

Financial Markets Conduct (Climate Statements – Spark Finance Limited) Exemption Notice 2024

This exemption is granted by the Financial Markets Authority under section 556 of the Financial Markets Conduct Act 2013 after being satisfied of the matters set out in section 557 of that Act.

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Notice

1 Title

This notice is the Financial Markets Conduct (Climate Statements – Spark Finance Limited) Exemption Notice 2024.

2 Commencement

This notice comes into force on 23 July 2024.

3 Revocation

This notice is revoked on the close of 20 July 2029.

4 Application

An exemption granted by this notice applies to the following accounting periods of SFL:

- (a) the accounting period ending 30 June 2024; and
- (b) subsequent accounting periods, up to and including the accounting period ending 30 June 2028.

5 Interpretation

- (1) In this notice, unless the context otherwise requires, –

Act means the Financial Markets Conduct Act 2013

SFL means Spark Finance Limited

SNZL means Spark New Zealand Limited, the sole shareholder of SFL as at the date of this notice

Spark Group means SNZL and every subsidiary of SNZL

- (2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

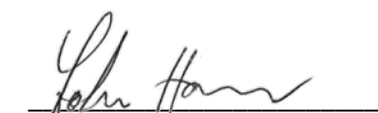
6 Exemption

SFL is exempted from Part 7A of the Act.

7 Conditions

- (1) The exemption in clause 6 is subject to the conditions that –
- (a) SNZL and SFL have the same balance date for the relevant accounting period;
 - (b) group climate statements in relation to the Spark Group are prepared and lodged in accordance with Part 7A of the Act by SNZL;
 - (c) within 4 months after the end of an accounting period in respect of which SFL relies on this exemption, SFL lodges with the Registrar a notice containing—
 - (i) the information referred to in subclause (2); and
 - (ii) the address of (or a link to) the Internet site where a copy of the group climate statements prepared by SNZL can be accessed;
 - (d) SFL includes in its annual report for each accounting period in respect of which it relies on this exemption:
 - (i) the information referred to in subclause (2); and
 - (ii) the address of (or a link to) the Internet site where a copy of the group climate statements prepared by SNZL can be accessed;
 - (e) SFL continues to operate principally as an intra-group funding vehicle for the Spark Group;
 - (f) SFL continues to be a climate reporting entity only because it is a listed issuer as referred to in s 461O(1)(a) of the Act;
 - (g) SFL continues to be a wholly owned subsidiary of SNZL; and
 - (h) SNZL continues to provide unlimited guarantees of the debt obligations of SFL that are either unconditional or subject only to the conditions that SFL or any other person has failed to repay the debt obligations.
- (2) For the purposes of subclauses (1)(c)(i) and (d)(i), the information is –
- (a) a statement to the effect that SFL is relying on the exemption in respect of the accounting period; and
 - (b) a brief summary of the effect of relying on the exemption.

Dated at Wellington this 22nd day of July 2024.


John Horner
Director – Markets, Investors and Reporting
Financial Markets Authority

Statement of reasons

This notice comes into force on 23 July 2024 and is revoked on 20 July 2029 and applies to Spark Finance Limited (SFL).

SFL operates as an intra-group funding vehicle for Spark New Zealand Limited (SNZL) and its subsidiaries (together, the Spark Group). SFL on-lends the funds it raises to SNZL and other members of the Spark Group, and SNZL guarantees the debt obligations of SFL.

Each of SFL and SNZL is a climate reporting entity as a large listed issuer under section 461P(1) of the Financial Markets Conduct Act 2013 (Act). Without the exemption provided in this notice, SFL would be required to prepare climate statements under section 461Z of the Act. SNZL is required to prepare climate statements in relation to the Spark Group under section 461ZA of the Act.

This notice exempts SFL from climate reporting, assurance, and record keeping duties under Part 7A of the Act. As a subsidiary of SNZL, SFL will be included in SNZL's group climate statements.

The exemption is subject to a number of conditions. These include the requirement for SNZL and SFL to have the same balance date, for group climate statements in relation to the Spark Group to be prepared and lodged in accordance with Part 7A of the Act, for SFL to notify the Registrar that it is relying on this exemption and include this in its annual reports alongside a link to the Internet site where those group climate statements can be accessed, for SFL to operate principally as an intra-group funding vehicle for the Spark Group, for SFL to be a wholly owned subsidiary of SNZL, and for SNZL to continue to provide unconditional unlimited guarantees of SFL's debt obligations.

The FMA, after satisfying itself as to the matters set out in section 557 of the Act, considers it appropriate to grant the exemption because:

- SFL's principal purpose is to carry out treasury functions on behalf of the Spark Group. Funds raised by SFL are on-lent to other members of the Spark Group, and all SFL's debt obligations are guaranteed by SNZL (and certain of SFL's debt obligations are also guaranteed by other members of the Spark Group). An investment in SFL is effectively an investment in the Spark Group. Accordingly, the group climate statements of SNZL will provide more meaningful disclosure to primary users of SFL than stand-alone climate statements of SFL.
- SFL's primary users would need to look to SNZL's group climate statements to obtain a full picture of the climate-related matters relating to their investments. Having additional stand-alone climate statements of SFL would be confusing, unhelpful and artificial in these circumstances.

The FMA is satisfied that the granting of the exemption is necessary and desirable in order to promote the purposes of the Act, specifically:

- the confident and informed participation of businesses, investors, and consumers in the financial markets, by providing primary users of SFL more accurate and understandable information and by promoting comparability;

- to avoid unnecessary compliance costs that would not provide any additional benefit to primary users of SFL; and
- to promote innovation and flexibility in the financial markets, by recognising that corporate groups use different borrowing structures and only requiring disclosure appropriate in the circumstances.

The FMA is further satisfied the exemption is not broader than is reasonably necessary to address the matters that give rise to the exemption as the conditions to the exemption require SFL to continue to operate principally as an intra-group funding vehicle, intra-group guarantees in respect of SFL's debt obligations to remain in place, and for group climate statements in relation to the Spark Group to be prepared by SNZL.