

## FMA levy waiver - 9 May 2023

### Sharesies KiwiSaver Scheme

On 9 May 2023, pursuant to Regulation 14 of the Financial Markets Authority (Levies) Regulations 2012 (the Regulations), the FMA granted a waiver of part of the FMA levy to the proposed Sharesies KiwiSaver Scheme (**Scheme**).

The Scheme comprises a number of funds, two of which offer investors the ability to select their own investments based on a list of investment options approved by Sharesies, being the Self-Select Fund and the Cash Fund (together, the **self-select schemes**). Sharesies Investment Management Limited (**SIML**) acts as manager of that Scheme.

Under class 9 of Schedule 2 to the Regulations, persons that lodge a product disclosure statement (**PDS**) for a scheme that is a managed fund are required to pay a levy calculated on a per fund basis (**class 9 levy**). The high number of investment options (each of which is categorised as a 'fund') offered by the Scheme would result in very high levies being paid by SIML in respect of the Scheme when compared with other fund managers for managed funds that are not self-select schemes. The FMA has waived the part of the FMA levy calculated on a 'per fund' basis for the self-select schemes and instead requires SIML in respect of the self-select schemes to pay the FMA levy of \$5,405 for the self-select schemes as a whole (i.e. as if the self-select schemes were not part of the managed fund for the purposes of the class 9 levy). For clarity, SIML will be required to pay the levy on a 'per fund' basis in respect of any funds which sit outside the self-select schemes.

The waiver applies to the class 9 levy that would be payable by SIML upon the lodging of a PDS by SIML for the self-select schemes and will continue up until a date two years from the date of the granting of this waiver.

We believe it is appropriate to waive part of the FMA levy because:

- The FMA may waive a levy payable under the Regulations, in whole or in part, if the FMA is satisfied that the exceptional circumstances or characteristics of the person, when compared with the circumstances or characteristics of other persons in the class of specified persons for which the levy is payable, would make it inequitable for the person to pay the levy.
- SIML's self-select schemes will be required to pay a levy as if that section of the Scheme was not a managed fund for the purpose of the class 9 levy. We believe the unique structure of the Scheme means there are exceptional circumstances that apply compared with the circumstances of other persons lodging PDSs for managed funds that are not self-select schemes. This makes it inequitable for SIML to pay a levy based on a per fund basis for the self-select schemes within the Scheme.
- We believe that the proportion of the partial waiver is not greater than is reasonably necessary considering the exceptional circumstances in this case, as it puts SIML's Scheme in a similar position to other issuers of financial products operating in New Zealand.

