

## Class legislative notice summary

1 December 2017

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This is a summary of the Financial Markets Conduct Act and Financial Adviser Act class legislative notices we have granted in effect as at 1 December 2017.

This includes exemptions, designations, frameworks or methodologies, and public accountability notices.

It also includes four notices we have decided to grant as of 1 December 2017, where drafting of a notice to bring the decision into effect is being finalised.

Any Securities Act, Securities Markets Act and Financial Reporting Act exemption notices are no longer in effect.

If you have any questions, contact us at [exemptions@fma.govt.nz](mailto:exemptions@fma.govt.nz)

- Select an item in the contents to go to the notice summary.
- Select any notice to go to view it the New Zealand legislation website.

These class notices, and class notices granted after 1 December 2017, are all accessible on the [New Zealand legislation](#) website and the [FMA website](#).

In addition to class notices, the FMA has granted a number of notices that apply to a particular person or transaction. These are available on the [FMA website](#).

### **De-regulation / change of regulatory regime**

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**Supporting the financial advisers regime**

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- 42. Certified Investment Management Analyst Exemption
- 43. Personalised Digital Advice Exemption (policy decision made, notice being finalised)

Notice / Dates in force	Summary
<p>1. Financial Markets Conduct <b>(Communal Facilities in Real Property Developments)</b> Designation Notice 2016</p> <p>28/10/2016 – ongoing (no five-year limit on designations)</p>	<p>This notice declares that shares in companies that manage communal facilities in real property developments are not financial products. This means the shares are not regulated by financial markets law, and the FMC Act requirements relating to disclosure, governance, financial reporting or fair dealing do not apply. The designation applies to shares in a company issued or transferred on or after 28 October 2016 where the shareholding, constitution and activities of the company meet the criteria in the notice. The notice recognises that shares in communal facilities companies are not a financial investment and do not pose financial market risks. The offer of shares is ancillary to the sale of land. It allows residents of a development to use and enjoy communal facilities, and contribute to their maintenance.</p>
<p>2. Financial Markets Conduct <b>(Communal Facilities in Real Property Developments)</b> Exemption Notice 2016</p> <p>28/10/2016 – 27/10/2021</p>	<p>This notice gives relief to companies that manage communal facilities in real property developments. It applies to shares that were offered to residents in the development, in reliance on Securities Act exemptions. The notice gives relief from financial reporting requirements and ongoing disclosure and governance obligations. This recognises that shares in communal facilities companies are not a financial investment and do not pose financial market risks. The offer of shares would have been ancillary to the sale of land. The offer of the shares, and ongoing management of the communal facilities by the company vehicle, allows residents of a development to use and enjoy communal facilities, and contribute to their maintenance.</p> <p>The exemption remains necessary for shares offered under the Securities Act regime because an FMC Act designation (as described above) cannot apply to products issued before the designation was granted.</p>
<p>3. Financial Markets Conduct <b>(Forward Foreign Exchange Contracts)</b> Designation Notice 2017</p> <p>1/12/2017 – ongoing (no five-year limit on designations)</p>	<p>This notice applies to short duration forward foreign exchange contracts. This is an agreement to buy or sell currency or to exchange one currency for another (whether New Zealand or foreign currency) that involves the delivery or payment of the relevant amount of currency within three working days. The effect of the notice is that issuers of such products are not subject to the initial and ongoing disclosure, governance and financial reporting requirements that would normally apply to derivative issuers. They will not need to obtain a derivatives issuers licence or comply with the requirements related to the handling of derivatives investor money and derivatives investor property.</p>
<p>4. Financial Markets Conduct <b>(Shares in Investment Companies)</b> Designation Notice 2017</p> <p>19/05/2017 – ongoing (no five-year limit on designations)</p>	<p>This notice designates certain shares in investment companies as managed investment products (MIPs) rather than equity securities, and the company issuing the shares as a managed investment scheme (MIS). The designation applies to new shares issued after commencement of the notice.</p> <p>Specifically, the designation applies to shares with the following characteristics:</p> <ul style="list-style-type: none"> <li>• the shares are issued by an investment company</li> <li>• the shares do not entitle holders to standard shareholder rights, or they permit entrenched key service provider arrangements</li> <li>• the shares are not quoted on the NZX main board or on the ASX.</li> </ul> <p>The designation reduces the ability for issuers to use investment company structures to operate under the ‘lighter-touch’ equity securities regime rather than the more onerous MIS regime. It creates a more level playing field with other MIS providers.</p>

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	<p>The designation ensures designated shares and companies comply with fit-for-purpose governance and disclosure requirements under the MIS regime.</p>
<p>5. Financial Markets Conduct (<b>Disclosure Using Overseas GAAP</b>) Exemption Notice 2016 4/11/2016 – 3/11/2021</p>	<p>Under the FMC Act, financial information in a product disclosure statement (PDS) or register entry must be prepared according to New Zealand GAAP (generally accepted accounting principles) and, in some cases, audited by an auditor qualified under New Zealand law. We do not think it is justifiable for overseas issuers to incur the additional cost of restating their accounts in New Zealand GAAP when they have already prepared high-quality financial statements in another jurisdiction subject to appropriate financial reporting regulation.</p> <p>This exemption provides relief to these issuers by allowing them to use the accounting practices (overseas GAAP) and auditors allowed in that jurisdiction to prepare a PDS and register entry. The exemption is limited to issuers listed in overseas jurisdictions where we have assessed that financial statements are prepared according to accounting standards broadly comparable to New Zealand GAAP, and where auditors are subject to audit standards and requirements broadly comparable to New Zealand standards.</p> <p>The exemption is conditional upon the issuer including statements in the PDS and register entry disclosing the use of overseas GAAP and stating that they are relying on the notice.</p>
<p>6. Financial Markets Conduct (<b>Overseas FMC Reporting Entities</b>) Exemption Notice 2016 4/11/2016 – 3/11/2021</p>	<p>Under the FMC Act, FMC reporting entities must prepare financial statements according to New Zealand GAAP (generally accepted accounting principles), and have them audited by an auditor qualified under New Zealand law. We do not think it is justifiable for overseas issuers to incur the additional cost of restating their accounts in New Zealand GAAP if they have already prepared high-quality financial statements in another jurisdiction subject to appropriate financial reporting regulation.</p> <p>This exemption provides relief to these issuers by allowing them to use the accounting practices (overseas GAAP) and auditors allowed in that jurisdiction to meet their financial reporting requirements. The exemption is limited to issuers listed in overseas jurisdictions where we have assessed that financial statements are prepared according to accounting standards broadly comparable to New Zealand GAAP and where auditors are subject to audit standards and requirements that are broadly comparable to New Zealand standards.</p> <p>This exemption also exempts issuers from the New Zealand-specific requirement of signing financial statements, and allows New Zealand business financial statements to be prepared in overseas GAAP, and audited by either a New Zealand or Australian qualified auditor, or an auditor allowed in the overseas jurisdiction.</p> <p>The exemption is conditional upon the issuer complying with the requirements for the preparation, content, auditing, and public filing of financial statements of the overseas market where its products are issued. Issuers relying on the exemption must also notify the Registrar they are relying on the notice when lodging their financial statements.</p>

Notice / Dates in force	Summary
<p>7. Financial Markets Conduct (<b>Overseas Subsidiary Balance Date Alignment</b>) Exemption Notice 2016</p> <p>14/10/2016 – 13/10/2021</p>	<p>The FMC Act requires the balance date of an FMC reporting entity to be the same as the balance date of its subsidiaries. Compliance may be difficult or impossible for entities with subsidiaries in overseas jurisdictions that have inflexible balance dates.</p> <p>The exemption relieves FMC reporting entities with an overseas subsidiary in a jurisdiction with an inflexible balance date from meeting the balance date alignment requirement.</p> <p>A balance date is considered inflexible when it may not be changed at the absolute discretion of the FMC reporting entity or its subsidiary, regardless of whether it may be changed through a process that involves the approval of a regulator.</p>
<p>8. Financial Markets Conduct (<b>Overseas Custodians— Assurance Engagement</b>) Exemption Notice 2017</p> <p>24/02/2017 – 23/07/2018</p> <p>Policy decision made to extend notice for five years and to add further jurisdictions. Notice being finalised.</p>	<p>This notice exempts overseas custodians (of registered schemes) based in certain recognised jurisdictions from having to obtain an assurance engagement with a New Zealand licensed auditor, and from an assurance engagement having to cover matters specified in the Financial Markets Conduct Regulations 2014. It allows use of licensed or registered auditors from Australia, Canada, France, Luxembourg, the United Kingdom, and the United States of America for assurance engagements for custodians based in those jurisdictions. The exemptions apply to overseas custodians' annual assurance periods ending on or after 24 February 2017 but before 24 February 2018.</p> <p>Conditions require the overseas custodian to provide the FMA or specified others a document that maps the overseas assurance report against the matters required to be in a New Zealand assurance report. In addition, the custodian must confirm the particular New Zealand custodial services covered in the report.</p>
<p>9. Financial Advisers (<b>Overseas Custodians – Assurance Engagement</b>) Exemption Notice 2017</p> <p>24/02/2017 – 23/02/2019</p> <p>Policy decision made to extend notice to cover remaining life of Financial Advisers Act and to add further jurisdictions. Notice being finalised.</p>	<p>This notice is substantially the same as the FMC Act Overseas Custodians – Assurance Engagement exemption above. The main difference is this notice provides overseas custodians of client money or client property under the Financial Advisers Act an exemption from the assurance engagement having to cover matters specified in the Financial Advisers (Custodians of FMCA Financial Products) Regulations 2014.</p>

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<p>10. Financial Markets Conduct <b>(Overseas Registered Banks and Licensed Insurers)</b> Exemption Notice 2016</p> <p>28/10/2016 – 28/05/2020</p>	<p>Registered banks and licensed insurers are FMC reporting entities and must lodge financial statements compliant with NZ GAAP and audited by a New Zealand-licensed auditor. Many overseas banks and insurers operate in New Zealand via a branch rather than through an incorporated subsidiary. As a result, the overseas entity as a whole is an FMC reporting entity even though its New Zealand operations may form a small portion of its business.</p> <p>The notice exempts overseas banks that are registered banks in New Zealand, and overseas insurers that are licensed insurers in New Zealand, from certain financial reporting and audit obligations of the FMC Act.</p> <p>The key effects of the exemption are:</p> <ul style="list-style-type: none"> <li>• overseas-registered banks and licensed insurers are allowed to use overseas GAAP and an overseas qualified auditor to prepare their group or entity financial statements</li> <li>• the financial statements do not have to be dated and signed by two directors if that is not a requirement in the home jurisdiction of the overseas registered bank or licensed insurer</li> <li>• the auditor for the New Zealand branch financial statements is permitted to be from New Zealand, Australia or certain overseas jurisdictions.</li> </ul>
<p>11. Financial Markets Conduct <b>(Securities Offered Under Securities Act 1978 Exemptions Recognising Overseas Regimes)</b> Exemption Notice 2016</p> <p>1/12/2016 – 30/11/2021</p>	<p>Under the Securities Act regime, overseas issuers made a number of offers to New Zealand investors relying on Securities Act 1978 exemption notices that recognised the adequacy of the overseas regimes from which those offers originated. The transitional provisions of the FMC Act provide that, on the effective date, the FMC Act (including ongoing disclosure, governance, and financial reporting and auditing requirements) would apply to securities offered under the Securities Act where a prospectus or investments statement was required (except where exemptions were granted). Therefore, after the effective date, the FMC Act applied to securities related to those offers.</p> <p>However, New Zealand investors in these securities invested on the basis of the regulatory regime in place at the time of the offer. For the issuers of those securities (in some cases allotted many years ago), compliance now with any increased requirements of the FMC Act would be a significant burden.</p> <p>The exemption provides issuers who offered securities under one of these Securities Act exemptions with complete exemption from ongoing disclosure, governance, and financial reporting and audit requirements of the FMC Act. The exemption also provides relief from certain transitional requirements related to trust deeds, disclosure for MIS, and notifications to security holders. This recognises that the adequacy of the relevant overseas regime was assessed when each of the notices was granted, and that the FMA (or the Securities Commission) was satisfied at that time with the overseas requirements applying to the issuers, given the circumstances under which those offers could be made.</p> <p>There are no conditions to the exemption. Issuers should be able to rely almost exclusively on the requirements of the overseas jurisdiction. However, if the issuer is required to do financial reporting and auditing in New Zealand for any reason other than having issued securities to New Zealand investors under a Securities Act exemption, those requirements still apply.</p>

Notice / Dates in force	Summary
<p>12. Financial Markets Conduct (<b>Overseas Banks Offering Simple Debt Products</b>) Exemption Notice 2016</p> <p>1/12/2016 – 30/11/2021</p>	<p>This exemption enables overseas banks in certain recognised jurisdictions to make offers of ‘simple debt products’ (call debt securities and fixed-term deposits) under a lighter compliance pathway, providing comparable relief to offers of these products by New Zealand-registered banks.</p> <p>The exemption is not be able to be relied upon by overseas banks directly marketing to new New Zealand investors, except through New Zealand-registered banks within the same banking group.</p> <p>The exemption is subject to conditions including that the bank (or its parent):</p> <ul style="list-style-type: none"> <li>• must have an investment-grade credit rating for its long-term senior unsecured obligations</li> <li>• complies with home jurisdiction requirements governing the preparation, content, auditing and public filing of financial statements</li> <li>• makes the financial statements available to investors (eg, through its website).</li> </ul>
<p>13. Financial Markets Conduct (<b>US Futures Commission Merchants</b>) Exemption Notice 2015</p> <p>6/11/2015 – 30/10/2020</p>	<p>The FMC Regulations impose requirements on derivative participants when they hold derivatives investor money and derivatives investor property. This exemption exempts derivatives participants who are registered as futures commission merchants with the Commodity Futures Trading Commission and who are participants on NZX’s derivatives market from some of these requirements, on the condition that they comply with equivalent requirements under US laws.</p>
<p>14. Financial Markets Conduct (<b>Recognised Exchanges</b>) Exemption Notice 2016</p> <p>18/11/2016 – 17/11/2021</p>	<p>Where an issuer listed on a major, high-quality exchange makes an offer under the laws of an overseas jurisdiction that has been extended to New Zealand investors but does not principally target them (eg, an initial public offer), the standard requirements of the FMC Act will normally apply. Without an exemption, compliance with the FMC Act will raise additional costs for the issuer.</p> <p>This exemption relieves issuers listed on the principal official list of certain recognised exchanges from disclosure, governance, financial reporting and auditing obligations of the FMC Act when making such an offer to New Zealand investors.</p> <p>Issuers relying on the exemption can rely almost exclusively on the requirements of the overseas jurisdiction when making such an offer to New Zealand investors. However, issuers will need to provide warning statements when providing offer documents to potential investors, and will need to establish a register entry containing the overseas offer document and any documents required to be provided to retail investors in the relevant jurisdiction.</p>
<p>15. Financial Markets Conduct (<b>Incidental Offers</b>) Exemption Notice 2016</p> <p>18/11/2016 – 17/11/2021</p>	<p>Where an issuer listed on an overseas market makes an offer to existing holders of securities (eg, a rights offer), New Zealand investors may incidentally receive that offer. Without an exemption, the standard requirements of the FMC Act would normally apply, raising additional costs for the issuer.</p> <p>This exemption applies where the securities are listed (or are to be listed) in a jurisdiction the FMA considers to have a high-quality regulatory regime with requirements broadly equivalent to New Zealand’s. The exemption relieves the issuer (and related parties) from</p>



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	<p>disclosure, governance, financial reporting and auditing obligations of the FMC Act.</p> <p>Issuers relying on the exemption can rely almost exclusively on the requirements of the overseas jurisdiction when making an incidental offer to New Zealand investors.</p>
<p>16. Financial Markets Conduct <b>(Equine Bloodstock)</b> Exemption Notice 2016  1/12/2016 – 30/11/2021</p>	<p>We have exempted shares and managed investment products offered by horse bloodstock syndicates and companies from the disclosure and governance requirements of the FMC Act. We have declared that such offers are not ‘regulated offers’ under the FMC Act. This means that the other requirements of the FMC Act, or other Acts, that apply in connection with regulated offers (such as the requirement for a scheme to be registered and the financial reporting requirements) will not apply. We have also provided similar exemptions to shares and managed investment products offered under the Securities Act in reliance on a historical exemption.</p> <p>To rely on these exemptions, the offeror must be bound by the rules of either New Zealand Thoroughbred Racing Incorporated or Harness Racing New Zealand Incorporated to comply with a code of practice in relation to the offer. These rules reflect the unique disclosure, governance and financial reporting and audit requirements for investments in horse bloodstock interests and the existing supervisory and enforcement regime under the Racing Act 2003. The requirements in the rules will ensure that disclosure, governance, financial reporting and audit requirements apply to these interests, to enable effective monitoring, reduce governance risks, and ensure timely, accurate, and understandable information is provided to investors.</p> <p>The ability to rely on the exemption does not derogate from any ability for certain offers to be made using the lower-cost compliance pathways under the exclusions in Schedule 1 of the FMC Act where these apply.</p>
<p>17. Financial Markets Conduct <b>(Companies Being Wound Up—Debt Securities Allotted under Securities Act 1978)</b> Exemption Notice 2017  26/05/2017 – 25/05/2022</p>	<p>This notice applies to companies that issued debt securities under the Securities Act regime and that had started, but not completed, winding up by 1 December 2016. It exempts such companies from the ongoing disclosure and governance requirements in Parts 3 and 4 of the Financial Markets Conduct Act 2013. No exemption has been provided from the financial reporting requirements in Part 7 of the Financial Markets Conduct Act 2013. No conditions attach to the exemptions on the basis that the requirements of the Companies Act 1993 will apply to companies in liquidation and the requirements of the Receiverships Act 1993 will apply to companies in receivership.</p>

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<p>18. Financial Markets Conduct (<b>Superannuation Schemes and Workplace Savings Schemes Being Wound Up – Securities Allotted under Securities Act 1978</b>) Exemption Notice 2017 14/7/2017 – 13/7/2022</p>	<p>This notice applies to superannuation schemes and workplace savings schemes that had started, but not completed, winding up by 1 December 2016. The notice exempts such schemes from the ongoing disclosure requirements in Part 3 of the Financial Markets Conduct Act 2013 (FMC Act) and some of the governance requirements in Part 4 of the FMC Act. The exemptions cease to apply if the manager of the scheme does not provide certain prescribed information to the FMA and Registrar. The exemption is also subject to the condition that the manager must carry out the winding up of the scheme in accordance with the governing document.</p> <p>No exemption has been provided from the financial reporting requirements in Part 7 of the FMC Act.</p>
<p>19. Financial Markets Conduct (<b>Unit Trusts and Group Investment Funds Being Wound Up – Securities Allotted under Securities Act 1978</b>) Exemption Notice 2017 14/7/2017 – 13/7/2022</p>	<p>This notice applies to unit trusts and group investment funds that had started, but not completed, winding up by 1 December 2016. The notice exempts such schemes from the ongoing disclosure requirements in Part 3 of the Financial Markets Conduct Act 2013 and some of the governance requirements in Part 4 of the Financial Markets Conduct Act 2013. The exemptions cease to apply if the manager of the scheme does not prepare a winding-up plan, produce progress reports, provide certain prescribed information to the FMA and Registrar and give notice to participants that the scheme is relying on this exemption. The exemption is also subject to the condition that the manager must carry out the winding up of the scheme in accordance with the governing document.</p> <p>No exemption has been provided from the financial reporting requirements in Part 7 of the Financial Markets Conduct Act 2013.</p>
<p>20. Financial Markets Conduct (<b>FMC Reporting Entities with Higher Level of Public Accountability</b>) Notice 2014 1/12/2014 – ongoing (no five-year limit on HPA notices)</p>	<p>All FMC reporting entities have a designated level of public accountability. This influences which tier of the External Reporting Board Accounting Standards Framework the entity must report in, and whether it must use full accounting standards (eg, NZ IFRS) or reduced accounting standards (eg, NZ RDR) when preparing its financial statements.</p> <p>The FMC Act identifies classes of entities deemed to have higher public accountability. All other classes of entities have lower public accountability. These are default designations. The FMC Act also allows the FMA to vary designations for either individual FMC reporting entities or classes of FMC reporting entities. Generally speaking, where investors invest directly in an entity, that entity will have a higher level of public accountability.</p> <p>This notice re-designates recipients of funds from conduit issuers and licensed derivative issuers to have a higher public accountability under the FMC Act regime.</p>

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<p>21. Financial Markets Conduct (<b>Financial Reporting—DIMS Licensees</b>) Exemption Notice 2015</p> <p>5/06/2015 – 4/06/2020</p>	<p>This exemption is for small-to-medium-sized licensed providers of discretionary investment management services (DIMS). It provides relief from certain financial reporting obligations relating to accounting records, the preparation of financial statements that comply with GAAP, and the audit and lodgment of those financial statements. The extent of the exemptions depends on the size of the licensee's business. The exemptions do not apply if a DIMS licensee is an FMC reporting entity for any other reason, doesn't have an independent custodian, or the licensee has more than \$250 million in retail funds under management. The notice recognises that DIMS licensees do not hold client assets and the purpose of minimum financial resource requirements for licensees is for continuing the business. Additionally, client assets are held by an independent custodian who is subject to an assurance engagement.</p>
<p>22. Financial Markets Conduct (<b>Multiple-participant Schemes - Participation Agreements</b>) Exemption Notice 2017</p> <p>23/10/2017 – 22/10/2022</p>	<p>This notice means the FMC Act requirement for managers of multiple-participant schemes to register the scheme governing document and any amendments does not apply to participation agreements (including amendment agreements). This means these agreements will not appear on the Disclose register.</p> <p>Large numbers of participation agreements on the Disclose register would make it difficult for members to locate the documents relating to their participant's plan and may cause confusion. Uploading large numbers of participation agreements imposes unnecessary compliance costs on managers, with limited benefits for members. The agreements may also contain commercially sensitive and/or confidential information.</p>
<p>23. Financial Markets Conduct (<b>NZX—NXT Market</b>) Exemption Notice 2014</p> <p>1/12/2014 – 30/11/2019</p>	<p>The NXT market is NZX's stepping-stone growth market. To encourage growth companies to list, the FMC Act regime provides relief from standard continuous disclosure requirements for participants listed on NXT.</p> <p>This exemption provides issuers on the NXT market with relief from various PDS and register entry requirements in the FMC Regulations. The main changes to the PDS are that a new warning statement about the risks of investing on the NXT market will be contained at the start of the PDS, and prospective financial information does not have to be disclosed (but may be). Instead, key operating milestones have to be disclosed. The main change to the register entry for an offer of shares by an NXT issuer is that prospective financial information does not have to be included.</p>
<p>24. <b>Financial Statements for Schemes Consisting only of Separate Funds</b> Exemption</p> <p>Policy decision made, notice being finalised.</p>	<p>Where all assets of a managed investment scheme are held by separate funds of the scheme, and there are no cross-liabilities between the funds, the scheme is notional.</p> <p>Managers are required to prepare financial statements for both the separate funds and the scheme. This exemption will relieve managers from having to prepare financial statements for the notional scheme.</p> <p>Investors are interested in the performance and financial position of the fund that they have invested in, not the notional scheme. Financial statements for a notional scheme are not helpful for investors and potentially misleading.</p>
<p>25. <b>MIS Market Index Requirement</b> Exemption</p> <p>Policy decision made, notice</p>	<p>Managers of managed investment schemes are required to publish quarterly fund updates that contain an appropriate market index as a benchmark for the performance of the fund. An 'appropriate market index' is defined in the FMC Regulations as a broad based securities index that reflects market movements for the assets the fund invests in, directly or indirectly. A significant number of managers find it difficult to comply with this requirement because appropriate indices do not necessarily exist for all assets a fund invests in.</p>

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being finalised.	This exemption will relieve managers from the requirement if there is no appropriate market index. The exemption will be subject to the condition that managers publish a peer group index instead, if the peer group index is reasonably likely to be useful to investors. If there is no useful peer group index, managers will be required to explain this.
<p>26. Financial Markets Conduct (Small Co-operatives) Exemption Notice 2016</p> <p>1/12/2016 – 30/11/2021</p>	<p>This exemption relieves small co-operative companies, and industrial and provident societies (co-operatives) that have a maximum per shareholder capital investment of \$5,000 or less (across all offers) from:</p> <ul style="list-style-type: none"> <li>• the disclosure requirements in Part 3 of the FMC Act</li> <li>• some limited register and record keeping requirements in Part 4 of the FMC Act</li> <li>• the financial reporting and auditing requirements in Part 7 of the FMC Act.</li> </ul> <p>This exemption is subject to the conditions that the co-operative provides a disclosure document to investors in the prescribed form and includes the prescribed warning statements in every offer document and every set of financial statements.</p> <p>The exemption also provides relief from the Part 7, FMC Act financial reporting and auditing requirements when the co-operative’s annual revenue in a particular accounting period is \$2,000,000 or less. This exemption is subject to the condition that the co-operative includes the prescribed warning statements in every set of financial statements.</p> <p>In either case, co-operatives relying on the exemption will still need to comply with the financial reporting and auditing requirements of the Companies Act 1993 or Industrial and Provident Society Act 1908, as applicable.</p>
<p>27. Irrigation companies Exemption</p> <p>Policy decision made, notice being finalised.</p>	<p>We have been developing an exemption for irrigation companies that are not co-operative companies, but operate under co-operative principles. The type of exemption granted depends on whether the company meets the small investment test or low revenue test.</p> <p><b>Small investment test:</b> if the company has a maximum per shareholder capital investment of \$5,000 or less (across all offers), it will be exempt from:</p> <ul style="list-style-type: none"> <li>• the disclosure requirements in Part 3 of the FMC Act</li> <li>• some limited register and record keeping requirements in Part 4 of the FMC Act</li> <li>• the financial reporting and auditing requirements in Part 7 of the FMC Act.</li> </ul> <p>This exemption is subject to the conditions that the company provides a disclosure document to investors in the prescribed form and includes the prescribed warning statements in every offer document and every set of financial statements.</p> <p><b>Low revenue test:</b> if the company does not meet the small investment test but has annual revenue of \$2,000,000 or less, it will be exempt from the financial reporting and auditing requirements in Part 7 of the FMC Act. This exemption is subject to the condition that the co-operative includes the prescribed warning statements in every set of financial statements.</p> <p>Even if the company does not meet the small investment test or the low revenue test, it will be exempt from certain disclosure requirements in Part 3 of the FMC Act on the condition that it includes the prescribed wording in their PDS.</p>

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	<p>This relief is intended to be consistent with that already provided to co-operative companies (under the FMC Regulations and the FMC (Small Co-operatives) Exemption Notice 2016).</p>
<p>28. Financial Markets Conduct (<b>Licensed Independent Trustees of Restricted Schemes</b>) Exemption Notice 2016 16/9/2016 – 15/9/2021</p>	<p>Under the FMC Act, a restricted scheme must have a licensed independent trustee. To meet this requirement, the scheme may use a sole corporate trustee, provided it has at least one licensed independent trustee director. However, ‘independent’ is defined by the FMC Act, with respect restricted schemes, in such a way that if the sole corporate trustee is related to the scheme provider, the director will fail the independence test.</p> <p>We consider this result is unintended, as the purpose of the independence requirement is to ensure the independence of the licensed independent trustee, rather than any corporate structure in which that licensed independent trustee sits.</p> <p>This exemption provides relief from this situation.</p>
<p>29. Financial Markets Conduct (<b>Forestry Schemes</b>) Exemption Notice 2016 18/11/2016 – 17/11/2021</p>	<p>This exemption gives relief for forestry scheme managers, supervisors and custodians from some of the governance and other obligations under the FMC Act. The main effects of the exemption are:</p> <ul style="list-style-type: none"> <li>• closed forestry schemes that transitioned to the FMC Act are not required to update their governing documents or have a licensed manager if they meet certain criteria</li> <li>• closed forestry schemes that transitioned to the FMC Act don’t have to have their real property or carbon credits held by the supervisor or an independent custodian provided those assets are held on trust for the scheme and the supervisor holds a registered security interest over them</li> <li>• forestry scheme custodians are not required to reconcile scheme cash records daily as long as those assets are reconciled at a frequency suited to the level of transactions for the scheme</li> <li>• forestry scheme custodians are not required to obtain an assurance engagement annually; this is required when the supervisor determines it is necessary to provide reasonable assurance in relation to custody of the scheme property</li> <li>• managers of forestry schemes are not required to make quarterly reports on limit breaks for periods when minimal work is being done in the forest if no limit break occurs in that quarter</li> <li>• corporate general partners of schemes that are limited partnerships are exempt from disclosure, governance and financial reporting requirements in relation to shares in the general partner held by or offered to scheme participants, provided information on the shares is included in disclosure information for the scheme.</li> </ul>
<p>30. Financial Markets Conduct (<b>Property Schemes - Custody of Assets</b>) Exemption Notice 2016 18/11/2016 – 17/11/2021</p>	<p>This notice gives relief for property scheme managers, supervisors and custodians from some of the FMC Act governance obligations that relate to custody of scheme assets. The main effects of the exemption are:</p> <ul style="list-style-type: none"> <li>• closed property schemes that transitioned to the FMC Act are not required to have real property held by the supervisor or an independent custodian provided that property is held on trust for the scheme and the supervisor holds a registered encumbrance or mortgage over the property</li> <li>• property scheme custodians are not required to reconcile scheme cash records daily, but they must be reconciled at a frequency suited to the level of transactions for the scheme</li> </ul>

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	<ul style="list-style-type: none"> <li>property scheme custodians (except for custodians of schemes where the manager has more than \$200m gross assets under management for all registered schemes) are not required to obtain an assurance engagement annually; this is required when the supervisor determines it is necessary to provide reasonable assurance in relation to custody of the scheme property.</li> </ul>
31. Financial Advisers ( <b>Non-NZX Brokers-Client Money</b> ) Exemption Notice 2017 28/7/2017 – 30/11/2020	This notice exempts non-NZX brokers, on conditions, from the Financial Advisers Act requirement that money and property held by or for a broker must be held separately from client money and client property. It allows them to keep a limited buffer of their own money in their client account. They are able to do this to the extent that it is reasonably necessary to reduce the risk of a temporary shortfall in client funds (which could prevent client transactions settling or result in one client's funds being used to settle another client's transaction).
32. Financial Advisers ( <b>NZX Brokers—Client Money and Client Property</b> ) Exemption Notice 2015 1/12/2015 – 30/11/2020	This notice exempts brokers who are NZX participants, on conditions, from the Financial Advisers Act requirement that money and property held by or for a broker must be held separately from client money and client property. It allows the operation of gateway accounts (which are accounts used specifically for transacting with particular settlement systems. It also permits NZX participants to keep a limited buffer of their own money in their client account. They are able to do this to the extent that it is reasonably necessary to reduce the risk of a temporary shortfall in client funds (which could prevent client transactions settling or result in one client's funds being used to settle another client's transaction).
33. Financial Markets Conduct ( <b>KiwiSaver Confirmation Information</b> ) Methodology Notice 2017 28/7/2017 – 27/7/2022	<p>This notice prescribes the method that KiwiSaver providers must use to calculate the total fees paid by each investor, which is disclosed in their KiwiSaver annual confirmation information. This will help KiwiSaver providers attribute fees charged at the fund level (including underlying fund charges) to each investor. KiwiSaver providers are not required to use the methodology if they can calculate the actual fees charged to each investor for the relevant period.</p> <p>KiwiSaver providers can choose whether to allocate fees charged at the fund level for the accounting period to investors using either the investor's average balance (total annual fund charges calculation) or the investor's balance as at the date the units of the fund are valued (cents per unit calculation). The method of calculation must be published on a website maintained by or on behalf of the scheme manager.</p>
34. Financial Markets Conduct ( <b>Employee Share Purchase Schemes</b> ) Exemption Notice 2016 8/8/2016 – 6/8/2021	<p>Under Schedule 1 of the FMC Act, shares offered under employee share purchase schemes are excluded from the standard regulated offers regime. The framing of the exclusion means it can't easily be applied to:</p> <ul style="list-style-type: none"> <li>offers made to employee trusts and relatives</li> <li>offers made under share schemes that have an ancillary debt or managed investment scheme component, for example saving scheme securities.</li> </ul> <p>We have provided relief to extend the benefit of the statutory exclusion in these instances.</p> <p>We have also addressed difficulties with the operation of the 10% limit on the number of equity securities that can be issued or transferred in a 12-month period where the employer provides employees interests by creating equitable interests in existing voting securities. To do this, we have provided relief to allow non-voting equitable interests to be issued up to 10% of the corresponding class of</p>

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	<p>voting securities. In calculating this figure, we have avoided double counting of the equity securities and equitable interests.</p> <p>This solution does not address the circumstances where an employer may wish to issue a completely new class of non-voting securities that does not provide an equitable interest in a corresponding equity security. This would be difficult to achieve by exemption, and to address this it is likely a change to the Schedule 1 exclusion would be required.</p>
<p>35. Financial Markets Conduct <b>(Employee Share Purchase Scheme Shares Offered under Securities Act 1978)</b> Exemption Notice 2016  1/12/2016 – 30/11/2021</p>	<p>This notice grants an exemption from FMC Act financial reporting requirements and ongoing minor disclosure and governance requirements for New Zealand issuers that have only made offers under the Securities Act (Employee Share Purchase Schemes – Unlisted) Exemption Notice 2011 (or earlier iterations). This better aligns the obligations of these companies with those making offers under the FMC Act Schedule 1 exclusion for employee share purchase schemes and our treatment of overseas employee share purchase schemes.</p>
<p>36. Financial Markets Conduct <b>(Offers of Financial Products Through Authorised Financial Advisers Supplying Personalised DIMS)</b> Exemption Notice 2015  6/11/2015 - 5/11/2020</p>	<p>Schedule 1 of the FMC Act provides a statutory exclusion from the standard disclosure regime for offers of financial products made through a licensed discretionary investment management services (DIMS) provider. Offers may also be made through an authorised financial adviser (AFA) who provides DIMS under the Financial Advisers Act 2008 (FA Act), but there is no statutory relief in this case.</p> <p>This notice provides relief for offers of financial products made through AFAs that provide personalised DIMS under the FA Act. These offers are exempt from the disclosure requirements in Part 3 of the FMC Act, and are not regulated offers. This exemption recognises that when investment decisions are made by an AFA who provides DIMS under the FA Act the DIMS client does not need to receive the usual disclosures under the FMC Act.</p>
<p>37. Financial Markets Conduct <b>(Wholesale Investor Exclusion—\$750,000 Minimum Investment)</b> Exemption Notice 2017  5/02/2017 – 4/02/2022</p>	<p>This notice provides exemptions for certain wholesale offers of Kauri bonds and unsubordinated debt securities. It applies where these offers are made in reliance on the \$750,000 minimum investment category of the wholesale investor exclusion. Relief is given from investor warning and acknowledgement requirements.</p> <p>The main effects of the notice are:</p> <ul style="list-style-type: none"> <li>• offers of Kauri bonds are exempt from the warning and investor acknowledgement requirements</li> <li>• primary offers of other unsubordinated debt securities must have an investor warning in the principal terms sheet given to the investor but are exempt from having a warning statement in other offer documents and from the investor acknowledgement requirement</li> <li>• secondary offers of unsubordinated debt securities must have an investor warning in the principal terms sheet. However, the principal terms sheet only needs to be given to the investor if the Bloomberg page does not contain a link to the principal terms sheet with a warning statement. These offers are exempt from the investor acknowledgement requirement.</li> </ul>

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<p>38. Financial Markets Conduct (<b>Disclosure of Relevant Interests by Directors and Senior Managers</b>) Exemption Notice 2014</p> <p>1/12/2014 – 30/11/2019</p>	<p>This exemption is carried over from the Securities Markets Act 1988, with modifications that take into account FMC Act concepts. It exempts a director or a senior manager of a listed issuer from disclosing relevant interests in quoted financial products if:</p> <ul style="list-style-type: none"> <li>• the financial products are the managed investment products of a passive fund; or</li> <li>• financial products of the listed issuer are approved for trading on a securities exchange in Australia or the United Kingdom (subject to conditions).</li> </ul> <p>It provides relief for relevant directors who would otherwise be subject to disclosure obligations that would raise significant practical compliance issues. Compliance with the disclosure regime in these circumstances is unlikely to provide information that furthers the market information or anti-insider trading purposes of the disclosure regime.</p>
<p>39. Financial Markets Conduct (<b>NZCDC Settlement System</b>) Exemption Notice 2014</p> <p>1/12/2014 – 30/11/2019</p>	<p>This notice exempts specified participants from the substantial product holder requirements in <a href="#">sections 276 to 279</a> of the FMC Act in respect of certain relevant interests in financial products that are the result of participation in the NZCDC settlement system.</p> <p>The Securities Markets Act 1988 regime’s substantial security holders’ disclosure is largely replicated in subpart 5 of Part 5 of the FMC Act. Disclosure of relevant interests is required if a person begins to have a substantial holding in a listed issuer, or the number of financial products held by the substantial product holder changes by 1% or more.</p> <p>The FMC Act specifies situations that do not lead to relevant interests, including operators of a designated settlement system, acting in the ordinary course of that business. This relief for operators of the NZCDC settlement system was historically provided through a Securities Markets Act exemption. It is now incorporated into the FMC Act. However, the FMC Act does not specifically exclude clearing participants and depository participants in NZCDC. This additional exemption remains appropriate.</p>
<p>40. Financial Advisers (<b>Australian Licensees</b>) Exemption Notice 2011</p> <p>1/7/2011 – 31/5/2018</p> <p>Policy decision made to extend notice to cover remaining life of Financial Advisers Act. Notice being finalised.</p>	<p>This exemption enables Australian-regulated financial services firms (Australian licensees) and their representatives to provide personalised financial adviser services into New Zealand on an offshore basis. It exempts the entity from acting only through registered or authorised individual advisers, and exempts the representatives from registering as financial service providers and obtaining authorisation in New Zealand as an Authorised Financial Adviser (AFA). Its purpose is to allow unsolicited services to New Zealand clients. It can be relied on where an Australian licensee wishes to continue to provide services to Australia-based clients that have moved to New Zealand.</p> <p>Australian licensees must comply with a number of conditions including being a registered financial service provider in New Zealand and a member of a New Zealand dispute resolution scheme. Australian licensees must also notify the FMA of their intention to rely on the exemption and submit information to the FMA, including notice of any enforcement or disciplinary action, or notice of changes to their Australian financial services licence or representatives.</p> <p>Australia has a statutory exemption with similar effect that allows an adviser from outside Australia to give unsolicited advice to Australian citizens without requiring an Australian licence.</p>



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<p>41. Financial Advisers (<b>Australian Qualified Advisers</b>) Exemption Notice 2016</p> <p>1/6/2016 – 31/5/2018</p> <p>Policy decision made to extend notice to cover remaining life of Financial Advisers Act. Notice to effect extension being finalised.</p>	<p>This notice exempts Authorised Financial Adviser (AFA) applicants who meet certain Australian training, experience, and licensing requirements from certain educational competency requirements in the Code of Professional Conduct for AFAs.</p> <p>The exemption provides an alternative to attaining the New Zealand qualifications, in accordance with the broader principles underlying the Trans-Tasman Mutual Recognition Act 1997. It is in line with similar arrangements by ASIC that recognise New Zealand qualified financial advisers in Australia.</p>
<p>42. Financial Advisers (<b>Certified Investment Management Analyst</b>) Exemption Notice 2017</p> <p>19/5/2017 – 18/5/2022</p>	<p>This notice exempts Authorised Financial Adviser (AFA) applicants that have received certification (and are entitled to use the certification) by Investment Management Consultants Association Inc. under the Certified Investment Management Analyst (CIMA) certification program from certain qualification requirements under the Code of Professional Conduct for AFAs. The CIMA certification program is an international postgraduate-level specialist qualification designed for investment and wealth professionals.</p> <p>In particular, the exemption is from Code Standard 16 to the extent that it requires attainment of the Core Component and the Investment Strand of the New Zealand Certificate in Financial Services (Level 5) in order to be an AFA and provide certain financial adviser services.</p> <p>The exemption is subject to conditions that the AFA applicant has a professional development plan to address specified matters relating to any gaps or deficiencies in the person’s competence, knowledge and skills, and the AFA then completes structured professional development within 12 months of authorisation to address those gaps or deficiencies.</p>
<p>43. <b>Personalised Digital Advice</b> Exemption Notice</p> <p>Policy decision made, notice being finalised.</p>	<p>This notice will permit entities to provide personalised financial advice and investment planning services to retail clients when those services are provided through a digital advice facility. The services must be limited to certain specified products.</p> <p>Providers need to apply to the FMA to be included in the list of providers able to rely on the exemption. The list of approved providers will be set out in Schedule 1 of the notice.</p> <p>The exemptions in the notice cease to apply if requirements to notify the FMA of certain events are not met. The exemptions are also subject to conditions relating to disclosure, procedures to comply with the code of professional conduct, and record-keeping.</p>