

24 October 2025

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

By email only: consultation@fma.govt.nz

NZX Submission: Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties

Background

1. NZX Limited (**NZX**) submits this response to the Financial Markets Authority (**FMA**) consultation on the proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties (**Consultation**). We thank the FMA for the opportunity to provide this submission.
2. NZX is a licensed market operator and New Zealand's exchange and makes this submission from its perspective as a licensed market operator. NZX is 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 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, and we support mandatory reporting being expanded to private enterprise to further the purposes of the CRD regime.
3. NZX welcomes the Government's recent changes to New Zealand's CRD regime. Increasing the mandatory climate reporting threshold for listed issuers from \$60 million to \$1 billion in market capitalisation creates more proportionate settings that allow smaller issuers to focus their resources on climate change mitigation and adaption rather than reporting and compliance. In addition the removal of deemed personal director liability will reduce the burden for those listed issuers who remain climate reporting entities (**CREs**). NZX considers that these changes will materially improve the viability of companies using the listed New Zealand markets to deliver on their growth aspirations.
4. NZX supports the FMA's proposed class exemption for certain overseas CREs. The proposed exemption will provide better flexibility for exempt overseas CREs, while ensuring that New Zealand investors still have access to high quality climate statements that are aligned with New Zealand's climate reporting standards.
5. While we understand that the XRB is currently considering the alignment of the Aotearoa New Zealand Climate Standards (**NZ CS**) with international standards, we support further consideration being given to the granting of an additional class exemption for a New Zealand-incorporated CRE to be able to use an equivalent

overseas standard (in particular Australian AASB S2) to align with its parent or subsidiary's reporting.

Responses to consultation

Status quo

Q1. Do you agree with the problem statement on page 6, including why the status quo does not work effectively for overseas CREs? If you disagree, please let us know why.

6. NZX agrees that the status quo does not work effectively for overseas CREs. Foreign listed issuer CREs who are unable to fully rely on the existing Financial Markets Conduct (Climate-related Disclosures for Foreign Listed Issuers) Exemption Notice 2024 (**Foreign Issuer CRD Exemption Notice**) are likely to face increased costs from having to meet multiple, overlapping climate reporting obligations across jurisdictions.

Q2. Please explain the impact of the status quo on the following stakeholders. Where appropriate, provide details of the costs (including compliance costs) and any benefits.

- Primary users
 - Foreign listed issuers
 - Overseas banks
 - Overseas insurers
7. We consider that the status quo primarily affects overseas CREs, an increasing number of which will be required to produce duplicative reports as mandatory climate regimes continue to emerge globally. This is particularly relevant for Australian CREs who are now required to prepare climate statements under the Australian climate reporting regime.
 8. NZX has heard from foreign listed CREs which have a primary listing in Australia that the status quo is costly and will result in duplication due to the alignment between the Australian and New Zealand climate reporting regimes. The only existing option for complete relief from Part 7A of the FMC Act for an Australian foreign listed CRE which has a large presence in New Zealand is to seek an individual exemption from the FMA.
 9. The status quo may also be acting as a deterrent for prospective Australian foreign listed CREs from considering bringing a secondary listing to New Zealand, particularly for CREs who may be uncertain as to whether they meet the thresholds of having a large presence in New Zealand under the Foreign Issuer CRD Exemption Notice.

Q3. Is a class exemption from Part 7A of the FMC Act required or are there other interventions we could consider? Please give reasons for your view.

10. We consider that a full class exemption for overseas CREs incorporated in certain FMA approved jurisdictions from Part 7A is the most appropriate intervention. This approach will provide complete regulatory certainty for foreign listed CREs, which is particularly important for prospective foreign CREs looking to list in New Zealand. This approach also enables the FMA to be able to approve new jurisdictions as mandatory climate reporting regimes continue to be implemented globally.

Proposed scope and conditions of exemption

Q4. Do you agree with the proposed scope and conditions of the exemption? If you disagree, please let us know why.

11. We agree that the scope of the exemption should cover all foreign CREs incorporated in certain jurisdictions where the FMA is satisfied that the climate reporting required in those jurisdictions are broadly equivalent to New Zealand's requirements. This approach would provide certainty for foreign CREs while ensuring that the FMA is comfortable with both the quality of the foreign climate statements produced and the overseas regulator in each jurisdiction.
12. We do however consider that the scope of the exemption should be extended to include New Zealand incorporated CREs where the entity is:
 - a subsidiary of a foreign parent who is subject to mandatory climate reporting in their home jurisdiction that has been approved by the FMA (e.g., a New Zealand subsidiary of an Australian parent), or
 - a parent that includes overseas incorporated subsidiaries in jurisdictions approved by the FMA that are subject to mandatory climate reporting (e.g., a New Zealand parent which has an Australian subsidiary).
13. We consider that these New Zealand CREs should be able to rely on the exemption to prepare their climate statements in accordance with FMA approved overseas reporting standards to enable reporting processes to be streamlined across the group. This would reduce compliance costs for these New Zealand CREs, and provide New Zealand investors and other stakeholders with broadly similar climate information they would have otherwise received if the information had been prepared in accordance with NZ CS.

Q5. Do you agree with the criteria for approving foreign jurisdictions and climate reporting standards? If you disagree, please let us know why.

14. NZX generally agrees with the FMA's criteria for approving foreign jurisdictions and climate reporting standards. We understand that the proposed factor relating to enforcement provisions for non-compliance being available to *foreign regulators* is intended to refer to enforcement powers for the overseas regulator (rather than referring to the FMA as the foreign regulator of the overseas entity). We consider this to be appropriate as the FMA will be able to seek assistance from the foreign regulator under the IOSCO MoU, if needed.

Q6. Do you agree with our view that Australia's mandatory climate reporting regime and AASB S2 are broadly equivalent to New Zealand's settings? If you disagree, please let us know why.

15. NZX agrees with the FMA's view that Australia's mandatory climate reporting regime and AASB S2 are broadly aligned with NZ CS. NZX considers that it is essential to recognise the equivalence of AASB S2.

Q7. Do you believe there are any other relevant jurisdictions that would currently meet our suggested criteria for inclusion in the proposed exemption notice? Please give reasons for your view.

16. Given that international standards remain in a state of flux, we do not consider that there are any other jurisdictions that should be immediately included in the proposed exemption notice. Once there has been further international development we suggest it could be useful for the FMA to assess whether the following overseas markets, in jurisdictions where NZX may accept a Foreign Exempt listing, have climate reporting regimes which are equivalent to NZ CS:
 - Hong Kong Stock Exchange
 - London Stock Exchange
 - Nasdaq Stock Market
 - Singapore Exchange
 - Toronto Stock Exchange
17. Where appropriate the FMA could include these in the exemption notice. We note that all these overseas markets are currently included in the Foreign Issuer CRD Exemption Notice. In the Foreign Issuer CRD Exemption Notice statement of reasons the FMA had satisfied itself that the jurisdictions in which these overseas markets operate currently had or were developing mandatory climate reporting requirements that were broadly equivalent to NZ CS or had expected voluntary reporting.
18. While there are currently no existing foreign listed CREs with a primary listing on one of these markets that are not eligible to rely on existing exemptions, we suggest that the FMA take an active approach to the inclusion of these jurisdictions as their respective climate regimes develop to provide certainty for any prospective foreign listed CREs that may consider listing in New Zealand in the future.

Q8. Please explain the impact of the proposed exemption and conditions on the following stakeholders. Where appropriate, please provide details of the costs and any benefits.

- Primary users
 - Foreign listed issuers
 - Overseas banks
 - Overseas insurers
19. For foreign listed issuer CRDs, the exemption will reduce the compliance burden as they will not be required to prepare separate climate statements in accordance with New Zealand standards. This will lead to improved efficiency for foreign listed issuer CREs, who would be able to better allocate their resources on the effect of climate risks and opportunities on their businesses.
 20. There should be little to no impact on primary users, given that foreign listed issuer CRD's climate reports will include information relating to their New Zealand businesses. Under the proposed conditions of the exemption these climate reports will be publicly

available on the New Zealand CRD Register like other climate reports prepared in accordance with NZ CS.

Q9. Should it be a condition that a foreign CRE must file in New Zealand separate climate statements for its New Zealand business using an approved overseas standard, at the same time it must file its group climate reporting? If so, in what circumstances should this be required?

21. We do not think this condition should be included in the exemption. As noted by the FMA in the consultation paper, a foreign CRE's group climate statements should be able to provide adequate information to New Zealand based investors and other stakeholders to assess the foreign CRE's climate information. We also note that as most groups report on a consolidated basis, we consider it would be onerous from a reporting process perspective to require a group to separately file in New Zealand climate statements for its New Zealand businesses.

Q10. The proposed relief overlaps with the existing foreign listed issuers CRD exemption. Do you believe the existing foreign listed issuers CRD exemption should remain as is, if this new exemption is granted?

22. We consider it is appropriate for the existing Foreign Issuer CRD Exemption Notice to be tied into the proposed exemption notice. Having one consolidated exemption notice would provide greater clarity and simplicity for foreign CREs. We consider that the relief provided in the existing Foreign Issuer CRD Exemption Notice will continue to be necessary until the FMA has included all jurisdictions referred to in the current exemption within the proposed exemption.

Q11. Are any additional conditions required if exemption relief is granted?

23. The consultation paper mentions that an entity will be required to make available information about its reliance on the exemption in various ways, however it is not entirely clear to us exactly where an entity must make available this information. We consider the exemption notice should mirror the requirements for disclosure of reliance on relief in the Foreign Issuer CRD Exemption Notice.

Yours faithfully,



Kristin Brandon
Head of Policy