

NZX – LISTING RULE REVIEW

Appendix: response to specific questions

#	Question	Submissions
PART ONE – CONTEXT TO REVIEW		
<i>Objectives of review and proposed timetable</i>		
1.	Do you agree with the above objectives for NZX’s review?	
2.	Do you agree with the proposed timetable and process for review? If not, why not?	
PART TWO – PROPOSED STRUCTURE OF UPDATED RULES		
3.	Do you agree that NZX should retain the current requirements under the Listing Rules, subject to addressing drafting issues, as the basis for the updated rules?	
4.	Do you agree that NZX should adopt a modular approach to updated rules? If not, why not?	
<i>Differential standards for equity issuers</i>		
5.	Do you agree with NZX’s preferred approach of delivering an updated market structure via a single rule set with different standards for equity issuers? If not, why not?	
6.	Do you agree that NZX should have differential requirements for equity issuers?	
7.	What criteria should be used to determinate whether differential requirements should apply (eg. Options 1 or 2 above or something else)?	
8.	What do you consider is an appropriate cut off to be considered a smaller issuer?	

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9.	What branding should NZX use for separate equity listing categories?	
Debt and Funds		
10.	Do you agree that it is appropriate to have separate rule settings for debt and funds?	
11.	Do you have any feedback on how to promote and facilitate the listing of funds, including MIS structures?	
12.	Do you have any feedback on how to promote and develop NZX's listed debt market?	
13.	<p>What steps should NZX take to promote and facilitate the issuing of green bonds in New Zealand?</p> <p>(a) In addition, should NZX have a role: certifying green bond issuers, certifying certifiers of green bond programmes, or should NZX leave this to external bodies and standards?</p>	
Depository receipts and other financial products		
14.	Do you think that depository receipts should be introduced? If so/not, why/why not?	
15.	If so, what are the key shareholder protections which should be introduced?	
16.	Please provide feedback on demand for equity futures and options and measures to promote this aspect of the market.	
17.	Are there any other financial products which NZX's rules should seek to specifically cater for?	
PART THREE – SPECIFIC RULE SETTINGS		
Equity – Premium Issuers		
18.	Do you agree with our proposal to no longer review and approve constitutions for new listings?	

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19.	Do you agree with our proposals to: (a) Reduce the spread requirement to 300 holders for Premium Issuers? (b) Reduce the free float requirement to 20% for Premium Issuers?	
20.	Should NZX amend the current minimum holding sizes outlined in Appendix 2 of the Listing Rules? If so, how?	
21.	Should NZX introduce additional eligibility requirements for Premium Issuers? (a) If so, what requirements should we introduce?	
Governance – Director appointment and rotations		
22.	Do you have any suggestions on amendments to the minimum director and director rotation requirements under the rules?	
23.	Should Managing Directors and directors appointed by shareholders with constitutional power be excluded from the director rotation requirements?	
New Zealand Resident Directors		
24.	Do you agree NZX should align its NZ residential director requirement with legislation ie. a requirement to have at least one NZ resident director?	
Director Independence and the Associated Person Test		
25.	Should NZX retain a requirement to have a minimum number of independent directors within its mandatory rules, or alternatively, introduce a “comply or explain” recommendation (potentially for majority independence) within the NZX Corporate Governance Code?	

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26.	<p>If you support inclusion within the NZX Corporate Governance Code, should NZX recommend that boards are majority independent (noting that companies will be able to explain why they may not meet such a recommendation)?</p> <p>(a) If not, should NZX retain the current minimum independence requirements within the rules? If not, why not?</p>	
27.	Do you agree that NZX should move to a more principles based test of independence?	
28.	If not, should NZX delete Listing Rules 1.8.3, 1.8.4 and 1.8.5 in their entirety?	
Audit Requirements		
29.	Do the auditor rotation requirements within the Listing Rules achieve outcomes that could not be met by auditing standards? (ie. Are these valued by investors)	
30.	If submitters support retention of these requirements, should NZX make any further amendments to respond to the current XRB proposals – for example, to ensure greater alignment with Australia?	
31.	Should the additional audit committee requirements within the Listing Rules (ie. to have an audit committee, its composition and role) be moved into the NZX Corporate Governance Code? Why/why not?	
Ongoing Obligations		
32.	Should NZX make any amendments to the current disclosure requirements within the rules?	
33.	Should NZX update the content requirements for periodic reports?	

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34.	What additional tools should NZX consider introducing to assist issuers to meet their disclosure obligations under the rules?	
Shareholder Voting Rights		
35.	Should NZX reduce the current headroom for further issues to 15%? Why/why not?	
36.	Do you agree that the major transactions approval requirement should apply to a broad range of transactions which might affect a company? (eg. Acquisitions or disposals, leases, borrowing, lending, issues of securities)	
37.	Do you have any comments on how "transaction" might be defined in the rules in order to capture the appropriate transactions?	
38.	Should NZX reduce the threshold for shareholder approval for major transactions to 25% of the size of a transaction?	
39.	How should NZX measure the size of a transaction?	
40.	Should NZX make any amendments to the related party transaction thresholds?	
EQUITY – STANDARD ISSUERS		
Eligibility for Listing		
41.	Do you agree with the proposal for a spread requirement of 100 holders and free float requirement for 20% for Standard Issuers?	
42.	Should there be any other eligibility requirements for Standard Issuers, including a minimum market capitalisation?	
Governance		

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43.	Do you agree with the proposal to allow more flexibility in governance requirements for Standard Issuers? Why/why not?	
44.	What should the minimum governance requirements be for Standard Issuers?	
45.	Should Standard Issuers be required to report against the NZX Corporate Governance Code or a tailored version of this?	
Reporting and Disclosure		
46.	Should NZX allow more relaxed time frames for periodic reporting obligations under the rules?	
47.	Should NZX introduce quarterly cash flow reporting for Standard Issuers? Should this apply to all new Standard Issuers (or a subset) and for how long?	
48.	Should NZX require reporting of Key Operating Metrics for Standard Issuers? Should this apply to all new Standard Issuers (or a subset) and for how long?	
49.	Should NZX make any other amendments to the reporting and disclosure requirements for Standard issuers?	
Shareholder Voting Rights		
50.	For which types of transactions should shareholder approval be required for Standard Issuers?	
51.	What should the relevant approval thresholds be?	
52.	Do you agree NZX should allow a pre break regime in relation to shareholder approval requirements for Standard Issuers?	
DEBT ISSUERS		
Eligibility		
53.	Do you agree NZX should remove current spread and free float requirements for debt issuers? Who/why not?	

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54.	What steps should NZX take improve liquidity in its Debt Market, particularly for perpetual and longer dated instruments?	
55.	What steps can NZX take to encourage listing of longer dated debt instruments?	
56.	Should NZX list wholesale debt instruments? If so, what steps should be taken to facilitate the listing of wholesale debt instruments?	
57.	What other amendments should NZX consider in relation to debt issuers?	
Governance		
58.	What amendments should NZX make to the rules to the current debt governance arrangements?	
Disclosure and Reporting		
59.	Should NZX make any amendments to the disclosure and reporting requirements for debt issuers?	
FUNDS Eligibility		
60.	What spread and free float requirements should be imposed for listed funds? Please also provide feedback on any necessary amendments to Appendix 2 under the Listing Rules for funds.	
61.	For those fund entities who are licensed and may wish to be listed, we seek feedback on areas of the Listing Rules which should supplement licensing requirements.	
62.	A number of entities with fund qualities but with corporate structures are listed as equity issuers under rules (for example, corporate property investment companies). Is this the most appropriate treatment of these vehicles or would bespoke rules be preferable?	
63.	Should a separate approach be taken the listing/regulation of active and passive funds? Or open and closed ended funds?	

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Governance		
64.	What governance arrangements should NZX require for listed funds? Please explain appropriate distinctions for different structures.	
Disclosure and Reporting		
65.	What disclosure and reporting requirements should NZX require for listed funds?	
Member / Unitholder Approvals		
66.	What member / unitholder approval requirements should NZX require for listed funds?	
CORPORATE ACTION TIMETABLES		
67.	What amendments should be made to the current corporate action timetables under the rules?	
68.	Should the time frame under Listing Rule 7.12.2 be reduced? If so, by how much?	
69.	Should NZX introduce a mandatory latest date for acceptances of DRP elections of the record date plus 1 business day to align with Australia?	
REVERSE AND BACKDOOR LISTINGS		
70.	Do you agree with the proposals above in relation to reverse/backdoor listings? Why/why not?	
71.	Do you have any other feedback in relation to reverse / backdoor listings?	
72.	Should NZX facilitate the listing SPACs/SPVs? What are the appropriate shareholder protections for these vehicles?	
OVERSEAS LISTED ISSUER SETTINGS		
73.	Do you agree with the proposals above in relation to settings for overseas listed issuers?	
74.	Do you have any other feedback in relation to settings for overseas listed issuers?	
OTHER		

#	Question	Submissions
75.	Should NZX introduce any additional requirements in relation to the conduct of Annual Meetings?	
76.	What amendments should NZX make to Listing Rules 5.1 and 5.2?	
77.	Are any specific amendments needed to the rules to address requirements of co-operatives or other structures?	
78.	Do any of the key definitions under the rules need to be amended?	
79.	Please provide any feedback on other areas of the rules which you think should be amended and the reasons for requesting such amendments.	