

NZX

**Guide to becoming
a Market Participant**



Contents

Introduction	1
The Role of Market Participants	4
1. NZX Trading and Advising Firm	6
2. NZX Advising Firm	9
3. Principal Book Only Dealer	11
4. Bank Only Participant	14
5. Delivery and Settlement Participant	17
6. NZX Sponsor	22
7. Distribution and Underwriting Sponsor	24

Introduction

NZX has created a new Market Participant Structure designed to offer interested parties a modular entry model for access to the New Zealand markets, operated by NZX.

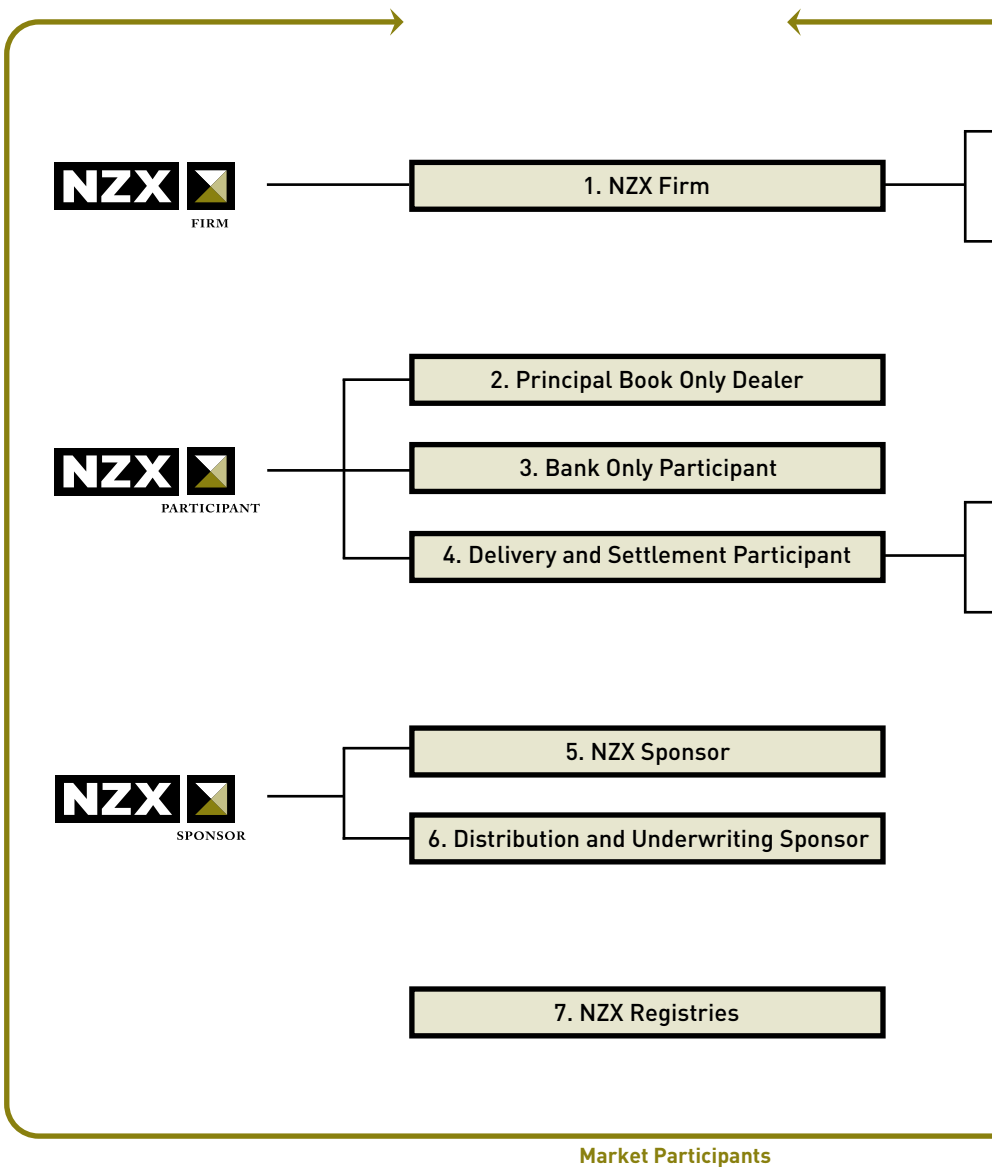
The new Market Participant Structure provides companies a number of different ways to access the markets provided by NZX, and only charges for the particular services used and provided by the Market Participant. It is also hoped that through the introduction of additional Market Participants, NZX will be successful in achieving its goal of growing overall market liquidity.

This new Market Participant Structure came into effect on 3 May 2004 and is outlined in more detail in the NZX Participant Rules.

The following content outlines the different types of Market Participant categories, what role they play in the market and how to apply to become a Market Participant.

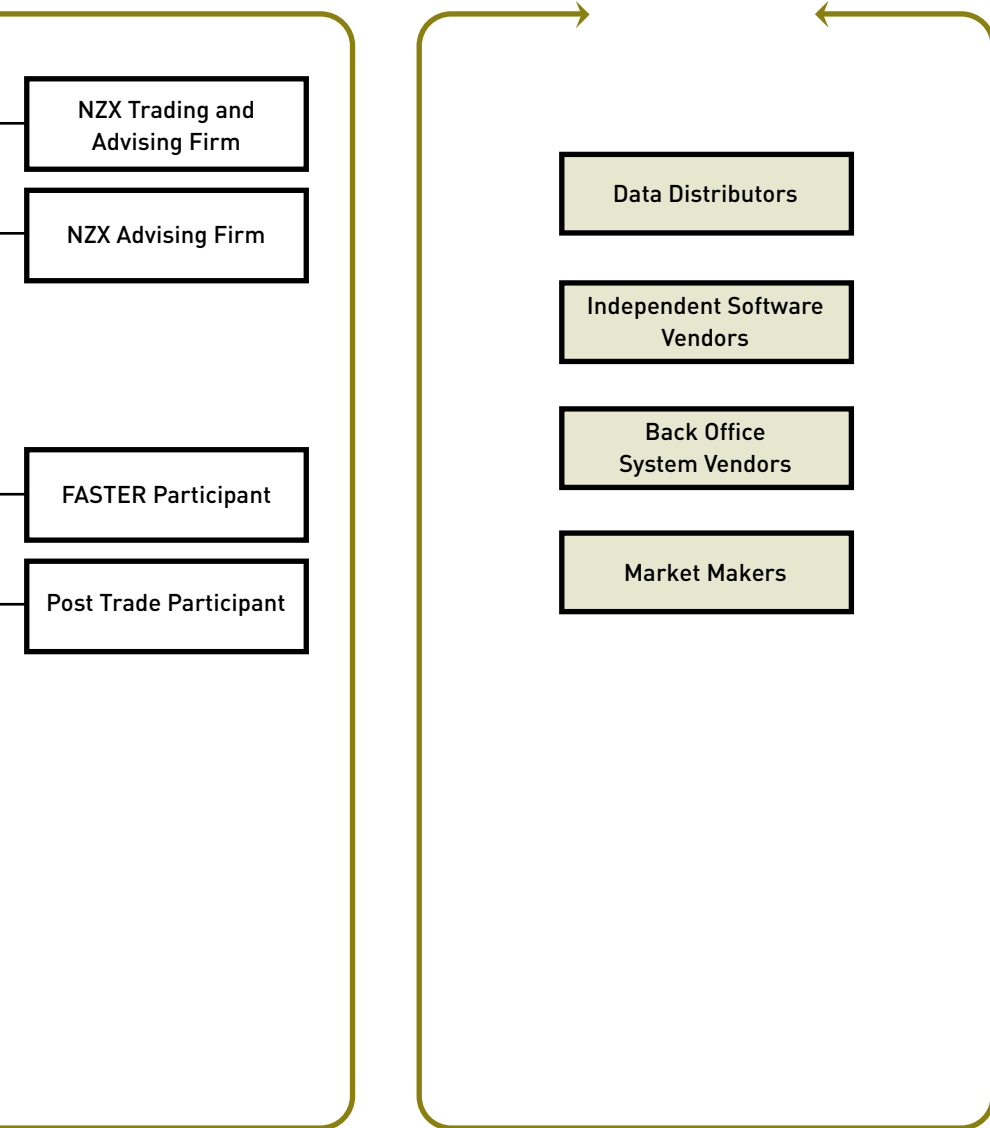
NZX Market

Market Participants



Place

Key Contributors to NZX Markets



Key Market Contributors

The Role of Market Participants

	1. NZX Trading and Advising Firm	2. NZX Advising Firms	3. Principal Book Only Dealers
Advise clients	✓	✓	
Trade on behalf of clients	✓	2	
Trade as principal	✓	2	✓
Hold client assets	✓	3	
Underwrite and distribute issues	✓	✓	
Bring any new issue to market	✓	✓	
Delivery and settlement		4	
Use FASTER to settle, transfer and make enquiries	1		1
Register transfer of securities			
Redistribute FASTER trading information			

4. Bank Only Participant (NZDX Only)	5. FASTER Participant	6. Post Trade Participant	7. NZX Sponsor	8. Distribution and Underwriting Sponsor
✓				
✓				
✓				
✓		5		
✓				✓
✓			✓	
		✓		
1	✓	✓		
	✓	✓		
	✓			

1. NZX Trading and Advising Firms, Bank Only Participants and Principal Book Only Dealers may use FASTER to make enquiries such as shareholder balances.
2. An NZX Advising Firm must have an arrangement with a Trading Participant (either an NZX Trading and Advising Firm, Bank Only Participant or a Principal Book Only Dealer), to place a principal order or a client order into the market.
3. NZX Advising Firms may or may not hold client assets. Whether an NZX Advising Firm does or does not hold client assets will depend on the business structure of the NZX Advising Firm.
4. An NZX Advising Firm is prohibited from becoming a Delivery and Settlement Participant.
5. Depending on the agreement between a Post Trade Participant and a Trading Participant, a Delivery and Settlement Participant may hold client funds.

1. NZX Trading and Advising Firm

What is an NZX Trading and Advising Firm?

An NZX Trading and Advising Firm is a Market Participant which has been accredited and approved by NZX for the purpose of providing client advice and trading in any of the markets provided by NZX as principal or on behalf of clients.

NZX Trading and Advising Firms are primarily the major sharebroking firms in New Zealand, such as First NZ Capital.

What NZX branding would be used by NZX Trading and Advising Firms?



What is an NZX Trading and Advising Firm's role in the market?

An NZX Trading and Advising Firm is one of three participant types who can trade in the markets provided by NZX.

NZX Trading and Advising Firms have the ability to:

- Advise clients
- Bring and/or underwrite and distribute new issues of securities in any of the markets provided by NZX
- Trade on behalf of a client or as principal in any of the markets provided by NZX
- Hold client assets
- Access the Direct Market Access (DMA) facilities, enabling richer services to be offered to clients.

What type of accreditation is involved in becoming an NZX Trading and Advising Firm?

An NZX Trading and Advising Firm must:

- a) Appoint a Managing Principal who is responsible for ensuring that the NZX Trading and Advising Firm complies with the NZX Participant Rules
- b) Ensure that each of its Broking Offices is under the direct full time control of an accredited NZX Advisor or NZX Associate Advisor
- c) Appoint a Compliance Manager who is accountable to the Managing Principal for ensuring compliance with NZX Participant Rules and overseeing the effective control of the NZX Trading and Advising Firm's Broking Business; and
- d) Ensure that all of its employees advising and trading in the FASTER Trading System have the required accreditation and training (as required) under the NZX Participant Rules.

How does an NZX Trading and Advising Firm settle trades?

There are two ways for an NZX Trading and Advising Firm to settle trades:

1. Become an accredited NZX Delivery and Settlement Participant for no extra fixed charges; or
2. Enter into a Post Trade Agreement with a Post Trade Participant for delivery and settlement of trades.

What are my obligations to NZX as an NZX Trading and Advising Firm?

As an NZX Trading and Advising Firm, you would be required to act in accordance with the NZX Participant Rules specific to this category, as outlined in section 2 of the NZX Participant Rules. The NZX Participant Rules cover activities such as:

- Ensuring the accuracy and integrity of orders placed into the market
- Ensuring that client advice is given only by accredited Advisors
- Assessing clients and their suitability to place orders
- Advising on any Initial Public Offering or Subsequent Public Offering
- Observing proper ethical standards and acting with honesty, integrity and fairness etc
- Observing Good Broking Practice; and
- Obtaining the required "Know Your Client" information on a client, and ensuring the conduct of a client promotes and helps maintain an orderly market.

1. NZX Trading and Advising Firm continued

What are the technological requirements needed to become an NZX Trading and Advising Firm?

An NZX Trading and Advising Firm needs the technical ability to enter orders into any of the markets provided by NZX. Orders can be entered into the FASTER Trading System by an:

1. NZX Trader Workstation (TWS)
2. NZX accredited ISV Application; and/or
3. NZX Accredited Proprietary System.

If the NZX Trading and Advising Firm wishes to become an accredited Delivery and Settlement Participant they also need access to the:

1. NZX FASTER Settlement system and
2. Austraclear Payments system (optional).

How much does it cost?

A Participant Fee Schedule is available on request for you to investigate the costs involved with becoming an NZX Trading and Advising Firm or may be found on our website at www.nzx.com

What if I am overseas?

You can participate in the markets provided by NZX if you are located overseas. On application you will need to provide evidence that you are regulated by a Recognised Securities Exchange, or other foreign regulatory authority recognised by NZX as upholding the same or similar standards to NZX.

How do I apply?

Section 3 of the NZX Participant Rules includes information on how to apply for designation as a Market Participant. Application forms to apply for designation as an NZX Trading and Advisory Firm are found in Appendix 1 of the NZX Participant Rules. ■

2. NZX Advising Firm

What is an NZX Advising Firm?

An NZX Advising Firm is a Market Participant which has been accredited and approved by NZX for the purpose of providing client advice on securities listed on any of the markets provided by NZX. Unlike NZX Trading and Advising Firms, NZX Advising Firms do not directly enter trades and/or settle trades.

Given that their primary function is to provide advice to clients, NZX Advising Firms would need to form a contract with a Trading Participant and a Delivery Settlement Participant for the execution, delivery and settlement of client and principal trades.

What NZX branding would be used by an NZX Advising Firm?



What is an NZX Advising Firm's role in the market?

An NZX Advising Firm has the ability to:

- Advise clients about securities listed on any of the markets provided by NZX
- Hold client assets (although this is not compulsory); and
- Bring and/or underwrite and distribute new issues of Securities in any of the markets provided by NZX.

What type of accreditation is involved in becoming an NZX Advising Firm?

An NZX Advising Firm must:

- a) Appoint a Managing Principal who is responsible for ensuring that the NZX Advising Firm complies with the NZX Participant Rules
- b) Ensure that each of its Broking Offices is under the direct full time control of an accredited NZX Advisor or NZX Associate Advisor
- c) Appoint a Compliance Manager who is accountable to the Managing Principal for ensuring compliance with NZX Participant Rules and overseeing the effective control of the NZX Advising Firm's Broking Business; and
- d) Ensure that all of its employees have the required accreditation and training as required under the NZX Participant Rules.

2. NZX Advising Firm continued

Can an NZX Advising Firm settle trades?

No, an NZX Advising Firm is prohibited by the NZX Participant Rules from becoming a Delivery and Settlement Participant (the only participant type that can settle trades).

What are our obligations to NZX as an NZX Advising Firm?

As an NZX Advising Firm, you would be required to act in accordance with the NZX Participant Rules. The NZX Participant Rules cover activities such as:

- Ensuring that client advice is only given by accredited Advisors
- Assessing clients and their suitability to place orders
- Advising Issuers on Initial Public Offerings or Subsequent Public Offerings
- Observing proper ethical standards and acting with honesty, integrity and fairness etc
- Observing Good Broking Practice
- Obtaining the required “Know Your Client” information from a client
- Ensuring the conduct of clients promote and help maintain an orderly market; and
- Ensuring advice to clients is properly researched and that there is a reasonable basis for any recommendations.

What are the technological requirements needed to become an NZX Advising Participant?

There are no mandatory technological requirements to become an NZX Advising Firm. NZX offers the ability to have an NZX Trader Workstation (view only) so that NZX Advising Firms can notify and advise clients of pricing and depth within the markets provided by NZX. NZX also have a number of NZX Data Distributors who are able to supply their technology. Data Distributors offer information on NZX and other exchanges worldwide.

How much does it cost?

A Participant Fee Schedule is available on request for you to investigate the costs involved with becoming an NZX Advising Firm or may be found on our website at www.nzx.com

How do I apply?

Section 3 of the NZX Participant Rules includes information on application for designation as a Market Participant. Application forms to apply for designation as an NZX Advising Firm are found in Appendix 1 of the NZX Participant Rules. ■

3. Principal Book Only Dealer

What is a Principal Book Only Dealer?

A Principal Book Only Dealer is a Market Participant which has been accredited and approved by NZX for the purpose of trading as principal only in the markets provided by NZX.

In other words, NZX Principal Book Only Dealers trade on their own account into the market (this is known as a principal account) and don't give advice to investors or take client funds.

What NZX branding would be used by an NZX Principal Book Only Dealer?



What is a Principal Book Only Dealer's role in the market?

A Principal Book Only Dealer is one of three participant types who can trade in any of the markets provided by NZX. A Principal Book Only Dealer can trade as principal in any of the markets provided by NZX. Submitting orders into any of the markets provided by NZX is the main role undertaken by a Principal Book Only Dealer.

Principal Book Only Dealers have the ability to:

- Trade as principal in any market provided by NZX; and
- Become an accredited Delivery and Settlement Participant for no extra fixed charges.

What type of accreditation is involved in becoming a Principal Book Only Dealer?

A Principal Book Only Dealer must:

- a) Appoint a Responsible Executive who is responsible for ensuring that the Principal Book Only Dealer complies with the NZX Participant Rules
- b) Ensure that each of its offices is under the direct full time control of a person appointed by the Responsible Executive for the purpose of management and control of the activities of the Principal Book Only Dealer
- c) Appoint a Compliance Manager who is accountable to the Responsible Executive for ensuring compliance with NZX Participant Rules and overseeing the effective control of the Principal Only Book Dealer's Broking Business; and
- d) Ensure that all of its employees have the required accreditation and training as required under the NZX Participant Rules.

How does a Principal Book Only Dealer settle trades?

3. Principal Book Only Dealer continued

There are two ways for a Principal Book Only Dealer to settle trades:

1. Become an accredited Delivery and Settlement Participant; or
2. Enter into a Post Trade Agreement with Delivery and Settlement Participant for delivery and settlement of trades.

What are my obligations to NZX as a Principal Book Only Dealer?

As a Principal Book Only Dealer, you would be required to act in accordance with the NZX Participant Rules. The NZX Participant Rules cover activities such as:

- The accuracy and integrity of orders placed into the market
- Observing proper ethical standards and acting with honesty, integrity and fairness etc
- Observing Good Broking Practice; and
- Ensuring its conduct promotes and helps maintain an orderly market.

What are the technological requirements needed to become a Principal Book Only Dealer?

A Principal Book Only Dealer will need the ability to enter orders into the FASTER Trading System. Orders can be entered into the FASTER Trading System by:

1. NZX Trader Workstation (TWS)
2. NZX accredited ISV Application; or
3. NZX Accredited Proprietary System.

If a Principal Book Only Dealer wishes to become an accredited Delivery and Settlement Participant they also need access to the:

1. NZX FASTER Settlement system; and
2. Austraclear Payment system (optional).

How much does it cost?

A Participant Fee Schedule is available on request for you to investigate the costs involved with becoming Principal Book Only Dealer or may be found on our website at www.nzx.com

What if I am overseas?

You can participate in the markets provided by NZX if you are located overseas. On application you will need to provide evidence that you are regulated by a Recognised Securities Exchange, or other foreign regulatory authority recognised by NZX as upholding the same or similar standards to NZX.

How do I apply?

Section 3 of the NZX Participant Rules include information on applying for designation as a Market Participant. Application forms to apply for designation as a Principal Book Only Dealer are found in Appendix 1 of the NZX Participant Rules. ■

4. Bank Only Participant

What is a Bank Only Participant?

A Bank Only Participant is a Market Participant which has been accredited and approved by NZX for the purpose of providing client advice and trading in the NZDX Market (Debt Market) only, as principal or on behalf of clients.

What NZX branding would be used by Bank Only Participants?



What is a Bank Only Participant's role in the market?

A Bank Only Participant is one of three participant types who can trade in a market provided by NZX. A Bank Only Participant can trade on behalf of clients or trade as principal, but only in the NZDX Market. Submitting orders into the NZDX Market is the main role undertaken by a Bank Only Participant.

Bank Only Participants have the ability to:

- Advise clients about the NZDX Market
- Trade for a client or as principal in the NZDX Market
- Hold client assets
- Bring and/or underwrite and distribute new issues of Securities to the NZDX Market
- Become an accredited Delivery and Settlement Participant for no extra fixed charges; and
- Access the Direct Market Access (DMA) facilities, enabling richer services to be offered to clients.

What type of accreditation is involved in becoming a Bank Only Participant?

A Bank Only Participant must

- a) Appoint a Responsible Executive who is responsible for ensuring that the Bank Only Participant complies with the NZX Participant Rules
- b) Ensure that each of its offices is under the direct full time control of a person appointed by the Responsible Executive for the purpose of management and control of the activities of the Bank Only Participant

- c) Appoint a Compliance Manager who is accountable to the Responsible Executive for ensuring compliance with NZX Participant Rules and overseeing the effective control of the Bank Only Participant; and
- d) Ensure that all of its employees have the required accreditation and training required under the NZX Participant Rules.

How does a Bank Only Participant settle trades?

There are two ways for a Bank Only Participant to settle trades:

1. Become an accredited Delivery and Settlement Participant; or
2. Enter into a Post Trade Agreement with Delivery and Settlement Participant for delivery and settlement of trades.

What are my obligations to NZX as a Bank Only Participant?

As a Bank Only Participant, you would be required to act in accordance with the NZX Participant Rules. The NZX Participant Rules cover activities such as:

- Ensuring the accuracy and integrity of orders placed into the market
- Ensuring that client advice is given only by accredited NZDX Advisors
- Assessing clients and their suitability to place orders
- Advising issuers on any Initial Public Offering or Subsequent Public Offering in the NZDX Market
- Observing proper ethical standards and acting with honesty, integrity and fairness etc
- Obtaining the required “Know Your Client” information on a client
- Observing Good Broking Practice; and
- Ensuring conduct of clients promotes and helps maintain an orderly market.

4. Bank Only Participant continued

What are the technological requirements needed to become a Bank Only Participant?

Bank Only Participant will need the ability to enter orders into the NZDX Market. Orders can be entered into the FASTER Trading System by:

1. NZX Trader Workstation (TWS)
2. NZX accredited ISV Application; or
3. NZX Accredited Proprietary System.

If the Bank Only Participant wishes to become an accredited Delivery and Settlement Participant they also need the:

1. NZX FASTER Settlement system; and
2. Austraclear Payment system (optional).

How much does it cost?

A Participant Fee Schedule is available on request for you to investigate the costs involved with becoming an Bank Only Participant or may be found on our website at www.nzx.com

What if I am overseas?

You can participate in NZDX Market if you are located overseas. On application you will need to provide evidence that you are regulated by a Recognised Securities Exchange, or other foreign regulatory authority recognised by NZX as upholding the same or similar standards to NZX.

How do I apply?

Section 3 of the NZX Participant Rules include information on applying for designation as a Market Participant. Application forms to apply for designation as a Bank Only Participant are found in Appendix 1 of the NZX Participant Rules. ■

5. Delivery and Settlement Participant

There are two types of Delivery and Settlement Participants: Post Trade Participants and FASTER Participants. The primary type of Delivery and Settlement Participant is the Post Trade Participant.

A. Post Trade Participant

What is a Post Trade Participant?

Post Trade Participant is a Market Participant which has been accredited and approved by NZX for the purpose of providing delivery and settlement services to any accredited Trading Participant.

Post Trade Participants exclusively settle and deliver trades, but do not give client advice or enter trades into the markets provided by NZX. An NZX Trading and Advising Firm may be an accredited Post Trade Participant however, it is also possible for an organisation to solely offer these services (which is common in overseas markets).

What NZX branding would be used by a Post Trade Participant?



What is a Post Trade Participant's role in the market?

A Post Trade Participant is the only type of participant who can deliver and settle trades for Trading Participants. The delivery and settlement of trades on behalf of a Trading Participant is governed by a Post Trade Agreement between the two participants.

Post Trade Participants have the ability to:

- Deliver and settle trades on behalf of Trading Participants
- Use FASTER to settle, transfer and make enquiries
- Register the transfer of securities
- Become a Trading Participant by being accredited as an NZX Trading and Advising Firm, Principal Book Only Dealer or an Bank Only Participant.

5. Delivery and Settlement Participant continued

What type of accreditation is involved in becoming a Post Trade Participant?

A Post Trade Participant must:

- a) Appoint a Responsible Executive who is responsible for ensuring that the Post Trade Participant complies with the NZX Participant Rules
- b) Ensure that each of its offices is under the direct full time control of a person appointed by the Responsible Executive for the purpose of management and control of the activities of the Market Participant
- c) Appoint a Compliance Manager who is accountable to the Responsible Executive for ensuring compliance with NZX Participant Rules and overseeing the effective control of the Post Trade Participant's business; and
- d) Ensure that all of its employees have the required accreditation and training as required under the NZX Participant Rules.

Can a Post Trade Participant trade in the markets provided by NZX?

A Post Trade Participant cannot enter orders into the market unless it becomes an accredited Trading Participant.

What are my obligations to NZX as a Post Trade Participant?

A Post Trade Participant, you would be required to act in accordance with the NZX Participant Rules. The NZX Participant Rules cover activities such as:

- Ensuring the correct entry of transfer information
- The proper receipt and provision of any documentation in support of the transfer of securities
- Observing proper ethical standards and acting with honesty, integrity and fairness etc
- Observe Good Broking Practice
- Ensuring the good delivery of trades; and
- Entering into a Post Trade Agreement with each Trading Participant for which it performs delivery and settlement services.

What are the technological requirements needed to become a Post Trade Participant?

A Post Trade Participant will need the ability to enquire and transfer securities on behalf of clients. This would be done using:

1. NZX FASTER Settlement system; and
2. Austraclear Payments system (optional).

How much does it cost?

A Participant Fee Schedule is available on request for you to investigate the costs involved with becoming a Post Trade Participant or may be found on our website at www.nzx.com

What if I am overseas?

You can participate in the markets provided by NZX if you are located overseas. On application you will need to provide evidence that you currently conduct delivery and settlement operations which are regulated by a Recognised Securities Exchange, or other foreign regulatory authority recognised by NZX as upholding the same or similar standards to NZX.

How do I apply?

Section 3 of the NZX Participant Rules includes information on applying for designation as a Market Participant. Application forms to apply for designation as a Post Trade Participant are found in Appendix 1 of the NZX Participant Rules.

B. FASTER Participant

What is a FASTER Participant?

A FASTER Participant is a Market Participant which has been accredited and approved by NZX for the purpose of using FASTER to settle, transfer and make enquiries. FASTER is the system provided by NZX for trading, clearing, settling and registering securities and other similar functions.

Companies that become FASTER Participants do so to assist them in their core business. For example, companies who are making share transactions on a daily basis can benefit greatly by becoming an FASTER Participant. FASTER Participants can not settle and transfer securities for other market participants.

What NZX branding would be used by a FASTER Participant?



5. Delivery and Settlement Participant continued

What is a FASTER Participant's role in the market?

A FASTER Participant uses FASTER to transfer securities and register the transfer of securities on behalf of clients, this is the main role undertaken by a FASTER Participant.

FASTER Participants have the ability to

- Use FASTER to settle, transfer and make enquiries
- Register the transfer of securities; and
- Redistribute FASTER trading information.

What type of accreditation is involved in becoming a FASTER Participant?

NZX FASTER Participant must:

- a) Appoint a Responsible Executive who is responsible for ensuring that FASTER Participant complies with the NZX Participant Rules
- b) Ensure that each of its offices is under the direct full time control of a person appointed by the Responsible Executives for the purpose of management and control of the activities of the FASTER Participant
- c) Appoint a Compliance Manager who is accountable to the responsible Executive for ensuring compliance with NZX Participant Rules and overseeing the effective control of the FASTER Participant's Broking Business; and
- d) Ensure that all of its employees have the required accreditation and training as required under the NZX Participant Rules.

Can a FASTER Participant trade in the markets provided by NZX?

A FASTER Participant cannot enter orders into the market.

What are my obligations to NZX as a FASTER Participant?

As a FASTER Participant, you would be required to act in accordance with the NZX Participant Rules. The NZX Participant Rules cover activities such as:

- Ensuring the correct entry of transfer information
- Ensuring the proper receipt and provision of any documentation in support of the transfer of securities
- Observing proper ethical standards and acting with honesty, integrity and fairness etc
- Observing Good Broking Practice; and
- Ensuring its conduct promotes and helps maintain an orderly market.

What are the technological requirements needed to become a FASTER Participant?

A FASTER Participant will need the ability to enquire and transfer securities on behalf of clients. This would be done using:

1. NZX FASTER Settlement system; and
2. Austraclear Payments system (optional).

How much does it cost?

A Participant Fee Schedule is available on request for you to investigate the costs involved with becoming a FASTER Participant or may be found on our website at www.nzx.com

What if I am overseas?

You can participate in the markets provided by NZX as a FASTER Participant if you are located overseas. On application you will need to provide evidence that you are regulated by a Recognised Securities Exchange, or other foreign regulatory authority recognised by NZX as upholding the same or similar standards to NZX.

How do I apply?

Section 3 of the NZX Participant Rules include information on applying for designation as a Market Participant. Application forms to apply for designation as a FASTER Participant are found in Appendix 1 of the NZX Participant Rules. ■

6. NZX Sponsor

What is an NZX Sponsor?

An NZX Sponsor is a Market Participant which has been accredited and approved by NZX for the purpose of bringing, but not distributing, securities to the markets provided by NZX.

In other words, NZX Sponsors are active in the market primarily to bring new public offerings to any of the markets provided by NZX, and advise companies and organisations of their options with regards to initial and subsequent public offerings.

This category allows organisations who have a professional services relationship with clients to extend the services they are offering to include managing an initial public offering. These organisations tend to be banks, law firms or accountants.

What NZX Branding does an NZX Sponsor use?



What is an NZX Sponsor's role in the market?

An NZX Sponsor can bring any new issue to any of the markets provided by NZX. This enables organisations such as law firms to continue to service their existing clients in a new way.

NZX Sponsors have the ability to:

- Advise issuers when they are raising capital and bring but not distribute that new issue to any of the markets provided by NZX.

What type of accreditation is involved in becoming an NZX Sponsor?

An NZX Sponsor is required to provide evidence to NZX that it has the necessary skill, expertise and individual experience to assist a Issuer in bringing a new issue of securities to a market provided by NZX. As minimum requirement, an NZX Sponsor must:

- Be a company or other entity that NZX has approved after submitting the application required by Appendix 1 to the NZX Participant Rules
- Employ principal and full-time employees throughout its tenure as an NZX Sponsor who have experience of at least two years in bringing issues to market; and
- Have principals or full-time employees who have previously acted in bringing an issue to a market provided by NZX.

NZX Sponsors must confirm in writing that the employees and principals involved in bringing the issue to market are the same as those involved with the original application or have equivalent experience.

For more information refer to the NZX Participant Rules and Guidance Note GN0006/04 at www.nzx.com/regulation

What are my obligations to NZX as an NZX Sponsor?

As an NZX Sponsor, you would be required to act in accordance with the NZX Participant Rules. The NZX Participant Rules cover activities such as:

- Advising any Initial Public Offering or Subsequent Public Offering
- Observing proper ethical standards and acting with honesty, integrity and fairness etc
- Completing instruction sheets on the issue of new securities and NZX Sponsor is bringing to market; and
- Ensuring conduct promotes and helps maintain an orderly market.

What are the technological requirements needed to become an NZX Sponsor?

There are no technological requirements in becoming an NZX Sponsor.

How much does it cost?

A Participant Fee Schedule is available on request for you to investigate the costs involved with becoming an NZX Sponsor or may be found on our website at www.nzx.com

How do I apply?

Section 3 of the NZX Participant Rules include information on applying for designation as a Market Participant. Application forms to apply for designation as an NZX Sponsor are found in Appendix 1 of the NZX Participant Rules. ■

7. Distribution and Underwriting Sponsor

What is a Distribution and Underwriting Sponsor?

A Distribution and Underwriting Sponsor is a Market Participant which has been accredited and approved by NZX for the purpose of underwriting and distributing any issue being bought to any market provided by NZX.

Similar in nature to an NZX Sponsor, these organisations solely operate to distribute and underwrite an issue of securities.

What NZX Branding does a Distribution and Underwriting Sponsor use?



What is a Distribution and Underwriting Sponsor's role in the market?

A Distribution and Underwriting Sponsor can distribute and underwrite a new issue being bought to any market provided by NZX. This is the main role undertaken by a Distribution and Underwriting Sponsor.

Distribution and Underwriting Sponsors have the ability to:

- Underwrite and distribute any new issue for any of the markets provided by NZX.

What type of accreditation is involved in becoming an Distribution and Underwriting Sponsor?

Distribution and Underwriting Sponsors must provide evidence to NZX that they have the ability to meet the financial obligations to underwrite an issue of securities on a case by case basis and have made an application for designation as required by Appendix 1 to the NZX Participant Rules.

What are my obligations to NZX as a Distribution and Underwriting Sponsor?

As a Distribution and Underwriting Sponsor, you would be required to act in accordance with the NZX Participant Rules. The NZX Participant Rules cover activities such as:

- Having the ability to meet the financial obligations of underwriting an Initial Public Offering or Subsequent Public Offering
- Observing proper ethical standards and acting with honesty, integrity and fairness etc
- Observing Good Broking Practice; and
- Ensuring conduct promotes and helps maintain an orderly market.

What are the technological requirements needed to become a Distribution and Underwriting Sponsor?

There are no technological requirements in becoming a Distribution and Underwriting Sponsor.

How much does it cost?

A Participant Fee Schedule is available on request for you to investigate the costs involved with becoming an NZX Distribution and Underwriting Sponsor or may be found on our website at www.nzx.com

How do I apply?

Section 3 of the NZX Participant Rules include information on applying for designation as a Market Participant. Application forms to apply for designation as a Distribution and Underwriting Sponsor are found in Appendix 1 of the NZX Participant Rules. ■

For further information

To find out more about becoming an
Market Participant, please contact

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