



SEPTEMBER 2025

Market operator obligations review

Catalist

Findings from the FMA's review of how well Catalist is meeting its
licensed market operator obligations, for the period 1 April 2024 to
31 March 2025

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Executive summary

About this report

Catalist Markets Limited (**Catalist**) is licensed under section 316 of the Financial Markets Conduct Act 2013 (**FMC Act**) to operate the Catalist Public Market (**Catalist Market**).

The FMC Act requires the Financial Markets Authority – Te Mana Tātai Hokohoko (**FMA**) to carry out a review and report on how well Catalist is meeting its market operator obligations. We may carry out this review at any time but must do so at least once a year.

This report covers our fourth review of Catalist, for the period from 1 April 2024 to 31 March 2025 (referred to as **the review period**).

The Catalist Market is intended to operate as a “stepping-stone” market for small- to medium-sized growth businesses that seek the benefits of an exchange listing. For such businesses, these benefits may include the pricing of, or increased liquidity in, their securities, or the raising of further capital. For investors, the protections within the FMC Act that prohibit activity like insider trading or market manipulation, or specify disclosure of substantial holders, apply to the activity on the Catalist Market.

The Catalist Market is designed to have lower costs and simplified compliance obligations. It offers periodic trading by way of an online auction platform aimed at concentrating price discovery and liquidity, coupled with periodic rather than continuous disclosure. Businesses listed on the Catalist Market are subject to limits on their size, with the intent that once these entities reach a certain size they would transition to the next phase of their growth, which may be a listing on an exchange with continuous trading and disclosure.

Details of Catalist’s licence are on [our website](#).

How we approached this review

As with other market operator obligations reviews, we selected certain areas of focus with consideration given to our monitoring activities undertaken during the review period. The scope of our review was influenced by the scale and level of activity on Catalist’s licensed market, together with its licence conditions.

The review focused on, but was not limited to, these key areas:

1. Governance and culture
2. Regulatory activity
3. Resourcing and optimisation
4. Markets and market settings

In assessing these areas and overall compliance, we conducted both desk-based and on-site reviews. We considered how Catalist met its obligations by reviewing, amongst other things, Board reporting and minutes, its organisation structure, market rules and review processes, assessments of key outsourced activities, regulatory and monitoring activity, conflict and regulatory decision logs, its complaints register,

technology logs and system reviews, events during the review period, and regular financial reporting, budgeting and forecasts. We also spoke to Catalist's key personnel.

We employ a risk-based approach to monitoring. While this review is of Catalist's overall compliance with its market operator obligations, we have exercised judgement in selecting focus areas, and the level and detail of work performed in each.

This report highlights our main observations from the review and, as with any risk-based approach, has inherent limitations. Our assessment, recommendations and observations are based on the information we have reviewed.

Overall assessment

Our overall conclusion is that Catalist has complied with its market operator obligations during the review period.

In making this assessment we considered the specific conditions of Catalist's licence, and the obligations of a licensed market operator under the FMC Act¹, in particular the general obligations under section 314 to:

- Do all things necessary to ensure, to the extent that is reasonably practicable, that each of its licensed markets is fair, orderly and transparent
- Have adequate arrangements for notifying disclosures made to it under a disclosure obligation, and for continuing to make those disclosures available
- Have adequate arrangements for handling conflicts between its commercial interests and the need to ensure its markets operate in a fair, orderly and transparent manner
- Have adequate arrangements for monitoring the conduct of participants in its markets
- Have adequate arrangements for enforcing compliance with relevant market rules
- Have sufficient resources (including financial, technological and human resources) to operate its licensed markets properly.

Observations

Our key observations for the review period include the following:

- Catalist continues to take a sound approach towards the operation of its licensed market.
- The governance, oversight and culture of the business are appropriate.
- The regulatory function was suitably independent, with satisfactory arrangements in place for monitoring the conduct of participants and enforcing compliance with market rules.
- The sufficiency of resourcing was regularly considered by the Board and management, including financial, technological and human resourcing including the outsourced regulatory and financial roles.
- Catalist paid ongoing attention to market settings and rules, is active in considering the views of market participants, and its approach to engagement is appropriate for the current scale of the business.

¹ Refer to Appendix 1 for further details on obligations.

We acknowledge and thank Catalist staff for their constructive engagements during the review period, and our on-site review in 2025.

Recommendations

Taking into consideration its current scale and stage of growth, we continue to make recommendations to Catalist in the following areas:

Area	Recommendation
Financial resilience	Continue with forward-looking monitoring of its financial performance and financial resource against forecast, responding and adjusting where necessary and considering the business and market environment to ensure resource remains sufficient.
Technology, cyber and security	Maintain appropriate development testing and security practices, and continue to conduct the necessary external security testing where the potential entry points and vulnerabilities within the system increase. Continue with the business continuity and crisis simulation testing exercises implemented and ensure these continue to develop in line with the scale of the Catalist business.
Adequacy of resourcing	Continue its oversight and review of outsourced functions to ensure these continue to function and deliver the independence, continuity of service, and capacity benefits as intended.

Focus areas

Governance and culture

Background and review

We considered the overall governance and culture of Catalist, and its impact over a number of areas of the business. We considered Catalist's overall strategy, the level of reporting to, and oversight provided from, the Board, and the Board's involvement in regular policy and risk reviews, in reviewing the sufficiency of resourcing across the key financial, technological and human resources requirements, and of the performance of outsourced arrangements. This included reviewing Board agendas, reporting and minutes, reviews undertaken and events arising in the review period, and our engagements with Catalist throughout. We also interviewed key personnel.

FMA observations

Catalist has a Board consisting of three independent directors and the Chief Executive. Review of Board reporting and discussions with management indicated an active Board that is across the functions of the business and engaged with management, providing regular input into, and oversight of, plans and overall strategy. Board meetings are regular and structured, covering standing agenda items together with periodic deep-dive items covering the key aspects of the business.

We observed:

- Evidence of the Board regularly considering the sufficiency of financial, technological and human resourcing, including the performance of outsourced arrangements for the finance and regulatory functions, and key policies.
- Scheduled 'deep-dives' into business areas such as risk and strategy, and finance reviews, documenting key points considered and discussions undertaken.
- Evidence of regular assessment of regulatory decisions and consideration of changes or potential changes in the regulatory landscape and market rule settings.

Overall, the reporting to the Board was sufficiently detailed with a range of topics and reviews throughout the reporting period. Board input and discussion with management was captured in sufficient detail in the minutes. This, alongside the feedback from key personnel, indicated there was active engagement from the Board, providing input, challenge, and feedback where expected. Overall, our view is that the governance, oversight and culture of the business is appropriate.

Regulatory activity

Background and review

As a licensed operator of a financial product market, Catalist is required to have adequate arrangements for operating its licensed markets, including arrangements for:

- notifying disclosures made to it under a disclosure obligation
- monitoring the conduct of participants on or in relation to the markets; and
- enforcing compliance with the relevant market rules.

Throughout the review period we received updates from Catalist on regulatory activity undertaken. To further test Catalist's monitoring activity and process, we reviewed registers of conflicts and regulatory decisions, unusual order activity, notifications of regulatory decisions, and any complaints. In addition, the Board receives regulatory updates at each board meeting, with any associated discussions, including any matters arising from the regulatory decisions made, recorded in the minutes. We also noted the Board engagement in the broader regulatory landscape settings and activity undertaken by Catalist.

FMA observations

Overall, we observed that Catalist had satisfactory arrangements in place for monitoring the conduct of participants and enforcing compliance with market rules, which were suitably independent and appropriate for the size and level of activity of the Catalist Market.

In particular:

- The outsourced regulatory model was viewed as suitably independent, with regular Board reporting and the Head of Regulation in attendance at board meetings.
- Close monitoring of regulatory activity through regular Board reporting and evidence maintained of discussion and reviews undertaken.
- Annual internal review of a sample of past regulatory decisions was conducted as per policy, with the results of the review and associated discussion noted in the Board reporting and minutes.
- Reviews or investigations undertaken, including retrospective reviews, related to issuer or participant activity where appropriate with manual and automated processes in place to monitor activity.
- Regulatory decisions, including those resulting in enforcement action, involved appropriate application of process. Issues arising were considered against the rules and outcomes were well supported. Documentation was clear and sufficiently supported the decisions with use of the appropriate decision-makers.

Resourcing and optimisation

Background and review

Catalist is required to have sufficient resources (including financial, technological, and human resources) to operate its licensed markets properly.

Catalist outsources aspects of its regulatory function including the Head of Regulation (HoR) role and finance, including the Chief Financial Officer (CFO). The outsource model provides Catalist with a depth and level of resource in these areas appropriate for the current scale of the business. In previous obligations reviews we noted the outsourced model provided uplift around continuity of service and capacity, and reduced key person risk.

For this assessment we reviewed various documents including Board agendas, papers and minutes, financial statements, regular financial reporting and forecasts, assessment of financial resources,

technology roadmap and systems tests and reporting, and internal assessments of key outsourced arrangements. We also interviewed key personnel.

FMA observations

Overall, we were satisfied that Catalist maintained sufficient resources to operate its licensed market properly during the review period.

Observations included:

Financial

- Regular financial reviews were undertaken, including assessing actual performance against modelled scenarios, adapting forecasts and key input assumptions where required, and considering overall adequacy of resources.
- Discussion of financial performance and resources is a regularly scheduled Board agenda item with meeting records showing appropriate levels of discussion and testing by the Board.
- Regular Board and management consideration of balance sheet, cashflows and forecast capital position including future requirements.

Technological

- Catalist's platform remained stable and scalable, with good development testing and security practices proportionate to the size and scale of Catalist.
- Approach to development prioritisation is reasonable, balancing platform and feature development that aligns with the market activity type, and security and maintenance updates.
- Planned implementation of business continuity and crisis simulation exercises undertaken, with actual testing performed post review period to further support platform preparedness and resiliency.

Human

- We noted regular Board discussion and consideration with management about the human resourcing aspects of the business.
- Well-considered and documented reviews of the performance of the key outsourcing arrangements for the finance and regulatory functions, looking at efficiency, effectiveness and resiliency.

Overall, we continue to recommend that Catalist continues to monitor its financial performance and financial resources against forecasts, responding and adjusting where necessary considering the business and market environment, to ensure resources remain sufficient.

We also continue to recommend that Catalist maintains its development testing and security practices, and continues to conduct the necessary external security testing where the potential entry points and vulnerabilities within the system increase. In addition, we recommend Catalist continues with the business continuity and crisis simulation testing exercises, and that these continue to develop in line with the scale of the Catalist business.

Markets and market settings

Background and review

As a licensed market operator Catalist must, to the extent that is reasonably practicable, do all things necessary to ensure that its licensed market is a fair, orderly, and transparent market. This includes ensuring its market settings and rules remain fit for purpose.

During the review period Catalist made a number of changes to both the Catalist Investor Terms and Conditions, and the Catalist Public Market Issuer Rules.

For this assessment we reviewed and approved the above rule changes during the review period and undertook a review of Catalist's market capitalisation limits in line with its licence conditions. We also considered other activity and considerations undertaken by Catalist and, as part of this, reviewed various documents including papers, Board reporting and minutes, Catalist's market settings review and consultation processes, and conducted interviews with key personnel.

FMA observations

Overall, we assessed that Catalist paid ongoing attention to market settings and rules, and actively considers the views of market participants, the purpose of the Catalist market, and its obligation to maintain a fair, orderly and transparent market when proposing changes.

Overall, we noted that:

- Catalist continues to engage with issuers and potential issuers on market rules and settings through its regular processes and targeted discussions.
- Changes in settings continued to support the core fair, orderly and transparent obligation through further clarification of terms or specifying existing requirements.
- Catalist actively engaged in providing input into broader industry policy consultations on improving capital markets access for smaller businesses.
- The Board maintained awareness and provided input as part the regularly scheduled board agenda item on regulatory updates.

Catalist's continued approach to ensuring market rules remain fit for purpose was appropriate for the scale and type of activity on its market, and considered relevant market and policy developments, and feedback from issuers and investors.

Follow up on observations from September 2024 report

Background and review

In our September 2024 report we made three recommendations for Catalist. These were considered continuing requirements as they relate to ongoing general obligations in respect of licensed markets related to adequacy of resourcing, financial resilience, and technology. These were:

- Adequacy of resourcing – Maintaining focus on regular oversight and performance reviews of internal and outsourced functions, to ensure capability and capacity to operate its licensed market maintains alignment with observed and forecast growth.
- Financial resources – Continuing its approach to management of its financial resources with regular near- and long-term financial and cashflow forecasting, with updates as necessary through the financial year.
- Technology, cyber and security – Continuing to carry out the regular testing, including the external cyber security testing regime, and instigating business continuity and crisis simulation exercises as part of this testing, particularly as the platform develops.

FMA observations

We acknowledge that Catalist has given regard to these recommendations during the review period. We have seen continued evidence of appropriate attention and work being undertaken in these areas as covered earlier in this report. In summary we note:

- Resourcing – regular assessment of the adequacy of financial, technological and human resourcing, including review of outsourced functions.
- Financial – continued approach to ongoing monitoring of financial resources through regular review and forecasting.
- Technology – continued approach to platform development testing and security practices, including implementation of business continuity and crisis simulation testing exercises.

Appendix: Our role in reviewing Catalist

Our role

The FMA is an Independent Crown Entity and one of two main regulators of New Zealand's financial markets. Our purpose is to promote and facilitate the development of fair, efficient and transparent financial markets.

Under the FMC Act, we are required to review, at least annually, how well a licensed market operator is meeting its obligations. We are also required to publish a written report of the review.

If we consider, after conducting a review, that a licensed market operator has failed or is failing to meet any one or more of its market operator obligations, we may, by written notice, require the licensed market operator to submit an action plan to the FMA.

Market operator obligations

In the FMC Act, 'market operator obligations' means:

- the general obligations in respect of licensed markets (section 314):
 - to ensure, to the extent that is reasonably practicable, that each of its licensed markets is a fair, orderly and transparent market
 - to have adequate arrangements for notifying disclosures made to it from participants in its markets, and for continuing to make those disclosures available
 - to have adequate arrangements for handling conflicts between its commercial interests and the need to ensure its markets operate in a fair, orderly and transparent manner
 - to have adequate arrangements for monitoring the conduct of participants in its markets
 - to have adequate arrangements for enforcing compliance with market rules
 - to have sufficient resources (including financial, technological, and human resources) to operate its licensed markets properly
- an obligation to respond to a request from the FMA to make changes to market rules (section 333)
- an obligation to give the FMA an annual self-assessment of compliance with its obligations (section 337)
- an obligation to act on the directions of the FMA or the Minister, if the operator is found to be failing to meet any of its obligations (sections 340 to 342)
- any obligation imposed as a condition of a market operator's licence.

