



JUNE 2026

Market operator obligations review

NZX Limited

Findings from the FMA's review of how well NZX is meeting its
licensed market operator obligations, for the period 1 January to
31 December 2025

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Executive summary

About this report

The Financial Markets Conduct Act 2013 (**FMC Act**) requires the Financial Markets Authority – Te Mana Tātai Hokohoko (**FMA**) to carry out a review and report on how well NZX is meeting its licensed market operator obligations. One of the key objectives of these reviews is to ensure that potential conflicts between regulatory and commercial functions of NZX, as a self-regulating organisation, are appropriately managed. The FMA may carry out this review at any time but must do so at least once a year.

This report provides information on the review of NZX undertaken for the period from 1 January to 31 December 2025 (referred to as **the review period**).

How we approached this review

Each year we select the areas of focus to report on, with consideration given to monitoring activities undertaken throughout the review period.

During the review period, we engaged regularly with NZX and with NZX Regulation (**NZ RegCo**), a subsidiary that performs NZX's regulatory functions, to assess NZX's overall compliance with its market operator obligations. Our monitoring oversight included:

- review of NZX's formal quarterly regulatory reporting, and supplementary information provided
- review of NZ RegCo's formal quarterly regulatory reporting, and sample testing of regulatory activity undertaken by NZ RegCo
- engagements on and understanding of NZX and NZ RegCo's wider strategy, market environment monitoring, and business plans and initiatives
- engagements on proposed NZX rule changes, consultations and amended or new market guidance, and consideration of rule change applications in line with FMC Act requirements
- discussions and touchpoints throughout the review period with selected representatives of NZX and NZ RegCo, including NZX and NZ RegCo board representatives
- review of additional documentation provided by NZX and NZ RegCo in response to requests, and ad-hoc correspondence
- other enquiries and information requests as needed.

The FMA takes a risk-based approach to monitoring. In reviewing NZX's overall compliance with its licensed market operator obligations, we exercise judgement in selecting areas of focus and determining the appropriate level and detail of work undertaken in each. Consistent with this approach, our monitoring focuses on areas that pose the greatest potential risk to market integrity, investor confidence, and regulatory outcomes.

The scope of our review and our areas of focus were influenced by:

- events occurring and ad-hoc reporting received during the review period

- matters noted in our previous review (**June 2025 report**)
- feedback provided to NZX or NZ RegCo during the review period
- enquiries to the FMA regarding NZX or NZ RegCo during the review period
- the broader market ecosystem, trends and environmental scanning.

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

Overall assessment

Our overall conclusion is that NZX complied with its licensed market operator obligations during the review period. Key highlights include:

- Governance arrangements remained appropriate, supporting NZX's ability to comply with its licensed market operator obligations.
- NZ RegCo continued to demonstrate operational independence and the effective exercise of its regulatory oversight functions, while constructively engaging with NZX business initiatives and providing informed regulatory input into the development and suitability of market settings.
- NZX and NZ RegCo demonstrated disciplined prioritisation and resourcing decisions, effectively balancing delivery of strategic initiatives alongside core market operator and regulatory activities across the review period.
- Further maturity and investment were evident across technology and risk management capability and resources, including through embedding initiatives introduced in earlier years and further strengthening operational resilience, security and preparedness.
- Market growth initiatives were progressed during the period, including a successful first full year of operations for NZX Dark and significant advancement of preparatory work for the S&P/NZX 20 Index Futures Contracts relaunch (**NZX 20 Relaunch**), which occurred after the review period, in April 2026.

We have no formal recommendations for NZX arising from this year's review. We acknowledge and thank NZX and NZ RegCo staff for their constructive engagements throughout, and relating to, the review period.

Obligations

NZX is responsible for ensuring compliance with all of its obligations under the FMC Act. NZX outsources its regulatory functions (such as monitoring of its markets) to NZ RegCo, which has its own board, management and staff. As such and as in prior years, our review and this report is separated into different focus areas for NZX and NZ RegCo.

In this part of the report, we focus on the commercial aspects of NZX including its strategy, infrastructure and overall performance, in the context of the following market operator obligations:

- To the extent that is reasonably practicable, doing all things necessary to ensure that its licensed markets were fair, orderly and transparent
- To have adequate arrangements to notify disclosures made to it under a disclosure obligation, and 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 way
- To have sufficient resources (including financial, technological and human resources) to properly operate its licensed markets

When considering the commercial aspects of NZX it is also important to consider the arrangements and interactions with NZ RegCo.

Within the above general obligations, we had the following key areas of focus:

- Governance and culture
- Resourcing
- Markets and market settings

We also followed up on recommendations made in the June 2025 report.

Governance and culture

Background and review

The NZX Board is ultimately responsible for ensuring its licensed markets are operated in a compliant, resilient and effective manner. Governance arrangements and the tone set by the board continue to play a critical role in shaping organisational culture, informing strategic direction and providing appropriate expectations and oversight across NZX's market operations.

During the review period, consistent with the prior year, there were no changes to the composition of the NZX Board or its five standing sub-committees. NZX continued to support board oversight through well-established management and governance structures, including the Capital Markets Management Board

and related management committees, which provide targeted oversight of delivery, prioritisation, risk, technology and crisis preparedness in support of NZX's market operator obligations.

In forming our assessment, we reviewed the operation and effectiveness of the NZX Board, its reporting arrangements and engagement with management, and interactions with NZ RegCo. We also considered the impact of the board's governance in setting expectations and providing direction, guidance and feedback, with particular emphasis on our key focus areas. This year these included leadership and strategic direction, risk management, crisis management, and prioritisation and resourcing, as well as an ongoing focus on operational resilience and the appropriateness and effectiveness of market settings.

To inform our assessment, we reviewed a sample of board and committee reporting, papers and minutes, and reviews and approvals. We also held discussions with the NZX and NZ RegCo board chairs and CEOs, as well as members of executive teams from both organisations, including senior leaders with responsibility for risk, technology and policy matters. These engagements supported our understanding of how board oversight translated into operational expectations and outcomes, as well as insight into the information and reporting flow between the board and management during the review period.

Throughout the reporting period, engagement between the FMA and NZX remained regular and constructive. This included business-as-usual reviews of quarterly regulatory reporting, as well as consideration of rule change applications, market developments and events as they arose, alongside proactive and reactive enquiries.

NZX's regulatory reporting, and engagement on such, provides us with ongoing visibility and a narrative on progress or changes made in specific oversight areas, including governance and decision-making arrangements, policy initiatives, significant projects relating to the capital markets, technology, risk and crisis management, details of material incidents, and human and financial resourcing assessments.

FMA observations

Our view is that NZX governance arrangements are appropriate and continued to promote and support a strong organisational culture focused on delivery, proactive risk management and compliance with regulatory obligations. In particular, we found:

- The board remained highly engaged through the review period. Unchanged membership and proactive succession planning supported continuity, institutional knowledge and maintenance of an appropriately balanced skills matrix across key business areas.
- The board is actively engaged in strategies to grow the exchange while remaining cognisant of the importance of promoting resilient systems, maintaining market integrity and ensuring NZX meets its licensed market operator obligations.
- The board continues to undertake self-assessments and test its effectiveness, including of its sub-committees, and has implemented refinements to board reporting to further support effectiveness.
- A strong risk management culture remained evident through the review period. An enterprise risk management software solution was successfully implemented to support more efficient risk management and enhanced reporting. 'Second line' targeted control testing of systems and processes, monthly Risk Management Committee meetings and annual review of risk appetite and tolerance levels continued.
- During the review period, NZX deepened its engagement with a range of industry groups, reinforcing its strategic awareness across the wider market ecosystem and strengthening its approach to policy development and regulatory reform.

- NZ RegCo maintained an adequately independent function to NZX; internal and external reviews of conflict of interest arrangements for the review period support this view.

Resourcing

Background and review

NZX has a general obligation to maintain sufficient resources to properly operate its licensed markets. These include financial, technological and human resources. Oversight of resource adequacy is a matter considered regularly by the NZX Board as part of its broader governance and risk management responsibilities.

Given the central role of the technology resource in supporting market operations (including the NZX trading system and broader market applications), a key area of our focus on resourcing was technological resilience. Overall, we considered capability and sufficiency of resources, and whether those resources are appropriately balanced between strategic initiatives and delivery, maintaining resilience, future focus and meeting market operator regulatory obligations.

During the review period, there were no material incidents or outages of core market systems and no whole-of-market trading halts.

A number of initiatives across infrastructure, cybersecurity and digital were delivered to further enhance security and resilience, and continue to develop platforms and applications. Implementation and delivery of the technology needed for the NZX20 Relaunch further matured NZX's arrangements for the operation of its markets.

During the review period, NZX navigated key personnel changes, including the appointment of a new Chief Information Officer. We also considered NZX's preparedness for the planned departure of its longstanding CEO, which was announced during the review period and occurred in April 2026. We considered how NZX planned for and managed these changes, including the implications for its operations and governance, and the arrangements put in place to maintain continuity and manage transition risk.

We regularly engaged with NZX throughout the period, supported by quarterly regulatory reporting covering a range of key operational and governance areas. This reporting provided insight into how NZX manages competing demands to balance the allocation of resources between uplift and change programmes, delivery of business-as-usual operations, and preparation for future initiatives. It also provided visibility of system performance and monitoring arrangements, progress against key initiatives and deliverables, and how human and technological resources are deployed.

We considered NZX's strategic plans and prioritisation processes, and the organisation's responses to emerging trends and evolving market conditions. Our review also covered board reporting and interactions, as well as the role of board sub-committees, management committees, working groups and forums. We also held discussions with NZX personnel who play critical roles in strategic and operational delivery.

FMA observations

Our view is that NZX has sufficient resources to operate its licensed markets. In particular, we consider NZX:

- Has clear strategies and work plans across capital markets and support functions to prioritise work and allocate resources effectively. This was evidenced in the review period by the continued availability of

core market systems, the absence of material incidents, and delivery of key initiatives supporting growth.

- Makes appropriate resourcing and prioritisation decisions through established processes, with the necessary consideration of risk.
- Demonstrated depth in its personnel resource capability, as well as robust continuity, succession planning and development. The promotion of the Head of Capital Market & Digital Technology to Chief Information Officer was aligned with succession planning that had been taking place, and the transition was supported by the former Chief Information Officer remaining within the NZX group.
- Has an experienced and longstanding senior management group, the Capital Markets Management Board, which oversees the capital markets functions and is well-placed to execute current strategy and plans as well as support CEO transitions.
- Continues to invest in and uplift its technological resources as needed, including delivery of Trading System upgrades, supporting risk reduction and NZX 20 Relaunch readiness.
- Made further appropriate and continuing progress on technology and cyber security enhancements advancing a significant programme of initiatives to support new product development, address legacy issues, strengthen resilience and recovery capabilities, and improve user experience.
- Maintained effective and ongoing engagement with various external capital market institutes, forums working groups and stakeholders to ensure wider engagement and feedback on continuous improvement opportunities.

Markets and market settings

Background and review

NZX's role in maintaining fit-for-purpose market settings that support investor confidence, participation and growth remains a core element of its regulatory and operational responsibilities. This is particularly relevant as NZX continues to develop New Zealand's public markets in a global environment characterised by heightened market uncertainty, increased competition for capital (including from private markets), and ongoing economic headwinds.

With this context, we considered NZX's approach to identifying and monitoring trends and managing opportunities and risks, and how this fed into overall strategy. We also considered how stakeholder feedback is taken into account in terms of its impact on market settings being assessed or initiatives being explored, and how NZX prioritises, plans and executes its initiatives to further enhance its markets.

During the review period, NZX delivered several strategic initiatives, many directly supporting NZX 20 Relaunch readiness. In further considering market settings, NZX also:

- Reviewed settings that govern participant obligations in relation to trading activity undertaken by prescribed persons, to ensure these remained fit for purpose.
- Amended regulatory settings relating to participant requirements for business continuity planning and disaster recovery arrangements, and developed a new supporting guidance note.
- Undertook significant work in relation to participant obligations for the handling of client assets and began consultation on proposed changes.

- Made changes to rules relating to trade settings and order types to enhance the functionality of NZX Dark and maintain market integrity.
- Reviewed and amended several guidance and practice notes, and developed a new guidance note for co-operative products.
- Reviewed its approach to tick sizes and implemented a revised policy in the trading system to ensure consistency and transparency.
- Reviewed its approach to price-setting trades and began engaging with stakeholders on a proposed change to this policy.

We interacted regularly with NZX throughout the reporting period with focus on these topics, including review and engagement on consultations and policy initiatives, quarterly regulatory reporting and market rule change applications. As part of our assessment of NZX's prescribed person trading rule change application, we reviewed internal NZX documentation relating to the development of the proposed changes including scoping materials, engagement with NZ RegCo, and analysis of submission feedback. We also considered NZX's strategic plans, trend and environmental scanning, and board reporting and interactions. In addition, we held discussions with several NZX personnel involved in, or providing direction on, market growth and market settings initiatives. We reviewed a sample of minutes of the Capital Markets Management Board, the management committee responsible for approving NZX's policy workplan, which is published to provide stakeholders with visibility of upcoming regulatory policy initiatives.

FMA observations

Our view is that NZX is committed to growing and maturing its markets and considering if market settings remain fit for purpose in support of operating a fair, orderly and transparent market. In particular, we found NZX:

- Progressed key market growth initiatives aimed at delivering further depth and liquidity on its markets, enhancing investment choices and further supporting ways in which participants manage risk. Notably, NZX:
 - delivered key changes to its regulatory policy, technology and operational arrangements, including completing 'streetwide testing', in preparation for the NZX 20 Relaunch, a key strategic initiative for NZX.
 - operated NZX Dark, an anonymous (unlit) trading venue, through its first full year of trading, with the percentage of on-market value traded on NZX Dark exceeding NZX targets.
- Continued to consider whether its market settings remain appropriate and calibrated for the New Zealand market, by undertaking a broad range of industry engagement including consultations, as well as tracking international market trends, settings and developments.
- Considered submission feedback on rule change consultations in detail, with input from NZ RegCo as appropriate, and incorporated stakeholder feedback into prioritisation decisions on regulatory settings.
- Continues to actively consider how the market can be further developed and is mindful of market demand and regulatory developments when looking at timing and prioritisation of consultations seeking submissions and feedback.
- Balances development of market settings that promote market integrity along with other more commercial initiatives.

- Considers the appropriateness of market settings for a range of potential exchange users, including through the publication of the Co-operative Products Guidance Note, which sets out the regulatory flexibility that may be available to co-operatives seeking to list, recognising their significance to New Zealand's economy.
- Engaged openly with a wide range of stakeholders and capital markets representatives in relation to broader regulatory reform packages to support innovation and flexibility for New Zealand's capital markets, including in respect of the climate-related disclosures regime, director liability and disclosure settings.

Follow-up on recommendations from June 2025 report

Participant resilience

In our June 2025 report, we noted that NZX has a dependency on participants and providers for overall ecosystem stability. We observed that NZX had progressed work to further test the resilience of NZX Participants during the previous review period. We recommended that NZX continue with its plans to explore and test the resiliency and dependencies of participants, including their business continuity plans, and where practicable and reasonable, reduce the risks posed by reliance on critical service providers within the ecosystem.

During the review period, NZX made changes to NZX Rules relating to participants' business continuity plans (**BCPs**) and disaster recovery arrangements. These changes included:

- introducing a requirement for participants to identify and consider major threats (including from critical third parties) when developing BCPs and disaster recovery arrangements
- requiring participants to review their BCPs on at least an annual basis, and
- introducing the power to enable NZX to request information from a disconnected participant (for example, following a cyber-attack) to determine whether reconnecting that participant will compromise the integrity of NZX's markets.

We note that NZ RegCo will be engaging with participants on the impact of these changes.

We consider that NZX has made appropriate progress during the review period in strengthening participant resilience through its targeted regulatory setting reform relating to business continuity planning and disaster recovery arrangements. These changes have clarified expectations on participants in terms of the identification and management of material threats, including dependencies on critical third-party service providers, and have strengthened NZX's own ability to assess risks to market integrity following participant disconnection events.

We consider that these actions represent an appropriate and proportionate response to the prior recommendation. Accordingly, we consider this recommendation to be addressed.

We will continue to maintain oversight of how NZX embeds these arrangements, including through its ongoing engagement with market participants and its use of insights from supervisory activity, testing, and disruption events to support the continued maturation of participant resilience and the stability of the wider market ecosystem.

Crisis management

In our June 2025 report, we noted that NZX had further enhanced the group's crisis management framework and had completed another crisis simulation event. We recommended that NZX continue to assess its system recovery arrangements to increase its understanding and test whether further refinements were required for more extreme but plausible events.

During the review period, NZX carried out additional resilience testing to strengthen its system restoration arrangements under severe disruption scenarios. NZX's 2025 annual crisis simulation event involved a hypothetical default of a clearing participant, undertaken as part of the 2025 CCP Global International Default Simulation. While this simulation was less directly relevant to NZX's market operator obligations, it provided an opportunity to test NZX's crisis governance, systems and processes.

NZX has continued work to enhance its crisis management arrangements, including enhancing its Crisis Management Framework and planning for its 2026 crisis simulation, as well as other related testing and exercises.

We consider that NZX has made appropriate progress in response to the recommendation made in our June 2025 report. Accordingly, we consider this recommendation to be addressed. We encourage NZX to continue its programme of crisis simulations, recovery testing, and scenario analysis, including through ongoing enhancements to the Crisis Management Framework and planned testing and exercises in 2026, to further strengthen resilience and preparedness for extreme but plausible events.

NZX Regulation Limited (NZ RegCo)

Obligations

NZX outsources its regulatory functions (such as monitoring of its markets) to NZ RegCo, a subsidiary of NZX that has a separate board, management and staff.

NZ RegCo is subject to a charter setting out its objectives, responsibilities, and overall operational framework.

In this part of the report, we focus on the following obligations of NZX as relevant to the NZ RegCo function:

- To the extent that is reasonably practicable, do all things necessary to ensure that its licensed markets are fair, orderly and transparent
- Have adequate arrangements for monitoring the conduct of participants on or in relation to the markets
- Have adequate arrangements for enforcing compliance with the relevant market rules
- Have sufficient resources (including financial, technological and human resources) to properly operate its licensed markets

Within the above general obligations, we had the following key areas of focus for NZ RegCo:

- General operations and strategy
- Regulatory monitoring activity
- Market settings

We also consider the arrangements and interactions with NZX where NZ RegCo is involved in assisting, implementing or providing feedback on NZX initiatives and policy considerations.

NZ RegCo general operations and strategy

Background and review

During the review period, NZ RegCo's senior leadership team remained stable with a Chief Executive and heads of four functional teams: Issuer Regulation, Participant Compliance, Surveillance, and Market Conduct. The NZ RegCo Board remained stable during the period. At the end of the review period, the NZ RegCo Chair retired from the board, with another director appointed as the new chair.

As part of our review, we considered NZ RegCo's:

- prioritisation, planning, execution, and reporting
- implementation of business changes, strategy management, and future focus.

Throughout the review, we assessed the level of independence demonstrated by the NZ RegCo Board and management from NZX's commercial functions. We also considered the balance of NZ RegCo resourcing between supporting NZX initiatives and delivering core regulatory activities. During the review period, NZ RegCo undertook a significant amount of work to support NZX initiatives, including the NZX 20 Relaunch

and other projects. This work included implementing new alerts for NZX 20 trading, developing a market maker monitoring module to oversee NZX 20 Relaunch market maker obligations, providing technical support for rule changes, and supporting prospective applicants with participant accreditation.

We engaged regularly with NZ RegCo throughout the review period, including reviewing quarterly reporting, conducting both mid-year and end-of-year reviews, and receiving updates on strategy and oversight. We also reviewed a sample of board papers and minutes, corporate planning and environmental scanning materials, and considered NZX's expectations of NZ RegCo and its performance against operational benchmarks. In addition, we liaised with NZX and NZ RegCo staff during the review period and met with the NZ RegCo Board Chair and Chief Executive.

FMA observations

Our view is that arrangements between NZX and NZ RegCo continue to effectively support NZX's compliance with its market operator obligations.

In particular we found NZ RegCo continues to:

- Operate with a high degree of independence from NZX, underpinned by a structured and considered operating model with a defined strategy, objectives and articulated outcomes.
- Have a highly engaged and capable board with a strong mix of skills, and well-managed transition and succession planning that supports continuity and preparedness.
- Demonstrate an independent regulatory mindset, providing constructive challenge to NZX, along with technical insight, feedback, and proposals for change informed by its own monitoring and trend analysis.
- Engage with NZX openly and effectively, responding to requests while also monitoring, adapting to, and providing feedback on domestic and international regulatory, technical and market developments through environmental scans and relationships with international peers.
- Be heavily involved in supporting NZX initiatives, particularly in relation to NZX 20 Relaunch readiness, while maintaining sufficient resourcing and capability to support the continued effective delivery of core regulatory activities.
- Demonstrate strong future-focused thinking, with comprehensive environmental scanning and thoughtful consideration of how trends will impact NZ RegCo and its approach.

NZ RegCo monitoring

Background and review

NZX outsources regulatory functions to NZ RegCo, including having adequate arrangements for monitoring the conduct of participants in its markets, and enforcing compliance with its relevant market rules. NZ RegCo operates four main functions in undertaking this activity: Surveillance, Participant Compliance, Issuer Regulation, and Market Conduct.

We considered all areas of monitoring activity undertaken by the functions, as well as referrals to the NZ Markets Disciplinary Tribunal (**NZMDT**) and its Special Division. NZMDT is an independent regulatory body that determines whether an issuer or market participant has breached NZX's market rules in matters

referred to it by NZ RegCo. Its Special Division exercises the powers and functions of NZ RegCo in applying the market rules to NZX and its related entities.

We interacted with NZ RegCo throughout the review period and have considered strategy and planning across all four functions, quarterly metrics reports and logs, board papers, and enquiries and discussions. We selected and reviewed a sample of NZ RegCo's files across all four functions.

We also held further discussions with NZ RegCo's Chief Executive, Head of Surveillance, Head of Participant Compliance and representatives of NZMDT in relation to our key focus areas.

FMA observations

Our view is that during the review period, NZ RegCo had adequate arrangements for monitoring the conduct of participants in NZX's licensed markets and enforcing compliance with the relevant market rules. In particular we found:

- From the samples of files we reviewed, NZ RegCo showed clear analysis and professional scepticism, as well as adherence to internal processes including escalation where appropriate.
- NZ RegCo takes a risk-based approach, including through its Participant Compliance inspection programme having particular focus on high-risk areas of topics such as client assets, capital adequacy, trading and market making. The Market Conduct team also undertook periodic disclosure reviews of annual report content and financial statements, in line with its Issuer Monitoring Plan and Issuer Risk programme.
- NZ RegCo has been proactive in taking steps to help issuers understand and comply with their listing rules obligations including through publishing new and updated Practice Notes, providing training, and communicating to issuers through the NZX Quarterly Update.
- The Surveillance team worked to ensure fit-for-purpose systems by implementing new parameter settings in its suite of SMARTS alerts following a comprehensive review of these in the previous review period, and on-boarded two alerts tailored for trading of the NZX 20.
- NZ RegCo showed a willingness to refer a matter to NZMDT where a breach was not clear-cut. While NZMDT did not find the issuer to be in breach of the NZX Listing Rules, both NZ RegCo and NZMDT considered the determination to be of educative value for issuers and recognised the benefits of testing difficult cases with NZMDT.

NZ RegCo application of, and involvement in, market settings

Background and review

As outlined in NZX's Approach to Policy, NZ RegCo works closely with NZX in the development of policy initiatives to develop or enhance NZX's market rules. NZX will engage with NZ RegCo and other internal stakeholders to obtain input on technical matters and to develop and refine policy initiatives. NZ RegCo may identify potential policy initiatives that arise from its insights as the frontline regulator of NZX's markets.

NZ RegCo may also conduct post-implementation thematic reviews of market practice and compliance following changes to market settings.

NZ RegCo has the power to make rulings or grant waivers from certain NZX rules, including those related to major transactions or transactions with related parties. NZ RegCo generally publishes these decisions along with the facts of the application and the grounds for RegCo's determination.

As part of our review we considered:

- NZ RegCo's involvement in determining fit-for-purpose market settings
- the application and use of waivers
- processes for considering complaints and other stakeholder feedback.

We interacted with NZ RegCo throughout the review period, through quarterly reporting and enquiries. In selecting samples of files across NZ RegCo's monitoring activity as mentioned above, we also undertook a further targeted selection of files that focused on waiver activity (including some waiver applications that were withdrawn following engagement with NZ RegCo). We met the NZ RegCo Chief Executive, Head of Participant Compliance and Head of Issuer Regulation in relation to NZ RegCo's involvement in assessing appropriateness of market settings, stakeholder feedback processes and use of waivers.

FMA observations

Our view is that NZ RegCo effectively supports NZX's assessments of whether market settings remain fit for purpose. In particular we found NZ RegCo:

- Applies regulatory judgement and technical expertise when considering consultations, assessments, and proposed changes to market settings driven by NZX.
- Undertakes detailed environmental scanning of market, regulatory, legislative, and technology trends relevant to NZ RegCo's operating environment and strategic context.
- Continues to be involved in the assessment and evolution of market settings, providing ongoing support to NZX by analysing proposed changes to market settings and detailed proposals where regulatory activity or trends require NZ RegCo-driven changes or input, in line with NZ RegCo's strategic and corporate plan.
- Supported NZX on a number of policy-related projects during the review period, providing significant technical input and regulatory perspectives on initiatives relating to the NZX 20 Relaunch and the designated market maker regime.
- Incorporates stakeholder feedback, market intelligence, queries and complaints into prioritisation decisions for regulatory initiatives, from thematic reviews to practice notes and the provision of market guidance.
- Applied a robust, policy-driven approach to considering issuer waiver applications, demonstrating clear enquiry and assessment, professional scepticism, and adherence to established decision-making frameworks (including where applications were refined or withdrawn following engagement with NZ RegCo).

Appendix 1: Our role in reviewing NZX

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 carrying out 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.

NZX licensed markets

During the review period NZX was licensed to operate the following markets in New Zealand:

- NZX Main Board
- NZX Debt Market
- Fonterra Shareholders' Market (ceased January 2025, with Fonterra Co-operative Group ordinary shares moving to NZX Main Board)
- NZX Derivatives Market

Details of NZX's licence are on [our website](#).

Our oversight of NZX

Our ongoing oversight of NZX in this review period included:

- review of NZX quarterly regulatory reporting and supporting information
- reviews of NZ RegCo quarterly regulatory reporting and select matters
- sample review of NZ RegCo regulatory activity files
- half-year meetings with NZX and NZ RegCo to discuss quarterly reporting reviews, events in the period, strategy updates and business initiatives being executed
- other ad-hoc engagements with NZX and NZ RegCo in relation to events arising, enquiries and discussions about market matters as required
- liaising on NZX policy consultations and proposed rule changes where appropriate, as well as formal assessment of rule change applications.

For the purposes of this review, we also considered documents and information provided to us including:

- corporate structure and governance arrangements
- papers and minutes of select board and committee meetings
- NZX's 'Market Assessment Report' setting out a self-assessment of its compliance with market operator obligations
- NZ RegCo's 'Oversight Report'
- NZ Markets Disciplinary Tribunal's Annual Report 2025
- other supporting documents or information obtained that were relevant to our review, including policies and procedures, trends and environmental scanning registers, board and committee effectiveness reviews, assessments, memos and decision-making documents in support of consultations, and complaints registers.

AUCKLAND – Level 5, Ernst & Young Building | 2 Takutai Square, Britomart | PO Box 106 672 | Auckland 1143

WELLINGTON – Level 1, 215 Lambton Quay | PO Box 1179, Wellington 6140