

Summary

This Practice Note outlines NZX's recommendations for effective announcements. In particular, it sets out some best practice guidelines on how to approach headlines, summaries and attachments for announcements.

Relevant Listing Rules: 3.26 to 3.30

Under Rule 9.15.1 of the NZX Listing Rules (**Rules**), NZX Limited (**NZX**) may act by and through NZX Regulation Limited (**NZ RegCo**) in performing any function or discharging any power set out in the Rules. References in this Practice Note to NZX therefore also include NZ RegCo in relation to any regulatory activity or discretion.

Also refer to:

- NZX's Guidance Note *Continuous Disclosure*

New Zealand's securities regime is disclosure-based, and as a result, high quality disclosure is important to the fair, orderly and transparent operation of NZX's markets. Effective announcements also support issuers to build their profile in the market and ensure their business and operations are properly understood.

NZX has published other guidance and practice notes relating to disclosure requirements. This Practice Note sets out some best practice commentary on the style and content of announcements.

What announcements look like

NZX releases announcements over several platforms, including nzx.com and also the NZX trading system. Other providers also make announcements available.

nzx.com

Announcements appear on the home page of nzx.com. The headings are abbreviated click-through links. The link takes the reader to the announcement text, with any attachments appearing at the bottom of the page.

Trading system and other providers

The NZX trading system and some other providers include a section for market announcements. The appearance of this section depends on how a user configures their settings, but its function is the same for all users. In some of these systems announcements appear in a list with the full headline available. The headline links to the announcement in a pop-up box. This does not include any attachments uploaded to MAP. The user can read any summary of the announcement that has been entered by the issuer in the Market Announcement Platform (**MAP**). If there is no summary, or the summary does not provide sufficient information, the user will need to click through to nzx.com to see the announcement and open the attachment that sets out further information. During the trading day, this can be time-consuming.

Headlines

Some research indicates that investors prefer short, concise headlines, and that even investors with significant experience and interest in securities markets will pay less attention to long or complex headlines.

NZX recommends that issuers use headlines that are short, and place the most important information at the start of the headline:

- Announcements on nzx.com are in visual proximity to the ticker or full name of the issuer. Therefore, users of these platforms can identify which issuer released the announcement without the name of the issuer needing to appear in the headline. It is not an effective use of the headline space to start with the full name of the issuer;
- The headline should not be vague, particularly where the announcement contains information of importance, nor should it be misleading;
- Issuers should avoid inflammatory or misleading headlines, as some trading will be reactive to the headline only and may not reflect the more detailed information set out in the announcement or its attachment.

Summaries

Issuers releasing a long or complex document or announcement are required by Rule 3.26.2(b) to preface this with a summary of salient points.

NZX recommends that all announcements are released with a summary of the key points that have been set out in any attachments. This allows issuers to highlight the information they consider is most relevant to investors and other stakeholders for users to access useful information quickly.

Merely writing “see attachment” or similar in the summary text box in MAP is unlikely to meet the standard required by the Rules for complex or long announcements. That approach also does not provide useful context to users of the issuer’s announcements. NZX recommends that issuers provide a list of bullet points that provide a balanced summary of the announcement, followed by a further summary, if required.

Key announcements that are likely to require a summary of salient points include:

- annual reports;
- half year and annual results
- offer documents;
- notices of meeting for significant matters, including those that require an Independent appraiser’s report;
- market updates; and
- long and complex announcements of material information pursuant to Rule 3.1.

Attachments

Issuers should be aware that not all users of the information they provide to the market have the same access to internet speed. A small number of users may find it slow or unwieldy to download large documents. In addition, MAP has an internal limit on the size of documents that can be uploaded. All files must be submitted as PDF documents and each document cannot be larger than 10MB.

NZX encourages issuers to provide attachments. However, NZX also considers that large documents can be incorporated by reference, for example, by providing a link to where the document can be found on the issuer's website. This will be particularly useful for issuers who are producing interactive reports.

Practice Notes are not intended to be a definitive statement of the application of the rules in every situation and are only a guide to NZX's policy and practice. This Practice Note does not limit NZX's discretion under the Rules. NZX takes no responsibility for any error contained in the Practice Note. NZX may replace Practice Notes at any time.