



NZSA welcomes Minister Bayly’s announcement, calls for broader compliance reforms for unlisted companies

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The NZ Shareholders’ Association (NZSA) has expressed broad support for the initiatives announced today by Minister Andrew Bayly, aimed at creating a level playing field across New Zealand’s capital markets.

“Levelling the playing field between listed and unlisted markets is a significant step in ensuring future investment opportunities for all New Zealanders, whether they invest directly or through fund managers,” says NZSA Chief Executive, Oliver Mander.

Prospective Financial Information (PFI)

NZSA supports the introduction of the opt-in regime for PFI disclosures, as announced by the Minister. This approach enables companies preparing to list to choose whether to provide prospective financial information.

“We consider that in a listing environment where there is effective competition for capital from investors, companies are incentivised to offer meaningful disclosures, such as PFI, to attract investment,” says Mander.

Ironically, Mander points out, relaxing PFI disclosure requirements may benefit retail investors: “Investors with less tolerance for risk will likely seek out relevant PFI or other supporting information, while investors with a higher risk appetite are more likely to rely on their own judgement of a company’s future prospects.”

NZSA has [previously submitted](#) to the Financial Markets Authority that mandatory PFI disclosure was a significant barrier for companies considering a public listing. NZSA also noted the potential for less experienced investors to place over-reliance on PFI, without necessarily challenging the basis for underlying assumptions or forecasts, and the incentive for the issuer to promote a picture of ‘relentless positivity’.

Climate Related Disclosures (CRD)

NZSA shares the Minister’s concern about the disparity in climate reporting requirements between listed and unlisted entities.

While NZSA supports a review of the current \$60m market capitalisation threshold, it will continue to advocate for a broader definition of Climate Reporting Entities (CREs) under the Financial Reporting Amendment Act to include relevant **unlisted** companies. This includes incorporating total assets and total revenue as threshold considerations.

“If climate-related disclosures are meant to support emission reduction, using listing status as a defining criterion is arbitrary - regardless of the threshold applied” says Mander. “Even with the new thresholds proposed by the Minister, companies in the same industry will face differing compliance requirements.”

NZSA argues that thresholds for listed and unlisted entities should strike an appropriate balance between providing effective disclosure on climate risk and opportunity impacts to shareholders, supporting New Zealand’s carbon reduction goals and managing compliance costs.

NZSA looks forward to participating in the planned consultation process during 2025 and also the post-implementation review of the CRD regime by the External Reporting Board (XRB).

About NZ Shareholders Association

Since its formation in 2001, the NZSA mission is to protect, enable and reward ownership of shares and other investment products.

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