



Changes to releasing announcements & administrative trading halts

FAQs for NZX market participants

May 2017



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What is the background to the change?

Q: What is the main change?

A: NZX is changing the way administrative trading halts are applied following the release of announcements to the market.

From Monday 22 May 2017, issuers will be required to confirm whether an announcement being released to the market contains material information, or falls within a prescribed category. Issuers will make this confirmation during the operational process for the release of announcements. An administrative trading halt will be placed automatically based on the confirmation made by the issuer.

Announcements will be released automatically to the market and there will be no NZX intervention.

Announcements which are made by parties other than issuers (third parties and NZX Operations or Regulation), will be released with a new third party flag. No administrative trading halt will be applied following the release of these announcements.

Q: When is the change happening?

A: NZX has scheduled this change to occur Monday 22 May 2017, commencing from market pre-open.

Q: What is an administrative trading halt?

A: An administrative trading halt is a short trading halt applied to an issuer's quoted securities following the release of some announcements made during, or immediately before, trading hours.

Currently, when an issuer releases an announcement to the market, NZX makes an assessment as to whether the announcement is price sensitive (that is, whether the announcement contains information which may impact the price of an issuer's securities).

If NZX considers the announcement is price sensitive, a short trading halt is applied to all of the issuer's listed securities, when it is released. This trading halt lasts for 15 minutes for issuers with a primary listing on the NZX and 10 minutes for Dual Listed issuers and Overseas Listed issuers (as defined in NZX's Listing Rules).

Q: Which announcements and markets will the change affect?

A: The change will affect announcements made by all issuers listed on NZX's Main Board, Debt Market, NZAX Market and NXT Market. This includes announcements made by issuers, third parties, NZX Operations or NZX Regulation, in relation to listed issuers.

The change will also affect announcements made by Fonterra Co-operative Group Limited, third parties, NZX Operations or NZX Regulation in relation to the Fonterra Shareholders' Market.

How will the change impact market participants?

Q: How will the change impact how market participants receive announcements released by issuers?

A: Relevant announcements released by issuers will continue to have an administrative trading halt applied and a **P** flag on NZX.com.

An administrative trading halt and flag will be placed automatically on release of an announcement by an issuer if:

1. The issuer confirms the announcement contains material information when the issuer releases the announcement to the market; or
2. The issuer selects that the announcement falls in a prescribed category when the issuer releases the announcement to the market.

NZX will not be assessing any announcements released by issuers in order to determine whether the announcement is price sensitive.

The prescribed categories are:

- Interim preliminary financial statements;
- Full year preliminary financial statements;
- Half year report;
- Annual report; and
- NXT Market interim update (Schedule 5A of the NXT Market Rules).

Q: How will the change impact how market participants receive announcements released by third parties?

A: Announcements submitted by third parties will be released to the market with no assessment by issuers or NZX as the market operator, as to whether the announcement may contain price sensitive information.

An administrative trading halt will therefore not be applied following the release of an announcement by a third party. A new third party flag, **3**, will be applied to identify these announcements to the market on NZX.com.

Third party announcements are announcements which are required to be provided to the market operator under legislation, by a party who is not the issuer, including:

- Substantial Product Holder Notices;
- Director and Senior Managers Relevant Interests Disclosures; and
- Notices required under the Takeovers Code.

Q: How will the change impact how market participants receive announcements released by NZX Operations or NZX Regulation?

A: From time to time, NZX Operations or NZX Regulation releases announcements in relation to issuers. These announcements include:

- Market operations memos in relation to corporate actions;
- Announcements regarding an NZX or issuer initiated trading halt being placed or removed; and
- Price enquiries issued by NZX, and the issuer's response.

These announcements will continue to be released to the market by NZX. No administrative trading halt will be applied following the release of these announcements. The third party flag will also be used to identify these announcements on NZX.com.

Q: NXT Market issuers are not required to release material information – what does this change mean for announcements released by these issuers?

A: There is no concept of material information under the NXT Market Rules as NXT Market issuers have a separate disclosure regime.

Interim Updates required under schedule 5A of the NXT Market Rules will be a prescribed category of announcement. When a NXT Market issuer selects the Interim Update category, or any other prescribed category of announcement, an administrative trading halt will be applied to the issuer's quoted securities on release of the announcement.

For all other announcements released by a NXT Market issuer, the announcements will not be released as material information and no administrative trading halt will be applied.

Q: Overseas Listed issuers are not required to release material information – what does this change mean for announcements released by these issuers?

A: Overseas Listed issuers are a specific listing type under the NZX Listing Rules. Under the Listing Rules, overseas listed issuers are required to release all announcements that an issuer provides to its home exchange for release, to NZX for release to the market.

Overseas Listed issuers need to assess whether the information they hold is material or is required to be released subject to the continuous disclosure regime of the issuer's home exchange. Where an overseas listed issuer is required to disclose information under its home jurisdiction's continuous disclosure regime, and the issuer confirms that the announcement contains material information when releasing the announcement, an administrative trading halt will be applied to the issuer's quoted securities on release of the announcement.

Q: What does the change mean for issuers who also have a listing on the ASX?

A: Currently, ASX and NZX run separate assessment and announcement release processes. ASX and NZX make separate assessments as to whether an administrative trading halt should be applied after the release of an announcement. There is no guarantee that both exchanges will reach the same conclusion when assessing whether a trading halt should be applied following the release of an announcement.



Under the change, the ASX will continue to make a separate assessment as to whether an announcement contains material information.

What other impacts does the change have?

Q: Does the change impact the current disclosure obligations under the Listing Rules?

A: No. Issuers will continue to be required to comply with their current disclosure obligations under the Listing Rules.

Q: Does the change impact other trading halts?

A: The change does not impact other trading halts, including trading halts requested by issuers or trading halts implemented in certain situations by NZX.

Q: What if an issuer has a related company or subsidiary listed as well?

A: A small number of NZX listed issuers have subsidiaries or related companies which are also listed on NZX. These issuers will be able to sign into MAP and then add the other relevant issuers when preparing the announcement in MAP. Once the additional issuers are added, on the release of the announcement it will be distributed across all relevant ticker codes. Any administrative trading halt will be applied to all issuers selected.

Q: What if an issuer has more than one quoted security?

A: There is no change to how announcements are released or to how an administrative trading halt is applied, when an issuer has more than one security quoted. If an administrative trading halt is applied, it is applied to all of the issuer's quoted securities.

Monitoring and enforcement

Q: What happens if an issuer does not follow the correct process?

A: The responsibility will be on issuers to ensure they follow the correct process when releasing announcements. NZX will not be intervening in the release of announcements, and therefore will not be able to correct any mistakes made by an issuer. NZX will monitor how the new process operates in practice to consider whether further refinements or rule changes may be required in future. Based on NZX's monitoring and market feedback in the period following implementation, NZX will consider whether the new process operates effectively or whether additional formal rules-based obligations need to be imposed.

Further information

Q: Where do I go to find out more?

A: NZX will be communicating further information through its website:
<https://nzx.com/regulation/administrative-trading-halts>

The consultation documents previously published by NZX are available on our [website](#).

Q: Who do I contact with further questions?

A: Please email questions to: ATHproject@nzx.com. Alternatively, you can call NZX's Client & Data Services team on +64 4 496 2853.



