

Financial Markets Conduct (RIS Group Limited) Exemption Notice 2019

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 (RIS Group Limited) Exemption Notice 2019.

2 Commencement

This notice comes into force on 16 April 2019.

3 Revocation

This notice is revoked on the close of 1 August 2019.

4 Interpretation

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

Act means the Financial Markets Conduct Act 2013

RIS means RIS Group Limited

RIS FY19 Financial Statements means the financial statements for RIS for the financial year ending on 31 March 2019

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.

5 Exemption from section 461D of the Act

RIS is exempted from section 461D of the Act in respect of the RIS FY19 Financial Statements.

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6 Exemption from section 461H(1) of the Act

RIS is exempted from section 461H(1) of the Act to the extent that that section requires a copy of an auditor's report on the RIS FY19 Financial Statements to be delivered to the Registrar for lodgment.

Dated at Auckland this 10th day of April 2019


Nick Kynoch
General Counsel
Financial Markets Authority

Statement of reasons

This notice comes into force on 16 April 2019 and is revoked on 1 August 2019.

The notice exempts RIS Group Limited (**RIS Group**) from sections 461D and 461H(1) of the Financial Markets Conduct Act (**Act**) to the extent that they require RIS to:

- ensure that its group financial statements for the year ending 31 March 2019 (the **RIS FY19 Financial Statements**) are audited by a qualified auditor; and
- ensure that a copy of the auditor's report accompanies the RIS FY19 Financial Statements when they are delivered to the Registrar for lodgment.

RIS Group was delisted from the NZ Alternative Market (**NZAX**) operated by NZX on or about 29 June 2018 following a successful takeover offer from Michael Chow Investment Trust and John Chow Investment Trust (together the **Trusts**).

Despite no longer being a listed issuer, the Act treats RIS Group as continuing to be an FMC reporting entity in relation to the entire accounting period in which it was delisted from the NZAX (i.e. in relation to the RIS FY19 Financial Statements). Unless an exemption is granted, RIS Group will be required to have the RIS FY19 Financial Statements audited by a qualified auditor and to deliver a copy of the auditor's report to the Registrar for lodgement.

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 –

- the exemptions only relate to the requirement to have the RIS FY19 Financial Statements audited by a qualified auditor and for a copy of the audit report to be lodged with the Registrar. In all other respects, RIS Group will need to comply with its financial reporting obligations under Part 7 of the Act for the accounting period ending 31 March 2019;
- it was appropriate for RIS Group, as a listed issuer, to be subject to a higher level of public accountability and financial standards. However, following take over and subsequent delisting from NZAX the audience for the RIS FY19 Financial Statements has changed. The primary audience for the RIS FY19 Financial Statements are now the trustees of the Trusts and RIS Group's financiers. Neither require the RIS FY19 Financial Statements to be audited;
- RIS Group's previous shareholders were provided with comprehensive information at the time of the takeover offer to allow them to fully evaluate the merits of the offer. That information included an independent report prepared by TDB Advisory on the merits of the proposed takeover offer which considered, amongst other things, RIS Group's financial performance

(including two of the three months in which RIS Group was a listed issuer for the accounting period ending 31 March 2019), financial position and share price performance. In these circumstances, it is unlikely that the RIS Group FY19 Financial Statements would be of direct relevance to RIS Group's previous shareholders:

- after the financial year ending 31 March 2019 RIS Group will no longer be treated as an FMC reporting entity for the purposes of the Act. Accordingly, the requirement for this exemption is a one-off:
- the compliance costs and internal management time required to have the RIS FY19 Financial Statements audited would outweigh the benefits in circumstances where RIS Group is no longer a listed issuer, it was only a listed issuer for three months of the relevant accounting period and the primary audience for those statements has now changed. For these reasons, the FMA is satisfied that the exemption is desirable in order to promote the purposes of the Act, specifically, to avoid unnecessary compliance costs:
- the FMA is further satisfied that the exemption is not broader than is reasonably necessary to address the matters that give rise to it, given that the exemption applies only to the requirement to have the RIS FY19 Financial Statements audited by a qualified auditor and for a copy of the audit report to be lodged with the Registrar and does not apply to any other provisions under Part 7 of the Act.