



NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

NZX Limited
Level 1, NZX Centre
11 Cable Street
Wellington 6140
New Zealand

www.nzx.com

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Financial Markets Authority
Level 2, 1 Grey Street,
Wellington, New Zealand

by email only: consultation@fma.govt.nz

NZX Submission: Renewal of class exemption for same class offers ASX/NZX-quoted financial products

1. NZX Limited (**NZX**) submits this response to the Financial Markets Authority's (**FMA**) consultation paper on the renewal of the class exemption for same class offers ASX/NZX-quoted financial products (**Consultation**). We thank the FMA for the opportunity to provide this submission.
2. NZX is a licensed market operator and New Zealand's exchange. At the time of writing this submission, there are 11 ASX/NZX-listed issuers that are Foreign Exempt Issuers (**ASX FEI**) who may elect to rely on the class exemption for same class offers ASX/NZX-quoted financial products (**exemption**) to issue new financial products on the NZX. Prior to the release of this Consultation, NZX has corresponded with the FMA in support of the renewal of the exemption. We have therefore responded to the Consultation questions which are relevant to NZX's position as a licensed market operator, in support of our initial discussions on the exemption's renewal.
3. Nothing in this submission is confidential.

Response to Consultation

Q4) Do you support the renewal of the notice? What are your reasons for your view?

4. NZX strongly supports the renewal of the class exemption as it incentivises ASX FEI's to offer financial products to NZX investors by easing compliance costs and encourages secondary listings on the NZX. This may lead to a greater range of financial products that are accessible to New Zealand investors and a more dynamic capital market in New Zealand. As outlined within the Consultation, we note that the renewal of the exemption also compliments the overall policy objectives of the Financial Markets Conduct Act 2013 regime, namely the avoidance of unnecessary compliance costs.
5. We acknowledge that the exemption has been used sparsely since its introduction in 2018. During this 5-year period, there have been 12 ASX FEI's that have been eligible to use the exemption. We note that despite there being 12 eligible entities, the use of this exemption relies upon multiple factors such market conditions and

entities who elect to seek capital through such offers. Our records show that the exemption has only been used once, with ANZ offering existing New Zealand shareholders an opportunity to participate in a \$3.5 billion fully underwritten pro rata accelerated renounceable entitlement offer in 2022¹. Were it not for the exemption, it is likely that New Zealand investors would not have been able to participate in the offer. In enabling ANZ's offer of \$3.5 billion to be easily available to New Zealand investors, this exemption has proven its utility and the importance for its continued existence as it benefits our capital markets.

6. When considering the renewal of the exemption, we believe that more consideration should be placed on the potential benefit and utility that the exemption provides ASX FEI's, rather than the number of times the exemption has been used. Renewal of the exemption further incentivises ASX issuers to list on the NZX, thereby providing New Zealand investors with more investable choices. As noted by the FMA, the renewal of the exemption also compliments the Trans-Tasman mutual recognition promoting a general equivalency of regulatory frameworks for financial products between Australia and New Zealand.

Q5) Do you think the original policy reasons for granting the exemption remain relevant and valid? Are you aware of anything that has changed during the period since the notice was granted that would affect or alter these reasons? Are there any additional policy reasons that would support granting or not granting the exemption?

7. We agree that the original policy reasons for granting the exemption remain valid. The exemption still reflects the general alignment of financial regulation between Australia and New Zealand, which has not changed in the five years the exemption has been available.
8. The exemption notice continues to compliment the purposes of the Financial Markets Conduct Act 2013, by reducing unnecessary compliance costs incurred by ASX FEI's when issuing a new financial product offer in New Zealand².

Q6) What impact would renewal of the notice have on those who issue and offer financial products, compared to non-renewal? We are particularly interested in any benefits, risks, cost savings, costs imposed, or practical difficulties this group may face in relation to the exemption (for example, difficulties making offers in New Zealand).

and

Q7) What impact would renewal of the notice have on investors, compared to non-renewal? We are particularly interested in any benefits, risks, cost savings, costs imposed, or practical difficulties investors may face relating to the exemption (for

¹ See full ANZ cleansing notice attached as Appendix 1.

² Section 4(c), Financial Markets Conduct Act 2013.

example difficulties for investors and their advisers obtaining and understanding Australian offer information, continuous disclosure, or financial reporting information)?

9. We believe that the renewal of the notice will have a beneficial impact on those who issue and offer financial products, as well as investors as a whole. The exemption would reduce any unnecessary compliance burden that an ASX FEI would have in offering financial products on the NZX. This should in turn encourage more offers on the NZX and may even be a factor to attract more ASX FEIs, helping create a more vibrant capital market to the benefit of New Zealand investors. While the non-renewal of the exemption would largely go unnoticed due to its lack of usage in the past, the removal of the exemption will be counter productive to New Zealand investors in the long term.

Q8) Do you support the circumstances in which the current exemption does not apply, and are there any modifications you would like to see should the exemption be renewed? Please give reasons for your view

10. We support the circumstances listed in which the current exemption applies.

Q9) - Q11) Amendments needed

11. We do not consider the existing exemption notice to need any amendments.

Conclusion

NZX strongly supports the renewal of the class exemption for same class offers ASX/NZX quoted financial products as it benefits New Zealand's capital markets and investors. Given the sizeable ANZ offer to New Zealand investors that was made possible through the use of the exemption, we submit that the exemption has justifiable utility. In reducing compliance costs and encouraging secondary listings, the exemption promotes a more dynamic capital market in New Zealand, offering a greater range of accessible financial products to New Zealand investors.

Yours faithfully,



Jasveet Sandhu
Solicitor, Policy and Regulatory Affairs
NZX Limited