



## COVERSHEET

<b>Minister</b>	Hon Scott Simpson	<b>Portfolio</b>	Commerce and Consumer Affairs
<b>Cabinet paper</b>	Financial Markets Conduct Amendment Regulations 2025	<b>Date to be published</b>	24 June 2025

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
May 2025	Financial Markets Conduct Amendment Regulations 2025	Office of the Minister of Commerce and Consumer Affairs
8 May 2025	Financial Markets Conduct Amendment Regulations 2025  LEG-25-MIN-0065 Minute	Cabinet Office

### Information redacted

**NO**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

## In Confidence

Office of the Minister of Commerce and Consumer Affairs

Cabinet Legislation Committee

## Financial Markets Conduct Amendment Regulations 2025

### Proposal

1 This paper seeks authorisation to submit the Financial Markets Conduct Amendment Regulations (the regulations) to the Executive Council. The regulations:

1.1 make it voluntary for a company doing an initial public offering of equity securities (shares) to prepare prospective financial information (PFI), and

1.2 make minor and technical changes to the primary regulations to improve efficiency and reduce regulatory costs for businesses.

### Policy

2 The proposed regulatory changes are intended to improve New Zealand's financial markets settings by removing unnecessary costs and barriers for businesses.

3 The regulations provide that businesses which intend to list on a financial product market (such as the New Zealand Stock Exchange (NZX)) have full discretion to decide whether to prepare PFI and the form in which it is disclosed. This improves incentives for businesses to publicly list. Adjusting our regulatory settings will also improve alignment with international peers, particularly Australia.

4 There are also some minor or technical changes to the primary regulations that will improve efficiency and remove regulatory barriers.

4.1 Four changes will incorporate current Financial Markets Authority (FMA) exemptions into the primary regulations.<sup>1</sup> These changes concern disclosure and reporting requirements for managed investment funds, restricted investment schemes and "Kauri bonds", which are debt securities denominated in NZD issued domestically by foreign issuers.

4.2 The amendments include six further minor and technical changes relating to disclosure rules, annual meeting and reporting requirements. These changes will improve efficiency by reducing compliance costs.

5 The regulations are consistent with previous Cabinet policy decisions and no further policy decisions are required [ECO-24-MIN-0296 refers]. Note that I have exercised my delegated authority to limit the scope of the 'confirmation information for managed

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<sup>1</sup> Financial Markets Conduct (Restricted Schemes—Custodian Assurance Engagement) Exemption Notice 2020; Financial Markets Conduct (Restricted Schemes-Disclosure and Reporting) Exemption Notice 2022; Financial Markets Conduct (Wholesale Investor Exclusion-\$750,000 Minimum Investment in Kauri Bonds) Exemption Notice 2021; Financial Markets Conduct (Market Index) Exemption Notice 2024.

## **IN CONFIDENCE**

funds' (topic number 2 in Appendix 1) to the restricted schemes as this was the policy intent behind the original recommendation number 21.

### **Timing and 28-day rule**

- 6 The regulations will come into effect 28 days after they are notified in the New Zealand Gazette. Expected timing is 12 June 2025.

### **Compliance**

- 7 The regulations comply with each of the following:
- 7.1 the principles of the Treaty of Waitangi
  - 7.2 the principles and guidelines set out in the Privacy Act 2020
  - 7.3 relevant international standards and obligations
  - 7.4 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee
- 8 The regulations comply with the statutory prerequisites of the Financial Markets Conduct Act 2013 (FMC Act). As required by section 549 of the FMC Act, I have consulted with the Financial Markets Authority on the regulations. I am also confident that the regulations meet the requirements under section 550 of the FMC Act: that they are consistent with the main and additional purposes of the Act and that they are not broader than necessary to address the matters that gave rise to the regulations.

### **Regulations Review Committee**

- 9 I do not consider that there are any grounds for the Regulations Review Committee to draw the regulations to the attention of the House of Representatives.

### **Certification by Parliamentary Counsel**

- 10 The regulations have been certified by Parliamentary Counsel as being in order for submission to Cabinet.

### **Impact Analysis**

- 11 Regulatory Impact Assessment for the changes to prospective financial information was prepared in accordance with the requirements and submitted at the time that Cabinet approval was sought for the policy in the regulations [ECO-24-MIN-0296 refers].
- 12 Provisions in the regulations that make minor and technical changes to improve efficiency and reduce regulatory costs were exempt from the regulatory impact requirements on the grounds that the proposed amendments have no or only minor impacts on businesses, individuals, and not-for-profit entities [ECO-24-MIN-0178 refers].

**Publicity**

- 13 The new regulations will be shared with key stakeholders including the FMA, External Reporting Board, NZX, and key industry participants to ensure they are aware of the changes before the regulations take effect.

**Proactive release**

- 14 This paper will be proactively released within 30 working days.

**Consultation**

- 15 My officials have consulted with the Financial Markets Authority and key industry stakeholders, including NZX, NZ Shareholders Association, NZ Securities Industry Association, Financial Services Council, and accounting and law firms on the policy and on the content of the PFI regulations themselves (via an exposure draft).
- 16 The Treasury, Inland Revenue, the Ministry for Regulation, the Financial Markets Authority, and the External Reporting Board, have been consulted on this paper. The Department of Prime Minister and Cabinet have been informed.

## Recommendations

I recommend that the Cabinet Legislation Committee:

- 1 **note** that on 28 August 2024 and 4 December 2024 the Cabinet Economic Policy Committee agreed to amend the Financial Markets Conduct Regulations 2014 to make prospective financial information optional for companies doing an initial public offering of equity securities on the New Zealand Stock Exchange, and agreed to make minor and technical changes to improve efficiency and reduce regulatory costs [ECO-24-MIN-0296 refers];
- 2 **note** that the Financial Markets Conduct Amendment Regulations will give effect to the decisions referred to in paragraph 1 above;
- 3 **note** that before recommending the making of an Order in Council under sections 543, 544 and 545 of the Financial Markets Conduct Act 2013 (FMC Act), the Minister of Commerce and Consumer Affairs has ensured that:
  - 3.1 the Financial Markets Authority was consulted as required by section 549 of the FMC Act;
- 4 **authorise** the submission to the Executive Council of the Financial Markets Conduct Amendment Regulations;
- 5 **note** that the Financial Markets Conduct Amendment Regulations will come into force on 12 June 2025;

Authorised for lodgement

Hon Scott Simpson

Minister of Commerce and Consumer Affairs