

16 July 2025

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

By email only: consultation@fma.govt.nz

NZX Submission: Review of expiring class exemption notices, and designations

Background

1. NZX Limited (**NZX**) submits this response to the Financial Markets Authority (**FMA**) consultation on the review of the expiring class exemption notices and designations as set out in the consultation paper dated May 2025 (**Consultation**). We would like to thank the FMA for the opportunity to provide this submission.
2. NZX is a licensed market operator and New Zealand's exchange, with 198 unique listed issuers and a total market capitalisation of \$235bn across the markets it operates¹. We have provided responses to selected class exemption notices which are relevant to NZX both as a licenced market operator and as an NZX listed issuer.
3. Nothing in this submission is confidential.

Response to consultation

Financial Markets Conduct (Requirement to include Climate Statements in Annual Report) Exemption Notice 2023

Reliance: Q1 & Q2

4. NZX strongly supports the renewal of the Financial Markets Conduct (Requirement to include Climate Statements in Annual Report) Exemption Notice 2023 (**CRD Timing Exemption Notice**) for at least a further year, to assist issuers that are still adjusting to the reporting requirements of the CRD regime.
5. NZX, along with many other listed issuers on NZX's markets, is a climate reporting entity (**CRE**) required under Part 7A of the Financial Markets Conduct Act 2013 (**FMC Act**) to prepare climate statements in accordance with the Aotearoa New Zealand Climate Standards (**NZ CS**).
6. As a member of the Sustainable Stock Exchange Initiative (a United Nations partnership programme organised by UNCTAD, the UN Global Compact, UNEP FI and the PRI), and a member of the Sustainable Business Council, NZX strongly supports the climate-related disclosures (**CRD**) regime. We are committed to supporting the development of capital markets in a manner that contributes to a climate resilient future for New Zealand.

¹ [NZX Shareholder Metrics – June 2025](#)

7. Although NZX elected not to use the CRD Timing Exemption Notice to prepare its climate statements alongside its 2024 Annual Report during its second reporting cycle under the CRD regime, we anticipate there will be issuers who still require the exemption for a third reporting cycle.
8. We sample tested eight NZX listed issuers who are CREs under the FMC Act with a balance date of 31 March, who as of 19 June 2025, had released their second annual report since the commencement of the CRD regime. Of these issuers, three elected to use the CRD Timing Exemption Notice and delay the release of their climate statements, indicating that some issuers are continuing to rely on the exemption for their second reporting cycle.

Support for renewal: Q3, Q4 & Q8

9. We strongly support the renewal of the CRD Timing Exemption Notice for at least a further year to 7 December 2026 to enable issuers to elect to use the exemption for a third reporting cycle under the CRD regime. This would make it easier for listed issuers and registered banks to manage their reporting processes to ensure compliance.
10. As noted in the Consultation, in November 2024 the External Reporting Board (**XRB**) amended NZ CS 2 to include Adoption Provision 8. This provision allows a CRE to exclude its scope 3 greenhouse gas emissions disclosures (**scope 3 disclosures**) from its assurance engagement for climate statement reporting periods ending before 31 December 2025. We also note that the Financial Markets Conduct (Climate-related Disclosures – Assurance Engagement) Exemption Notice 2025 recently came into force from 28 April 2025 to 30 April 2026, which complements the temporary relief granted by the XRB.
11. Given the difficulties associated with scope 3 disclosures we expect that many issuers will elect to rely on the relief described in paragraph 10. This means that the first time many CREs will include scope 3 disclosures in their climate statements will be for periods ending on or after 31 December 2025. We consider it is appropriate for CREs to have the full four months contemplated by the FMC Act to prepare scope 3 disclosures, by extending the CRD Timing Exemption Notice for at least a further year.
12. NZX is also strongly supportive of further extensions being provided by XRB for the scope 3 transitional relief. We understand that the provision and assurance of scope 3 GHG disclosures is an area of particular difficulty for CREs. We support the CRD Timing Exemption Notice should be aligned with any further extended scope 3 transitional relief.
13. The CRD regime is still in early stages, and some issuers may still be continuing to properly establish their reporting processes going into a third reporting cycle. Allowing listed issuers who are CREs up to an additional month to prepare their climate statements for a further year would enable CREs to fine tune their reporting processes and improve the quality of their disclosures, ensuring the continued success of the CRD regime beyond the first two years.
14. We consider that the renewal of the CRD Timing Exemption Notice for at least a further year would continue to promote the purposes of the FMC Act. We also consider that the

original reasons for granting the exemption, being to provide CREs more time to prepare their climate statements and to reduce compliance costs, remain relevant concerns. The exemption would continue to promote the purposes of the FMC Act by:

- promoting the confident and informed participation of businesses, investors, and consumers in the financial markets;
- providing for timely, accurate, and understandable information to be provided to persons to assist investment decisions; and
- avoiding unnecessary compliance costs for issuers who would otherwise need to hire additional personnel to meet the earlier deadline.

15. We do not consider that the renewal of the CRD Timing Exemption Notice would be broader than reasonably necessary as the exemption would continue to only apply to listed issuers and registered banks, and should the FMA choose a short one-year extension, this would ensure that the exemption is no longer than necessary.

Regulatory Burden: Q5, Q6 & Q7

16. We consider that the CRD Timing Exemption Notice has so far effectively served its purpose and has reduced the compliance burden by allowing NZX listed issuers the full four months to prepare their climate statements as contemplated in section 461ZI of the FMC Act during the early stages of the CRD regime.
17. Should the CRD Timing Exemption Notice be renewed, we do not consider any amendments are necessary as we have not identified any unnecessary compliance costs or unintended effects associated with the notice.

Financial Markets Conduct (Employee Share Purchase Schemes) Exemption Notice 2021

18. NZX supports the renewal of the Financial Markets Conduct (Employee Share Purchase Schemes) Exemption Notice 2021 (**Employee Share Purchase Scheme Exemption**). The Employee Share Purchase Scheme Exemption appropriately complements the relief provided by clause 8 of Schedule 1 of the FMC Act by allowing for eligible persons to participate in employee share schemes through a family relative, trust, or controlled company, without being subject to the disclosure requirements under Part 3 of the FMC Act, reducing unnecessary compliance costs for issuers.
19. NZX also supports the renewal of the Employee Share Purchase Scheme Exemption on the basis that it provides meaningful relief from Part 3 FMC Act disclosure requirements for overseas companies that issue debt securities in relation to their employee share purchase schemes. The exemption lowers the barriers of entry to doing business in New Zealand, incentivising these offers being extended to New Zealand eligible investors. In addition, we believe that the condition allowing non-voting equitable interests to be issued up to 10% of the corresponding class of voting securities provides additional flexibility for issuers.
20. We also support that the Employee Share Purchase Scheme Exemption being expanded to allow issuers to issue non-voting equitable interests in existing voting

securities which will provide further flexibility in relation to the manner in which they structure their retention schemes.

Financial Markets Conduct (Disclosure Using Overseas GAAP) Exemption Notice 2022

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Financial Markets Conduct (Overseas Registered Banks and Licensed Insurers) Exemption Notice 2021

21. NZX supports the renewal of the Financial Markets Conduct (Disclosure Using Overseas GAAP) Exemption Notice 2022 (**Overseas GAAP Exemption Notice**) and Financial Markets Conduct (Overseas Registered Banks and Licensed Insurers) Exemption Notice 2021 (**Overseas Banks and Insurers Exemption Notice**).
22. Both exemption notices allow overseas entities domiciled in certain jurisdictions to avoid unnecessary compliance costs relating to the use of New Zealand GAAP and the auditing of their financial statements. Alleviating this compliance burden removes a barrier to overseas entities offering products in New Zealand, resulting in a broader range of equity and debt securities and banking and insurance options offered to New Zealanders.
23. In relation to the Overseas GAAP Exemption Notice, we consider Germany, Ireland, Singapore and Republic of South Africa should remain as specified jurisdictions. Retaining these countries will provide the flexibility to allow future overseas issuers domiciled in these jurisdictions to use the exemption, removing a barrier for them when offering debt and equity securities to New Zealand investors.

Financial Markets Conduct (Incidental Offers) Exemption Notice 2021

24. NZX supports the renewal of the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (**Incidental Offers Exemption Notice**). We consider the Incidental Offers Exemption Notice appropriately exempts overseas issuers from complying with Parts 3 and 4 of the FMC Act where an offer is made to existing securities holders which may include New Zealand investors.
25. The Incidental Offers Exemption Notice relieves unnecessary compliance costs for overseas issuers and ensures that New Zealand investors who are existing holders of an overseas issuer's financial products can participate in offers made to existing holders by that overseas issuer. Without the exemption, overseas issuers may not extend offers to new existing New Zealand investors due to the costs of complying with Parts 3 and 4 of the FMC Act.
26. We consider that the Incidental Offers Exemption Notice is appropriate as drafted, given that it only applies to New Zealand investors that are existing holders. Offers made to New Zealand investors who are existing holders must still be made in compliance with the laws of the relevant overseas jurisdiction, ensuring that these existing New Zealand investors are still adequately informed about an offer made by an overseas issuer.

Financial Markets Conduct (Recognised Exchanges) Exemption Notice 2021

27. NZX supports the renewal of the Financial Markets Conduct (Recognised Exchanges) Exemption Notice 2021 (**Recognised Exchanges Exemption Notice**). We consider the Recognised Exchanges Exemption Notice appropriately removes unnecessary compliance costs for issuers listed on the London Stock Exchange, New York Stock Exchange, and the Nasdaq Stock Market from complying with Parts 3 and 4 of the FMC Act.
28. The Recognised Exchanges Exemption Notice removes some potential barriers which may prevent overseas issuers that are listed on these exchanges from making offers available to New Zealand investors. Without the exemption, these overseas issuers may decide not to make their offers available in New Zealand, restricting the financial products available to New Zealand investors.
29. NZX has a foreign exempt issuer category (FEI) through which NZX seeks to attract overseas issuers listed on recognised stock exchanges to NZX's markets. An FEI issuer receives dispensations from the NZX Listing Rules on the basis that it is in compliance with its home jurisdiction exchange requirements².
30. NZX assesses whether a foreign exchange has sufficiently similar requirements to those of NZX before approving the exchange as a recognised stock exchange and publishes these exchanges on our website³. NZX currently includes the Hong Kong Exchange Main Board (HKEx), Singapore Exchange Main Board (SGX), and Toronto Stock Exchange Main Board (TMX). We would support the Recognised Exchanges Exemption Notice being expanded to include these exchanges⁴, noting that the FMA has already assessed the financial reporting and auditing requirements in these jurisdictions to provide high-quality information to investors. The inclusion of these exchanges within the exemption could remove a barrier to entry for issuers in these jurisdictions seeking capital from New Zealand investors.
31. Alternatively, instead of individually naming each exchange which the exemption notice applies to, the exemption notice could be redrafted so that it applies to exchanges that have been deemed Recognised Stock Exchanges by NZX. NZ RegCo is responsible for approving exchanges as Recognised Stock Exchanges for the purpose of accrediting issuers listed on such exchanges as NZX Foreign Exempt Issuers, which requires RegCo to undertake detailed analysis of an exchange's rules and requirements to ensure that they are sufficiently similar to NZX's. This approach would reduce the compliance burden for future prospective overseas exchanges who may wish to issue

² Please refer to Rule 1.7 of the [NZX Listing Rules](#)

³ Please refer to the [Recognised Stock Exchanges](#) listed on [nzx.com](#).

⁴ We note that the Trans-Tasman Mutual Recognition regime provides appropriate recognition of ASX.

financial products in New Zealand by eliminating the need to apply to the FMA for this exemption on an individual basis.

32. Thank you for the opportunity to provide this submission. We would be happy to discuss any aspect of this submission further with you.

Yours faithfully,



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NZX Limited