



COVERSHEET

Minister	Hon Dr David Clark	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Regulations to facilitate the operation of a 'stepping-stone' financial product market	Date to be published	By 29 June 2021

List of documents that have been proactively released		
Date	Title	Author
November 2020	Agreement to regulations for a 'stepping-stone' financial product market	Office of the Minister of Commerce and Consumer Affairs
20 November 2020	Proposed Regulations for a 'stepping-stone' Financial Product Market DEV-19-MIN-0313	Cabinet Office
May 2021	Regulations to facilitate the operation of a 'stepping-stone' financial product market	Office of the Minister of Commerce and Consumer Affairs
13 May 2021	Regulations to facilitate the operation of a 'stepping-stone' financial product market LEG-21-MIN-0059	Cabinet Office
May 2020	Impact Summary: Assessment of regulations under the Financial Markets Conduct Act 2013 for 'MyCap Markets'	MBIE

Information redacted

NO

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



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Proposed Regulations for a 'Stepping-Stone' Financial Product Market

Portfolio **Commerce and Consumer Affairs**

On 20 November 2019, the Cabinet Economic Development Committee:

- 1 **noted** that one of the purposes of the Financial Markets Conduct (FMC) Act 2013 (the Act) is to encourage a diversity of markets to take account of the differing needs and objectives of issuers and investors;
- 2 **noted** that the Minister of Commerce and Consumer Affairs (the Minister) is able to issue a licence under the Act to operate a financial product market, and that the Minister intends to issue a licence to MyCap Markets Ltd to operate a financial product market, subject to certain conditions;
- 3 **noted** that certain regulations are necessary for the market to operate as a low-cost market, with a periodic trading model;
- 4 **agreed** that regulations be made providing for an alternative disclosure regime, and that the regime would:
 - 4.1 require that material information (as defined in the Act) be disclosed prior to, and during, each trading window (an auction);
 - 4.2 provide that the alternative disclosure provisions are Part 5 provisions under the Act;
 - 4.3 make minor modifications to ensure that the alternative disclosure regime fits within the parameters of Part 5 of the Act, including;
 - 4.3.1 provisions directed at ensuring that a breach of the alternative disclosure obligations will be treated in the same way as if it were a breach of the continuous disclosure provisions in the Act;
 - 4.3.2 the test for when the Financial Markets Authority can approve a rule change relating to disclosure (replacing a test in the Act which refers to continuous disclosure);

- 5 **agreed** that regulations be made stating that:
- 5.1 issuers on this market are not automatically ‘FMC reporting entities’, if the only reason for that is because they are listed on MyCap Markets’ licensed market; and
- 5.2 those issuers must comply with the financial reporting and auditing requirements set out in the market rules of the licensed market;
- 6 **agreed** that regulations be made approving the electronic transfer system proposed by MyCap Markets under section 376 of the Act, subject to certain terms explained in the paper under DEV-19-SUB-0313;
- 7 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs;
- 8 **authorised** the Minister to make minor and technical changes consistent with the policy decisions in the paper under DEV-19-SUB-0313.

Jack Petterson
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Phil Twyford
Hon Dr Megan Woods
Hon David Parker
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Damien O’Connor
Hon Kris Faafoi
Hon James Shaw
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister of Commerce and Consumer Affairs