

NZX Listing Rule Review – Consultation Paper and Exposure Draft Summary Table

12 April 2018

CURRENT REQUIREMENT		PROPOSAL		
Eligibility for listing				
		EQUITY	DEBT	FUNDS
Spread Requirements	Minimum 500 financial product holders	Minimum 300	None	Minimum 300
Free Float	25%	20%	None	20%
Minimum market cap	\$5 million	\$15 million	\$15 million	\$15 million
Governance requirements				
		EQUITY	DEBT	FUNDS
Minimum number of directors	Three	Three		
Director rotation requirements	One third of directors have to retire annually	Directors must retire every three years (Executive Director exception remains, but Special Office exception removed)	Part 4 of the FMCA must be complied with or, where Part 4 does not apply to the debt issuer, such debt issuer should comply with all applicable laws relating to its governance. A debt issuer should have at least one New Zealand or Australian resident director	Governed by legislation for licensed MIS. General discretion for NZX to impose governance requirements if FMCA does not apply. Board of the Manager must include at least one New Zealand or Australian resident director
NZ or Australian resident directors	Two New Zealand ordinary residents	One New Zealand or Australian resident director		
Independent Directors	Minimum of two independent directors or one third of the directors, whichever is greater	Minimum of two independent directors. NZX Code Recommendation that majority of directors are independent		
Reporting and disclosure				
		EQUITY	DEBT	FUNDS
NZX Corporate Governance Code	Yes	Yes	Yes	Yes

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Reporting and disclosure (continued)				
		EQUITY	DEBT	FUNDS
Audit Committee requirement	Yes	Yes	No – governed by the FMCA	No – governed by legislation for licensed MIS
Periodic reporting	Yes – issuers are required to provide separate half year and full year reports	Yes – issuers are required to provide full and half year financial statements, but only an annual report (i.e. no half year report)	Yes – issuers are required to provide full and half year financial statements, but only an annual report (i.e. no half year report)	Governed by legislation for licensed MIS
Continuous disclosure	Yes – continuous disclosure of material information that a director or senior manager has actual knowledge of	Yes – basic principle extended to include material information that a director or senior manager knew <u>or ought to have known</u> (i.e. constructive knowledge)	Yes – basic principle extended to include material information that a director or senior manager knew <u>or ought to have known</u> (i.e. constructive knowledge)	Yes – basic principle extended to include material information that a director or senior manager knew <u>or ought to have known</u> (i.e. constructive knowledge)
Shareholder voting rights and dilutions				
		EQUITY	DEBT	FUNDS
Placement threshold	20%	15%	N/A	15% for close-ended funds
Major Transactions threshold	50% of the company's market capitalisation	50% of the company's market capitalisation	N/A	N/A
Related Party transactions	10%	10%	N/A	N/A – covered by legislation
FMCA Schedule 1 offers				
		EQUITY	DEBT	FUNDS
NZX approval of QFP offer documents	Currently required	No longer required	No longer required	The NZX has not commented on this rule in relation to funds