



NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

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19 August 2020

Financial Markets Authority
Level 2, 1 Grey Street,
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by email only: consultation@fma.govt.nz

NZX Submission on review of 16 class exemption notices expiring in 2021

NZX Limited (**NZX**) submits this response to the Financial Markets Authority (**FMA**) consultation document 'Review of 16 class exemption notices expiring in 2021' (**Consultation Document**). We thank the FMA for the opportunity to make this submission and to contribute to the Government's work of reviewing class exemption notices under the Financial Markets Conduct Act 2013 (**FMC Act**).

Nothing in this submission is confidential.

Response to consultation

We support the FMA's intention to renew the class exemption notices referred to in this submission. As a general principle, we consider that previously granted relief should only be revoked in circumstances where alternative practices or macro-settings have made an exemption obsolete.

While we are unable to comment on all 16 class exemption notices considered for renewal, we wish to briefly highlight the benefits that certain exemption notices provide to New Zealand's capital markets.

We support the renewal of the following proposed class exemption notices listed in the Consultation Document:

1. [Employee share purchase schemes](#)

Employee share purchase schemes are commonly utilized by issuers on NZX's markets, we support the continuation of the Financial Markets Conduct (Employee Share Purchase Schemes) Exemption Notice 2016 and the Financial Markets Conduct (Employee Share Purchase Scheme Shares Offered under Securities Act 1978) Exemption Notice 2016.

2. [Overseas financial reporting exemptions](#)

a. [Financial Markets Conduct \(Overseas Subsidiary Balance Date Alignment\) Exemption Notice 2016](#)

- b. [Financial Markets Conduct \(Overseas FMC Reporting Entities\) Exemption Notice 2016](#)
- c. [Financial Markets Conduct \(Overseas Registered Banks and Licensed Insurers\) Exemption Notice 2020](#)
- d. [Financial Markets Conduct \(Disclosure Using Overseas GAAP\) Exemption Notice 2016](#)

We support the continuance of the exemption notices referred to above, as they have the common purpose of removing barriers to entry to New Zealand's markets on the basis that an overseas entity is subject to similar regulatory and financial reporting standards.

3. Issuances by overseas issuers

- a. [Financial Markets Conduct \(Incidental Offers\) Exemption Notice 2016](#)
- b. [Financial Markets Conduct \(Recognised Exchanges\) Exemption Notice 2016](#)

We support the continuance of these exemptions, as they prevent New Zealand investors being precluded from participating in offers made by overseas listed issuers, because the compliance burden of making an offer into New Zealand would otherwise be prohibitive. We note that the exemptions only provide relief to issuers who are subject to broadly equivalent regulation to that imposed by the FMC Act. We consider that the policy behind these exemptions is consistent with NZX's proposed approach of allowing Profiles of applicants for NZX Foreign Exempt Issuer status to leverage their home jurisdiction disclosures, as set out in our application to the FMA of 12 August 2020.

We support the FMA's stated intention of amending the Recognised Exchanges Exemption Notice, to enable it to apply to "on-sold" IPOs. We assume that the FMA will monitor reliance on the exemption, by reviewing the notices that must be filed with the Companies Office under clause 5 of the exemption.

We note that the FMA has determined that Australian IFRS, Hong Kong FRS and the Singapore Financial Reporting Standards provides high quality financial reporting information to investors. We consider that the listing obligations in those jurisdictions to be broadly equivalent to NZX's, and note the relationships between Australia, Singapore and Hong Kong as economic partners in the Asia Pacific Region¹. We therefore query whether it would therefore be appropriate to extend the exemption to define Singapore Exchange Limited (SGX) and Hong Kong Exchange and Clearing Limited (HKEx) as overseas exchanges, for the purposes of the exemption. We assume that the Recognised Exchanges Exemption Notice does not currently apply to offers made by issuers listed on ASX due to the operation of the Trans-Tasman Mutual Recognition regime.

¹ NZX currently has Memorandum of Understanding with each of SGX and HKEx.

We thank the FMA for this opportunity to submit on these proposals.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Kristin Brandon', written in a cursive style.

Kristin Brandon
Head of Policy and Regulatory Affairs
NZX Limited