



COVERSHEET

Minister	Hon Scott Simpson	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Capital Markets Reforms: Amendments to Regulatory Asset Disclosure Categories	Date to be published	25 November 2025

List of documents that have been proactively released

Date	Title	Author
October 2025	Capital Markets Reforms: Amendments to Regulatory Asset Disclosure Categories	Minister of Commerce and Consumer Affairs
8 October 2025	Capital Markets Reforms: Amendments to Regulatory Asset Disclosure Categories ECO-25-MIN-0159 Minute	Cabinet Office
11 June 2025	Regulatory Impact Statement - Amending regulatory asset disclosure categories	MBIE

Information redacted

Yes

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.



Regulatory Impact Statement: Amending regulatory asset disclosure categories

Decision sought	<i>Analysis produced for the purpose of informing Cabinet decisions</i>
Agency responsible	<i>Ministry of Business, Innovation and Employment (MBIE)</i>
Proposing Ministers	<i>Minister of Commerce and Consumer Affairs</i>
Date finalised	<i>11 June 2025</i>

The Minister of Commerce and Consumer Affairs is proposing changes to asset disclosure categories in the Financial Markets Conduct Regulations 2014 (the **FMC Regulations**), and the rules for when they are used. The proposed changes will apply to managed funds (which includes KiwiSaver schemes). The new categories will improve public information and better support fund manager and investor decision making.

This is part of the Government's Capital Markets Reforms.

Summary: Problem definition and options

What is the policy problem?

The problem definition behind a set of FOUR proposals considered by the Minister of Commerce and Consumer Affairs through public consultation in December 2024-February 2025 is that KiwiSaver fund investment in private assets is comparatively low (2-3 per cent in New Zealand compared to 18-20 per cent in Australia).¹ The Government has decided to proceed with only one of the four proposals consulted on—changes to regulatory asset disclosure categories.²

The problem definition for the changes to regulatory asset disclosure

¹ Particularly compared to retirement savings schemes in other countries. Centre for Sustainable Finance, Investing in Private Assets https://sustainablefinance.nz/wp-content/uploads/2024/11/InvestinginPrivateAssetsWG_RecommendationsPaper_v1.1FINAL.pdf; ASIC, Australia's evolving capital markets: A discussion paper on the dynamics between public and private markets, February 2025 <https://download.asic.gov.au/media/44hh5ctv/australia-s-evolving-capital-markets-a-discussion-paper-on-the-dynamics-between-public-and-private-markets.pdf>

² Other proposals included legislative change to transfer rules to enable use of liquidity management tools, regulatory changes to the Total Expense Ratio used in reporting fees, and the process for amending valuation methodology in governing documents.

categories is that there is currently little detailed public information available on levels of investment in private assets by individual managed funds under the FMC Regulations. The asset categories currently used to meet regulatory reporting requirements do not include a distinction between public and private assets (with one exception) and they generally do not indicate investment in New Zealand assets (with one exception).

While changing the categories alone won't necessarily lift investment in private assets, the lack of visibility of these assets weakens fund manager and investor decisions. Increased visibility will improve information for investors, provide better overview information for government, and could contribute to a lifting of investment in these assets if fund managers see competitors successfully investing in private assets.

What is the policy objective?

The objective of the changes to asset disclosure categories is to:

- a. improve public information on private asset investments across financial markets in New Zealand at fund level to inform investment decisions of fund managers and members
- b. contribute to an increase in private asset investment (long-term).

What policy options have been considered, including any alternatives to regulation?

Fund managers must list their financial products on the public Disclose Register, managed by the New Zealand Companies Office. The purpose of the Disclose Register is to provide transparent, public information about financial products and managed investment funds. Fund managers' quarterly and annual reports are also posted on the Disclose Register and publicly available. The asset categories used for disclosure are set out in Schedule 4 of the FMC Regulations (for managed funds). The information required from managed funds includes a "complete list of individual assets" (section 53(1)(j)) that is updated six-monthly. It is currently a simple list with no asset category information.

The options consulted on involved different ways to change the asset categories. While there was discussion in the consultation document around the complete list of individual assets, there was no question on amending the list requirements to include indication of category.

We have not considered non-regulatory options for this change. While managed funds can provide any information they want to current and potential members on their websites, the Disclose Register is a safe and reliable way for consumers to access this information. Fund managers cannot currently provide this information on the Disclose Register. The sector itself requested changes to the regulatory categories.

We note that the regulatory categories in Schedule 4, which apply to managed funds, also appear in Schedule 21, where they apply to discretionary investment management services (DIMS). Though we did not initially intend to change to DIMS categories (we did not have a policy reason to do so) and did

not consult on changes to Schedule 21 in the public consultation, we have since considered changing both sets of asset categories to retain regulatory alignment. We have carried out targeted consultation with DIMS. As a service, their operation and regulatory requirements vary significantly from managed funds (for example, none of their required disclosures are public—the information goes to retail customers using their services).

Following the public consultation and subsequent targeted consultation with DIMS, four options were considered:

- Option A: Status quo (no change to categories or their use)
- Option B: Amend regulations (Schedule 4) to create **one new category** for “private assets”, and require category information to be used in the complete list of individual assets
- **PREFERRED** Option C: Amend regulations (Schedule 4) to create **a set of new categories** distinguishing public and private assets as well as the jurisdiction of the assets, including New Zealand, Australian and international, and require category information to be used in the complete list of individual assets [note that final decisions on new categories will be made in conversation with the Parliamentary Counsel Office during drafting].
- Option D: Amend the asset categories in Schedule 21 to match the amended categories in Schedule 4 (that is, apply decisions made in relation to Options B or C to DIMS as well).

What consultation has been undertaken?

The previous Minister for Commerce and Consumer Affairs held three sector workshops across 2024 to address ways to increase investment in private assets. MBIE then drew on feedback to develop proposals and released a public consultation document in late 2024 to early 2025. Further limited targeted consultation was held with fund managers on the proposal to require the complete list of individual assets to indicate an asset category type for each asset. A large majority of submitters in public consultation were supportive of the proposal to change the asset disclosure categories and embed them in the complete list of assets. There were differing opinions on what specific categories to add.

Implementation of the changes is not expected to introduce high costs, and they will be primarily one-off costs to embed the new categories and add their use to the complete list of individual assets. Two larger providers (banks) reported costs of up to \$200,000, but supported the change.

Targeted consultation was also held with all providers of DIMS on the proposal to change asset categories to address a concern they may not have seen the consultation document. Some DIMS, and particularly the larger ones, thought the cost far outweighed the benefit for them, as they deal with clients individually, do not publish documents on the Disclose Register, and some could face very high costs to amend documents as most investors have an individualised investment portfolio. While some DIMS reported that costs would be low, the larger DIMS, **Confidentiality** thought costs could be very high, with one estimate at \$500,000 to \$1,000,000.

Is the preferred option in the Cabinet paper the same as preferred option in the RIS?

Yes.

Summary: Minister's preferred option in the Cabinet paper

Costs (Core information)

Most managed funds, including KiwiSaver provider and restricted schemes indicated they would face generally low, one-off costs to update their reporting practices to align with new asset categories. Providers have estimated that, on average, this may range from \$5,000-\$10,000. Two large provider (banks) noted that this may cost them in excess of \$200,000 but did not provide detail.

Benefits (Core information)

The direct benefits of the preferred option are improved transparency around fund asset allocation for private vs public assets and jurisdiction of the investment. Investment managers make their investment decisions based in part on what their competitors are doing, so improved visibility of investment in private assets could shape all fund manager decisions. We note that the flow-on effects of the above may lead to potential indirect benefits, such as:

- Increased exposure of managed funds (including KiwiSaver) to private assets
- Improved portfolio diversification for members, potentially enhancing long-term returns and resilience.

These indirect benefits, while dependent on commercial decisions by providers, align with the Government's broader objectives to:

- Support long-term financial wellbeing of New Zealanders by enabling more diversified and potentially higher-performing retirement savings portfolios
- Promote economic growth by facilitating greater capital flow into domestic private markets, including infrastructure and businesses with potential for growth.

The primary economic beneficiaries include:

- KiwiSaver members, through potentially improved retirement outcomes
- Other (non-KiwiSaver) fund members through improved diversification and returns
- New Zealand businesses and infrastructure projects, through increased access to long-term capital
- The broader economy, via enhanced investment activity and job creation.

While the scale of these benefits is uncertain and contingent on market behaviour, the proposed changes support the Government's objective of fostering a more dynamic and investment-friendly economic environment.

Balance of benefits and costs (Core information)

Improvements to asset category information will be immediate upon implementation (from September 2026). Over time, this could support more diversified portfolios and improved long-term outcomes for members. The direct monetary costs are expected to be low, mostly one-off, and borne only by providers.

Implementation

The preferred option will be implemented through amendments to the FMC Regulations, primarily Schedule 4. These changes maintain the current framework while enhancing transparency and flexibility.

Implementation:

- New asset disclosure categories will be mandatory, and will apply to all managed investment funds.
- KiwiSaver providers and other managed funds will be required to use the categories in the complete list of individual assets that is updated six-monthly.
- Expected costs are low.
- FMA can respond to queries from fund managers, and can consider providing guidance to market subject to industry demand. Providers are already required to exercise judgement in the classification of investments.

Monitoring and Evaluation:

- The FMA and licensed supervisors will continue to oversee compliance using existing powers. No new regulatory burdens are introduced.
- MBIE and the FMA will monitor implementation through ongoing stewardship discussions.
- Enhanced disclosure of private assets will support better understanding of markets and help investors make more informed, goal-aligned decisions.

Limitations and Constraints on Analysis

There are no significant limitations or constraints on our analysis.

There is slight uncertainty about the costs for fund managers because this may vary by size of firm, their investment practices, and operations. Most indicated minimal, one-off costs in consultation feedback. Two large providers (banks) estimated significantly higher costs (around \$200,000).

There is some uncertainty on the second objective of raising investment in private assets as this objective will take time, whereas the benefit of improved information will be immediate. It is also dependent on a wide range of factors, including private investment firm decision-making around investment, developments in global markets, and consumer demand.

I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.

**Responsible Manager's
signature:**

Amy Lewis

Financial Markets

11 June 2025



Quality Assurance Statement

[Note this isn't included in

the four-page limit]

Reviewing Agency: Joint Regulatory Impact Assessment Review Panel between the Ministry of Business, Innovation and Employment, and Inland Revenue.

QA rating: Meets

Panel Comment:

"Joint Regulatory Assessment Review Panel consisting of members from the Ministry of Business, Innovation and Employment, and Inland Revenue has reviewed the attached Impact Statement prepared by MBIE. The panel considers that the information and analysis summarised in the Impact Statement meets the criteria necessary for Ministers to make informed decisions on the proposals in this paper."

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

Fund management and KiwiSaver scheme regulatory framework

1. Fund managers (including KiwiSaver providers) follow the regulatory requirements set out in the Financial Markets Conduct Act 2013 (FMC Act) and the FMC Regulations. Both the FMC Act and the FMC Regulations contain some KiwiSaver-specific provisions. KiwiSaver schemes and funds also operate under the KiwiSaver Act 2006 (**KiwiSaver Act**) and KiwiSaver Regulations 2006 (**KiwiSaver Regulations**).

Key participants in the managed fund and DIMS systems

2. There are several key participants in the system:

Participant	Description	Statutory functions
Fund members & KiwiSaver members	Individuals enrolled into a particular investment fund	
Licensed fund manager (including KiwiSaver providers)	The corporate entity offering managed funds (which may be a KiwiSaver scheme), responsible for a fund's investment strategy and managing its trading activities.	Sections 142-151 of the FMC Act set out the role and duties of a manager. These include acting in good faith and in the best interests of scheme participants, as well as ensuring compliance with relevant professional standards of care.
Providers of DIMS	The corporate entity offering an individualised portfolio for retail investors where the provider has discretion to manage the portfolio based on an agreed investment strategy and investor authorisation.	Sections 433-466 of the FMC Act set out the role and duties of a provider of DIMS, which include acting honestly and in the best interests of investors using the service, as well as complying with relevant professional standards of care.

Participant	Description	Statutory functions
Financial Markets Authority (FMA)	The principal regulator of financial markets conduct, responsible for the licensing and monitoring of supervisors, fund managers and DIMS.	Section 9 of the Financial Markets Authority Act 2011 lists the FMA's functions, which include monitoring compliance with legislative requirements.
Supervisors and licensed independent trustees	The licensed supervisors oversee most fund managers in performing their functions and meeting their obligations, acting on behalf of managed fund participants in certain matters, and providing or overseeing custody of the fund's assets. Restricted schemes must have a licensed independent trustee (not a supervisor).	Sections 152-155 of the FMC Act set out the role and duties of a supervisor. Their duties include to act on behalf of scheme participants, consistent with their best interests, and to exercise due diligence in their oversight. Licensed independent trustees must comply with relevant professional standards of care under s 144 of the FMC Act.

What determines asset allocation

3. Asset allocation is generally at the discretion of a fund manager, carried out in accordance with statutory duties to exercise care, skill and diligence, and to act in the bests interest of investors. Fund managers set out target allocations in their Statement of Investment Policy and Objectives, which generally include asset performance indices. These indices determine what mix of assets suits the type of fund (for example, conservative, moderate, growth) and its associated risk profile. While asset indices do not guarantee how the fund will perform, it allows fund managers to understand expected returns, and asset diversification mitigates some expected volatility.
4. There are no mandated targets or asset allocations for KiwiSaver providers of any fund. However, default KiwiSaver providers are required to have a 'balanced' investment mandate which means a mix of income and growth assets. KiwiSaver providers each offer a range of funds with different investment strategies – defensive, conservative, balanced, growth, and aggressive – each with very different asset allocations and risk/volatility profiles.

Current trends of investments

Most managed funds in New Zealand are invested in public assets³

³ Morningstar – KiwiSaver Survey, December 2024
https://www.morningstar.com.au/mca/s/documents/Morningstar_KiwiSaverSurvey_Q4_2024.pdf

5. KiwiSaver fund investment in private assets is comparatively low (2-3 per cent in New Zealand compared to 18-20 per cent in Australia). Reserve bank data shows that patterns for other managed funds are similar. For example, private equity investments are only 2.3 per cent of total equity investments.⁴
6. KiwiSaver funds are invested in 'public' and 'private' assets. Public assets include securities (eg stocks, bonds) being traded on public exchanges such as the New Zealand Stock Exchange, which is accessible to a broad range of investors and is generally more easily converted into cash (i.e. liquid). In contrast, private assets include private equity, private debt, property, venture capital, fixed interest and private infrastructure, which are not accessible to the average investor and do not have a liquid secondary market for buying and selling (i.e. illiquid).
7. KiwiSaver providers typically invest a significant proportion of their funds in public assets as they offer relatively predictable capital returns and the ability to manage liquidity risks. Other reasons may include the higher costs and expertise required to assess and invest in individual private assets. This means investing in public assets can make it easier for fund managers to meet their primary obligations as a KiwiSaver provider to generate sufficient long-term returns on invested assets and pay members on time.

What is the policy problem or opportunity?

8. The current regulatory asset disclosure categories, listed below, do not identify private assets (with the exception of "unlisted property") and only one category marks New Zealand assets:
 - cash and cash equivalents
 - New Zealand fixed interest
 - international fixed interest
 - Australasian equities
 - international equities
 - listed property
 - unlisted property
 - commodities
 - other.
9. The policy opportunity is to introduce a more detailed set of asset categories. This will provide further information at the individual fund level (not aggregate) for decision-making by fund managers and investors. It will ideally lead to increased evidence of the benefits and trends of investment in private assets and (longer-term) could increase this investment.
10. There is also an opportunity to make use of the asset disclosure categories in the required "complete list of individual assets" on the Disclose Register, updated six-monthly, to ensure this information is complete (it is currently a simple list of assets with no asset type categories).

⁴ [Managed funds: Assets by sector \(T41\) - Reserve Bank of New Zealand - Te Pūtea Matua](#)

What objectives are sought in relation to the policy problem?

11. The high-level objective of the background work to enable greater KiwiSaver investment in private assets was to support the:
 - a. long-term financial wellbeing of KiwiSaver members
 - b. long-term productivity and growth of New Zealand businesses, and
 - c. funding and development of private assets, such as growth businesses and infrastructure.

12. We are now pursuing only one of four initial proposals (see footnote 2 for the other proposals), and the only one to apply to market participants beyond KiwiSaver providers. The objective of the changes to asset disclosure categories is to:
 - a. improve public information on private asset investments across financial markets in New Zealand at individual fund level to inform investment decisions of fund managers and members
 - b. Contribute to an increase in private asset investment (long-term).

What consultation has been undertaken?

Pre-consultation engagement

13. In 2024, the Minister of Commerce and Consumer Affairs and industry leaders co-hosted three roundtables to discuss investment in private assets. Officials attended alongside a range of financial market participants, including KiwiSaver providers and other fund managers. The first roundtable focussed more widely on supporting all fund managers to invest in private assets, while the second two focussed specifically on KiwiSaver.

Public consultation

14. The roundtables and other targeted engagements informed a public consultation document on enabling KiwiSaver investment in private assets, which was open for submission from 13 December 2024 – 14 February 2025.⁵ The document sought feedback on issues identified by industry as regulatory barriers, including the lack of visibility of private asset disclosure categories.
15. While the discussion document focussed primarily on KiwiSaver, the discussion of proposed change of asset disclosure categories stated that any new categories approved would be required of all fund managers (not just KiwiSaver providers).
16. The discussion document discussed the benefit of using the asset categories in relation to the complete list of individual assets on the Disclose Register (including product information statements and quarterly reports), but did not include a question on this issue.

Follow-up targeted consultation

17. We also limited targeted consultation with KiwiSaver providers and supervisors on the issue of identifying the category of each asset in the complete list of individual assets. Feedback was broadly positive.
18. We also did targeted consultation with DIMS, as the asset categories impacting fund managers (including KiwiSaver) in Schedule 4 of the FMC Regulations also appear in Schedule 21 which governs DIMS. We had not engaged with them previously as they are not part of the primary policy intent. We looked at maintaining the alignment of the categories in the

⁵ Ministry of Business, Innovation and Employment: Enabling KiwiSaver investment in private assets discussion [document](https://www.mbie.govt.nz/dmsdocument/29948-enabling-kiwisaver-investment-in-private-assets-discussion-document)<https://www.mbie.govt.nz/dmsdocument/29948-enabling-kiwisaver-investment-in-private-assets-discussion-document>

interest of regulatory stewardship. Targeted consultation was carried out with all providers of DIMS on proposed changes to Schedule 21.

General feedback

19. Forty-four submissions were received in response to public consultation from a range of stakeholders, including 13 (out of 29) KiwiSaver providers. Overall, submitters broadly supported greater KiwiSaver investment in private assets. There was insufficient support to progress three of the four proposals in the document.
20. Submitters generally agreed that the current asset disclosure categories in the FMC Regulations do not provide sufficient information about assets, including visibility of private asset and New Zealand asset investments. Feedback also supported the proposition that KiwiSaver members, including when choosing a scheme provider, should be able to understand where and in what type of assets their savings are invested.
21. A general view emerged that making private assets more visible could also increase competition between providers by improving comparability of schemes between providers and funds. Submissions noted that providers would face administrative costs to amend reporting (disclosure) systems, but managers generally expect these costs to be low. One respondent cautioned against making the categories too detailed or complex.
22. Support for the improved asset disclosure categories was not limited to KiwiSaver providers, but came from a range of financial markets stakeholders, including the NZX, the Financial Services Council, and New Zealand Private Capital.

DIMS targeted consultation

23. Some DIMS providers agreed with the changes and thought the costs would be low. However, we received two submissions from larger DIMS who were strongly opposed. The larger DIMS, Confidentiality, thought costs could be very high, with one estimate at \$500,000 to \$1,000,000.

Agency consultation about data

24. We had identified a concern that leaving the asset categories in Schedule 21 unchanged would impact the quality of data available at aggregate level about investments in private assets in New Zealand. The Reserve Bank of New Zealand collects data from financial markets investment participants, through an annual questionnaire that uses a different set of categories that includes greater information about private assets. We confirmed with the Reserve Bank that their data includes DIMS, so this data across all financial markets will continue to be publicly available.

Section 2: Assessing options to address the policy problem

What criteria will be used to compare options to the status quo?

25. To reflect the policy objectives of this particular workstream, the following three criteria have been chosen to assess options:
- a. **Effectiveness:** Changes improve information on investment in private assets in New Zealand.
 - b. **Alignment:** Changes are aligned with statutory obligations of fund managers to exercise due diligence and act in the best interests of scheme or service participants, and with the KiwiSaver scheme's foundational purpose as a savings vehicle for retirement.
 - c. **Implementation:** Implementation costs are reasonable in relation to the benefits.

What scope will options be considered within?

26. The scope of considerations is limited to changes in the asset disclosure categories in the FMC Regulations, and when/where the categories will be used in reporting (both quarterly reporting and the complete list of individual assets, updated six-monthly, on the Disclose Register). It captures all entities who report under the FMC Regulations using the asset disclosure categories in Schedule 4 (with consideration also given the categories in Schedule 12).

What options are being considered?

27. The options being considered include two options for changes to Schedule 4 (B and C) impacting managed funds, and an option to apply the same changes to Schedule 21 impacting DIMS. Options include:
- **Option A:** Status quo (no change to categories or their use)
 - **Option B:** Amend regulations to create **one new category** for "private assets", and require category information to be used in the complete list of individual assets
 - **[PREFERRED] Option C:** Amend regulations to create **a set of new categories** distinguishing public and private assets as well as the jurisdiction of the assets, including New Zealand, Australian and international, and require category information to be used in the complete list of individual assets [Note that final decisions on new categories will be made during drafting.]
 - **Option D:** Making the same amendments to Schedule 2, impacting DIMS

Multi-criteria analysis - How do the options compare to the status quo?

Option	Option A - <i>Status Quo</i>	Option B - (Schedule 4) Create a new reporting category for private assets, and require the complete list of individual assets to indicate the category for each asset	Option C - (Schedule 4) Create new reporting categories for private assets and New Zealand assets by most asset types and require the complete list of individual assets to indicate the category for each asset [preferred—NOTE categories to be finalised during drafting]	Option D - Include any changes to categories in schedule 4 to schedule 21 as well (these apply to DIMS)
Specific categories	Cash/cash equivalents New Zealand fixed interest International fixed interest Australasian equities International equities Listed property Unlisted property Commodities Other	Cash/cash equivalents New Zealand fixed interest International fixed interest Australasian equities International equities Listed property Unlisted property Commodities Private assets Other	Cash/cash equivalents New Zealand fixed interest (excluding private debt) International fixed interest (excluding private debt) New Zealand private debt International private debt New Zealand listed equities Australia listed equities International listed equities New Zealand unlisted equities Australia unlisted equities International unlisted equities Listed property Unlisted property Listed infrastructure Unlisted infrastructure Commodities Other	As decided in Option B or C
Effectiveness	There is no requirement to distinguish private assets from public ones in either quarterly updates or full portfolio holdings. This makes it difficult for members, analysts, and regulators to assess the	Marginally lifts visibility of private assets for fund managers. However, it does not signal the type of private asset or the jurisdiction of the investment, which limits risk assessment. It also “hides” other assets by putting them into “private assets”	Lifts visibility of different types of private assets and of those in New Zealand, Australia and elsewhere. Adding all of the new categories to the six-monthly complete listings will make them user friendly and improve comparability. Regulators, market participants and analysts would better understand where funds are investing into	Could provide additional information to users of the investment services (however, this further

	level of investment in private markets. Without a standardised way to report private asset exposure, it is challenging to compare how different providers allocate to private markets or justify associated fees. 0	rather than in a type such as equity or debt. It is unlikely to be useful for fund managers to understand what type of investments they have in a fund and what their associated risk profile may be. There is some improvement in comparability, though without more detail on the assets, comparisons may not be meaningful. Adding the private assets to the six-monthly complete listings goes some way to addressing the lack of breakdown by asset type in the private assets category. 1	different New Zealand private asset classes and how these investments may deepen New Zealand's capital markets. 2	information can be provided to individual investors as most DIMS services are personalised. Individuals get their own portfolio of investments. 0
Alignment	The regime supports regular and structured disclosure, contributing to member awareness of fund composition. However, the lack of specific identification of private assets may limit managers' obligation to disclose risks and members' ability to align decisions with long term savings goals. 0	Investors would have more information about the jurisdiction, nature, and risk profile of their investments. This enhanced transparency supports KiwiSaver's purpose by helping members make more informed decisions about their fund choices, increasing trust in the system, and potentially encouraging greater engagement with long-term investment strategies. For fund managers, the six-monthly full portfolio holdings requirement – including asset types – also improves internal oversight and risk management. 1	This option provides optimal information for investors, analysts, managers and the public. It breaks down the public/private distinction across asset types, and also includes jurisdiction information. This helps investors assess whether they consider their fund managers are acting in their interests. For fund managers, the six-monthly full portfolio holdings requirement – including asset types – also improves internal oversight and risk management. 2	This would not be an improvement on the current categories, as the information is not publicly disclosed, and further required information can be given to individual investors. 0
Implementation	The current system is straightforward and effective for providers to comply with.	There will be minor, one-off administrative costs for fund managers to update their reporting systems and reclassify some assets under the new categories	There will be minor, one-off administrative costs for fund managers to update their reporting systems and reclassify some assets under the new categories.	Very expensive, as individual investors have individualised

	0	-1	-1	agreements. Would require amending every investor contract -2
Total	0	1	3	-2

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

28. The preferred option is Option C.

Effectiveness

29. Option C would result in a clear taxonomy, the listed or unlisted nature of any investment in fixed interest, equities or property would be disclosed, and it would provide more complete information.
30. More specifically, “private debt” is chosen as a category instead of “unlisted fixed interest” because the latter encompasses a wide range of assets across the risk spectrum from long-term deposits and bank notes to government bonds, and unlisted rated corporate bonds. These types of exposures are less meaningful than direct lending to businesses and individuals and excluding these through the narrower category of “private debt” is likely to be more meaningful.
31. The geographic markers for the new categories of private assets for equities and fixed interest correspond with the existing geographic markers i.e. Australian unlisted equities and New Zealand private debt.
32. Requiring the asset type of individual assets, to the extent possible, to be disclosed as part of six-monthly disclosure of the fund’s full portfolio holdings will also provide more detailed and complete information for an engaged investor, analysts, other users such as aggregators, and the regulator (the FMA). There is currently no requirement to disclose the asset type for full portfolio holdings (as opposed to the quarterly fund updates). This will bring all fund information into one place.
33. Other options considered were to keep the current categories (Option A) or to add a “private assets” category (Option B). These options were considered to be less effective, as they would not require the provision of more information to members about their investments in different types of private assets. Private assets have a range of risk profiles, and specifying the type of private asset is useful and relevant information for investors.
34. Option D doesn’t improve public information available as their documents (eg Service Disclosure Statement and Investment Proposal) are not public documents. They are provided to prospective retail clients who may then ask any questions they want about a breakdown of the assets.

Alignment

35. Better clarity around asset categories would increase the visibility of private assets and inform members’ value-for-money assessments and investment decisions. It will increase their confidence that fund managers are acting in their interests.
36. Providing more precision in asset disclosure would support KiwiSaver members’ ability to understand where their money is invested and the risk profile of their investments. Option B would provide slightly more

information for investors, while Options C would provide significantly more information.

37. Option D would provide more information for users of the service, but they are able to request that information from the service at any time, given that the service is personalised for each investor.

Implementation

38. Option A (status quo) would impose no implementation costs.
39. Changing the asset categories will have costs for investment fund managers. Consultation feedback indicated that these costs would be low (although one large provider noted costs could be up to \$200,000 but did not give any detail on that figure). Options B and C would have comparable costs.
40. Option C was revised from the consultation document in light of feedback received and to ensure it is consistent with the objectives of the work.
41. On balance, the overall costs are low and are outweighed by the potential benefits, with support from the industry for this change.
42. Option D could be very expensive for larger providers due to the number of individualised agreements they would need to amend, with limited public benefit.

Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?

43. Yes.

What are the marginal costs and benefits of the preferred option in the Cabinet paper?

Affected groups (identify)	Comment <i>nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.</i>	Impact <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i>	Evidence Certainty <i>High, medium, or low, and explain reasoning in comment column.</i>
Additional costs of the preferred option compared to taking no action			
Regulated groups	<u><i>Monetised</i></u> Managed funds, including KiwiSaver providers and restricted schemes, as well as DIMS providers implementing modified asset categories may incur primarily one-off costs to update their reporting systems, webpages, and disclosure documents such as Statements of Investment Policy and Objectives, Product Disclosure Statements and Quarterly Fund Updates.	<i>Low impact</i> Most providers estimated that the one-off costs may range between \$5,000 – \$10,000. However, one provider estimated their one-off costs to be in excess of \$200,000.	<i>Medium</i> Information in this table has been disclosed by some KiwiSaver providers estimating costs. These estimates have been based on costs to establish other funds.
	<u><i>Non-monetised</i></u> None identified.	<i>No impact</i>	
Regulators	<u><i>Monetised</i></u> None identified.	<i>No impact</i>	
	<u><i>Non-monetised</i></u> None identified.	<i>No impact</i>	
Others (eg, wider govt, consumers, etc.) <i>For fiscal costs, both increased costs and loss of revenue could be relevant</i>	<u><i>Monetised</i></u> None identified.	<i>No impact</i>	
	<u><i>Non-monetised</i></u> None identified.	<i>No impact</i>	
Total monetised costs		<i>Low impact</i> Costs may be subject to the scale of a	

		provider. One-off costs of between \$5,000 – \$10,000 on average.	
Non-monetised costs		<i>No impact</i>	
Additional benefits of the preferred option compared to taking no action			
Regulated groups	<u><i>Non-monetised</i></u> Increase accuracy of managed fund and investment services disclosures, to better capture the nature of the investments across the market	<i>Medium impact</i>	<i>Low</i> Information in this table is disclosed by the affected groups but based on anecdotal estimations of benefits.
Regulators	<u><i>Non-monetised</i></u> Improve efficiency, as data is more accessible. This also enables better oversight of funds. For example, it allows regulators to get a better sense of the risk profile of funds from a liquidity and valuation risk perspective as well as alignment with their stated investment objectives.	<i>Medium impact</i>	
Others (eg, wider govt, consumers, etc.)	<u><i>Non-monetised</i></u> Improve transparency for investors. Greater visibility of private assets to investors may also promote this asset class and further value-for-money education.	<i>Medium impact</i>	
Total monetised benefits		<i>None.</i>	
Non-monetised benefits		<i>Medium impact.</i>	

Section 3: Delivering an option

How will the proposal be implemented?

44. The preferred option will be implemented through amendments to the FMC Regulations. This option does not substantially change the regulatory framework for investment fund managers.
45. Use of the new asset categories proposed will be mandatory. The change is to the level of detail of the required disclosures, and the requirement to use the categories for both quarterly updates and the complete list of individual assets, updated six-monthly. We do not intend any other changes to the current disclosure settings.
46. There will be costs to managed investment funds to update internal classification systems to feed into disclosure and reporting, but we do not expect these costs to be high.
47. Managed funds report six-monthly, in September and March. We think it could be too soon to expect them to use the new categories in September 2026, so we would like use of the new categories to commence in March of 2027. We anticipate completing the drafting of regulations before the end of 2025, which would deliver decisions and gazetting of new requirements with time to leave twelve months for transition.

How will the proposal be monitored, evaluated, and reviewed?

48. The FMA monitors whether managed investment scheme managers are complying with their obligations, in conjunction with licensed supervisors. Supervisors act on behalf of investors and are required to report material contraventions to the FMA.
49. This approach maintains a balance between effective supervision and avoiding unnecessary regulatory burden. It leverages existing systems to support compliance and investor protection.
50. MBIE and the FMA have regular formal and informal stewardship discussions about the financial markets conduct regulatory system and will discuss the implementation of these changes through those channels as and when necessary.
51. The FMA's ongoing supervisory role, combined with established governance structures, provides a strong foundation for identifying emerging risks and responding as needed. This ensures that KiwiSaver members and other fund investors continue to benefit from a stable and well-regulated retirement savings system.
52. Enhancing the visibility of private assets through improved disclosure will support ongoing monitoring by providing clearer insights into provider behaviour and investment trends. This transparency also helps investors better understand the nature and risk profile of their investments, supporting more informed decision-making and alignment with long-term retirement goals. Investors can align their investment choices with their long-term goals, ensuring a more tailored approach to retirement planning.

Fund managers will also enable the provision of more transparent information regarding their investments including in private assets that aligns with their investment objectives.