COVERSHEET

Minister	Hon Cameron Brewer	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Capital Markets Regulatory Reforms Phase Two: Approval to Release Discussion Document	**Date to be published**	12 August 2026

List of documents that have been proactively released		
Date	**Title**	**Author**
July 2026	Capital Markets Regulatory Reforms Phase Two: Approval to Release Discussion Document	Office of Minister of Commerce and Consumer Affairs
1 July 2026	Capital Markets Regulatory Reforms Phase Two: Approval to Release Discussion Document ECO-26-MIN-0115 Minute	Cabinet Office

Information redacted **NO** *(please select)*

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In Confidence

Office of the Minister of Commerce and Consumer Affairs

Cabinet Economic Policy Committee

Capital Markets Regulatory Reforms Phase Two: Approval to Release Discussion Document

Proposal

1 This paper seeks agreement to:

1.1 release a discussion document for public consultation on a second phase of targeted capital markets regulatory reforms; and

1.2 rescind October 2025 policy decisions to amend regulatory asset disclosure categories due to disproportionate implementation costs.

Relation to government priorities

2 This paper supports the Competitive Business Settings pillar of the Going for Growth strategy, which aims to ensure regulatory settings promote competition and give businesses confidence to invest, innovate, and grow. This includes ensuring New Zealand's capital markets support higher investment, enable businesses to scale and compete effectively, and support stronger economic growth.

Executive Summary

3 Efficient capital markets help New Zealand businesses raise the capital they need to invest, grow, and scale. This supports stronger economic growth by enabling businesses to expand, innovate, and compete more effectively. More dynamic capital markets can support productivity improvements, deepen domestic investment opportunities, and improve the availability of funding options across the business lifecycle.

4 Phase One of the Government's capital markets reforms reduced costs for listed and listing businesses. I now propose to consult on a second phase of targeted reforms to ensure New Zealand's financial markets regulatory regime is fit for growth. This phase will test whether current settings remain proportionate, whether they better support a strong and dynamic equity ladder for growing businesses, and whether they position New Zealand's capital markets to compete globally, attract investment, and help more firms scale.

5 I propose to release a discussion document for public consultation on eight areas of potential change as part of a second phase of capital markets reform:

5.1 Product disclosure statements (**PDS**)

5.2 Civil liabilities for directors and issuers

5.3 Catalist market thresholds and audit requirements

5.4 Unlisted Securities Exchange (**USX**) audit requirements

5.5 Crowdfunding and peer-to-peer lending limits

5.6 Wholesale investor issues

5.7 Auditor liability

5.8 Broker activity and visibility of offers

6 The discussion document seeks feedback on whether change is warranted in the eight areas, and what options should be considered. The proposals are intended to test where and how the current balance between investor protection, market integrity and efficient capital raising for businesses could be improved. I have taking soundings from the sector, and I am confident that these proposals have broad industry support. Consultation will allow for the refinement of the proposals.

7 These reforms are intended to ensure that regulatory settings do not unnecessarily constrain investment, participation, or business' ability to access capital and grow.

8 I also propose to rescind Cabinet's October 2025 policy decisions to amend regulatory asset disclosure categories to improve visibility of managed funds' investments in private assets [ECO-25-MIN-0159]. Despite initial support for change during public consultation, subsequent targeted engagement found little to no support for proceeding due to disproportionate implementation costs and limited value to retail investors.

Background

9 Access to capital remains an important issue for New Zealand businesses. Businesses need reliable access to equity and debt funding to invest, expand and compete. Where access to capital is constrained, this limits businesses ambition and reduces overall economic growth.

10 Well-functioning capital markets support economic growth by connecting businesses with investors and by offering a wide range of funding options. This enables businesses to grow, innovate, and respond to changing market opportunities.

11 New Zealand's capital markets are regulated primarily under the Financial Markets Conduct Act 2013 (**FMC Act**) and associated regulations. That framework is intended to support informed participation and fair, efficient, and transparent markets, while avoiding unnecessary compliance costs. I consider the framework generally sound, but targeted adjustments are needed in some areas. Some settings may now impose unnecessary costs, create barriers to participation, or make public and alternative capital-raising channels less attractive than they should be.

12 These effects may reduce participation in New Zealand's capital markets and limit the range of investment opportunities available to both businesses and investors.

13 The Government began Phase One of its capital markets reforms in late 2024. That work focused on reducing unnecessary barriers to listing and capital raising, improving the competitiveness of New Zealand's settings, and considering how regulation could better support investment in private assets.

14 Phase One reduced costs and compliance burden for listed companies and those considering listing. Prospective financial information was made optional for initial public offerings, and the scope of the climate-related disclosures regime was reduced, including by lifting thresholds and removing some director liabilities. As part of that wider package, Cabinet also agreed changes intended to improve visibility of managed funds' investments in private assets.

15 Phase Two has been shaped by ongoing engagement with market participants, drawing on earlier work such as *Growing New Zealand's Capital Markets 2029* and by the development of the OECD's *Economic Survey of New Zealand 2026*. Stakeholders have identified concerns that some current settings may be increasing the cost and complexity of disclosure, listing, and ongoing compliance; limiting the usefulness of smaller and alternative markets for growth-stage businesses; constraining newer capital-raising channels; and creating unnecessary friction or integrity risks in parts of the wholesale and audit regimes. The OECD has also highlighted weak public equity markets, low levels of domestic capital, and gaps in growth-stage funding.

16 Taken together, this engagement and analysis have supported the development of the second phase of capital markets reform.

17 I have discussed these areas under consideration for reform with stakeholders at two recent roundtables. Around 40 senior financial services leaders attended these events and support progressing consultation on these topics. Feedback emphasised the importance of ensuring the reforms support economic growth, including by enabling businesses to scale more effectively, improving New Zealand's competitiveness for capital, and supporting globally competitive capital markets. Some stakeholders noted alignment with Australia can be beneficial in specific areas, but they saw competitiveness in a broader international context as more important.

I propose to consult on a second phase of capital markets reform

18 I propose to release a public discussion document on eight areas of potential regulatory reform, set out in the table below. The purpose of consultation is to test the problem definition, gather evidence, and seek views on possible options before the Government makes any decisions on regulatory change. Some of the areas of potential regulatory reform will require further development before decisions are made.

19 Drawing on OECD research and stakeholder feedback, I propose framing Phase Two around three objectives:

19.1 strengthening the equity ladder for growing businesses;

19.2 improving the proportionality of capital markets regulation; and

19.3 supporting globally competitive capital markets, including by drawing on international best practice where appropriate.

20 These objectives provide a clear framework for the next stage of reform. They recognise that financial markets regulation must continue to support investor confidence and market integrity, while also avoiding unnecessary costs and barriers to raising capital. This includes ensuring regulation does not unduly constrain investment or the ability of businesses to access capital at different stages of growth.

21 The eight reform areas are at different stages of policy development. In some areas, consultation seeks broad feedback on whether current settings remain fit for purpose and whether further work is warranted. In others, consultation seeks views on more developed options for change. In all cases, consultation with issuers, investors, market operators, intermediaries, professional advisers, and other interested parties will strengthen the evidence base for later decisions.

Reform area	Why I propose to consult	What consultation will consider
Product disclosure statements (PDS)	Stakeholders have raised concerns that current disclosure requirements can be complex, costly, and not well adapted to how investors access and use information, particularly for listed issuers.	Whether current PDS content and format remain proportionate and fit for purpose, including options to simplify content, reduce duplication, and adopt more flexible or digital-first disclosure approaches while maintaining investor protections.
Civil liabilities for directors and issuers	Stakeholders have raised concerns that strict and deemed liability settings increase compliance and insurance costs, deter directors, and discourage listing or use of public markets.	Whether liability settings for continuous disclosure and disclosure/financial reporting contraventions are appropriately calibrated, including options to amend, narrow, or remove aspects of deemed liability or adjust statutory defences.
Catalist market thresholds and audit standards	Catalist is a licensed public market designed as a stepping-stone market for smaller and growth-stage businesses. Stakeholders suggest Catalist thresholds may limit its effectiveness as a stepping-stone market, and that audit requirements may be a barrier for smaller issuers.	Whether market capitalisation entry/exit thresholds remain appropriate, and whether audit requirements for Catalist issuers should be reduced or tiered to improve participation while maintaining investor confidence.

Reform area	Why I propose to consult	What consultation will consider
Unlisted Securities Exchange (USX) audit requirements	USX is an unlicensed financial product market exempt from licensing under the FMC Act. Stakeholders have raised concerns that current audit requirements for USX issuers may be disproportionate to size and risk, potentially discouraging participation by smaller businesses.	Whether current audit requirements for USX issuers remain proportionate, including options to allow reduced assurance or remove listing-related audit requirements for some issuers, and what safeguards would be required.
Crowdfunding and peer-to-peer lending limits	The current fundraising caps have not changed since 2014. Stakeholders have argued these limits no longer reflect inflation, current business costs, or international practice.	Whether the current cap should be increased (and to what level), whether differentiated or graduated caps are appropriate, and whether additional investor protections (such as per-investor caps) should accompany any change.
Wholesale investor issues	Stakeholders and the Financial Markets Authority have raised concerns about misuse of the eligible investor certification process, regulatory burden from certification requirements, and increasing promotion of wholesale offers to retail investors.	Whether the wholesale regime appropriately distinguishes between retail and wholesale investors, including changes to eligible investor certification, duration, professional confirmer obligations, promotion restrictions, and threshold settings.
Auditor liability	Concerns have been raised over time that current liability settings expose auditors to disproportionate risk, affecting audit market competition, costs, and availability of audit services.	Whether there is a case to limit auditor liability for FMC audits, including options such as capped liability or contractual limitation, and the impacts on audit quality, competition, and investor protection.
Broker activity and visibility of offers	Stakeholders and the OECD suggest broker research, promotion, and intermediation may be less effective for smaller issuers, reducing visibility and capital raising outcomes. It is unclear whether these issues reflect structural market dynamics or current regulatory settings.	Whether gaps in research, promotion, or intermediation are constraining capital formation, particularly for smaller issuers. It will also examine the role of broker incentives, regulation, and market structure, and whether any government intervention is warranted.

I propose to rescind earlier Cabinet policy decisions to amend regulatory asset disclosure categories due to disproportionate implementation costs

22 As part of Phase One of the Government's capital markets reforms, Cabinet agreed in October 2025 to make two changes to improve visibility of managed funds' investments in private assets [ECO-25-MIN-0159].

23 First, Cabinet agreed to amend the regulatory asset disclosure categories in Schedule 4 of the Financial Markets Conduct Regulations 2014 for use in investor-facing disclosures. Second, Cabinet agreed to require a managed fund's six-monthly complete list of individual assets filed on the Companies Office Disclose Register to show the new category for each listed asset.

24 Despite consistent initial support for these changes during public consultation, subsequent targeted engagement with the Financial Services Council and fund managers to refine the new asset disclosure categories revealed limited support for proceeding with the changes. Fund managers said that amending the asset disclosure categories was undesirable and burdensome. They said the changes would impose disproportionate implementation costs and require extensive systems and documentation changes, without providing proportionate benefit to retail investors – including changes to statements of investment policy and objectives and fund reporting templates.

25 In light of that detailed engagement, I propose that Cabinet rescind earlier policy decisions (ECO-25-MIN-0159) and that officials do no further work on amendments to asset disclosure categories. Aggregate information on private-asset exposures is already collected and published by the Reserve Bank of New Zealand through its managed funds statistics.

Cost-of-living and Financial Implications

26 There are no cost-of-living or financial implications.

Legislative Implications

27 This paper's proposals do not have legislative implications at this stage. However, the issues raised in the discussion document may result in legislative changes, including amendments to primary (FMC Act) and secondary legislation (Financial Markets Conduct Regulations 2014). Priority for relevant proposals will be sought in the 2027 Legislation Programme.

Impact Analysis

Regulatory Impact Statement

28 A Quality Assurance Panel from MBIE has reviewed the discussion document "Capital Markets Reforms: Phase Two discussion document" and determined that it will lead to effective consultation and enable the development of future impact analysis. Therefore, a separate regulatory analysis summary (RAS) is not required at this stage. A full RAS will be completed at a later stage to inform Cabinet's final decisions on any future regulatory reforms.

Climate Implications of Policy Assessment

29 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to these proposals at this time.

Population and Human Rights Implications

30 This paper has no population or human rights implications.

Use of external Resources

31 No external resources were used in the policy development process.

Consultation

32 MBIE has consulted with The Ministry for Regulation, The Treasury and the Financial Markets Authority on the proposals in this document. The Department of Prime Minister and Cabinet has been informed.

Communications

33 I intend to issue a media statement once Cabinet has agreed to the consultation. This paper and the attached discussion document will be made publicly available on MBIE's website.

Proactive Release

34 This paper will be proactively released, subject to relevant redactions, within 30 business days of Cabinet decisions.

Recommendations

The Minister of Commerce and Consumer Affairs recommends that the Committee:

1 **note** that Phase One of the Government's capital markets reforms:

1.1 made prospective financial information voluntary for initial public offerings, to reduce listing costs and complexity;

1.2 altered the climate-related disclosures regime by reducing the number of businesses required to do reporting in order to reduce unnecessary burdens on listed businesses; and

1.3 agreed changes to asset disclosure categories used by managed funds, to improve visibility of investment in private assets for investors [this paper seeks agreement to rescind this—recommendation 8 below];

Public consultation on a second phase of capital markets reform

2 **agree** that the second phase of targeted capital markets regulatory reform will be guided by the objectives of:

2.1 strengthening the equity ladder for growing businesses;

2.2 improving the proportionality of capital markets regulation; and

2.3 supporting globally competitive capital markets, including by drawing on international best practice where appropriate;

3 **agree** to the release of the attached discussion document, "Capital Markets Reforms Phase Two", for public consultation on the following eight areas:

3.1 product disclosure statements;

3.2 civil liability for directors and issuers;

3.3 Catalist market thresholds and audit standards;

3.4 Unlisted Securities Exchange audit requirements

3.5 crowdfunding and peer-to-peer lending limits;

3.6 wholesale investor issues;

3.7 auditor liability; and

3.8 broker activity and visibility of offers;

4 **authorise** the Minister of Commerce and Consumer Affairs to make minor and technical changes to the discussion document before its release;

5 **invite** the Minister of Commerce and Consumer Affairs to report back to Cabinet with the outcomes of consultation and proposed next steps;

Rescind previous decisions to amend regulatory asset disclosure categories

6 **note** that in October 2025 Cabinet agreed to:

6.1 amend the asset disclosure categories in Schedule 4 of the Financial Markets Conduct Regulations 2014 to improve visibility of investment in private assets in investor-facing disclosures; and

6.2 require a managed fund's six-monthly complete list of individual assets filed on the Companies Office Disclose Register to indicate the asset category for each listed asset [ECO-25-MIN-0159];

7 **note** that despite consistent initial support for change in public consultation, subsequent targeted engagement with stakeholders found little to no support for proceeding with those changes due to disproportionate implementation costs for systems and documentation changes, and limited value to retail investors; and

8 **rescind** the previous Cabinet policy decisions [ECO-25-MIN-0159] to amend asset disclosure categories to improve visibility of managed funds' investments in private assets.

Authorised for lodgement

Hon Cameron Brewer

Minister of Commerce and Consumer Affairs