

## NZ RegCo – Quarterly Regulation Metrics

### Q2 2021

These Regulation Metrics represent the key features of NZ RegCo's activities in regulating NZX's markets. The metrics focus on key activities so as to provide transparency and a means of comparison across periods.

#### ISSUERS – KEY METRICS

	Q2 2020	Q2 2021
Total announcements released	4474	4803
Trading halts at request of Issuer or NZ RegCo <sup>1</sup>	20	12
Documents approved and waivers <sup>2</sup> granted to Issuers	29	14
Complaints received concerning Issuers	2	0
Price enquiries concerning Issuers	4	3
Investigations <sup>3</sup> begun in relation to Issuers	13	9
Investigations ongoing at the end of the quarter/period in relation to Issuers	6	5

#### PARTICIPANTS – KEY METRICS

Waivers <sup>2</sup> , Exemptions and Rulings granted to Participants	0	14
Inspections commenced	8	4
Complaints received concerning Participants	0	2
Investigations <sup>3</sup> begun in relation to Participants	36	24
Investigations ongoing at the end of the quarter/period in relation to Participants	27	17

#### NOTES

The metrics are derived from NZX's internal records.

1. Trading halts imposed routinely, for example on release of price-sensitive information or in the context of corporate actions are excluded.
2. Details of waivers granted by NZX are released to the Market, and available on <https://nzx.com/> and through i-search except where the decisions are confidential.
3. NZX will commence an investigation when it identifies a possible breach of rules.

# NZX Limited – Quarterly Policy Update

## Q2 2021

This section outlines the key NZX rules and policy activity over the preceding quarter.

### NZX RULES AND POLICY

#### Quotation of Debt Instruments Q2 2021

NZX is currently consulting on a suite of proposals relating to the treatment of debt instruments that are designed to provide greater clarity to the market and standardise the treatment of certain types of instrument. These proposals have been designed in the context of consultation that has been undertaken by the Reserve Bank of New Zealand and the New Zealand Financial Markets Association. A consultation paper detailing NZX's proposals is available [here](#).

We invite interested parties to provide their views on the proposed amendments by emailing a written submission to [policy@nzx.com](mailto:policy@nzx.com). Please note that the final date for submissions is Friday, 16 July 2021.

#### Listing Rules 'Hygiene Review' Q2 2021

NZX has commenced its consultation on the 'Hygiene Review' of the Listing Rules. The proposed amendments have been designed to improve the operation and clarity of the Listing Rules and do not contain any substantive amendments or material policy changes. NZX is also consulting on the introduction of a new Practice Note on the Offer of Warrants and hygiene amendments to guidance as a result of the proposed amendments to the Listing Rules. Exposure drafts of the NZX Listing Rules and guidance being consulted on are available on our website [here](#).

We invite interested parties to provide their views on the proposed amendments by emailing a written submission to [policy@nzx.com](mailto:policy@nzx.com). Please note that the final date for submissions is Friday, 30 July 2021.

#### Mid-Point Order Book Final Consultation

In October 2019, NZX consulted on the proposed introduction and features of the Mid-Point Order Book (Mid-Point OB). The Mid-Point OB has been designed as an anonymous, 'unlit' order book on which trades will execute at the mid-point of the current spread of the buy and sell orders on the Central Limit OB.

As a result of the October 2019 consultation, NZX received submissions which generally supported the introduction of the Mid-Point OB although some submitters expressed disparate views in respect to some of the proposed settings. NZX has since conducted additional engagement which has involved over 30 individual meetings with various market stakeholders. As a result of the additional engagement, NZX is offering a final opportunity for interested parties to submit additional substantive matters for NZX's consideration as outlined in section 5 of this Final Consultation Paper which can be found [here](#).

We invite interested parties who wish to submit on additional substantive matters on the proposed Mid-Point OB to email a written submission to [policy@nzx.com](mailto:policy@nzx.com) or contact us for a verbal submission. Please note that the final date for submissions is Friday, 3 September 2021.

#### Direct Market Access Guidance Note

In Q2 of 2021, NZX Policy consulted on proposed introduction of a new Direct Market Access Guidance Note (**Guidance Note**) to provide guidance and best practice information for Participants trading on NZX's cash and derivatives markets via Direct Market Access. The guidance also outlines NZX's expectations in relation to the setting and maintenance of DMA filters, considerations in respect of algorithmic trading conducted via DMA, and NZX's compliance monitoring and oversight expectations.

NZX has concluded its consultation period for the Guidance Note and would like to thank those who submitted on the proposed Guidance Note. We are currently considering the submissions received, and expect to release a revised guidance in this area in Q3.

### **Corporate Governance Code 2021 Review**

NZX is on track towards commencing a review of NZX's Corporate Governance Code in H2 of 2021. As issuers have completed 2 full cycles of reporting under the Code, NZX considers that it is timely for NZX to undertake a targeted review of certain aspects of the Corporate Governance Code.

While the scope of the review is currently being finalised, NZX expects the review to focus on providing clarity arounds NZX's expectations in respect of: 'comply or explain' disclosure; independent director requirements under recommendation 2.8; director remuneration practices under recommendation 5.1; and shareholder participation in capital raising under recommendation 8.4. NZX will also consider developments in ESG practices and trends, with a view to further developing the commentary on non-financial reporting.

If you have views of the matters that NZX should consider as part of this review please contact [policy@nzx.com](mailto:policy@nzx.com).