



Guide to becoming an NZX Participant

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A Purpose of this Guide

In order to trade, clear and settle transactions on the securities markets operated by NZX, and to facilitate primary offers of securities on NZX's markets, it is necessary to be accredited as an NZX Participant. There are various categories of NZX Participant. Each category depends on the relevant services to be performed, as set out in the table on page 4.

This guide is designed to:

- Describe the different categories of trading, advising and clearing Participant and what they are permitted to do in relation to NZX's securities markets
- Provide details on how to apply for accreditation as an NZX Participant
- Summarise the key ongoing obligations of NZX Participants under the NZX Rules

This guide should be read in conjunction with the relevant NZX Rules and the application forms for each Participant category.

This guide is a summary. Detailed advice on any matter referred to in this guide can be obtained from the NZX Participant Compliance team, who can be contacted at:

NZX Participant Compliance

NZX Limited
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Wellington 6140
New Zealand

Participant Compliance contact

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For the purposes of this guide:

- **NZX Participant** refers to the various types of participation available on the NZX Markets, depending on the services an applicant intends to provide (see further Section B “NZX Participant categories and Permitted Services”)
- **NZX Rules** refers to the various rules and procedures that are applicable to the specific category of Participant (see further Section E “NZX Rules”)
- **NZX's cash markets** refers to the NZX Main Board, NZX Debt Market, NXT Market, NZAX Market, and Fonterra Shareholders Market operated by NZX
- **NZX's derivatives markets** refers to the dairy derivatives and equity derivatives markets operated by NZX



B NZX Participant Categories and Permitted Services

		Bring new issues to the NZX Main Board	Bring new issues to the NXT Market	Distribute and underwrite issues	Provide advice to clients	Trade on behalf of clients	Trade as Principal	Hold client assets	Clear and settle trades for itself	Clear and settle trades for other Trading and Advising Participants	Clear and settle lending transactions on its own behalf	Access the NZCDC system to borrow, lend or effect legal title transfer
Primary Market Only	NZX Sponsor	✓										
	Distribution and Underwriting Sponsor			✓								
	NXT Advisor		✓									
Advice and Trading	Advising Firm	✓		✓	✓		*	✓				
	Trading and Advising Firm	✓		✓	✓	✓	✓	✓				
	Bank Only Participant (NZDX only)	✓		✓	✓	✓	✓	✓				
	Principal Book Only Dealer						✓					
Clearing and Settlement	Individual Clearing Participant								✓			
	General Clearing Participant								✓	✓		
	Default Clearing Participant									✓		
	Lending Clearing Participant										✓	
	Depository Participant											✓

* Advising Firms may request Trading Participants to place principal orders into the market on behalf of the Advising Firm.



Primary Market only Participant Categories

NZX SPONSOR

Cash Market

What is an NZX Sponsor?

An NZX Sponsor is a Participant that has been accredited and approved by NZX for the purpose of bringing, but not distributing, securities to NZX's cash markets (except the NXT market).

NZX Sponsors can:

- Provide advice to companies about listing on the NZX; and
- Bring new offers of securities to a cash market provided by NZX (except the NXT market)

What is involved in becoming an NZX Sponsor?

An NZX Sponsor must:

- Complete the application process (see further section C "Application Process and Timeframes")
- Have adequate conflict management arrangements
- Appoint a Responsible Executive who is responsible for ensuring that the NZX Sponsor complies with the NZX Rules
- Ensure that its personnel are suitably qualified and experienced to meet their responsibilities to the Issuer, under the NZX Rules.

What ongoing obligations do NZX Sponsors have?

An NZX Sponsor is required to act in accordance with the NZX Rules specific to this category of Participant (see NZX Participant Rule 2.4). This requires the Participant to, for example:

- Accept responsibility to NZX and acknowledge that it does not have any conflicting duties of interest in relation to the Issuer that the NZX Sponsor is bringing to the NZX market
- Observe proper ethical standards and acting with honesty, integrity and fairness
- Act in accordance with Good Broking Practice

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at:

<https://www.nzx.com/regulation/participant-rules>



DISTRIBUTION AND UNDERWRITING SPONSOR

Cash Market

What is a Distribution and Underwriting Sponsor?

A Distribution and Underwriting Sponsor is a Participant that has been accredited and approved by NZX for the purpose of assisting prospective Issuers distributing and/or underwriting debt or equity securities on NZX's cash markets (except the NXT market).

A Distribution and Underwriting Sponsor must not act as an NZX Sponsor or NXT Advisor (and bring an issue of securities to an NZX cash market) without also being an accredited NZX Sponsor or NXT Advisor.

Distribution and Underwriting Sponsors can:

- Distribute and/or underwrite an Issuer's debt or equity securities on the NZX's cash market.

What is involved in becoming a Distribution and Underwriting Sponsor?

A Distribution and Underwriting Sponsor must:

- Complete the application process (see further section C "Application Process and Timeframes")
- Meet the prescribed minimum capital adequacy requirements for a Distribution and Underwriting Sponsor
- Appoint a Responsible Executive who is responsible for ensuring that the Distribution and Underwriting Sponsor complies with the NZX Rules
- Ensure that its personnel are suitably qualified and experienced to meet their responsibilities to the Issuer, under the NZX Rules

What ongoing obligations do Distribution and Underwriting Sponsors have?

A Distribution and Underwriting Sponsor is required to act in accordance with the NZX Rules specific to this category of Participant (see NZX Participant Rule 2.5). This requires the Participant to, for example:

- Maintain adequate capital as required for a Distribution and Underwriting Sponsor
- Accept responsibility to NZX and acknowledge that it does not have any conflicting duties of interest in relation to the Issuer's securities that are being distributed and/or underwritten
- Have the ability to meet its financial obligations in respect of underwriting the initial public offer or subsequent public offer
- Comply with the Employee Trading requirements set out in the NZX Rules
- Observe proper ethical standards and acting with honesty, integrity and fairness
- Act in accordance with Good Broking Practice

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at:

<https://www.nzx.com/regulation/participant-rules>

NXT ADVISOR

Cash Market – NXT Market only

What is a NXT Advisor?

A NXT Advisor is a Participant that has been accredited and approved by NZX for the purpose of bringing companies to the NXT Market.

NXT Advisors can:

- Provide advice to companies about listing on the NXT Market
- Bring new offers of securities to the NXT market

A NXT Advisor must not distribute and/or underwrite an offer of securities on an NZX cash market, without also being an accredited Distribution and Underwriting Sponsor.

What is involved in becoming a NXT Advisor?

A NXT Advisor must:

- Complete the application process (see further section C “Application Process and Timeframes”)
- Have relevant experience in order to be able to assess the suitability of applicants for listing and to assist an applicant for listing on the NXT Market to ready itself for listing
- Have relevant experience in order to be able to provide ongoing support to the company listed on the NXT Market
- Appoint a Responsible Executive who is responsible for ensuring that the NXT Advisor complies with the NZX Rules

What ongoing obligations do NXT Advisors have?

A NXT Advisor is required to act in accordance with the NZX Rules specific to this category of Participant (see NZX Participant Rule 2.8). This requires the Participant to, for example:

- Accept responsibility to NZX and acknowledge that it does not have any conflicting duties of interest in relation to the Issuer that the NXT Advisor is bringing to the NXT Market
- Assess the suitability of applicants for listing and to assist an applicant for listing on the NXT Market to ready itself for listing
- Provide ongoing support to the company listed on the NXT Markets
- Observe proper ethical standards and acting with honesty, integrity and fairness
- Act in accordance with Good Broking Practice

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at:

<https://www.nzx.com/regulation/participant-rules>

Advice and Trading Participant Categories

ADVISING FIRM

Cash Market or Derivatives Market

What is an Advising Firm?

An Advising Firm is a Participant that has been accredited and approved by NZX for the purpose of providing advice to clients in NZX's cash or derivatives markets.

Advising Firms are unable to directly enter and/ or settle trades and must enter into an agreement with a Trading and Advising Firm for the execution of trades.

Advising Firms can:

- Provide advice to clients
- If permitted by NZX, hold client funds
- Provide advice to companies about listing (except on the NXT market)
- Bring new offers of securities to NZX's cash markets (except the NXT market)
- Distribute and/or underwrite offers of debt or equity securities on NZX's cash markets (except the NXT market)

What is involved in becoming an Advising Firm?

An Advising Firm must:

- Complete the application process (see further section C "Application Process and Timeframes")
- Meet the prescribed minimum capital adequacy requirements for an Advising Firm
- Enter into a trading agreement with a Trading and Advising Firm in order to facilitate trading
- Appoint a Managing Principal or Responsible Executive who is responsible for ensuring that the Advising Firm complies with the NZX Rules

- Appoint a Compliance Manager who is responsible for ensuring compliance with the NZX Rules, maintaining appropriate registers, and overseeing the effective control of the Advising Firm's business
- Ensure that any employees who are providing advice to clients have the required training and are accredited as NZX Advisors, NZX Associate Advisors or NZX Derivatives Advisors (as relevant)

What ongoing obligations do Advising Firms have?

An Advising Firm is required to act in accordance with the NZX Rules specific to this category of Participant. This requires the Participant to, for example:

- Maintain adequate capital as required for an Advising Firm
- Ensure that only NZX accredited Advisors provide advice to clients
- Enter into Client Agreements with its clients and obtain the required "Know Your Client" information
- Meet the Client Assets requirements (if applicable)
- Observe proper ethical standards and acting with honesty, integrity and fairness
- Act in accordance with Good Broking Practice

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at:

<https://www.nzx.com/regulation/participant-rules> or

<https://www.nzx.com/regulation/derivatives-rules>



TRADING AND ADVISING FIRM

Cash Market or Derivatives Market

What is a Trading and Advising Firm?

A Trading and Advising Firm is a Participant that has been accredited and approved by NZX for the purpose of providing advice to clients and trading in NZX's cash or derivatives markets.

Trading and Advising Firms can:

- Provide advice to companies about listing (except on the NXT market)
- Bring new offers of securities to NZX's cash markets (except the NXT market)
- Distribute and/or underwrite offers of debt or equity securities on NZX's cash markets (except the NXT market)
- Provide advice to clients
- Hold client assets
- Trade on behalf of clients or as principal in NZX's markets
- Enter into Trading Agreements with Advising Participants
- If accredited to do so, offer Direct Market Access (DMA) facilities to its clients

What is involved in becoming a Trading and Advising Firm?

A Trading and Advising Firm must:

- Complete the application process (see further section C "Application Process and Timeframes")
- Meet the prescribed minimum capital adequacy requirements for a Trading and Advising Firm
- Enter into a Clearing and Settlement Agreement with a Clearing Participant if it is not itself a Clearing Participant

- Appoint a Managing Principal or Responsible Executive who is responsible for ensuring that the Trading and Advising Firm complies with the NZX Rules
- Appoint a Compliance Manager who is responsible for ensuring compliance with the NZX Rules, maintaining appropriate registers, and overseeing the effective control of the Trading and Advising Firm's business
- Ensure that any employees who are providing advice to clients have the required training and are accredited as NZX Advisors, NZX Associate Advisors or NZX Derivatives Advisors (as relevant)
- Ensure that any employees who are entering orders into the trading system have the required training and are accredited as Dealers, DMA Dealers or Derivatives Dealers or DMA Dealers (as relevant)

What ongoing obligations do Trading and Advising Firms have?

A Trading and Advising Firm is required to act in accordance with the NZX Rules specific to this category of Participant. This requires the Participant to, for example:

- Maintain adequate capital as required for a Trading and Advising Firm
- Ensure that only NZX accredited Advisors provide advice to clients
- Enter into Client Agreements with its clients and obtain the required "Know Your Client" information
- Meet the Client Assets requirements
- Ensure that only Dealers or DMA Authorised Persons can place orders into the market



- Ensure the accuracy and integrity of orders placed into the market
- Maintain fair, orderly and transparent markets
- Observe proper ethical standards and acting with honesty, integrity and fairness
- Act in accordance with Good Broking Practice

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at

<https://www.nzx.com/regulation/participant-rules> or

<https://www.nzx.com/regulation/derivatives-rules>



BANK ONLY PARTICIPANTS

Cash Market – NZX Debt Market only

What is a Bank Only Participant?

A Bank Only Participant is a Bank that has been accredited and approved by NZX for the purpose of providing advice to clients and trading in the debt market provided by NZX (the NZDX).

Bank Only Participants can:

- Provide advice to companies about listing on the NZDX
- Bring new offers of securities to NZDX
- Distribute and/or underwrite offers of debt securities on the NZDX
- Provide advice to clients
- Hold client assets
- Trade on behalf of clients or as principal in the NZDX
- Enter into Trading Agreements with Advising Participants
- If accredited to do so, offer Direct Market Access (DMA) facilities to its clients

What is involved in becoming a Bank Only Participant?

A Bank Only Participant must:

- Complete the application process (see further section C “Application Process and Timeframes”)
- Meet the prescribed minimum capital adequacy requirements for a Bank Only Participant
- Enter into a Clearing and Settlement Agreement with a Clearing Participant if it is not itself a Clearing Participant
- Appoint a Responsible Executive who is responsible for ensuring that the Bank Only Participant complies with the NZX Rules

- Appoint a Compliance Manager who is responsible for ensuring compliance with the NZX Rules, maintaining appropriate registers, and overseeing the effective control of the Bank Only Participant’s business
- Ensure that any employees who are providing advice to clients have the required training and are accredited as NZX Advisors or NZX Associate Advisors (as relevant)
- Ensure that any employees who are entering orders into the trading system have the required training and are accredited as Dealers or DMA Dealers (as relevant)

What ongoing obligations do Bank Only Participants have?

A Bank Only Participant is required to act in accordance with the NZX Rules specific to this category of Participant (see NZX Participant Rule 2.6). This requires the Participant to, for example:

- Maintain adequate capital as required for a Bank Only Participant
- Ensure that only NZX accredited Advisors provide advice to clients
- Enter into Client Agreements with its clients and obtain the required “Know Your Client” information
- Meet the Client Assets requirements;
- Ensure that only Dealers or DMA Authorised Persons can place orders into the market
- Ensure the accuracy and integrity of orders placed into the market
- Maintain fair, orderly and transparent markets



- Observe proper ethical standards and acting with honesty, integrity and fairness
- Act in accordance with Good Broking Practice

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at

<https://www.nzx.com/regulation/participant-rules>



PRINCIPAL BOOK ONLY DEALERS

Cash Market or Derivatives Market

What is a Principal Book Only Dealer?

A Principal Book Only Dealer is a Participant that has been accredited and approved by NZX for the purpose of trading on its own account on NZX's cash or derivatives markets. A Principal Book Only Dealer cannot advise or trade on behalf of clients.

What is involved in becoming a Principal Book Only Dealer?

A Principal Book Only Dealer must:

- Complete the application process (see further section C “Application Process and Timeframes”)
- Meet the prescribed minimum capital adequacy requirements for a Principal Book Only Dealer
- Enter into a Clearing and Settlement Agreement with a Clearing Participant if it is not itself a Clearing Participant
- Appoint a Managing Principal or Responsible Executive who is responsible for ensuring that the Principal Book Only Dealer complies with the NZX Rules
- Appoint a Compliance Manager who is responsible for ensuring compliance with the NZX Rules, maintaining appropriate registers, and overseeing the effective control of the Principal Book Only Dealer's business
- Ensure that any employees who are entering orders into the trading system have the required training and are

accredited as Dealers, DMA Dealers or Derivatives Dealers or DMA Dealers (as relevant)

What ongoing obligations do Principal Book Only Dealers have?

A Principal Book Only Dealer is required to act in accordance with the NZX Rules specific to this category of Participant. This requires the Participant to, for example:

- Maintain adequate capital as required for a Principal Book Only Dealer
- Ensure that only Dealers or DMA Authorised Persons can place orders into the market
- Ensure the accuracy and integrity of orders placed into the market;
- Maintain fair, orderly and transparent markets
- Observe proper ethical standards and acting with honesty, integrity and fairness
- Act in accordance with Good Broking Practice

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at

<https://www.nzx.com/regulation/participant-rules> or

<https://www.nzx.com/regulation/derivatives-rules>



Clearing and Settlement / Depository Participant Categories

INDIVIDUAL CLEARING PARTICIPANT

Cash Market or Derivatives Market

What is an Individual Clearing Participant?

An Individual Clearing Participant is a Clearing Participant which has been accredited and approved by NZX for the purpose of clearing and settling transactions through the NZX Clearing House behalf of its clients and on its own behalf.

What is involved in becoming an Individual Clearing Participant?

An Individual Clearing Participant must:

- Complete the application process (see further section C “Application Process and Timeframes”)
- Meet the prescribed minimum capital adequacy requirements for an Individual Clearing Participant
- Be a Depository Participant
- Be a Trading and Advising Participant
- Satisfy NZX that the Individual Clearing Participant is of suitable standing, and has appropriate systems, management structures, and procedures
- Provide documentation to satisfy the Clearing House’s obligations in relation to the Anti Money Laundering and Countering Terrorism Financing regime in New Zealand
- Appoint a Responsible Executive who is responsible for ensuring that the Individual Clearing Participant complies with the NZX Rules

- Ensure that employees who have access to the Clearing and Settlement system are trained appropriately

What ongoing obligations do Individual Clearing Participants have?

An Individual Clearing Participant is required to act in accordance with the NZX Rules. This requires the Participant to, for example:

- Maintain adequate capital as required for an Individual Clearing Participant
- Satisfy its daily settlement and margin obligations
- Maintain satisfactory systems for the execution, recording, reporting, clearing and settlement of transactions
- Maintain sufficient personnel with adequate knowledge, skill, training and competence to ensure compliance with the NZX Rules
- Refrain from any conduct which is likely to harm the reputation or integrity of the NZX Clearing House or constitute unprofessional conduct

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at

<https://www.nzx.com/regulation/clearing-depository-rules>



GENERAL CLEARING PARTICIPANT

Cash Market or Derivatives Market

What is a General Clearing Participant?

A General Clearing Participant is a Clearing Participant that has been accredited and approved by NZX for the purpose of clearing and settling trades through the NZX Clearing House.

General Clearing Participants can:

- Clear and settle trades on behalf of other Trading Participants with which it has a Clearing and Settlement Agreement
- Clear and settle trades on behalf of its clients and on its own behalf, if it is also a Trading and Advising Participant

What is involved in becoming a General Clearing Participant?

A General Clearing Participant must:

- Complete the application process (see further section C “Application Process and Timeframes”)
- Meet the prescribed minimum capital adequacy requirements for a General Clearing Participant;
- Be a Depository Participant
- Satisfy NZX that the General Clearing Participant is of suitable standing, and has appropriate systems, management structures, and procedures
- Provide documentation to satisfy the Clearing House’s obligations in relation to the Anti Money Laundering and Countering Terrorism Financing regime in New Zealand
- Enter into a Clearing and Settlement Agreement with any Trading and Advising Participant on whose behalf it will clear and settle trades

- Appoint a Responsible Person who is responsible for ensuring that the General Clearing Participant complies with the NZX Rules
- Ensure that employees who have access to the Clearing and Settlement system are trained appropriately

What ongoing obligations do General Clearing Participants have?

A General Clearing Participant is required to act in accordance with the NZX Rules. This requires the Participant to, for example:

- Maintain adequate capital as required for a General Clearing Participant
- Satisfy its daily settlement and margin obligations
- Maintain satisfactory systems for the execution, recording, reporting, clearing and settlement of transactions
- Maintain sufficient personnel with adequate knowledge, skill, training and competence to ensure compliance with the NZX Rules
- Refrain from any conduct which is likely to harm the reputation or integrity of the NZX Clearing House or constitute unprofessional conduct

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at

<https://www.nzx.com/regulation/clearing-depository-rules>



DEFAULT CLEARING PARTICIPANT

Cash Market or Derivatives Market

What is a Default Clearing Participant?

A Default Clearing Participant is a Clearing Participant that has been accredited and approved by NZX for the purpose of providing the clearing and settlement of transactions through the Clearing House on behalf of Trading Participants.

Default Clearing Participants are not able to clear and settle transactions on their own behalf as principal or for its own clients. They must accept any genuine and reasonable request from a Trading Participant who seeks to enter into a Clearing and Settlement Agreement with the Default Clearing Participant.

What is involved in becoming a Default Clearing Participant?

A Default Clearing Participant must:

- Complete the application process (see further section C “Application Process and Timeframes”)
- Meet the prescribed minimum capital adequacy requirements for a Default Clearing Participant
- Be a Depository Participant
- Satisfy NZX that the Default Clearing Participant is of suitable standing and has appropriate systems, management structures, and procedures
- Provide documentation to satisfy the Clearing House’s obligations in relation to the Anti Money Laundering and Countering Terrorism Financing regime in New Zealand
- Appoint a Responsible Person who is responsible for ensuring that the Default Clearing Participant complies with the NZX Rules

- Ensure that employees who have access to the Clearing and Settlement system are trained appropriately

What ongoing obligations do Default Clearing Participants have?

A Default Clearing Participant is required to act in accordance with the NZX Rules. This requires the Participant to, for example:

- Maintain adequate capital as required for a Default Clearing Participant
- Satisfy its daily settlement and margin obligations
- Maintain satisfactory systems for the execution, recording, reporting, clearing and settlement of transactions
- Accept any genuine and reasonable request from a Trading Participant who seeks to enter into a Clearing and Settlement Agreement with the Default Clearing Participant
- Use best endeavours to remain technologically current and being able to clear and settle all products as they are introduced
- Maintain sufficient personnel with adequate knowledge, skill, training and competence to ensure compliance with the NZX Rules
- Refrain from any conduct which is likely to harm the reputation or integrity of the NZX Clearing House or constitute unprofessional conduct

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at

<https://www.nzx.com/regulation/clearing-depository-rules>

LENDING CLEARING PARTICIPANT

Cash Market or Derivatives Market

What is a Lending Clearing Participant?

A Lending Clearing Participant is a Depository Participant that has been accredited and approved by NZX for the purpose of clearing and settling only lending transactions (which occur in the depository) on its own behalf through the NZX Clearing House.

A Lending Clearing Participant may be either a borrower, a lender or both.

What is involved in becoming a Lending Clearing Participant?

A Lending Clearing Participant must:

- Complete the application process (see further section C “Application Process and Timeframes”)
- Be a Depository Participant
- Provide documentation to satisfy the Clearing House’s obligations in relation to the Anti Money Laundering and Countering Terrorism Financing regime in New Zealand
- Appoint a Responsible Person who is responsible for ensuring that the Lending Clearing Participant complies with the NZX Rules
- Ensure that employees who have access to the NZX Clearing and Settlement system are trained appropriately

What ongoing obligations do Lending Clearing Participants have?

A Lending Clearing Participant is required to act in accordance with the NZX Rules. This requires the Participant to, for example:

- Satisfy its margin obligations (where it is a borrower)
- Maintain sufficient personnel with adequate knowledge, skill, training and competence to ensure compliance with the NZX Rules
- Refrain from any conduct which is likely to harm the reputation or integrity of the NZX Clearing House or constitute unprofessional conduct

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at

<https://www.nzx.com/regulation/clearing-depository-rules>



DEPOSITORY PARTICIPANT

Cash Market or Derivatives Market

What is a Depository Participant?

A Depository Participant is a Participant that has been allowed to participate in the depository operated by NZX.

Depository Participant can:

- Access the NZX Clearing and Settlement system
- Access the Legal Title Transfer system in relation to securities on the NZX cash markets

What is involved in becoming a Depository Participant?

A Depository Participant must:

- Complete the application process (see further section C “Application Process and Timeframes”)
- Satisfy NZX that it is of suitable standing, and has appropriate systems, management structures, and procedures
- Provide documentation to satisfy the Depository’s obligations in relation to the Anti Money Laundering and Countering Terrorism Financing regime in New Zealand
- Appoint a Responsible Person who is responsible for ensuring that the NZX Rules
- Ensure that employees who have access to the NZX Clearing and Settlement system or Legal Title Transfer system are trained appropriately

What ongoing obligations do Depository Participants have?

A Depository Participant is required to act in accordance with the NZX Rules. This requires the Participant to, for example:

- Maintain satisfactory systems for the execution, recording, reporting, clearing and settlement of transactions
- Maintain sufficient personnel with adequate knowledge, skill, training and competence to ensure compliance with the NZX Rules
- Refrain from any conduct which is likely to harm the reputation or integrity of the Depository operated by NZX or constitute unprofessional conduct

Application Forms

Please refer to Appendix 1 for details of the relevant application forms. Forms can be downloaded at

<https://www.nzx.com/regulation/clearing-depository-rules>



C Application Process and Timeframes

Application Requirements

To be accredited as a Participant, applicants must complete and submit:

- an application form (together with all relevant appendices to the form and with all supporting documents); and
- the application checklist

that is relevant to the category of NZX Participant for which accreditation is being applied for.

Application Process

The application process involves the following key stages:

Stages	Description
1	Pre-lodgement discussion with NZX Participant Compliance
2	Applicant completes the application form (including all appendices and supporting documents)
3	Application form (including all appendices and supporting documents) is submitted to NZX Participant Compliance
4	NZX Participant Compliance, NZX Regulation and the NZX Clearing House (where applicable) review the application
5	If the application does not meet the accreditation requirements, the applicant must provide further information. If the accreditation requirements are still not met, the applicant will not be accredited
6	If the application meets the accreditation requirements, the applicant will be accredited and formal confirmation issued

All application forms, appendices and supporting documentation must be completed in full and provided to NZX's Participant Compliance team. If an applicant cannot complete a section in the checklist, they are requested to provide some commentary in the relevant checklist. Applicants are also requested to attach supporting documents with the checklist, and that responses are adequately referenced to ensure that NZX is able to trace the commentary provided to the relevant supporting documents.

The time taken to process an application will vary depending on the type of accreditation requested and the applicant's circumstances. Processing of the application will not commence until a complete application (including all appendices and supporting documents) has been received and accepted as complete.

These checklists can be found at

<https://www.nzx.com/regulation/participant-rules>

<https://www.nzx.com/regulation/derivatives-rules>

<https://www.nzx.com/regulation/clearing-depository-rules>



On accreditation, a NZX Participant enters into a binding contractual relationship with NZX. NZX Participants agree to be bound by the NZX Rules relevant to the Participant category for which they have been accredited. NZX Participants must also comply with their applicable obligations under New Zealand legislation.

New Zealand Licensing Requirements

Applicants may be required to hold licences from the Financial Markets Authority in respect of the services they will perform.

Applicants are advised to contact the Financial Markets Authority early in the process in order to minimise possible delays in obtaining any such regulatory approval (if required). Timeframe estimates provided by NZX do not include the time it may take for an applicant to satisfy any New Zealand or overseas regulatory/licensing requirements.

Additional Requirements for Overseas Applicants

If an applicant is not incorporated or resident in New Zealand, or where an applicant intends to trade on behalf of clients who are not resident in New Zealand, additional requirements for NZX and for the applicant may arise as a result of laws in overseas jurisdictions.

Further details can be found in the relevant application checklists.

Application and Ongoing Fees and Charges

Details on the current fees that apply to accreditation applications and annual fees for NZX Participants can be found at https://www.nzx.com/services/participant_fees



D NZX Markets

NZX operates the following markets:

Equities	Debt	Derivatives	Fonterra Shareholders'
<ul style="list-style-type: none"> NZX Main Board NXT Market NZX Alternative Market 	<ul style="list-style-type: none"> NZX Debt Market 	<ul style="list-style-type: none"> Dairy Derivatives Equity Derivatives 	<ul style="list-style-type: none"> Fonterra Shareholders' Market

Markets	Description	Further Information
NZX Main Board (NZSX)	The NZSX is a market for larger, more established companies	http://www.nzx.com/markets/NZSX
NXT Market (NXT)	NXT is a market for small and mid-sized businesses. The NXT Market has simplified listing rules and alternative disclosure requirements	http://www.nxt.co.nz
NZX Alternative Market (NZAX)	The NZAX is a market for small to medium-sized businesses. NZX is no longer accepting listing applications for the NZAX	http://www.nzx.com/markets/NZAX
NZX Debt Market (NZDX)	The NZDX is a market for debt securities	http://www.nzx.com/markets/NZDX
Dairy Derivatives	<p>The NZX Dairy Futures Market is a market for Dairy Futures and Options. The market is registered as a Foreign Board of Trade in the US with the Commodity Futures Trading Commission. The dairy derivative contracts currently offered are:</p> <ul style="list-style-type: none"> Whole Milk Powder Futures and Options Skim Milk Powder Futures Anhydrous Milk Fat Futures Butter Futures 	http://www.nzxfutures.com
Equity Derivatives	The NZX Equity Derivatives Market offers Index Futures contracts and Exchange Traded Options	http://www.nzx.com/derivatives
Fonterra Shareholders' Market (FSM)	The FSM is a private market on which Fonterra Farmer Shareholders, Fonterra and a market maker are allowed to trade Fonterra Shares	http://www.nzx.com/markets/NZZX

E NZX Rules

The following NZX Rules are currently in force:

NZX Rules	Further Information
NZX Participant Rules, NZX Participant Procedures These rules apply to NZX Participants on NZX's cash markets	https://www.nzx.com/regulation/participant-rules
Derivatives Market Rules, Derivatives Market Procedures These rules apply to NZX Participants on NZX's derivatives markets	https://www.nzx.com/regulation/derivatives-rules
Clearing and Settlement Rules, Clearing and Settlement Procedures Depository Operating Rules, Depository Operating Procedures These rules apply to NZX Participants who clear and settle transactions on the NZX markets	https://www.nzx.com/regulation/clearing-depository-rules
Main Board / Debt Market Listing Rules, Main Board / Debt Market Listing Rules Appendices These rules apply to Issuers with listed securities on the NZX Main Board (NZSX) or the NZX Debt Market (NZDX)	http://www.nzx.com/regulation/main-board-debt-market-rules
NXT Market Rules, NXT Market Procedures, NXT Guidance Notes These rules apply to Issuers with listed securities on the NXT Market (NXT)	http://www.nzx.com/regulation/NXT-rules
NZAX Listing Rules, NZAX Listing Rule Appendices These rules apply to Issuers with listed securities on the NZX Alternative Market (NZAX)	http://www.nzx.com/regulation/NZAX-rules
FSM Rules These rules apply to the Fonterra Shareholders' Market (FSM)	http://www.nzx.com/regulation/FSM-rules
NZ Markets Disciplinary Tribunal Rules, NZ Markets Disciplinary Tribunal Procedures NZ Markets Disciplinary Tribunal Policy on Naming Market Participants NZ Markets Disciplinary Tribunal User Guide, NZ Markets Disciplinary Tribunal Conflicts Policy All NZX Participants are subject to these Rules, Policies and Procedures	http://www.nzx.com/NZMDT/rules-publications

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Appendix 1

Primary Market only Participant Categories

NZX SPONSOR

Cash Market

- NZX Sponsor Accreditation Application Information [Checklist](#)
- Application Form – [Appendix 1](#) (including schedules 3 and 7)
- Responsible Executive Application – [Appendix 1B](#)
- Responsible Executive Statutory Declaration – [Appendix 1C](#)
- Directors / Partners Statutory Declarations – [Appendix 1D](#)

DISTRIBUTION AND UNDERWRITING SPONSOR

Cash Market

- NZX Sponsor Accreditation Application Information [Checklist](#)
- Application Form – [Appendix 1](#) (including schedules 3 and 7)
- Managing Principal Statutory Declaration – [Appendix 1A](#)
- Responsible Executive Application – [Appendix 1B](#)
- Responsible Executive Statutory Declaration – [Appendix 1C](#)
- Compliance Manager Undertaking – [Appendix 1E](#)

NXT ADVISOR

Cash Market – NXT Market only

- NXT Advisor Accreditation Application Information [Checklist](#)
- Application Form – [Appendix 1](#) (including schedules 3 and 8)
- Responsible Executive Application – [Appendix 1B](#)
- Responsible Executive Statutory Declaration – [Appendix 1C](#)
- Directors / Partners Statutory Declarations – [Appendix 1D](#)



Advice and Trading Participant Categories

ADVISING FIRM

Cash Market

- Advising Participant Accreditation Application Information [Checklist](#)
- Application Form – [Appendix 1](#) (including schedules 2 and 5)
- Managing Principal Statutory Declaration – [Appendix 1A](#)
- Directors / Partners Statutory Declarations – [Appendix 1D](#)
- Compliance Manager Undertaking – [Appendix 1E](#)
- Surveillance Officer Undertaking – [Appendix 1F](#)
- NZX Advisor Applications – [Appendix 3](#)
- NZX Advisor Statutory Declarations – [Appendix 3A](#)
- NZX Undertaking for NZX Advisors – [Appendix 3B](#)

ADVISING FIRM

Derivatives Market

- Derivatives Participant Accreditation Application Information [Checklist](#)
- [Application Form](#) – Advising Participants and Trading Participants – Appendix 6
- [Application Form](#) – Responsible Executive
- [Statutory Declaration](#) – Director
- [Statutory Declaration](#) – Compliance Manager
- [Application Form](#) – Derivatives Advisors

TRADING AND ADVISING FIRM

Cash Market

- Trading and Advising Participant Accreditation Application Information [Checklist](#)
- Application Form – [Appendix 1](#) (including schedules 2; 4 and 5)
- Managing Principal Statutory Declaration – [Appendix 1A](#)
- Directors / Partners Statutory Declarations – [Appendix 1D](#)
- Compliance Manager Undertaking – [Appendix 1E](#)



- Surveillance Officer Undertaking – [Appendix 1F](#)
- Dealer/DMA Dealer Application – [Appendix 2](#)
- Dealer/DMA Dealer Statutory Declarations – [Appendix 2A](#)
- Undertaking for Dealer/DMA Dealers – [Appendix 2B](#)
- NZX Advisor Applications – [Appendix 3](#)
- NZX Advisor Statutory Declarations – [Appendix 3A](#)
- NZX Undertaking for NZX Advisors – [Appendix 3B](#)
- DMA Participant Application – [Appendix 10](#)

TRADING AND ADVISING FIRM

Derivatives Market

- Derivatives Participant Accreditation Application Information [Checklist](#)
- [Application Form](#) – Advising Participants and Trading Participants – Appendix 6
- [Application Form](#) – Responsible Executive
- [Statutory Declaration](#) – Director
- [Statutory Declaration](#) – Compliance Manager
- [Application Form](#) – Dealer/DMA Dealer
- [Application Form](#) – Direct Market Access
- [Application Form](#) – Derivatives Advisors

BANK ONLY PARTICIPANTS

Cash Market – NZX Debt Market only

- Trading and Advising Participant Accreditation Application Information [Checklist](#)
- Application Form – [Appendix 1](#) (including schedules 3; 4 and 5)
- Responsible Executive Application – [Appendix 1B](#)
- Responsible Executive Statutory Declaration – [Appendix 1C](#)
- Directors / Partners Statutory Declarations – [Appendix 1D](#)
- Compliance Manager Undertaking – [Appendix 1E](#)
- Surveillance Officer Undertaking – [Appendix 1F](#)
- Dealer/DMA Dealer Application – [Appendix 2](#)



- Dealer/DMA Dealer Statutory Declarations – [Appendix 2A](#)
- Undertaking for Dealer/DMA Dealers – [Appendix 2B](#)
- NZX Advisor Applications – [Appendix 3](#)
- NZX Advisor Statutory Declarations – [Appendix 3A](#)
- NZX Undertaking for NZX Advisors – [Appendix 3B](#)
- DMA Participant Application – [Appendix 10](#)

PRINCIPAL BOOK ONLY DEALERS

Cash Market

- Trading and Advising Participant Accreditation Application Information [Checklist](#)
- Application Form – [Appendix 1](#) (including schedules 3 and 4)
- Responsible Executive Application – [Appendix 1B](#)
- Responsible Executive Statutory Declaration – [Appendix 1C](#)
- Directors / Partners Statutory Declarations – [Appendix 1D](#)
- Compliance Manager Undertaking – [Appendix 1E](#)
- Surveillance Officer Undertaking – [Appendix 1F](#)
- Dealer/DMA Dealer Application – [Appendix 2](#)
- Dealer/DMA Dealer Statutory Declarations – [Appendix 2A](#)
- Undertaking for Dealer/DMA Dealers – [Appendix 2B](#)
- DMA Participant Application – [Appendix 10](#)

PRINCIPAL BOOK ONLY DEALERS

Derivatives Market

- Derivatives Participant Accreditation Application Information [Checklist](#)
- [Application Form](#) – Appendix 6
- [Application Form](#) – Responsible Executive
- [Statutory Declaration](#) – Director
- [Application Form](#) – Dealer/DMA Dealer
- [Application Form](#) – Direct Market Access



Clearing and Settlement / Depository Participant Categories

CLEARING PARTICIPANT

Cash Market or Derivatives Market

- CHO Accreditation Application Information [Checklist](#)
- Clearing Participant [Application Form](#)
- Responsible Person [Application Form](#)
- Must also complete Depository Participant [Application Forms](#)
- Clearing and Depository Participant [Setup Form](#)

DEPOSITORY PARTICIPANT

Cash Market or Derivatives Market

- CDO Accreditation Application Information [Checklist](#)
- Depository Participant [Application Form](#)
- Responsible Person [Application Form](#)
- Clearing and Depository Participant [Setup Form](#)

