Submission template

Capital Markets Reforms Phase Two

This is the submission template for the discussion document, *Capital Markets Reforms, Phase Two*. The Ministry of Business, Innovation and Employment (MBIE) seeks written submissions on the issues raised in the discussion document by **Tuesday, 25 August 2026, 5:00pm** (six weeks from release).

Please make your submission as follows:

1. Fill out your name, organisation and contact details in the table.
2. Note that submissions are subject to the Official Information Act 1982 and may, therefore, be released in part or full. The Privacy Act 2020 also applies. Please Indicate in the template if you do not wish for your name, or any other personal information, to be disclosed in any summary of submissions or external disclosures.
3. Note that, except for material that may be defamatory, MBIE intends to upload PDF copies of submissions received to MBIE's website. MBIE will consider you to have consented to this uploading by making a submission, unless you clearly specify otherwise in your submission. If your submission contains any confidential information, please:
    - State this in the template, and set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 that you believe apply. MBIE will take such requests into account and will consult with submitters when responding to requests under the Official Information Act 1982.
    - Indicate this on the front of your submission (e.g. the first page header may state "In Confidence"). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
4. Fill out your responses to any or all the consultation document questions in the table.
5. When sending your submission, please:
    a. Delete this page of instructions.
    b. Save your submission with your organisation or personal name in the file name.
    c. Email your submission, with "Capital Markets Consultation" in the subject line, to:
        - ***financialmarkets@mbie.govt.nz*** as a Microsoft Word document (**preferred**), or
        - you may also submit by mail to:

          Financial Markets Policy
          Business, Resources and Markets
          Ministry of Business, Innovation & Employment
          PO Box 1473
          Wellington 6140
          New Zealand

Please send any questions you have about the consultation process to the financial markets email above.

Submission on discussion document: *Capital Markets Reforms Phase Two*

Your name and organisation

Name	
Date	
Organisation (if applicable)	
Responding primarily as or on behalf of …	☐ Investor / investor interests ☐ Company / business / issuer ☐ Fund manager / KiwiSaver provider ☐ Financial advisor ☐ Lawyer / legal analyst ☐ Economist or academic ☐ Other ____________________________
Contact details	

Privacy and publication of responses

[To tick a box below, double click on check boxes, then select ‘checked’.]

☐ The Privacy Act 2020 applies to submissions. Please check this box if you do not wish your name or other personal information to be included in any information about submissions that MBIE may publish.

☐ MBIE intends to upload submissions received to MBIE’s website at ***www.mbie.govt.nz***. If you do not want your submission to be placed on our website, please check the box and provide an explanation in the box below.

I do not want my submission placed on MBIE’s website because… [*Insert text*]

Please check if your submission contains confidential information

☐ I would like my submission (or identified parts of my submission) to be kept confidential, and **have stated below** my reasons and grounds under the Official Information Act that I believe apply, for consideration by MBIE.

I would like my submission (or identified parts of my submission) to be kept confidential because… [*Insert text*]

Capital Markets Reforms Phase Two

Submission template

New Zealand's approach to capital markets regulation	
0.1	What regulatory settings would you like to see considered for change in the next phase?
0.2	Do you support the three objectives for change framing this document? What objectives would you recommend to guide considerations of future changes?
0.3	Are there aspects of the current FMC regime we have not mentioned in our overview that are limiting our capital markets?
0.4	Has our general overview of current trends in domestic and global capital markets left out anything particularly relevant for considering the strength of New Zealand's capital markets?
0.5	Taking into account current trends and developments in capital markets, do you think the FMC Act needs a more fundamental review? Where would you focus such a review? Do you think the purposes outlined above remain appropriate? If not, how would you change them?
0.6	If you could address 2-3 strategic priorities with substantial impact in the FMC regime, what would they be?
0.7	How do you perceive the position of New Zealand's capital markets in the global context? What strengths do our capital markets offer? What positioning do you think we should aspire to? What does ambition look like to you?
0.8	What competitive strengths do you think New Zealand could build toward with regulatory change, and what change is needed?
0.9	This document and discussion are focussed primarily on regulatory change. Are there non-regulatory steps you think the Government could take to support capital markets?
0.10	What non-regulatory steps do you think the sector could lead to support capital markets?
0.11	Please provide any other thoughts you would like to share with the Government on capital markets regulation.
1.	**Product Disclosure Statements**
1.1	Do you think current PDS requirements are proportionate (aligning requirements with risks)? Do you think current requirements are meeting the purpose of the PDS?

1.2	Please share any evidence, research or insights you may have on investor (or intermediary) use of the PDS.
1.3	Do you agree with the problem definition in relation to the PDS? Which, to you, are the most pressing issues to be addressed?
1.4	Do you know of companies which have considered listing financial products (including on NZX) that have chosen not to do so, where the PDS requirements were part of that decision? Or which have made wholesale-only offers to avoid the costs and delays of PDS?
1.5	Do you think the current PDS requirements could be reduced without compromising retail investor confidence and protections?
1.6	Which of the preliminary options do you support for further development, and why? • If you support B, which sub-option do you support? • If you support C, which sections would you remove or reduce and/or, which instruments do you think it should apply to (such as the debt to overseas investors scenario or other specific types of offers)?
1.7	If the full PDS were reduced, which parts do you think are most important to retain?
1.8	Do you think the adaptation of the PDS requirements to a ‘digital-first’ format should be a government priority? Do you know of examples in other jurisdictions?
1.9	In your experience, what requirements in the Act and Regulations are preventing the PDS from being more digital friendly? How much regulatory change would be needed?
1.10	If you have experience making financial offers digital friendly, how have you done this (app, website, portal, etc.) and how have you managed this while still meeting PDS requirements?
1.11	Are there overseas models of PDS that you think the Government should consider?
1.12	Please share any other comments, evidence or data you have on PDS requirements.
2.	**Civil liabilities for directors and issuers**
2.1	Do you agree with the problem definition around current settings for director liabilities? Please provide evidence or examples.
2.2	How significant are civil liability settings compared with other factors affecting public market participation, such as market depth, liquidity, access to private capital, listing costs, ongoing compliance costs, and broader economic conditions?

2.3	Which option do you support (A or B) for potential change to liability in relation to continuous disclosure contravention for directors and other persons? Please indicate a preferred sub-option as well if relevant. Please give your main reasons.
2.4	Do you have a preference not reflected in the options in relation to continuous disclosure contravention for directors and other persons?
2.5	Are there any other issues or impacts the Government should consider in relation to liability for continuous disclosure contraventions for directors and other persons?
2.6	Which option do you support (C or D) for potential change to liability in relation to continuous disclosure contravention for issuers? Please indicate a preferred sub-option as well if relevant. Please give your main reasons.
2.7	Do you have a preference not reflected in the options in relation to continuous disclosure contravention for issuers?
2.8	Are there any other issues or impacts the Government should consider in relation to liability for continuous disclosure contraventions for issuers?
2.9	Do you think changes to deemed director liability should be considered in relation to all markets, or for NZX only?
2.10	Which option do you support (E, F, or G) for potential change to deemed director liability? Please indicate a preferred sub-option as well if relevant. Please give your main reasons.
2.11	Do you have a preference not reflected in the options in relation to deemed director liability?
2.12	Do you have other comments on what the Government should consider in relation to deemed director liability?
2.13	Are there international models you would like the Government to consider?
2.14	Please share any other comments, evidence or data you have on civil liabilities.
3.	**Catalist market threshold and audit requirements**
3.1	Do you think Catalist's current entry threshold (below $60 million market capitalisation) and exit threshold (two years after reaching $100 million market capitalisation) are still appropriate, having regard to its intended role and purpose? Please explain.
3.2	Do you consider that the original policy rationale for Catalist—as a stepping-stone market addressing a funding gap for small growth companies raising $2-20 million—should be expanded? If so, what types of issuers or needs should Catalist be designed to support, and why do you consider the associated regulatory concessions remain justified?
3.3	If you support change, which option do you prefer and why? How do you think your preferred option would affect businesses considering listing on Catalist, businesses currently listed on NZX, and investors?
3.4	How would changing the thresholds affect Catalist's role relative to NZX and the wider capital market pathways and options for growing businesses?

3.5	If thresholds are changed, should any additional safeguards or conditions apply to manage risks (such as regulatory arbitrage or reduced investor confidence)? If so, what should they be?
3.6	Do you think the FMA should consider amending the exemption notice that enables businesses listed on Catalist to raise up to $2 million without a product disclosure statement, if the crowdfunding and peer-to-peer lending limits with which the exemption notice aligns are raised (see issue 5)?
3.7	Which option do you prefer in relation to audit requirement standards? If you agree with the removal of the IFRS Tier 2 requirements, what standard should apply instead?
3.8	If you agree that some businesses should not be required to produce audited accounts prior to initial listing on Catalist, which firms should that apply to (eg, all, or only a specific size measured by number of investors, or shareholders, or voting shareholders)?
3.9	Please share any other comments, evidence or data you have on changes to Catalist settings.

4. USX audit requirements

4.1	Do you think USX's current audit requirements are proportionate for the type of market USX operates and the issuers that use it? Please explain.
4.2	If you support change for USX, which option do you prefer? Why?
4.3	If an External Review Board review engagement were allowed for some USX issuers, what criteria should determine eligibility? For example, should this depend on issuer size, shareholder numbers, annual fundraising, trading activity or something else?
4.4	If audit requirements are reduced for some USX issuers, should the same criteria also apply on Catalist? Why or why not?
4.5	What broader evidence or practical examples should the Government consider when assessing whether current audit requirements are affecting issuer participation, investor confidence, or the role of smaller markets more generally?
4.6	Please share any other comments, evidence or data you have on USX settings.

5. Crowdfunding and peer-to-peer lending limits

5.1	Do you think the current aggregate $2 million capital-raising limit should be increased for equity crowdfunding and P2P lending? If yes, please discuss why you think it should change (eg, any practical constraints you think the current cap creates and how a higher limit might change the way businesses use crowdfunding or peer-to-peer lending).
5.2	If the "small offers" category is removed from the aggregate, what limit do you think should apply to it separately?
5.3	Which option (A-D) do you support and why? If there are variables within the option, please be as specific as possible. (For example, if you support option B to raise the limit, please say what you think the new aggregate limit should be and why; if you support option C, please say what you think the separate limits should be.)

5.4	If you support Option D, do you have suggestions for how requirements could be tiered?
5.5	If you support option E (an investor cap), how do you think that could be designed? Are there any other additional safeguards and retail investor protections you think should apply for larger raises?
5.6	If the cap is raised, what flow-on impacts do you foresee on other capital markets?
5.7	Please share any other comments, evidence or data you have on equity crowdfunding, P2P lending and 'small offers'.
5.8	Are there overseas models you think the government should consider?
6.	**Wholesale investor issues**
6.1	Do you have any evidence or experience of difficulties around the use of the eligible investor self-certification, or misuse of the self-certification approach? Please provide detail.
6.2	Do you consider that the wholesale investor regulatory framework provides adequate retail investor protections? Or do you consider that it presents a barrier to investment?
6.3	Which option for change in relation to the wholesale eligible investor certification would you support (noting that the options are not mutually exclusive).
6.4	Which option do you prefer in relation to the period of validity for eligible investor certificates (currently 2 years)?
6.5	Do you have any evidence or experience of concerning behaviours with the advertising of wholesale offers? What recommendations do you have for restricting this promotion?
6.6	Do you have concerns with other aspects of the wholesale regime (beyond eligible investor category and the promotion issues raised)? Do you think the $750,000 threshold for individual investment remains appropriate, or should it be adjusted?
6.7	Please share any other comments, evidence or data you may have on wholesale settings.
7.	**Auditor liability**
7.1	Do you agree with the scope of this issue as outlined above (ie, limiting consideration to FMC audits and civil liability for unintentional wrongdoing)? If not, what else do you think should be considered?
7.2	Do you agree with how the problem definition is summarised above? Please provide additional information and detail if you think this needs to be refined.
7.3	The problem definition discussion above lists a number of issues that it is contended are faced by the audit market in New Zealand. Do you agree with these? Are there other issues we should consider? To what extent are these issues caused by the liability exposure of auditors? Are there other factors that are causing these? Please provide concrete evidence and data to support your response where possible.
7.4	Do you agree with how the options are summarised above? Are there other options we haven't considered? Please provide additional information and detail if you think these need to be refined.

7.5	Do you have a preferred option? If so, please give your reasons for preferring it (with reference, if possible, to how it would assist addressing the issues with the audit market in New Zealand) and provide as much information as you can in support of your preference, along with any other matters we would need to take into account when designing the detail of that option.
7.6	What are the risks associated with limiting liability for auditors in any of the ways indicated in Options B and C? For example, what would the impact on plaintiffs be? And where else might plaintiffs look to recover losses? Would audit quality suffer?
7.7	Do you see any issues with introducing a capping scheme just for auditors where other professions – eg, lawyers and accountants – would still be joint and severally liable for a loss where more than one party has a role?
7.8	Are there any other issues relating to auditor regulation and the state of the audit market in New Zealand that you would like to bring to our attention?
7.9	Please share any other comments, evidence or data you have on auditor liabilities or related topics.

8. Broker activity and visibility of offers

8.1	Do you agree with the problem definition? In your view, how significant are any issues relating to broker activity, research coverage, or issuer visibility in New Zealand capital markets, particularly for smaller listed companies? Please provide evidence or examples where possible.
8.2	To what extent do broker incentives or business models affect capital raising outcomes, particularly for smaller or growth-stage issuers?
8.3	Are there specific barriers that prevent brokers or other intermediaries from supporting IPOs, secondary market activity, or ongoing investor engagement for smaller issuers?
8.4	What could various industry players do (collectively or individually) to address the issues?
8.5	To what extent are the issues identified in this section driven by regulatory settings, as opposed to other structural factors? Do you see a role for government in addressing any of these issues? If so, what types of intervention (if any) should be considered, and what risks should be taken into account?
8.6	Are there international examples or models (for example, in relation to research coverage or broker incentives) that you consider relevant to New Zealand?
8.7	Please share any other comments, evidence or data you may have on broker activity and the promotion of small business investment opportunities.