

NZ RegCo – Quarterly Regulation Metrics

Q1 2021

These Regulation Metrics represent the key features of NZ RegCo's activities in regulating NZX's markets. The metrics focus on key activities so as to provide transparency and a means of comparison across periods.

ISSUERS – KEY METRICS

	Q1 2020	Q1 2021
Total announcements released	4328	4307
Trading halts at request of Issuer or NZ RegCo ¹	13	12
Documents approved and waivers ² granted to Issuers	21	16
Complaints received concerning Issuers	2	0
Price enquiries concerning Issuers	4	4
Investigations ³ begun in relation to Issuers	6	4
Investigations ongoing at the end of the quarter/period in relation to Issuers	3	8

PARTICIPANTS – KEY METRICS

Waivers ² , Exemptions and Rulings granted to Participants	3	4
Inspections commenced	2	0
Complaints received concerning Participants	0	0
Investigations ³ begun in relation to Participants	14	10
Investigations ongoing at the end of the quarter/period in relation to Participants	6	11

NOTES

The metrics are derived from NZX's internal records.

1. Trading halts imposed routinely, for example on release of price-sensitive information or in the context of corporate actions are excluded.
2. Details of waivers granted by NZX are released to the Market, and available on <https://nzx.com/> and through i-search except where the decisions are confidential.
3. NZX will commence an investigation when it identifies a possible breach of rules.

NZX Limited – Quarterly Policy Update

Q1 2021

This section outlines the key NZX rules and policy activity over the preceding quarter.

NZX RULES AND POLICY

Listing Rules ‘Hygiene Review’ Q2 2021

NZX Policy plans to commence the ‘Hygiene Review’ of the Listing Rules in Q2 2021. The objective of this review is to resolve minor and technical issues that were an unintended consequence of the holistic Listing Rule review. We hope to formally consult on the proposed changes to the Listing Rules in Q2 2021, in the interim please submit any proposed improvements to us, at policy@nzx.com.

Trading Conduct Guidance Note - Indications of Interest

In 2020, NZX Policy consulted on proposed amendments to section 4.2 of the Trading Conduct Guidance Note in relation to conduct expectations in respect of advertising indications of interest, including that Participants adopt the AFME/IA framework.

We would like to thank those who submitted on the proposed amendments. We are currently considering the submissions received, and expect to release revised guidance in this area in May 2021.

Guidance Note - Direct Market Access

NZX Policy and NZ RegCo have been collaborating on the preparation of a new guidance note in respect of NZX’s conduct expectations for Direct Market Access.

The draft guidance note includes a description of the process for becoming designated as a DMA Participant and obtaining accreditation for a new DMA order entry system, along with the controls and security arrangements Participants are required to establish when granting access to a DMA System.

The draft guidance also outlines NZX’s expectations in relation to the setting and maintenance of DMA filters, considerations in respect of algorithmic trading conducted via DMA, and NZX’s compliance monitoring and oversight expectations.

We hope to formally consult on the proposed guidance note in May 2021.

Derivatives Market Rules Conformance Amendments

In March 2021, NZX announced amendments to the Derivatives Market Rules that are designed to conform those rules to the policy settings that were developed through the 2019 amendments to the NZX Participant Rules. In addition to the amendments to the Derivatives Market Rules, NZX will also be updating the NZX Derivatives Market Procedures and underlying forms 1 to 8.

The amendments will come into effect on 28 April 2021 and a mark-up of the amendments can be found on our website [here](#).

Corporate Governance Code 2021 Review

NZX intends to commence a review of NZX’s Corporate Governance Code in H2 of 2021. As issuers have completed 2 full cycles of reporting under the Code, NZX considers that it is timely for NZX to undertake a targeted review of certain aspects of the Corporate Governance Code.

While the scope of the review is currently being refined, NZX expects the review to focus on providing clarity arounds NZX’s expectations in respect of: ‘comply or explain’ disclosure; independent director requirements under recommendation 2.8; director remuneration practices under recommendation 5.1; and shareholder participation in capital raising under recommendation 8.4. NZX will also consider developments in ESG practices and trends, with a view to further developing the commentary on non-financial reporting.

If you have views of the matters that NZX should consider as part of this review please contact policy@nzx.com.