

MAY 2025

# DIMS limit break and related party transaction reporting under the FMC Act

This guide is for Discretionary Investment Management Service (DIMS) licence holders. It explains how to complete online limit break and related-party transaction reporting, and the information you will need at the time you submit.

## Do you need to complete a DIMS limit break report?

As a DIMS licence holder, you are restricted by limits of discretion agreed with each investor and set out in the investment authority<sup>1</sup>.

A limit break is a material breach of limits set out in the investment authority. In particular, a limit break is a material breach of limits in either:

- the nature or type of investments that may be made, or
- the proportion of each type of asset that may be invested in<sup>2</sup>.

You have obligations to submit limit break reports to the FMA both:

- quarterly<sup>3</sup>, and
- whenever a limit break is not corrected within five working days of becoming aware of the limit break occurring<sup>4</sup>.

You must report limit breaks to the FMA in the prescribed circumstances and in the prescribed manner. We discuss this below.

## Materiality and limit breaks

There is no legal definition of materiality in relation to limit breaks. You should use your professional judgement to assess materiality having regard to all the relevant circumstances.

Relevant circumstances will include:

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<sup>1</sup> Section 437 of the Financial Markets Conduct Act 2013 (**FMC Act**)

<sup>2</sup> FMC Act section 437(2)

<sup>3</sup> Regulation 231 of the Financial Markets Conduct Regulations 2014 (**FMC Regulations**)

<sup>4</sup> FMC Regulations regulation 230

- the nature of the breach
- the size of the breach, in particular the number of client(s) affected, and amount of funds involved
- whether the breach involves a related-party transaction
- whether the breach is an isolated incident
- how quickly the breach is rectified; and
- how long the breach existed.

The above list of factors is not exhaustive. You should have regard to all relevant factors and, if in doubt, err on the side of caution.

### Immediate limit break reporting

You must report to the FMA where a limit break is not corrected within five working days after the date you become aware of the limit break<sup>5</sup>.

The obligation<sup>6</sup> is to provide the report as soon as practicable after the expiry of that five-working-day period. We expect that, in most circumstances, it will be practicable to provide the report within 24 hours of the five-working-day period expiring.

The report must contain the information specified<sup>7</sup> as set out below.

### Quarterly limit break reporting

You are also required to provide a quarterly report to the FMA about limit breaks<sup>8</sup>. The quarterly report must be provided within 10 working days after every quarter of each calendar year. The report must state whether there have been any limit breaks in the previous quarter to which section 438 of the FMC Act applies.

Regulation 232 specifies what is needed to be set out in these quarterly reports.

The report must disclose:

- (a) the date you became aware of the limit break
- (b) a description of the service affected
- (c) the nature and cause of the limit break (the type of limit break)
- (d) the net asset value of the assets held under the service to which the limit break relates (as at the date the limit break first occurred)
- (e) the reasons why the limit break is material

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<sup>5</sup> FMC Regulations regulation 230

<sup>6</sup> FMC Regulations regulation 230

<sup>7</sup> FMC Regulations regulation 232

<sup>8</sup> FMC Regulations regulation 231

- (f) the date on which the limit break first occurred and how long the limit break continued before it was corrected (or whether the limit break remains uncorrected at the time of the report)
- (g) the steps taken, or to be taken, to correct the limit break
- (h) what steps (if any) have been taken, or will be taken, to minimise the risk of a recurrence of this type of limit break, or to ensure early notification and correction of limit breaks of this type, and
- (i) the timeframe within which you intend to take any steps not already taken under paragraph (g) or (h).

If the information in points (d) to (i) is not reasonably ascertainable at the date of the report, the report is not required to contain that information. However, the information must be provided in a further report as soon as is reasonably practicable after the information becomes reasonably ascertainable. What is reasonably practicable and reasonably ascertainable will depend on all relevant circumstances of each case. We expect all DIMS licensees to make reasonable efforts and to act swiftly.

## Before submitting a limit break report

### Do you have a RealMe login?

You will need a RealMe login to use our online portal. If you are the person designated to manage business applications and filings for your company and don't already have one, go to [Create your RealMe login](#) and follow the instructions provided. You should allow at least five days for your login to be set up.

*Your RealMe login belongs to you. It is an individual login, not a shared login. If you are the person designated to manage business applications and filings for your company, other people should not log in as you. Refer to <https://www.realme.govt.nz/>*

### Are you correctly registered on the Financial Service Providers Register?

As a DIMS licensee, you must be a registered financial service provider on the Financial Service Providers Register (**FSPR**). You will not be able to submit a limit break report unless you are registered.

**The FMA will be collecting personal information as part of this process. Please ensure you read and understand the privacy notice below.**

### Privacy notice

The purpose of the collection is to enable the FMA to understand material breaches of any limits under a client's investment authority and transactions that provide for a related party benefit to be given. The report requires the collection of information in relation to limit breaks, names of related parties, and the nature and monetary value of related party benefits.

1. The collection is authorised under the FMC Act and FMC Regulations, in particular:
  - sections 411 and 438 of the FMC Act and regulations 230 to 232 of the FMC Regulations, which require a DIMS licensee to report limit breaks to the FMA; and
  - sections 411, 440 and 442 of the FMC Act and regulations 235 and 236 of the FMC Regulations, which require a DIMS licensee to provide the FMA with certificates as to related party benefits.
2. The personal information that we collect will be:
  - retained and used for the FMA's functions, duties and powers;
  - used in accordance with the Privacy Act 2020 and all relevant FMA policies; and
  - stored and protected with relevant technical and process controls.

If the personal information is not provided, the DIMS licensee will be unable to complete the DIMS limit break report, and will likely be in breach of its licence conditions.

3. Individuals have a right to request access to the personal information that the FMA holds about them and can request to have any information that we hold about them corrected. If individuals wish to request access to their information or to have it corrected, they should contact us at [questions@fma.govt.nz](mailto:questions@fma.govt.nz), or 0800 434 566, or Financial Markets Authority, PO Box 106 672, Auckland 1143, New Zealand.

For more information about how the FMA collects, stores and discloses information, and how we use it, see the FMA's [Privacy Statement](#) and [Transparency Statement](#).

## Completing your DIMS limit break report

You can access the report in the FMA Online Services portal, which is accessible via <https://www.fma.govt.nz/business/online-services/>. You will need to log into RealMe to access the portal.

Quarterly reports, detailing each limit break that has occurred (including those already reported to the FMA as immediate limit breaks) and related party transaction information relevant to the period, should be submitted within 10 working days of the end of each quarter.

Should any limit breaks not be corrected within five working days of them being identified, an immediate limit break report is required<sup>9</sup>.

### Late filings

You have 10 working days from the end of each quarter to file your quarterly limit break report. This should give sufficient time to finalise all outstanding limit breaks at the end of the quarter.

You will not be able to file a report for the previous quarter after this time and should contact us if you wish to file a late report.

### Fees

There is no cost to file a DIMS limit break report.

### How to change or update your filing

If you wish to make any changes to your DIMS limit break report after filing, please contact [questions@fma.govt.nz](mailto:questions@fma.govt.nz).

### Receipt of submission

You will receive an email notification acknowledging receipt of your report. As we review your report, we may contact you for clarification on any matter, or to request further information.

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<sup>9</sup> FMC Regulations regulation 230

# What we ask

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This section explains what we ask in the online form. You won't need to provide any supporting documentation in our online system, but we may ask for further information as part of reviewing your report.

**Important note:** *This guide includes all questions that may be asked as part of the form. However, when completing your DIMS limit break report you will only see questions relevant to you. For example, if you indicate you have not had any limit breaks for the quarter, you won't see the further questions asking for specific details of limit breaks.*

## Quarterly report

### Before you begin

The questions in this section relate to the DIMS licensee. The information gathered in this section will be used to tailor the form. When you are completing the form, it will be automatically populated with relevant names and details for each question.

To begin your limit break report, select 'Complete a regulatory return' on the portal homepage.

What we ask	What we mean
Please enter your Financial Service Provider (FSP) number	This is the number associated with your registration on the Financial Service Providers Register ( <b>FSPR</b> ).  If you have more than one FSP number (e.g. one as a Financial Adviser and one for a business), it's important you enter the FSP number specific to the DIMS licence.  The licence is not transferable between FSP numbers. If you subsequently wish to operate under a different FSP number, you will need to apply for a new licence.
Are you (the person completing this report) filing on behalf of the DIMS licensee and do you have authorisation to file on their behalf?	Only asked when the FSP type is an entity, to ensure the person completing the report attests to having authorisation to file on behalf of the entity.
Select the regulatory return you want to file	Select DIMS Limit Breaks

What we ask	What we mean
Are the contact details and the reporting period, correct?	We require confirmation that the contact details and the period of report shown are correct. If they are not, please email <a href="mailto:questions@fma.govt.nz">questions@fma.govt.nz</a>

Read the instructions on the 'Before you begin' page, then click the button to start:

Start New FMA - Regulatory Returns - DIMS Limit Breaks - Quarterly Return >>

## Limit breaks

What we ask	What we mean
Do you have any limit breaks to file for this quarter?	If YES: See below If NO: Click 'Continue' and go to Related party transactions section (see page 10)
Investment authority reference	This is your internal reference for the relevant investment authority to which the limit break relates. It may be text or numerical, or a combination of both.  If you have previously submitted an immediate report for this limit break, please use the same reference as the immediate report.
Date on which this limit break first occurred	Enter the date that this limit break first occurred.
Date on which you first became aware of this limit break	Enter the date on which you first became aware of this limit break.
Select which type of DIMS you are reporting on	Select either: <ul style="list-style-type: none"> <li>• Class DIMS</li> <li>• Personalised DIMS</li> </ul>
Description of the service affected	Describe the service affected. Provide as much detail as possible.

What we ask	What we mean
Please select the nature of this limit break	Select either: <ul style="list-style-type: none"> <li>• Investment type (investment type not permitted under investment authority)</li> <li>• Investment limits (investment amount outside the ranges specified under investment authority)</li> </ul>
Please describe the nature of this limit break	Describe the nature of this limit break. Provide as much detail as possible.
Please select the asset classes impacted by this limit break	Select from: <ul style="list-style-type: none"> <li>• Cash &amp; cash equivalents</li> <li>• New Zealand fixed interest (which are fixed interest assets the country of which is New Zealand)</li> <li>• International fixed interest (which are fixed interest assets the country of which is not New Zealand)</li> <li>• Australasian equities (which are those equities the country of which is Australia or New Zealand)</li> <li>• International equities (which are those equities the country of which is not Australia or New Zealand)</li> <li>• Listed property</li> <li>• Unlisted property</li> <li>• Commodities</li> <li>• Other</li> </ul> For each option selected (apart from OTHER): You will be asked to provide: <ul style="list-style-type: none"> <li>• Target % allocation in that specific asset class</li> <li>• Minimum limit % allocation in that specific asset class</li> <li>• Maximum limit % allocation in that specific asset class</li> <li>• Actual % allocation in that specific asset class</li> </ul> If OTHER: Please explain the meaning of Other.
Please describe the cause of this limit break	Describe the cause of this limit break. Please provide as much detail as possible.
What is the net asset value of the assets held under the service to which this limit break relates (as at the date this limit break first occurred)?	Provide the figure in NZ\$. Be as accurate as you can. We want to know the net asset value at the date this limit break first occurred.



What we ask	What we mean
Please explain the reasons why this limit break is material	Describe the reasons this limit break is material.
Has the limit break been corrected?	Please select either yes or no. If YES: Please enter the date on which the limit break was corrected.
Please describe the steps taken, or to be taken, to correct this limit break	Please provide as much detail as possible about how the limit break was, or will be, corrected.
Timeframe within which any steps not already taken to correct this limit break will occur	Provide a timeframe within which you intend to take any steps not already taken to correct the limit break.
What steps (if any) have been taken, or will be taken, to minimise the risk of a recurrence of this type of limit break or to ensure early notification and correction of limit breaks of this type?	Explain what steps (if any) have been taken, or will be taken, to minimise the risk of a recurrence of this type of limit break or to ensure early notification and correction of limit breaks of this type.
Timeframe within which you intend to take any steps not already taken to minimise the risk of a recurrence of this type of limit break, or to ensure early notification and correction of limit breaks of this type	Estimate a timeframe within which you intend to take any steps not already taken to minimise the risk of a recurrence of this type of limit break or to ensure early notification and correction of limit breaks of this type.
Was an immediate report submitted to the FMA when you became aware of this limit break?	Select the appropriate option: <ul style="list-style-type: none"> <li>• Yes, I have reported. If selected, please enter the Immediate Return reference number. This is available under 'My submitted forms' on the online services portal homepage.</li> <li>• No, I have missed.</li> <li>• No, the limit break has not exceeded five working days.</li> <li>• No, the limit break was corrected in five working days.</li> </ul>
Report another limit break by clicking 'Add another limit break'. Once you have entered all relevant limit breaks, click 'Continue' to go to the Related party transactions section.	

## Related party transactions

The questions in this section relate to related party transactions. These questions are only included in the quarterly report, not the immediate report.

What we ask	What we mean
<p>Have any related party transaction certificates been issued under section 440 of the Financial Markets Conduct Act 2013 (FMC Act), during this quarter?</p>	<p>If YES: complete the following questions for each certificate issued If NO: no further action required, click 'Continue'</p>
<p><b>Issued in respect of</b></p> <p>Is the related party registered on the FSPR?</p> <p>If YES: Please enter the related party's FSP number.</p> <p>If NO: Does the related party have a New Zealand Business Number?</p> <p>If NO: Is the related party an individual or organisation?</p> <p>If organisation: Please enter the related party's full legal business name.</p> <p>If individual: Please enter first name, middle name (if applicable) and last name.</p>	<p>You need to identify who the related party is.</p> <p>If they are registered on the FSPR, enter the related party's FSP number. The system will validate the FSP number and display the related party's name as registered on the FSPR. Check the information is correct and if it's not, please email <a href="mailto:questions@fma.govt.nz">questions@fma.govt.nz</a>.</p> <p>If they are not registered on the FSPR, do they have a New Zealand Business Number? The <a href="#">New Zealand Business Number (NZBN)</a> is a globally unique identifier, available to every New Zealand business. Enter the NZBN. The system will validate and display the businesses name. Check the information is correct.</p> <p>If they are not registered on the FPSR and do not have an NZBN, select whether the related party is an organisation or individual. If an organisation, enter the related party's full legal business name. If an individual, enter the individual's first name, middle name (if applicable) and last name.</p>
<p><b>Grounds for related party transaction</b></p> <p>Please supply your grounds under s440 of the Financial Markets Conduct Act 2013 for these related party transactions.</p>	<p>Under Section 440 of the FMC Act, a DIMS licensee (or any person acting on its behalf) must not enter into a transaction that provides for a related party benefit to be given, unless the transaction is permitted under that section of the FMC Act. To answer this question, please select what section of the FMC Act these related party transactions were permitted under.</p> <p>Select from:</p> <ul style="list-style-type: none"><li>• Section 440 (2)(a)(i) – transaction or transactions are in the best interests of investors using the service if the service is provided to a class of investors</li><li>• Section 440 (2)(a)(ii) – transaction is in the best interest of a particular investor if the service is provided to one investor</li><li>• None of the above (s441 applies).</li></ul>

What we ask	What we mean
	<p>If None of the above (s441 applies) is selected, please select what part of section 441 the transaction is permitted under. Select from:</p> <ul style="list-style-type: none"> <li>• Section 441(a)(i) A benefit that is given on terms that would be reasonable in the circumstances if the parties were connected or related only by the transaction in question, each acting independently, and each acting in its own best interests</li> <li>• Section 441(a)(ii) A benefit that is given on terms that are less favourable to the DIMS licensee or the associated person of the DIMS licensee than the terms referred to in subparagraph (i)</li> <li>• Section 441 (b) Transactions in registered schemes</li> <li>• Section 441 (c) Certain registered bank investments</li> <li>• Section 441 (d) Other prescribed benefits or transactions<sup>10</sup></li> <li>• None of the above</li> </ul>
Can the monetary value of the related party benefit be quantified?	<p>If YES: Enter the monetary value of the related party benefit.</p> <p>If NO: State the extent of the benefit.</p>
Please describe the nature of the benefit	Please describe the nature of this benefit. Provide as much detail as possible.
Additional supporting information relevant to this related party transaction certificate	Please provide any additional information relevant to this related party transaction certificate, including an explanation for the reasons the related party transaction is permitted under the FMC Act.
Add another related party transaction certificate	<p>Click this button to add another related party transaction.</p> <p>You need to include all related party transactions. Once you have added all related party transactions, click 'Continue'.</p>
Click 'Continue', then complete the confirmations and declaration, and submit the return to the FMA.	

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<sup>10</sup> A transaction is prescribed for the purposes of section 441(d) of the FMC Act if the transaction is the acquisition or disposal of any public security in the ordinary course of business. Public security means any security issued under section 63 of the Public Finance Act 1989, and includes any loan or credit agreement, guarantee, indemnity, bond, note, debenture, bill of exchange, Treasury bill, Government stock, and any other security representing part of the public debt of New Zealand.

## Immediate report

The questions in this section relate to the DIMS licensee. We only ask questions that relate to your limit breaks.

Not all answers in the immediate limit break form are mandatory. We rely on the quarterly report for details about long-term fixes, while immediate reports are primarily to advise the FMA that the rectification of a particular limit break has exceeded five working days.

To begin an immediate report, go to the FMA portal homepage and select 'Notify FMA'.

What we ask	What we mean
What would you like to notify us about?	Select DIMS Limit Breaks from the dropdown list
Please enter your Financial Service Provider (FSP) number	<p>This is the number associated with your registration on the Financial Service Providers Register (<b>FSPR</b>).</p> <p>If you have more than one FSP number (e.g. one as a Financial Adviser and one for a business), it's important you enter the FSP number specific to the DIMS licence.</p> <p>The licence is not transferable between FSP numbers. If you subsequently wish to operate under a different FSP number, you will need to apply for a new licence.</p>
Are the entity details shown above correct and do you have authorisation to notify on their behalf?	<p>We require confirmation that the contact details and the period of report shown are correct, and that you have authorisation to complete this notification.</p> <p><a href="#">Click the link to begin your immediate report.</a></p>
Read the instructions on the 'Before you begin' page, then click the button to start:	
Immediate Return reference number	This field will automatically populate a reference number for the limit break
Investment authority reference	This is your internal reference for the relevant investment authority to which the limit break relates. It may be text or numerical, or a combination of both.
Date on which this limit break first occurred	Enter the date that this limit break first occurred.
Date on which you first became aware of this limit break	Enter the date on which you first became aware of this limit break.

What we ask	What we mean
Select which type of DIMS you are reporting on.	Select either: <ul style="list-style-type: none"> <li>• Class DIMS</li> <li>• Personalised DIMS</li> </ul>
Description of the service affected	Describe the service affected. Provide as much detail as possible.
Please select the nature of this limit break	Select either: <ul style="list-style-type: none"> <li>• Investment type (investment type not permitted under investment authority)</li> <li>• Investment limits (investment amount outside the ranges specified under investment authority)</li> </ul>
Please describe the nature of this limit break	We ask you to describe the nature of this limit break. Provide as much detail as possible.
Select the asset classes impacted by this limit break	Select from: <ul style="list-style-type: none"> <li>• Cash &amp; cash equivalents</li> <li>• New Zealand fixed interest (which are fixed interest assets the country of which is New Zealand)</li> <li>• International fixed interest (which are fixed interest assets the country of which is not New Zealand)</li> <li>• Australasian equities (which are those equities the country of which is Australia or New Zealand)</li> <li>• International equities (which are those equities the country of which is not Australia or New Zealand)</li> <li>• Listed property</li> <li>• Unlisted property</li> <li>• Commodities</li> <li>• Other</li> </ul> For each option selected (apart from OTHER): You will be asked to provide: <ul style="list-style-type: none"> <li>• Target % allocation in that specific asset class</li> <li>• Minimum limit % allocation in that specific asset class</li> <li>• Maximum limit % allocation in that specific asset class</li> <li>• Actual % allocation in that specific asset class</li> </ul> If OTHER: Please explain the meaning of Other.

What we ask	What we mean
Please describe the cause of this limit break	Describe the cause of this limit break. Please provide as much detail as possible.
What is the net asset value of the assets held under the service to which this limit break relates (as at the date this limit break first occurred)?	Provide the figure in NZ\$. Be as accurate as you can. We want to know the net asset value at the date this limit break first occurred.
Please explain the reasons why this limit break is material	Describe the reasons why this limit break is material.
Please describe the steps taken, or to be taken, to correct this limit break	Describe the steps taken, or to be taken, to correct this limit break. If no steps have been taken, please note that.
Timeframe within which any steps not already taken to correct this limit break will be taken	Please enter the timeframe within which any steps not already taken to correct this limit break will be taken. This is not a mandatory field; if a date is unknown at the time of filing, please leave this blank.
What steps (if any) have been taken, or will be taken, to minimise the risk of a recurrence of this type of limit break, or to ensure early notification and correction of limit breaks of this type?	Describe the steps taken, or to be taken (if any). If no steps have been taken, please note that.
Timeframe within which any steps not already taken to minimise the risk of a recurrence of this type of limit break, or to ensure early notification and correction of limit breaks of this type, will be taken	Estimate a timeframe within which any steps not already taken to minimise the risk of a recurrence of this type of limit break or to ensure early notification and correction of limit breaks of this type, will be taken. This is not a mandatory field; if a date is unknown at the time of filing, please leave this blank.
Once you have entered all the information that you have to date, click 'Continue', then complete the confirmations and declaration, and submit to the FMA. You will retain a document of record, but there will be no further access to edit the report.	

### **Help and information**

*If you have questions about the online process please email [questions@fma.govt.nz](mailto:questions@fma.govt.nz). You can also call us on 0800 434 566 (or +64 3 962 2698 if you're calling from overseas).*

*Our lines are open Monday to Friday, 8.30am to 5pm.*