

House of Representatives

Supplementary Order Paper

Tuesday, 28 September 2021

Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill

Proposed amendments

Hon Dr David Clark, in Committee, to move the following amendments:

Clause 7: new section 461OA

In *clause 7, new section 461OA(1)*, replace “either or both of the following apply” (page 10, line 11) with “at least 1 of the following applies to the listed issuer”.

In *clause 7*, replace *new section 461OA(1)(a)* (page 10, lines 12 and 13) with:

- (a) the listed issuer,—
 - (i) at any time in the accounting period, has quoted equity securities; and
 - (ii) as at the balance date of each of the 2 preceding accounting periods, has equity securities (whether quoted or unquoted) that have a total value, as implied by the market price or fair value of those equity securities, that exceeds \$60 million:
- (aa) the listed issuer,—
 - (i) at any time in the accounting period, has quoted debt securities; and
 - (ii) at any time in the 2 preceding accounting periods, has quoted debt securities with a total face value that exceeds \$60 million:

In *clause 7*, replace *new section 461OA(2)(a) and (b)* (page 10, lines 18 to 21) with:

- (a) any equity securities of the issuer and any debt securities of the issuer that are quoted only on a growth market; or
- (b) the issuer has no quoted equity securities and no quoted debt securities.

In *clause 7*, after *new section 461OA(3)* (page 10, after line 24), insert:

- (3A) For the purposes of **subsection (1)(a)(ii)**, fair value must be determined in accordance with generally accepted accounting practice.

In *clause 7*, *new section 461OA(4)*, delete the definition of **market capitalisation** (page 11, lines 1 to 9).

Clause 20D: new section 461ZDB

In *clause 20D*, *new section 461ZDB(2)*, replace “7” (page 33, line 20) with “20”.

In *clause 20D*, *new section 461ZDB(3)*, delete “**(1) or**” (page 33, line 27).

Heading to clause 20I

In the heading to *clause 20I*, replace “**or financial reporting contravention**” (page 36, line 2) with “**, financial reporting contravention, or climate-related disclosure contravention**”.

Schedule 1

In *Schedule 1*, *new Part 7 of Schedule 4*, before *clause 91* (page 44, before line 8), insert:

91AAA Interpretation in this Part

In this Part, **climate standard** has the same meaning as in section 5(1) of the Financial Reporting Act 2013.

Explanatory note

This Supplementary Order Paper—

- amends *new sections 461OA and 461ZDB*, which are inserted into the Financial Markets Conduct Act 2013 (the **FMC Act**) by *clauses 7 and 20D* of the Financial Sectors (Climate-related Disclosures and Other Matters) Amendment Bill. *New section 461OA* contains definitions that are relevant to whether a listed issuer is a climate reporting entity for the purposes of *new Part 7A* of the FMC Act and therefore required to prepare climate statements or group climate statements under that Part. *New section 461ZDB* relates to the reports of assurance practitioners appointed to carry out assurance engagements in respect of climate statements under *new Part 7A* after *Part 1A* of the Bill comes into force;
- makes other minor or technical amendments to the Bill.

New section 461OA(1) is amended so that the size of a listed issuer of quoted debt securities is measured by the face value of their quoted debt securities at any time during the last 2 accounting periods, instead of the value of their net assets as at the balance date of those 2 accounting periods. A listed issuer of both quoted debt securities and quoted equity securities will be a large listed issuer if they are large in terms of the value of their equity securities or in terms of the face value of their debt securities (or both).

The other amendments to *new section 461OA* are technical or consequential. (The amendment to *new section 461OA(2)* reverses the order of the paragraphs that exist in the Bill, to list first the paragraph that may apply to exclude listed issuers who are large under any of the 3 limbs of the definition of large listed issuer, and simplifies the drafting.)

New section 461ZDB is amended to give an assurance practitioner who needs to comply with *new section 461ZDB(2)* 20 working days, rather than 7 working days, to do so, and to remove an offence.

Departmental disclosure statement

The Ministry of Business, Innovation, and Employment considers that a departmental disclosure statement is not required to be prepared for this Supplementary Order Paper.