is defined in the Act).

The Financial Markets Authority (the **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 requirements, and the nature and extent of regulatory oversight, for the exempt issuer and its auditor are of a high quality and at least equivalent to those that exist in New Zealand. As such, investors in the exempt issuer will have access to broadly similar, and equivalent information to the information that they would otherwise receive:
- The Australian Securities and Investment Commission (**ASIC**) is a signatory to the International Organisation of Securities Commissions' Multilateral Memorandum of Understanding Concerning Consultation and Cooperation 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 the financial reporting, audit and assurance engagement requirements of the exempt issuer:
- The costs associated with a requirement for the exempt issuer to provide an assurance report prepared by a qualified auditor and prepare financial statements that comply with NZ GAAP and have those statements audited by a New Zealand licensed auditor would outweigh the benefits to investors:

- The granting of the exemptions is desirable in order to promote the purposes of the Act, specifically by avoiding unnecessary compliance costs, by promoting and facilitating the development of efficient financial markets and by promoting flexibility in the financial markets:
- Given that an assurance report is still required to be provided in New Zealand and the financial statements will be subject to audit oversight broadly equivalent to New Zealand, we are satisfied that the exemptions are not broader than is reasonably necessary to address the matters to which they relate.