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Financial Markets Authority
Level 5, Ernst & Young Building
2 Takutai Square, Britomart
Auckland 1143
NEW ZEALAND

Via email: consultation@fma.govt.nz

Consultation: Review of 16 class exemption notices expiring in 2021

CPA Australia represents the diverse interests of more than 166,000 members working in over 100 countries and regions around the world. We make this submission on behalf of our members and in the broader public interest.

We have restricted our response to some of the questions in Schedules 1 and 2 of the Consultation Paper. While we have provided overall comments on financial reporting covered in the Class Exemption Notices, we have not offered any views on the specific questions on whether these notices should be retained because of continued reliance by affected entities on the exemptions provided by these notices.

Our responses are included in the **Attachment** to this letter.

If you require further information on the views expressed above, please contact Ram Subramanian on +61 3 9606 9755 or ram.subramanian@cpaustralia.com.au.

Your sincerely



Gary Pflugrath CPA
Executive General Manager
Policy and Advocacy

Attachment

Question 3, Question 9, Question 10, Question 12 and Question 13

We provide the following comments with respect to specific Class Exemption Notices:

Financial Markets Conduct (Overseas Registered Banks and Licensed Insurers) Exemption Notice 2020

We support the renewal of the above class notice and agree with the rationale provided by the Financial Markets Authority (FMA) in granting the exemption that: “the costs associated with an entity having to prepare and audit financial statements in accordance with the requirements of a home jurisdiction, in addition to the costs associated with preparing NZ GAAP-compliant financial statements audited by a New Zealand qualified auditor, would outweigh the benefits to investors in having access to financial statements prepared according to NZ GAAP rather than overseas GAAP”.

However, we recommend that the exemption should be conditional and subject to the accounting standards that form part of the financial reporting requirements in overseas jurisdictions complying with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), or another equivalent reporting framework such as United States GAAP.

Financial Markets Conduct (Overseas FMC Reporting Entities) Exemption Notice 2016

We support the renewal of the above class notice and agree with the basis for the exemption that it is not justifiable for overseas issuers to incur the additional cost of restating their accounts in New Zealand GAAP if they have already prepared high-quality financial statements in another jurisdiction subject to appropriate financial reporting regulation.

We agree with the list of overseas GAAP frameworks and relevant jurisdictions that are considered equivalent for the purposes of the Class Exemption Notice. However, we note that although “Hong Kong Financial Reporting Standards” is included as an equivalent overseas GAAP, the Hong Kong Special Administrative Region is not included as a relevant jurisdiction. It should likely be included as such. Also, we suggest that the FMA considers including Malaysian Financial Reporting Standards (MFRS), and Malaysia, to the lists as MFRS is considered equivalent to IFRS.

Financial Markets Conduct (Disclosure Using Overseas GAAP) Exemption Notice 2016

Financial Markets Conduct (Incidental Offers) Exemption Notice 2016

Financial Markets Conduct (Recognised Exchanges) Exemption Notice 2016

We support the renewal of the above Class Exemption Notices for the reasons provided in our responses to the above Class Exemption Notice “Financial Markets Conduct (Overseas FMC Reporting Entities) Exemption Notice 2016”.