



NEW ZEALAND'S EXCHANGE
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By email: consultation@fma.govt.nz

NZX Submission on 'Consultation: Proposed exemptions for foreign listed issuers from climate reporting duties'

Background

1. NZX Limited (**NZX**) submits this response to the Financial Market Authority's (**FMA**) consultation paper on proposed exemptions for foreign exempt issuers from climate reporting duties (**Consultation Document**). We thank the FMA for the opportunity to make this submission.
2. NZX supports the FMA's proposed exemption for foreign exempt issuers (**FEIs**) from submitting climate-related disclosures under Part 7A of the Financial Markets Conduct Act (**FMC Act**). We believe the exemption strikes a balance between meeting the objectives of the Climate-Related Disclosure (**CRD**) regime, while still maintaining the attractiveness of listing on the NZX for FEIs and ensuring that New Zealand investors continue to have access to relevant climate-related information and quality secondary listings. By reducing the likelihood of duplicity in reporting and lowering the cost of comparing regulatory requirements across jurisdictions, the proposed exemption promotes the growth of our capital markets and protects investment opportunities for New Zealand investors.
3. Nothing in this submission is confidential.

Response to consultation

[Feedback on the proposed exemption](#)

4. NZX commends the FMA's proactive approach towards addressing potential compliance burdens for FEIs. Like the FMA, NZX also acknowledges the importance of striking the right balance between meeting the objectives of the CRD regime and avoiding unnecessary compliance costs that may discourage FEIs from participating in New Zealand's capital markets.
5. The proposed exemption reflects an understanding of the costs and complexities faced by FEIs with operations across multiple jurisdictions, including the need for detailed assessments of regulatory differences between New Zealand's Climate

Standards and existing climate reporting frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. We support the FMA's view that global climate reports which do not identify the New Zealand climate impact may not be useful for New Zealand investors when seeking to identify the climate risks specific to local businesses.

6. We believe the proposed exemption will reduce the likelihood of duplicity in reporting, lower the cost of comparing regulatory requirements across jurisdictions, and maintain the attractiveness of the NZX for FEIs. It is also important to note that despite the exemption from CRD, the purpose of the climate reporting regime is still being upheld as investors are still able to access the FEIs climate reports published within its home jurisdiction in instances where the FEI does not have a significant business presence in New Zealand. The FMA's proposed exemption therefore still ensures that New Zealand investors continue to have access to relevant climate-related information.
7. The current draft of the proposed exemption includes the condition that should a FEI be granted the exemption, the FEI would be required to arrange for a statement on its overview page on the NZX website outlining their reliance on the exemption, along with a link to a copy of any climate statements published within the FEI's home jurisdiction. We urge the FMA to reconsider this condition as the NZX website is under the administrative control of NZX and FEIs do not possess the ability to amend their dedicated page on the NZX website. Given that the proposed exemption outlines that the statement should also have a unique link to the FEI's climate report, this would result in unique statements for each FEI, which would be impracticable to implement on our website at scale. The alternative suggestion to include this statement in an annual market announcement would be administratively preferable, as FEIs have administrative access and training to make announcements on the market announcement platform. We retain the view that for a FEI relying on the exemption, providing this information within the annual report would be sufficient for investors seeking such information.
8. We appreciate the FMA's commitment to reviewing the exemptions before their expiry at the end of the proposed five-year term, with the review considering international developments and the evolving nature of climate-related disclosure requirements. This approach is a necessary measure to ensure that any relief granted through the exemption remains appropriate and aligned with the best interests of New Zealand investors, the purposes of the Act and the broader capital market ecosystem. In the interest of regulatory certainty, we would encourage the FMA to ensure that entities without comparable CRD regimes continue to remain exempted from CRD requirements. Given that the XRB's standards may ultimately differ from international CRD regimes, we envision that the proposed exemption may be necessary for the long-term as a measure to reduce the overbearing compliance burden of reporting against multiple standards.
9. NZX supports the proposed exemption on the basis that we believe it strikes an appropriate balance between promoting transparency and reducing compliance costs for FEIs. These exemptions will help to maintain the growth of our capital markets and ensure that investment opportunities remain accessible for New Zealanders.

Additional considerations

10. While we appreciate the intention of the relief for FEIs which have a significant New Zealand presence is to align with the CRD regime's approach for banks and insurance companies, we wish to highlight that there may be situations where a FEI's New Zealand operations are closely intertwined with its global business making it difficult to provide climate-related disclosures for the New Zealand business on a stand-alone basis. In such situations, requiring FEIs to split and quantify New Zealand emissions may lead to excessive costs and defeat the purpose which these proposed exemptions have set out to rectify and ultimately cause New Zealand's capital markets to become less competitive.
11. While we support the proposed approach to the exemptions in relation to FEIs with a significant NZ business presence, it may be appropriate for bespoke exemptions to additionally be provided in these situations. The FMA may also wish to consider as part of its proposed exemption, allowing an option for a FEI that already publishes an annual global climate report to address the New Zealand impact through a calculated percentage of its global climate footprint, this being conditional on the calculations and associated reasoning of the New Zealand percentage being included within the FEI's annual report. Adopting this method could provide a practical solution for FEIs who encounter difficulties in segregating their New Zealand climate impact, while still maintaining transparency and quality of climate-related information to local investors in accordance with the CRD regime's objectives.

Closing comments

12. NZX supports the FMA's proposed exemption for FEIs from submitting climate-related disclosures. It is our considered view that the exemption will successfully reduce compliance costs, encourage participation in our capital markets, and provide more relevant information to New Zealand investors. We look forward to the outcomes of this consultation and any subsequent regulatory developments.
13. NZX thanks the FMA for this opportunity to provide our input on the proposed exemptions. We support the FMA in their ongoing efforts to review and improve our existing regulatory settings and protect the competitiveness of our capital markets.

Yours faithfully,



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