From: Jeromy Meerman <Jeromy.Meerman@fma.govt.nz>
Date: 12 June 2017 at 1:53:34 PM NZST
To: David Bassett <David.Bassett@xrb.govt.nz>
Subject: RE: RDR proposals - FMA submission

Dear David,

As discussed, FMC reporting entities that report under Tier 2 are market services license holders. There are approximately 150 FMC reporting entities that report using tier 2. This includes:

- Fund Managers
- Large DIMS providers
- Licensed supervisors
- Peer-to-peer and crowd funding platform operators.

The policy behind why they are required to report is to because they supervise, take or administer public funds and should be accountable to the public for their duties. Some smaller licensees (e.g. small DIMS) have been exempted from those requirements.
They are considered to have lower public accountability because they don't have investor funds on their balance sheet.

We haven't considered the detailed proposals. However, we're comfortable with the overall policy framework and key disclosure areas. In particular:

- To the extent they require disclosure around the solvency and liquidity of the entity. This is important for the public to see the ability of the licensee to continue to provide them services. It is also useful because these entities often have license conditions relating to solvency.
- To the extent that they require related party disclosures – as many licensees maybe depending on the support of related parties to provide certain funding and services, it's material information due to the nature of RP relationship as well as terms and nature of those transactions.

Happy to discuss,

Jeromy

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