

Supplementary Departmental Disclosure Statement

Financial Markets Conduct Amendment Bill

A supplementary departmental disclosure statement for a Bill the government is proposing to amend seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill in amended form.

It highlights material changes to previous disclosures relating to:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

The original disclosure statement for the Financial Markets Conduct Amendment Bill, dated 5 March 2025, can be found at this link
<http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2025&no=135>

This supplementary disclosure statement was prepared by the Ministry of Business, Innovation and Employment.

The Ministry of Business, Innovation and Employment certifies that, to the best of its knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

13 November 2025.

Contents

Contents	2
The Main Areas of Change to the Original Disclosures	3
Part One: General Policy Statement	4
Part Two: Background Material and Policy Information	5
Part Three: Testing of Legislative Content.....	7
Part Four: Significant Legislative Features	9

The Main Areas of Change to the Original Disclosures

This is a supplementary disclosure statement for the Financial Markets Conduct Amendment Bill.

A supplementary disclosure statement supplements the original disclosure statement for the Bill by reporting the additions and changes that would need to be made to the original disclosure statement to accurately reflect the Bill with the proposed government amendments incorporated.

Where the Bill now also incorporates changes made by a select committee of the House, the supplementary disclosure statement will note these if relevant but will not explain them further.

The main areas of change to the original disclosure statement include:

- an explanation of the legislation amended by the changes to the climate-related disclosures regime (**CRD regime**) that are to be incorporated in the Bill by Amendment Paper
- an explanation of the amendments to the CRD regime.

Part One: General Policy Statement

The Amendment Paper to the Bill makes changes to the CRD regime. The amendments fall within the single broad policy of the Bill to strengthen financial markets conduct by making it easier for participants to comply with the requirements of, and for the Financial Markets Authority to administer, the financial markets regulatory system.

The Amendment Paper primarily amends the Financial Markets Conduct Act 2013. In addition, the Amendment Paper also makes related and consequential amendments to the Fair Trading Act 1986, Financial Reporting Act 2013 and Deposit Takers Act 2023. Further consequential amendments are also required to the Financial Markets Authority (Levies) Regulations 2012 and the Financial Markets Conduct (Fees) Regulations 2014.

The climate-related disclosures reforms

The CRD regime requires registered banks, building societies, credit unions, licensed insurers, listed issuers and managed investment scheme managers (**MIS managers**) to report on their climate-related risks and opportunities in annual climate statements, if they meet certain size thresholds.

The Amendment Paper makes adjustments to the CRD regime to:

- increase the reporting thresholds for listed issuers from \$60 million in market capitalisation for equity issuers, or total face value of quoted debt for debt issuers, to \$1 billion;
- remove MIS managers from the CRD regime;
- amend the liability settings;
- enable the monetary reporting thresholds for the CRD regime to be raised (but not lowered) by Order in Council, with appropriate safeguards;
- make technical changes to the terminology relating to large insurers (to ensure consistency with the latest accounting standards without changing the group of insurers' that must report).

The purpose of the changes is to ensure that the CRD regime is proportionate for the New Zealand context, while supporting New Zealand's capital markets and reducing compliance costs for businesses.

Part Two: Background Material and Policy Information

Published reviews or evaluations

2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?	NO
--	-----------

Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	NO
--	-----------

Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	YES
<p>Regulatory Impact Statement: Capital markets – adjustments to the climate-related disclosures regime, Ministry of Business, Innovation and Employment, 29 May 2025.</p> <p>The regulatory impact statement can be assessed here: https://www.mbie.govt.nz/dmsdocument/31554-regulatory-impact-statement-capital-markets-adjustments-to-the-climate-related-disclosures-regime-proactiverelease-pdf</p>	

2.3.1. If so, did the Ministry for Regulation provide an independent opinion on the quality of any of these regulatory impact statements?	NO
<p>The Ministry for Regulation were consulted and deemed it sufficient that an internal MBIE panel could provide independent advice on quality. The MBIE internal panel determined that the regulatory impact statement met the Quality Assurance criteria.</p>	

2.3.2. Are there aspects of the policy to be given effect by this Bill that were not addressed by, or that now vary materially from, the policy options analysed in these regulatory impact statements?	YES
<p>The regulatory impact statement assessed options to raise the listed issuer reporting threshold to \$250 million or \$550 million. Cabinet ultimately determined to raise the threshold to \$1 billion.</p>	

Extent of impact analysis available

2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?	NO
---	-----------

2.5. For the policy to be given effect by this Bill, is there analysis available on:	
(a) the size of the potential costs and benefits?	YES
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	NO

The potential costs and benefits are discussed in the regulatory impact statement referred to above. This analysis referred to the listed issuer threshold being raised to \$550 million rather than \$1 billion. However, the costs and benefits are otherwise the same.

2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be affected by:	
(a) the level of effective compliance or non-compliance with applicable obligations or standards?	YES
(b) the nature and level of regulator effort put into encouraging or securing compliance?	YES
<p>Climate reporting entities must prepare their climate statements in accordance with standards issued by the External Reporting Board. If the standards are not complied with then the benefits of the regime will be reduced.</p> <p>The FMA is the regulator for the climate reporting regime. Their approach to compliance can be accessed here: Climate-related-disclosures-implementation-approach.pdf</p>	

Part Three: Testing of Legislative Content

Consistency with New Zealand's international obligations

3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?

The Ministry of Foreign Affairs and Trade was consulted during the development of the policy for the Amendment Paper.

Consistency with the government's Treaty of Waitangi obligations

3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?

No specific steps have been taken to determine that the policy is consistent with the principles of the Treaty of Waitangi.

Consistency with the New Zealand Bill of Rights Act 1990

3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?

NO

Amendment Papers are not typically vetted for New Zealand Bill of Rights Act issues unless significant issues are raised.

Offences, penalties and court jurisdictions

3.4. Does this Bill create, amend, or remove:

(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?

YES

(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?

NO

Clause 4A of the Amendment Paper provides that directors and entities are not liable for unsubstantiated representations in the climate statements if they comply with the climate standards.

Clause 29B of the Amendment Paper removes deemed liability for directors of climate reporting entities. A director of a climate reporting entity is no longer deemed to be liable if the entity fails to comply with the climate standards, does not lodge the climate statements or does not have the climate statements assured.

3.4.1. Was the Ministry of Justice consulted about these provisions?

NO

No new offences or penalties have been introduced.

Privacy issues

3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?

NO

External consultation

3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?	YES
<p>From December 2024 – February 2025 MBIE consulted on options to adjust the climate-related disclosures regime. MBIE received 93 submissions from a wide variety of submitters including climate reporting entities, peak bodies, individuals, not-for-profit organisations, academics, law firms and consultants.</p> <p>Some submitters raised concerns that the CRD regime was encouraging a focus on compliance rather than risks and opportunities and was too costly. Feedback from MIS managers indicated that the climate statements were too complex to be useful for retail investors.</p>	

Other testing of proposals

3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?	NO
---	-----------

Part Four: Significant Legislative Features

Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	NO
---	----

Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	NO
---	----

Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	NO
--	----

Strict liability or reversal of the burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	YES
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	NO
The Amendment Paper removes deemed liability for directors of climate reporting entities. If a reporting entity contravenes the requirements to produce climate statements in accordance with climate standards, lodge the climate statements or have the climate statements assured then the directors are longer deemed to have also breached the obligation.	

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO
--	----

Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	NO
---	----

Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	YES
<p>Clause 30A of the Amendment Paper allows the monetary amounts of the reporting thresholds for listed issuers, registered banks, building societies, credit unions and licensed insurers to be increased (but not decreased) by Order in Council.</p> <p>To safeguard against misuse of the power to adjust the monetary amounts, the Minister must take certain actions before recommending any change. The Minister must:</p> <ul style="list-style-type: none">(a) consult with the Financial Markets Authority, External Reporting Board, Reserve Bank and substantially affected persons;(b) consider whether change is necessary or desirable to ensure that entities are not subject to disproportionate compliance costs, whether any increase is consistent with promoting confident and informed participation in financial markets, and when entities are subject to substantially similar climate reporting requirements in relevant overseas jurisdictions. <p>An increase may only be made for a particular sort of entity (e.g., insurers) once every three years.</p> <p>These changes will ensure the monetary thresholds are flexible and can respond to changing market conditions.</p>	

4.8. Does this Bill create or amend any other powers to make delegated legislation?	NO
--	-----------

Any other unusual provisions or features

4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?	NO
--	-----------