

4 December 2025

Finance and Expenditure Committee  
c/o Committee Secretariat  
Parliament Buildings  
Wellington, New Zealand

Via the online submission portal

## **Submission: Amendment Paper No 446 - Financial Markets Conduct Amendment Bill**

### **Background**

1. NZX Limited (**NZX**) provides this submission to the Finance and Expenditure Select Committee, in relation to Amendment Paper No. 446 (**Amendment Paper**) that will amend the Financial Markets Conduct Amendment Bill to make changes to the Climate-related disclosure regime in Part 7A of the Financial Markets Conduct Act 2013 (**FMC Act**) (**CRD**).
2. NZX welcomes the changes proposed in the Amendment Paper. Increasing the mandatory climate reporting threshold for listed equity issuers from \$60 million to \$1 billion in market capitalisation, and to \$1 billion principal amount for listed debt, creates more proportionate settings that allow smaller issuers to focus their resources on climate change mitigation, transition and adaption rather than reporting and compliance.
3. In addition, removal of deemed personal director liability will reduce the compliance burden and cost (including director and officer insurance premia) for those listed issuers that remain climate reporting entities (**CREs**). NZX considers these changes will materially improve the viability of companies using the listed New Zealand markets to deliver on their growth aspirations. These adjustments are pragmatic, right-sized for New Zealand and will be strongly welcomed by the listed market.

### **About NZX**

4. NZX is a licensed market operator and New Zealand's exchange and makes this submission from its perspective as a licensed market operator as well as a listed issuer itself. NZX is a member of the Sustainable Stock Exchange Initiative (a United Nations partnership programme by UNCTAD, the UN Global Compact, UNEP FI and the PRI), and member of the Sustainable Business Council. NZX supports the 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, and we support mandatory reporting being expanded to private enterprise – like Australia – to further the purposes of the CRD regime. NZX's markets have a total market capitalisation of approximately \$248bn, with approximately \$6.1bn comprised of 'green bonds' on the NZX Debt Market.<sup>1</sup>

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<sup>1</sup> [NZX Metrics October 2025](#).

## Thresholds

5. As noted in multiple submissions we have made to the Ministry of Business, Innovation and Employment, the Financial Markets Authority (**FMA**) and the External Reporting Board throughout the development of the CRD settings, NZX considers the current CRD reporting threshold settings are too low, resulting in significant compliance costs being imposed on smaller listed issuers.
6. The costs of climate reporting are not strongly correlated with issuer size and not scalable. We consider removing smaller issuers from the framework and raising the threshold for listed issuers to those with a market capitalisation of \$1 billion or more, will enable smaller issuers to utilise their human and financial resources for climate adaption, transition and planning, rather than those resources being absorbed by reporting and assurance activities. This will remove a significant barrier to both entry to NZX's public markets and retaining a listing status, enabling New Zealand investors greater access to investible product, including green and sustainable products that may support New Zealand's transition to net zero greenhouse gas emissions by 2050.
7. There has been significant pressure on the limited professional expertise available to support CREs, resulting in delays to the preparation of climate statements including for larger issuers, and there are similar pressure-points on the availability of assurance providers. The change in reporting thresholds will create benefits for CREs who remain within the regime to access this expertise, and may assist in enabling further development of professional capability in this technical area.
8. We also support removal of managed investment scheme managers from the regime, reflecting that these reporting entities are primarily reporting emissions of entities in which their funds invest and as such are information-takers, and cannot influence the climate mitigation, transition and adaption strategies of the underlying issuers, many of whom will be outside New Zealand in a diversified portfolio.

## The whole-of-Government should not be a CRE if debt is listed

9. In relation to government debt issuance, New Zealand is an outlier amongst OECD countries in that it does not offer a formal listed government debt programme. Under current settings if the Government were to list debt instruments reporting obligations would arise under the CRD regime for the whole-of-Government including Crown owned entities (as it would be the Crown, through the Debt Management Office that would sign a listing agreement with NZX). We consider this to be unworkable, and it will duplicate a substantial amount of the reporting provided by core Government departments and Crown agencies (including the Treasury)<sup>2</sup> who are required to measure, report and reduce emissions under the Carbon Neutral Government Programme (CNGP).

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<sup>2</sup> [Current CNGP participants Feb25.pdf](#)

10. We therefore submit the legislation should expressly exclude the Crown as a CRE, and therefore from CRD obligations. However, majority or wholly Crown-owned entities that have listed equity debt or equity, such as Air New Zealand Limited (listed equity and debt) and Transpower New Zealand (listed debt), would still need to report if the relevant thresholds are exceeded.

### **Director Liability**

11. NZX strongly supports both the dis-application of the unsubstantiated representation prohibition to climate statements as set out in clause 26A of the Paper, and the removal of deemed director liability for climate statements that do not comply with the climate standards. Given the forward-looking nature of some climate related disclosure requirements over a 5 to ten year (or longer) period, there may not be a credible document that provides an objectively reasonable basis for each representation even where made in good faith after careful consideration.
12. The proposed amendments establish an appropriate liability framework under which directors remain liable if they were to knowingly allow non-compliant climate statements to be lodged. The revised liability approach will mitigate the unintended consequences of the current regime, where high legal and consultancy costs are incurred, and directors are discouraged from including detail in climate statements due to liability concerns.
13. New Zealand has a small pool of directors and disproportionately onerous liability settings act as a barrier for a candidate looking to become a director of a listed company, dis-incentivise companies considering a listing, and contributes to excessive director and officer insurance premia. We consider the proposed changes will deliver better corporate governance outcomes for New Zealand.

### **Further CRD Enhancements**

14. We consider the Amendment Paper could usefully be expanded to bring certain class and individual exemptions that have been granted by the FMA into the legislation. This would avoid the need for a renewal process for these exemptions, creating greater regulatory efficiencies.
15. The FMA renewed the Financial Markets Conduct (Requirement to include Climate Statements in Annual Report) Exemption Notice on 26 November 2025, following consultation that closed earlier this year. This exemption allows a CRE to include a link to the website where its climate statements are available and to state the date at which those statements will be available, rather than including the full climate statements in the annual report. This exemption reflects that under the Listing Rules, listed issuers have three months after their balance date to provide their annual report, which is a significantly shorter time frame than the four-month reporting period that was intended to apply to the registration of climate statements under the legislation.
16. In practice, most large NZX listed issuers who fall within the new reporting thresholds produce their annual reports within 45 to 60 days of balance date, rather than the 3 months allowed for in the Listing Rules. It would be useful for the exemptive relief that allows an issuer to refer to where and when climate statements will be available, to be

made permanent in the primary legislation. This would enable these issuers to release their annual reports when ready, rather than being delayed by needing to wait until their climate statements are completed. Allowing large-listed issuers up to the full four months to complete their climate statements also allows more time for them to access the scarce professional expertise available in relation to climate preparation and assurance.

17. The FMA has also granted the Financial Markets Conduct (Climate-related Disclosures – for Foreign Listed Issuers) Exemption Notice 2025. This class exemption enables foreign listed issuers to either have full relief from the climate reporting requirements, or where their New Zealand business has a 'large presence' to report only on the New Zealand business. The FMA is also considering<sup>3</sup> whether to fully exempt foreign listed issuers in jurisdictions with comparable mandatory reporting requirements to the CRD regime, in particular Australia, through a class exemption. We consider that it would be helpful for the primary legislation to exclude foreign listed issuers on conditions (if any) to be specified in regulations, which is a more flexible and efficient mechanism than relying on the FMA class exemption power<sup>4</sup> to provide relief.
18. Finally, the FMA has granted a series of individual exemptions for foreign listed issuers and/or banks<sup>5</sup> from the requirement for climate statements to be signed by two directors, as that is not usually a requirement of the local law requirements of several offshore jurisdictions. We therefore submit the requirement for signature by two directors should be omitted for CREs that are not incorporated in New Zealand.
19. Thank you for the opportunity to provide this submission, NZX strongly supports the proposals contained in the Amendment Paper which we consider will right-size climate reporting and greatly benefit the development of resilient and sustainable capital markets within New Zealand. We request to appear before the Select Committee to present our submission verbally.

Yours faithfully,



Kristin Brandon  
Head of Policy

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<sup>3</sup> FMA Consultation: [Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties](#), September 2025.

<sup>4</sup> Sections 556 and 557 of the FMC Act.

<sup>5</sup> See for example, Financial Markets Conduct (Climate-related Disclosures – ANZ Group Holdings Limited) Exemption Notice 2025, Financial Markets Conduct (Climate-related Disclosures – Australia and New Zealand Banking Group Limited) Exemption Notice 2024, Financial Markets Conduct (Climate-related Disclosures – Citibank N.A.) Exemption Notice 2024, Financial Markets Conduct (Climate-related Disclosures - Coöperatieve Rabobank U.A) Exemption Notice 2024, Financial Markets Conduct (Climate-related Disclosures – JPMorgan Chase Bank N.A.) Exemption Notice 2024, Financial Markets Conduct (Climate-related Disclosures – The Hongkong and Shanghai Banking Corporation Limited) Exemption Notice 2024, and Financial Markets Conduct (Climate-related Disclosures – Ventia Services Group Limited) Exemption Notice 2025.