



NXT Market Rules

26 September 2014



Contents

| | |
|---|----|
| Introduction..... | 4 |
| Section 1 - Listing..... | 5 |
| Section 2 – Ongoing Requirements – Corporate Governance | 5 |
| Section 3 - Ongoing Requirements – Changes in Capital | 8 |
| Section 4 - Ongoing Requirements – Material Transactions and Related Party Transactions | 10 |
| Material transactions and related party transactions | 10 |
| Section 5 - Ongoing Requirements – Key Operating Milestones and Information for Investors | 10 |
| Section 6 - Ongoing Requirements – Shareholder Approval and Shareholder Meetings..... | 13 |
| Section 7 – Transfers of shares, statements and electronic legal title transfer | 14 |
| Section 8 - NZX | |
| Schedules..... | 21 |
| Schedule 1A – Pre-requisites for Listing | 21 |
| Schedule 1B – Information for Application to List..... | 21 |
| Corporate Governance | 22 |
| Schedule 2A – Minimum Audit Committee Responsibilities | 22 |
| Schedule 2B – Corporate Governance Standards | 22 |
| Changes in Capital | 23 |
| Schedule 3A – Issues of Shares – “20% rule”..... | 23 |
| Schedule 3B – Permitted Issues of Equity Securities..... | 23 |
| Significant Transactions and Related Party Transactions | 25 |
| Schedule 4 – Significant Transactions and Related Party Transactions..... | 25 |
| Table 1 | 25 |
| Table 2 | 26 |
| Information for Investors | 28 |
| Schedule 5A – Interim Update | 28 |

| | |
|--|----|
| Schedule 5B – Preliminary Announcements – Full and Half Year Results | 29 |
| Schedule 5C – Annual Report | 34 |
| Schedule 5D – Half-Year Report | 34 |
| Shareholder Approval and Transaction Announcements | 35 |
| Schedule 6A – Voting Restrictions..... | 35 |
| Schedule 6B – Transaction Announcements | 36 |
| Glossary | 38 |



Introduction

The **NXT Market** is operated by **NZX** and is targeted at small to mid-sized New Zealand businesses whose growth potential may be constrained by a lack of expansion capital. The **NXT Market** is intended to provide a simple, targeted, well informed, low cost and effective platform for businesses to access capital and for investors to gain exposure to growing New Zealand companies.

This document contains the **NXT Market Rules**; the listing rules for companies **listed** on the **NXT Market** that have been approved by the Financial Markets Authority as market rules for the purposes of the Securities Markets Act 1988. A **NXT company** that is party to a listing agreement with **NZX** in relation to **listing** on the **NXT Market** is required to comply with these **rules**. The **rules** are governed by New Zealand law. Defined terms are in bold and can be found in the Glossary together with aids to interpretation.

From time to time **NZX** may approve **procedures** and **templates** relating to the operation of the **rules**.

Section 1 - Listing

Application

1. To be **listed** on the **NXT Market** an **applicant** will need to give **NZX**:
 - (a) all the information and documents set out in Schedule 1B (Information for Application to List) at least 20 **business days** prior to the proposed date of **listing** so **NZX** can consider the application for **listing**. The **applicant** must inform **NZX** immediately if there are any changes to the information provided to **NZX** and provide details of those changes; and
 - (b) all documents and other information that **NZX** may request to demonstrate the **applicant** has met the eligibility requirements for **listing** as set out in Schedule 1A (Pre-requisites for Listing) no later than 3 **business days** prior to **listing**.

Listing document

2. An **applicant** must issue a **listing document** approved by **NZX** before **listing** and:
 - (a) comply with all **procedures** and applicable law in relation to the preparation and distribution of the **listing document** and in respect of any offer of **securities** made in the **listing document**; and
 - (b) give **NZX** a copy of the **listing document** for **release** before distributing the **listing document**.
3. The **listing document** must be no more than 40 pages long (excluding any application form) and include:
 - (a) the **applicant's key operating milestones** in respect of the remainder of its current financial year, and at a minimum the first financial year following its current financial year that meet the **NXT standard** and are approved by **NZX**, together with a target for performance in respect of each **key operating milestone** for those periods; and
 - (b) all other information required by any **procedure** unless otherwise agreed by **NZX**; and
 - (c) any information or matter required by **NZX** to be included.
4. If **NZX Regulation** requires that a document or information is available on the **NXT website**, or if a **listing document** states that a document or information is available on the **NXT website**, then a **NXT company** must give that document or information to **NZX** for **release** before distributing the **listing document**.

Section 2 – Ongoing Requirements – Corporate Governance

Board composition and board rotation

5. At all times:
 - (a) a **NXT company board** must have a minimum of three **directors**, at least one of whom must be ordinarily resident in New Zealand; and

- (b) at least two **directors** must be **independent directors**, and where there are more than seven **directors**, at least three or one-third (rounded down) of the **board** must be **independent directors**, whichever is the greater.
- 6. The **board** of a **NXT company** may appoint a person to be a **director** of the **NXT company**. **Directors** appointed by the **board** must retire at the next annual meeting and may be reappointed by shareholders at that meeting.
- 7. The shareholders of a **NXT company** may appoint or reappoint a person to be a **director** of the **NXT company** at a shareholders' meeting but only if:
 - (a) that person retired at that meeting under **rule 6**, **rule 9** or **rule 10**; or
 - (b) the person was nominated for appointment at that meeting by a shareholder entitled to **vote** at the meeting.

A resolution put for approval under this **rule** may only relate to the appointment of one person as **director** and the notice of meeting must state whether or not in the **board's** view, that person would be an **independent director**. Nothing in this **rule** prevents a ballot or poll to determine who should be elected to the **board**.

- 8. A **NXT company** must set a closing date for shareholders to nominate persons for appointment as a **director** for every annual meeting, which date must be no earlier than 2 months before the annual meeting. A **NXT company** must **release** the closing date for nomination no less than 10 **business days** prior to the closing date.
- 9. At least one-third of the **directors** of a **NXT company** who are the longest standing in office must retire as **directors** at each annual meeting and may be reappointed under **rule 7**. An **executive director** is not required to retire under this **rule**, but must be included in the calculation of the number of **directors** required to retire. A **director** retiring under **rule 6** must not be included in the calculation of the number of **directors** required to retire.
- 10. An **executive director** must retire as **director** at an annual meeting at least every 5 years, and may be reappointed under **rule 7**.
- 11. The shareholders of a **NXT company** may remove a **director** by **ordinary resolution**.
- 12. If a **NXT company** appoints a person to be a **director**, then it must give to **NZX Regulation** an acknowledgement by that person in the form set out in **template** within 10 **business days** of appointment.
- 13. The **board** of a **NXT company** may continue to act if there is a **board** vacancy, but if there are fewer than three **directors** on the **board** of a **NXT company**, then the **directors** may only act for the purposes of appointing **directors** to comply with **rule 5**, or to call a shareholders' meeting for the purpose of appointing one or more **directors** or to consider a resolution to appoint a liquidator.
- 14. If a quorum of a **NXT company board** comprises only two **directors**, then the chairperson of that meeting may not have a casting or second vote.
- 15. A **director** of a **NXT company** may only appoint a person to be an **alternate director** with the prior consent of the **board**. An **alternate director's** appointment may be revoked by the **board** or by the **director** who appointed the alternate. No **director** of a **NXT company** may be an **alternate director** for another **director** of that **NXT company**.

Directors' remuneration

16. A **NXT company** may not pay any remuneration to a **director** in the capacity as a **director** of the **NXT company** or a **subsidiary** of the **NXT company**, unless the remuneration was disclosed in the **listing document** prior to **listing** or was authorised by shareholders at a meeting held after **listing**. **Directors'** remuneration may be expressed as a sum of money available for payment to all **directors** or a sum of money payable to any person who is a **director** from time to time and may include the issue of **equity securities** with shareholder approval in accordance with **rule 62**, provided the issue occurs within 12 months of that approval. This **rule** does not apply to remuneration paid in respect of services provided to the **NXT company** or any of its **subsidiaries** other than in the capacity as a **director** of the **NXT company** or a **subsidiary** of the **NXT company**.

Audit

17. A **NXT company** must have an audit committee of the **board** with a minimum of three **directors** of the **NXT company** and at least one member must have relevant accounting experience. A majority of the audit committee must be **independent directors**. The responsibilities of the audit committee must be set by the **board** and include the matters set out in Schedule 2A (Minimum Audit Committee Requirements).
18. A **NXT company** must have a **qualified auditor**. The **qualified auditor** or lead audit partner must change at least every five years.

Corporate governance policies

19. The **board** of a **NXT company** must adopt corporate governance policies for the **NXT company** that include the matters set out in Schedule 2B (Corporate Governance Standards) and must publish all corporate governance policies adopted by the **NXT company** on the **NXT company's** website.
20. The **board** of a **NXT company** must adopt an insider trading policy that:
 - (a) prohibits trading by **directors** and **employees** of the **NXT company** or any of its **subsidiaries** in **shares** or **rights** in respect of **shares** in the **NXT company** other than during a period of 10 **business days** after the date of **release** by the **NXT company** of a business update under **rule 49** or a preliminary announcement under **rule 52** or a **cleansing notice**; and
 - (b) prohibits any conduct by a **director** or an **employee** that breaches the insider trading or market manipulation provisions in applicable legislation; and
 - (c) requires **directors** and **employees** to obtain **NXT company** approval before trading in **shares** or **rights** in respect of **shares** in the **NXT company**; and
 - (d) sets out a process for considering conduct that may be in breach of the policy and determining the consequences of an identified breach of the policy; and
 - (e) requires breaches of the policy to be notified to **NZX Regulation**.
21. A **NXT company** must report breaches of its insider trading policy to **NZX Regulation** as soon as reasonably practicable after becoming aware of the same.

NXT Advisors

22. A **NXT company** must have an agreement with a **NXT Advisor** that meets the requirements of the **NZX Participant Rules** for a minimum of 36 months after **listing** or such shorter period approved by **NZX**.

23. **NZX** may impose as a condition of continued **listing** under **rule 75**, a requirement that a **NXT company** have an agreement with a **NXT Advisor** that meets the requirements of the **NZX Participant Rules**, for a period determined by **NZX**.

Constitution

24. A **NXT company** must have a constitution that is not inconsistent with the **rules** and that contains a provision to the effect that, for so long as the **company** is **listed** on the **NXT Market**, the **company** must comply with the **rules**, subject to any applicable waiver granted under **rule 92** or ruling made under **rule 93**. The constitution must provide for the provision of notices, reports, accounts and other documents to shareholders by electronic means.

Section 3 - Ongoing Requirements – Changes in Capital

Issues of equity securities

25. A **NXT company** may only issue **equity securities** without shareholder approval if:
- (a) A **NXT company** issues **shares** of the same class as **quoted shares** representing fewer than 20% of the number of **quoted shares** in the **NXT company** calculated according to the formula set out in Schedule 3A (Issues of Shares – “20% rule”); and
 - (i) no issue of **shares** is made to a **director** of the **NXT company** or to an **associated person** of a **director** of the **NXT company**; and
 - (ii) the **board** of the **NXT company** certifies in writing that the consideration for the issue is fair and reasonable to the **NXT company** and to persons not receiving **shares** or not associated with persons receiving **shares**, or the issue price is greater than 85% of the volume weighted average market price of those **shares** during the earlier of:
 - 1. the 5 **business days** immediately prior to the day the issue is made, or
 - 2. the 5 **business days** immediately prior to the day the issue is announced to the market; or
 - (b) A **NXT company** issues **equity securities** in the circumstances set out in Schedule 3B (Permitted Issues of Equity Securities); or
 - (c) A **NXT company** issues **shares** of the same class as **quoted shares** after **release** of a **transaction announcement** in the form approved by **NZX** at least 10 **business days** prior to the issue and no meeting has been requested by shareholders holding at least 5% of the **shares** in the **NXT company** within that 10 **business day** period.
26. A **NXT company** may issue **equity securities** with the approval of shareholders in accordance with **rule 62** provided that the issue occurs within 36 months of that approval for an issue to **employees**, and within 12 months of that approval for any other issue.
27. A **NXT company** must comply with applicable law and **procedure** in relation to any offer of **securities** and must obtain **NZX** approval to any document issued containing an offer of **equity securities** or **securities** convertible into **equity securities** to any person. **NZX** approval is not required in respect of an **exempt offer**.

Acquisition and redemption of equity securities by a NXT company

28. A **NXT company** may not acquire or redeem its own **equity securities** except in accordance with the **Act**.
29. Where a **NXT company** acquires **shares** under section 60(1)(b)(i) of the **Act**, the **NXT company** may not acquire more than 15% of all **shares** on issue on the date 12 months before the date of acquisition less the number of **shares** acquired by the **NXT company** within that 12 month period.
30. A **NXT company** may not redeem **equity securities** without shareholder approval except:
 - (a) in a **pro rata redemption**; or
 - (b) if the **NXT company** is required or entitled to redeem the **equity securities** pursuant to the terms of issue of **shares** issued under a **pro rata issue** made in a renounceable offer or issued with shareholder approval under **rule 26**.
31. Without shareholder approval, **directors** and **associated persons of directors** may not participate in an acquisition or redemption of **equity securities** by a **NXT company** that is not a **pro rata acquisition** nor a **pro rata redemption**.
32. A **NXT company** may acquire or redeem **equity securities** with shareholder approval in accordance with **rule 62** provided that the acquisition or redemption occurs within 36 months of that approval for an acquisition or redemption from **employees**, and within 12 months of that approval for any other acquisition or redemption.

Adjustment of terms of options

33. A **NXT company** may only issue options to acquire **shares** on terms that provide for adjustment to the exercise price or the number of **shares** to which the options relate as permitted by **procedure**.

Cancellation of unpaid amounts

34. A **NXT company** may only cancel, reduce, or defer an obligation to pay any amount unpaid in respect of an **equity security** issued by the **company** with shareholder approval in accordance with **rule 62**.

Financial assistance by a NXT company

35. A **NXT company** may not give financial assistance for the purpose of, or in connection with the purchase of **equity securities** issued or to be issued by the **NXT company**, unless the amount of financial assistance to be given plus any financial assistance given during the previous 12 months is less than 10% of the **average market capitalisation** of the **NXT company**.
36. Without shareholder approval, a **NXT company** may not give financial assistance to a **director** of the **NXT company** or an **associated person** of a **director** of the **NXT company** for the purpose of, or in connection with the purchase of **equity securities** issued or to be issued by the **NXT company**, except where the financial assistance is given to that person solely as a consequence of them acting as trustee in respect of an employee share scheme.
37. A **NXT company** may give financial assistance for the purpose of, or in connection with the purchase of **shares** issued or to be issued by the **NXT company** with shareholder approval in accordance with **rule 62**, provided that assistance to **employees** is given

within 36 months of that approval or within 12 months of that approval for any other assistance.

Section 4 - Ongoing Requirements – Material Transactions and Related Party Transactions

Material transactions and related party transactions

38. Subject to **rule 40** and **rule 41**, a **NXT company** or a **subsidiary** of a **NXT company** may not enter into a **material transaction** or a **related party transaction** unless:
- (a) the **NXT company** has **released a transaction announcement** in the form approved by **NZX** at least 10 **business days** prior to entering into the transaction and no meeting has been requested by shareholders holding at least 5% of the **shares** in the **NXT company** within that 10 **business day** period; or
 - (b) the **NXT company** obtains shareholder approval in accordance with **rule 62**.
39. Any arrangement or agreement entered into by a **NXT company** or a **subsidiary** of a **NXT company** that requires approval under these **rules** must be conditional on the **NXT company** obtaining that approval; and if the approval is not obtained, then the arrangement or agreement must be terminated.
40. **NZX Regulation** may require a **NXT company** to prepare a **listing document** in the form approved by **NZX** that meets the requirements in **rule 2**, **rule 3** and **rule 4** to be **released** with a **transaction announcement** for the purpose of **rule 38(a)** or to accompany a notice of meeting sent to shareholders for the purposes of **rule 38(b)**.
41. A **NXT company** whose **shares** have been suspended pursuant to **rule 83(e)** must reapply for **listing** under **rule 1** and comply with **rule 2**, **rule 3** and **rule 4** prior to entering into a **material transaction**.

Section 5 - Ongoing Requirements – Key Operating Milestones and Information for Investors

Key operating milestones and targets

42. A **NXT company** must have **key operating milestones** that meet the **NXT standard** and annual targets in respect of each **key operating milestone**.
43. A **NXT company** must review and/or set the annual target for each **key operating milestone** annually and must **release** the annual target for each **key operating milestone** in respect of a financial year no later than 2 calendar months after the beginning of that financial year.
44. A **NXT company** must review its **key operating milestones** at least every 12 months to determine whether or not they meet the **NXT standard**. If, as a result of that review, the **directors** are of the opinion that the **key operating milestones** meet the **NXT standard**, the **NXT company** must **release** a certificate by the **directors** that the **key operating milestones** meet the **NXT standard**. The certificate must be **released** under this **rule** no later than in the next business update required to be released under **rule 49** following completion of the review, or may be **released** earlier, with the annual targets **released** under **rule 43**.

45. If at any time (including following a review as required by **rule 44**), the **directors** of a **NXT company** cease to hold the opinion that the **NXT company's key operating milestones** meet the **NXT standard**, then the **NXT company** must as soon as reasonably practicable:
- (a) consult with its **NXT Advisor** (if any) in relation to the restatement of the **key operating milestones**; and
 - (b) restate **key operating milestones** that meet the **NXT standard** and that have been approved by **NZX**; and
 - (c) set an annual target in respect of each **key operating milestone**.
46. If a **NXT company** has restated its key operating milestones under **rule 45**, then it must **release** the restated **key operating milestones** and targets together with a certificate by the **directors** of the **NXT company** that the **key operating milestones** meet the **NXT standard** no later than in the next business update required to be **released** under **rule 49** following restatement of the **key operating milestones**, or may be **released** earlier, with the annual targets **released** under **rule 43**.
47. A **NXT company** may reset the annual target for any **key operating milestone** at any time after it has become aware that performance against that annual target will vary or is likely to vary by more than 10%, and must include the reset annual target in the next business update required to be **released** under **rule 49**.
48. A **NXT company** may only reset an annual target for a **key operating milestone** in accordance with **rule 43**, **rule 45** or **rule 47**.

Business updates

49. A **NXT company** must report performance against the annual target for each **key operating milestone** quarterly by **releasing** a business update within 20 **business days** after the end of each quarter that meets the requirements prescribed by **procedure**, in the form set out in **template**. Nothing in these **rules** limits the information that may be included in a business update.

Interim updates

50. If a **NXT company** becomes aware of any matter set out in Schedule 5A (Interim Update) or if a **NXT company** or any of its **subsidiaries** is required to release information to the market by any law or by any court, regulatory or governmental agency with power to compel it to do so, the **NXT company** must immediately **release** details of the matter and the expected impact of that matter on the **NXT company** and its **group**. A **NXT company** becomes aware of a matter for the purposes of this **rule** at the time the matter becomes known to a **director** or **senior manager** of the **NXT company**. Nothing in these **rules** limits the information that may be **released**.
51. If the market in **shares** or **rights** in a **NXT company** is materially influenced by false or misleading information available to the market that has been sourced:
- (a) from the **NXT company** or an **associated person** of the **NXT company**, or
 - (b) in circumstances that gives the information substantial credibility,
- then the **NXT company** must **release** information to correct the false or misleading information (to the extent necessary).

Preliminary announcements

52. A **NXT company** must **release** a preliminary announcement that includes the information required by and otherwise complies with Schedule 5B (Preliminary Announcements) within 2 calendar months after the end of the **NXT company's** financial year and financial half-year. If the annual report or half-year report (as the case may be) is **released** prior to that date, then the preliminary announcement must be **released** no later than the time of **release** of the annual report or half-year report for the purposes of **rule 53** or **rule 54**.

Annual report

53. A **NXT company** must **release** an annual report within 3 months after its balance date that meets the requirements of Schedule 5C (Annual Report). A **NXT company** must provide each shareholder a copy of the annual report or otherwise comply with the requirements of the **Act** relating to the provision of annual reports and concise annual reports to shareholders.

Half-year report

54. A **NXT company** must **release** a half-year report within 3 months of the end of its financial half-year-end that meets the requirements of Schedule 5D (Half-Year Report). A **NXT company** must provide each shareholder a copy of the half-year report or otherwise comply with the requirements of the **Act** relating to the provision of annual reports to shareholders as if those requirements related to half-year reports.
55. If a **NXT company** changes its balance date to a later date or extends its half-year reporting period, it must prepare and **release** a report in relation to the extended period as required by **NZX Regulation**.

Notices of capital changes and corporate actions

56. A **NXT company** must **release** notice of any issue, redemption or acquisition of **equity securities** or of **securities** convertible into **equity securities** immediately after issue, redemption or acquisition in the form and containing the information set out in **template**. For the purposes of this **rule** a transfer by a **NXT company** of **shares** held as **treasury stock**, and an issue of a **security** convertible into an **equity security** is deemed to be an issue of **equity securities**.
57. A **NXT company** must **release** notice of any **corporate action** in the form set out in **template** no later than 5 **business days** prior to the **record date** for the **corporate action** or where the **corporate action** is a **rights offer**, no later than the time required by **procedure**.

Releases

58. Any information or statement given to **NZX** for **release** must be given to **NZX** in writing in the form set out in **template** and in accordance with the terms of the **electronic reporting systems agreement**. If a **NXT company** is required to give **NZX** information for **release** to comply with the **rules**, it must not publish that information publicly (including to the media or to any other exchange on which the **NXT company's** securities are quoted) until after **NZX** has confirmed that the information has been **released**.
59. A **NXT company** must not provide to **NZX** for **release** any information or statement that is defamatory, or that is false or misleading or is likely to mislead or deceive. **NZX** may decline to **release** any information provided under **rule 58** that **NZX** considers to contain any statement or information that is false or misleading, defamatory, omits any information required to be included by law or the **rules**, or otherwise in breach of any **rule** or law.

Release by **NZX** of any information does not amount to a representation by **NZX** as to compliance or otherwise with these **rules**.

60. **NZX** may, after receipt of information provided for **release**, in consultation with the **NXT company**, require an amendment, addition or deletion to the information before **release**.
61. A **NXT company** must give to **NZX** for **release**:
 - (a) a copy of every notice or communication sent to shareholders generally, no later than the time the notice or communication is sent to shareholders; and
 - (b) a copy of any address or presentation to be given by a **director** or **senior manager** of the **company** at a meeting of shareholders no later than the time for commencement of the meeting.

Section 6 - Ongoing Requirements – Shareholder Approval and Shareholder Meetings

Shareholder approval

62. A **NXT company** seeking shareholder approval under **rule 16**, **rule 26**, **rule 32**, **rule 34**, **rule 37**, **rule 38(b)** or **rule 88** or seeking shareholder ratification of an issue of **shares** for the purpose of Schedule 3A (Issues of Shares – 20% Rule) must:
 - (a) send a notice of meeting to shareholders that sets out the precise terms and conditions of the proposal and contains or is accompanied by sufficient information to enable a reasonable person to understand the effect of the proposal; and
 - (b) obtain **NZX Regulation's** approval to the form of the notice of meeting and accompanying information and documents prior to sending the notice to shareholders; and
 - (c) exclude any person prohibited from **voting** on the resolution under Schedule 6A (Voting Restrictions) from **voting** on the resolution.
63. Shareholder approval required under these **rules** must be obtained by **ordinary resolution** or by **special resolution**.
64. A partly paid **share** must only carry a portion of a **vote** equivalent to the proportion the amount paid in respect of the **share** is to the aggregate of the amounts paid and payable in respect of the **share**. Amounts paid in advance of a call being made must be excluded from the calculation of the amount paid in respect of the **share** under this **rule**.

Shareholder meetings

65. Every notice of a shareholder meeting of a **NXT company** must be accompanied by a proxy form that provides for the shareholder to instruct the proxy separately in relation to each resolution for or against the resolution. A proxy form may not be sent with the name of a person or office (e.g., board chair) as proxy holder.
66. Every shareholder meeting of a **NXT company** must be held in New Zealand.

Section 7 – Transfers of shares, statements and electronic legal title transfer

Transfers of shares

67. A **NXT company** must not impose in its constitution or elsewhere any restriction on the issue, transfer or acquisition of a **relevant interest in shares**, nor can any benefit or right attaching to a **share** be cancelled or varied by reason only of a transfer, except as permitted or required by the **rules** or with the prior approval of **NZX**. This **rule** does not prevent a **NXT company** from imposing a restriction on the transfer of **shares** at the direction or with the agreement of the shareholder. A **NXT company** may decline to register a transfer of a **share** over which the **NXT company** has a lien, or if the registration of the transfer together with the registration of any other transfers held for registration would result in the proposed transferee holding **shares** less than a **minimum holding**.
68. A **NXT company** may only have a right of forfeiture or a lien over **shares** and dividends and distributions payable in respect of **shares** for unpaid calls, instalments or other amounts payable by the shareholder in respect of **shares** and interest in respect of those amounts, or any amount which the **NXT company** may be required by law to pay in respect of **shares**, whether or not the amount is due for payment. The proceeds of sale received by a **NXT company** following the sale of a **share** that has been the subject of a lien or forfeit shall be paid to the holder of that **share** or their personal representative after deduction of amounts the **NXT company** is entitled to under this **rule** plus reasonable expenses.
69. A **NXT company** must register a duly executed form of transfer of **shares** within 2 **business days** of receipt by the **NXT company**. A **NXT company** must not impose any restriction or requirement in respect of the registration of the transfer of **shares** on a duly executed common form other than information to establish an entitlement to transfer. A **NXT company** must promptly return a transfer of **shares** that cannot be registered because of a deficiency.

Statements of shareholding

70. A **NXT company** must send a statement containing the information prescribed by **procedure** to a person in whose name a transfer or allotment of **shares** has been registered within 5 **business days** of registration or allotment. A **NXT company** must send a statement on request from a shareholder containing the information prescribed by **procedure**, except where a statement has been sent to that shareholder as required by this **rule** within the six months prior to the request.

Share register

71. A **NXT company** must appoint an agent to maintain the **share** register and ensure that the agent complies with these **rules** as they relate to the **share** register of the **NXT company**. The register must be connected to the **depository system** during the hours of 8.00 a.m. to 6.00 p.m. on each **business day** and must meet all requirements specified by **NZX** from time to time in relation to the operation of the register, and the **depository system**.

72. A **NXT company's share registrar**:
- (a) must not delay the registration of any transfer submitted through the **depository system** except in accordance with paragraph (l) in the Appendix to the **Depository Operating Rules**;
 - (b) must issue each shareholder with a **CSN** and an **authorisation code** (not being a person who is accredited as a Legal Title Transfer Depository Participant under the **Depository Operating Rules**); and
 - (c) must not cancel or reverse any **client outward transfer** effected in respect of a transfer to a bona fide purchaser for value.
73. If a **client inward transfer** is effected in respect of **shares** without the proper authority of the person registered as the shareholder of those **shares**, then the **NXT company** must reinstate or otherwise compensate the shareholder in respect of the **shares** transferred without proper authority. Compliance with this **rule** does not affect any other right or remedy a **NXT company** might have in respect of a **client inward transfer** effected without proper authority.
74. A **NXT company** must ensure that its **share registrar** provides **NZX** with aggregated information relating to its shareholders as reasonably required by **NZX**, including for marketing purposes.

Section 8 - NZX

NZX approval of listing

75. **NZX** is not obliged to approve **listing** of any **company**, and may refuse to approve **listing** in its absolute discretion without giving any reason including, without limitation, if in **NZX's** view an **applicant** does not meet the eligibility requirements set out in Schedule 1A (Pre-requisites for Listing). When considering an application for **listing** from a **company** that is or has been listed on the NZX Main Board, **NZX** must have regard to the purpose of the market described in the Introduction to these **rules**, and whether the **listing** is consistent with this purpose. At any time prior to or after **listing** **NZX** may impose conditions on **listing**.
76. **NZX** may approve **listing** of a **company** as a **non-standard NXT company** where the **company** has a defined or limited class of shareholder or imposes restrictions or limitations on the ability of some shareholders to vote, for example, a **company** registered as a co-operative company under the Co-operative Companies Act 1996.
77. If on approving **listing** of a **company**, **NZX** designates a **NXT company** to be a **mining company**, or if at any time after **listing**, an **NXT company** is or becomes a **mining company**, then that **NXT company** must comply with the **procedures** applicable to **mining companies**.
78. These **rules** come into effect in relation to a **company** on and from the date for commencement of trading in **shares** of that **company** on the **NXT Market** and specified in a notice published by **NZX**. A **company** will be **listed** on the **NXT Market** from that date and its **shares** will be **quoted** on the **NXT Market** on and from that date, (including, from the time of **allotment**, any **shares** of the same class as **quoted shares** issued on or after that date). **NZX** may **quote rights** in respect of a **NXT company's securities** on the **NXT Market**.

79. The obligations of a **NXT company** under these **rules** are for the benefit of any person who is or was a holder of **quoted shares** in a **NXT company** at a time when that company is **listed** and the Contracts (Privity) Act 1982 shall apply accordingly. The obligations of a **NXT company** under these **rules** are subject to any waiver or ruling made by NZX under **rule 92** or **rule 93**. Nothing in these **rules** entitles any person to take action against **NZX** or **NZMDT** in relation to the exercise or non-exercise of any power under the **rules**, or the manner of exercise of any power under these **rules**, or limits the exercise of any power under or in respect of these **rules**, including amending or revoking any **rule**. Except as expressly provided in these **rules**, only **NZX** may exercise any power reserved to **NZX** under these **rules**.
80. A **NXT company** must ensure that none of its **subsidiaries** nor any person acting in concert with the **NXT company** or any of its **subsidiaries** do any thing or omit to do any thing that will cause the **NXT company** to breach any of these **rules**.
81. No **listing document** issued by an **applicant** or **NXT company** nor any other document or information given to **NZX** for **release** under **rule 58** may contain any statement that is false or misleading or is likely to mislead or omit any information that is required to be included by law or these **rules**.

Trading halts and suspensions

82. **NZX** may halt trading in **shares** of a **NXT company** or **rights** in respect of **shares** of a **NXT company** if in **NZX's** opinion:
- (a) trading in those **shares** or **rights** is not being conducted in an orderly manner; or
 - (b) the protection of investors so requires; or
 - (c) the integrity and reputation of the **NXT Market** so requires.
83. **NZX** may suspend trading in **shares** of a **NXT company** or **rights** in respect of **shares** of a **NXT company** if in **NZX's** opinion:
- (a) trading in those **shares** or **rights** is not being conducted in an orderly manner; or
 - (b) the protection of investors so requires; or
 - (c) the integrity and reputation of the **NXT Market** so requires; or
 - (d) any amount payable by the **NXT company** to **NZX** in respect of initial or annual listing fees or penalties payable following a determination of **NZMDT** has been unpaid for more than 30 **business days**; or
 - (e) a **NXT company** ceases to have an operating business or disposes of its main undertaking, or otherwise does not fulfil all the requirements for **listing** set out in Schedule 1A (Pre-requisites for Listing).
84. **NZX** will suspend trading in **shares** of a **NXT company** or **rights** in respect of **shares** of a **NXT company** if the **NXT company** has failed to release a business update, preliminary announcement, annual report or half-year report as required by any of **rule 49**, **rule 52**, **rule 53** or **rule 54** within 5 **business days** of the date by which **release** is required, unless **NZX** determines that suspension is not required for the protection of investors or to maintain the reputation and integrity of the **NXT Market**. Nothing in this **rule** limits **rule 82** or **rule 83**.

85. A **NXT company** may request that **NZX** halt or suspend trading in its **shares** and/or **rights** under **rule 82** or **rule 83** by written application to **NZX Regulation** providing details of the reasons for the halt or suspension. **NZX** is not required to halt or suspend trading on application from a **NXT company**.
86. A halt or suspension of trading will not affect the application of any **rule** to a **NXT company**.

Migration to NZX Main Board

87. **NZX** may by giving 12 months prior written notice require a **NXT company** to migrate to the NZX Main Board, if in **NZX's** opinion, the **NXT company** is likely to meet the requirements of the NZX Main Board Listing Rules relating to spread and minimum market capitalisation. On and from the date of migration, the **NXT company** will be required to comply with the Main Board Listing Rules and these **rules** will cease to apply to the **NXT company**.

Cancellation of listing

88. A **NXT company** may request that **NZX** cancel its **listing** on the **NXT Market** by request to **NZX Regulation** at least one month prior to the proposed date of cancellation and, unless **NZX** otherwise agrees, shareholder approval to the cancellation in accordance with **rule 62** will be required.
89. **NZX** will cancel the **listing** of a **NXT company** whose **securities** have been suspended from trading for a continuous period of 6 months.
90. Cancellation of **listing** will not affect the application of any **rule** in respect of a matter occurring before cancellation.

Disciplinary action

91. If **NZX** considers that a **NXT company** has breached any **rule**, it may refer the matter to **NZMDT** for determination. The **NZMDT** has the rights, powers and discretions set out in the **NZMDT Rules**, which are hereby incorporated into these **rules** by reference.

Waivers and rulings

92. **NZX** may, on application from a **NXT company** to **NZX Regulation** or on its own initiative, waive any requirement in these **rules**, the **procedures** or the **templates** (other than any requirement in **rule 71**, **rule 72** or **rule 73**), in respect of a **NXT company** or a class of **NXT company** by written notice to the **NXT company** or **NXT companies** subject of the waiver. **NZX** may impose conditions on a waiver. **NZX** may publish information in relation to waivers granted under this **rule** or applications for waivers under this **rule** that **NZX** declined other than information that **NZX** agrees should be kept in confidence.
93. **NZX** may, on application from a **NXT company** to **NZX Regulation** or on its own initiative, make a ruling concerning the interpretation or application of any requirement in these **rules**, the **procedures** or the **templates** in respect of a **NXT company** or a class of **NXT company** by written notice to the **NXT company** or **NXT companies** subject of the ruling. **NZX** may impose conditions on a ruling. **NZX** may publish information in relation to rulings made under this **rule** or applications for rulings under this **rule** that **NZX** declined other than information that **NZX** agrees should be kept in confidence.
94. Any waiver granted under **rule 92** or ruling made under **rule 93** may be revoked at any time by **NZX** by written notice to the **NXT company**.

Approval of documents by NZX Regulation

95. Subject to **rule 96** a **NXT company** must give a draft of any notice of shareholder meeting, **transaction announcement**, or other document that requires **NZX** approval under these **rules** and the **procedures to NZX Regulation** no less than **10 business days** prior to the proposed date for **release**, or where **NZX** approval is required under **rule 27**, no less than **10 business days** before the offer is made, and must not **release** the document or make the offer (as the case may be) prior to receiving **NZX** approval.
96. **NZX** approval under **rule 95** is not required in respect of a notice of meeting relating only to one or more of the following: election of **directors**, approval of **directors'** remuneration (but only if the remuneration is in money), payment of a dividend, appointment of an auditor, approval of remuneration of auditors, change in the name of the **NXT company**, consideration of financial statements and audit report or board and management report, or a resolution required or permitted under the **Takeovers Code**.

Limitation of liability and indemnity

97. None of **NZX**, any **director** or employee of **NZX**, **NZX Regulation** personnel, **NZMDT** nor any delegate of **NZX** or **NZMDT** shall be liable for anything it may do or omit to do in the course of the exercise or purported exercise in good faith of its powers or discretions under the **rules**.
98. Each **NXT company** shall indemnify **NZX**, each **director** and employee of **NZX**, all **NZX Regulation** personnel, **NZMDT** and each delegate of **NZX** and **NZMDT** against all liabilities and claims which may arise in relation to anything done or omitted to be done by any such person in connection with the **NXT company**, which **NZX** determines to have been done or not done in good faith and in response to circumstances for which the **NXT company** should bear responsibility in whole or in part. The indemnity shall be for all or such part of the liabilities and claims as **NZX** determines in the circumstances.

Production of documents and information to NZX

99. For the purposes of ascertaining whether a **NXT company** is complying or has complied with the **rules** or whether **NZX** should exercise any of its rights or powers under the **rules** in respect of a **NXT company**, **NZX Regulation**, **NZMDT** and any other person authorised by **NZX** or by **NZMDT** may require a **NXT company**, to procure any of its, or its **subsidiaries'**, **directors**, **senior managers**, **employees** or agents, to:
- (a) supply information for inspection and permit **NZX Regulation**, **NZMDT** and any other person authorised by **NZX** or by **NZMDT** to take all reasonable steps necessary to inspect and make copies of, or take notes from, the information; and
 - (b) appear for interview, and
- for the purposes of this **rule**, information includes books, papers, registers, records or accounts (whether in documentary or electronic form).
100. A document signed by the Head of Market Supervision, or by the Chairperson (as defined in the **NZMDT Rules**) of the **NZMDT**, or by the Chairman (as defined in the **NZMDT Rules**) of any division of the **NZMDT** warranting the appointment of any person to exercise the powers of **NZX** or **NZMDT** set out in **rule 99** shall be conclusive evidence of that person's authority to exercise those powers. Such a document may be general or specific to the circumstances of a particular case.
101. Information obtained by **NZX Regulation**, **NZMDT** or any other person authorised under **rule 99** shall not be disclosed, except:

- (a) as required to discharge the functions and/ or to exercise the powers conferred by the **rules** or the **NZMDT Rules**; or
 - (b) if disclosure is required or permitted by law; or
 - (c) if disclosure is to a solicitor, accountant, or other professional adviser of **NZX**, **NZX Regulation**, **NZMDT**, or any other person authorised under **rule 99**; or
 - (d) to **NZX**, including the **NZX** chief executive and the **NZX** board; or
 - (e) in accordance with the terms of any **reciprocal arrangement**; or
 - (f) by **NZX Regulation** to **NZMDT** to the extent necessary to disclose all facts and circumstances relating to any alleged breach of the **rules** by a **NXT company** and **NZX** may bring a charge against the **NXT company** for the alleged breach in accordance with the **NZMDT Rules**; or
 - (g) where **NZX Regulation** exercises its powers under **rule 99** pursuant to a request by **NZMDT** or other person authorised under **rule 99**, **NZX Regulation** shall deliver to **NZMDT**, or that other person authorised under **rule 99** making that request, all information obtained pursuant to **rule 99**; or
 - (h) by **NZMDT** and any other person authorised under **rule 99** to **NZX** Regulation if they consider that:
 - (i) the information should have been made available to **NZX** by the **NXT company** or under the **rules**; or
 - (ii) the information discloses some other breach of the **rules**.
102. A **NXT company** must exercise its powers under Subpart 3 of Part 2 of the Securities Markets Act 1988 as required by **NZX**, and must **release** any information obtained by reason of exercise of its powers under Subpart 3 of Part 2 of the Securities Markets Act 1988 as required by **NZX**, whether or not the information was obtained as a result of a request by **NZX** under this **rule**.
103. **NZX** may **release** any information received under **rule 99** or **rule 101** if that information was or is required to be **released** by a **NXT company** under the **rules**. Unless **NZX** determines otherwise, **NZX** will notify a **NXT company** in writing at least one **business day** before **NZX** **releases** information in relation to that **NXT company** under this **rule**. **NZX** shall give a **NXT company** reasons for a determination not to give that **NXT company** prior notice under this **rule** on request.
104. A **NXT company** must, if requested to do so by **NZX**, pay all costs and expenses incurred by **NZX**, **NZMDT** or any person authorised by **NZX** or **NZMDT** in carrying out the functions and exercising the rights and powers conferred by the **rules** in respect of that **NXT company**. The costs and expenses payable may include an appropriate proportion of staff costs and other overhead costs of **NZX**.

Procedures and templates

105. **NZX** may from time to time approve and amend written **procedures** and **templates** relating to the operation of the **rules**. **Procedures** and **templates** may not be inconsistent with the **rules** and, to the extent any **procedure** or **template** is inconsistent with a **rule**, the **rule** will prevail. **Procedures** and **templates** do not form part of the **rules**, but if a **rule** requires compliance with a **procedure** or **template**, failure to comply

with the **procedure** or to provide information required to be included in a **template** will be a breach of that **rule**.

Amendment of NXT Market Rules

106. **NZX** may from time to time amend these **rules**. Amendment to these **rules** will bind **NXT companies** on the later of:
- (a) 20 **business days** after **NZX** has given notice to **NXT companies** of the amendment;
 - (b) the date amendments have effect under applicable legislation; and
 - (c) the date, if any, specified in the notice given to **NXT companies**.
107. Accidental omission to give notice of an amendment of the **rules** to a **NXT company** or the non-receipt of a notice will not invalidate the notice in relation to that **NXT company** or any other person.

Fees

108. A **NXT company** must pay to **NZX** the fees set by **NZX** from time to time in respect of its **listing** on the **NXT Market**.

Bonds and deposits

109. An **applicant** must deliver to **NZX** a bond given by a person approved by **NZX** on a form and for an amount determined by **NZX**. If **NZX** agrees, an **applicant** may deliver to **NZX** a cash deposit instead of a bond. **NZX** may, from time to time, determine the amount of the bond or deposit to be delivered under this **rule** by a **NXT company**. If at any time **NZX** does not hold a bond or cash deposit in respect of a **NXT company** that meets **NZX's** requirements, **NZX** can require that **NXT company** to deliver a bond or deposit under this **rule**. Any bond or deposit delivered by a **NXT company** to **NZX** under this **rule** is to secure to **NZX** the payment of all amounts payable to **NZX** by that **NXT company** under the **rules**.

Schedules

Requirements for Listing

Schedule 1A – Pre-requisites for Listing

To be eligible for **listing** an **applicant** must fulfil all the following requirements before **listing**:

1. Have an expected **market capitalisation** on **listing** of more than \$10m and less than \$100m, and if making a public offer prior to **listing**, raise at least \$5m in that public offer;
2. Have at least 50 shareholders who are **members of the public** holding separate parcels of **shares** of at least a **minimum holding**, that together represent at least 25% of the **shares**;
3. Have an operational business;
4. Have provided to **NZX** a completed **NXT Advisor's declaration**;
5. Meet all the requirements of **rule 5**, **rule 17**, **rule 18**, **rule 19**, **rule 20**, **rule 22** and **rule 24**;
6. Have provided to **NZX** acknowledgements by all persons who will be **directors** of the **NXT company** on **listing** in the form set out in **template**;
7. Be party to a **listing** agreement with **NZX**;
8. Have entered into an **electronic reporting systems agreement** with **NZX**;
9. Have provided a bond or deposit to **NZX** that meets the requirements of **rule 109**;
10. Have issued or arranged the transfer of such number of **shares** to a **NXT Market Maker** as required by **NZX**;
11. Have paid all **fees** payable at the time of **listing**;
12. Have provided **NZX** with all other information requested by **NZX**.

Schedule 1B – Information for Application to List

An **applicant** must provide **NZX** with the following under **rule 1**:

1. Copy of its certificate of incorporation;
2. Brief description of its business and the main geographic areas of its operation;
3. The constitution to apply from **listing**;
4. Details of all classes and numbers of **equity securities** on issue and/or intended to be issued prior to **listing**;
5. Details of any restrictions on transfers of **shares**;
6. Details of any offer of **shares** to be made prior to **listing**;
7. Draft of the **listing document** proposed to be issued prior to **listing**.

Corporate Governance

Schedule 2A – Minimum Audit Committee Responsibilities

The responsibilities of an audit committee must be set out in a written policy and include the following as a minimum:

1. Ensuring processes are in place, and monitoring those processes, so that the **board** is properly and regularly informed on finance matters;
2. Recommending the appointment and removal of the **qualified auditor**;
3. Meeting regularly to monitor and review the internal and external audit practices and processes;
4. Having direct communication with and unrestricted access to the internal and external auditors and accountants;
5. Reviewing the financial statements of the **company** and advising the **board** as to their compliance with applicable law.
6. **Directors** who are not members of the audit committee and **employees** of the **company** may only attend audit committee meetings at the invitation of the audit committee;
7. The chair of the audit committee may not also be the chair of the **board**.

Schedule 2B – Corporate Governance Standards

The corporate governance policies for the **company** must include the following matters at a minimum:

1. General standards of conduct required of the **company**, including in relation to compliance with applicable law and these **rules**;
2. Disclosure of and management of conflicts of interest, including a prohibition on a **director** voting on a matter in respect of which that **director** is interested, or being counted towards the board quorum in respect of that matter;
3. Receipt and use of the **company** and its **subsidiaries'** information, property and assets;
4. Standards of conduct of **directors**, including to ensure:
 - (a) proper attention is given to **company** matters;
 - (b) **directors** act honestly and in the best interests of the **company** and in compliance with applicable legal requirements;
 - (c) **directors** have appropriate training;
5. Whether separation of roles of chief executive officer and **board** chair is required;
6. Formal and transparent process for:
 - (a) nomination and appointment of **directors**;
 - (b) setting of **directors'** remuneration;

- (c) assessment of **board** performance;
- 7. Process for review of audit committee performance against the written policy;
- 8. Formal and transparent framework concerning relationship between the **company** and its **qualified auditor** to ensure:
 - (a) the independence of the **qualified auditor**;
 - (b) the ability of the **qualified auditor** to undertake the audit; and
 - (c) proper consideration of scope of non-audit work undertaken by the **qualified auditor**.
- 9. Review and setting of remuneration of **senior managers**;
- 10. Mechanisms for the reporting of behaviour that may not meet the standards required of the policies and procedures for taking disciplinary action in respect of breaches of the **company's** policies.

Changes in Capital

Schedule 3A – Issues of Shares – “20% rule”

The maximum number of **shares** that can be issued under **rule 25(a)** is calculated by using the formula $(A * B) - C$, where:

A = The number of fully paid **quoted shares** on issue 12 months before the issue date or date of agreement to issue:

Plus the number of fully paid **quoted shares** issued during the 12 months under **rule 25(b)**

Plus the number of partly paid **quoted shares** that became fully paid during the 12 months

Plus the number of fully paid **quoted shares** issued in the 12 months with the approval of shareholders under **rule 26**

Plus the number of **quoted shares** issued in the 12 months under this Schedule where that issue has been ratified by shareholders in accordance with **rule 62**

Less the number of **quoted shares** cancelled in the 12 months.

B = 20%

C = the number of **quoted shares** issued or agreed to be issued in the 12 months before the issue date or date of agreement to issue that are not issued under **rule 25(b)** or **rule 26**.

Schedule 3B – Permitted Issues of Equity Securities

The circumstances when **equity securities** may be issued under **rule 25(b)** are:

1. A **pro rata issue** of **equity securities** made in respect of a **renounceable** offer to holders of **quoted shares** in the **NXT company** carrying a right to participate in the issue, including:

- (a) an issue made to an underwriter of such an issue within 15 **business days** after the close of the offer; and
- (b) an issue of the shortfall on a **pro rata issue** of **equity securities** but only if the terms of the offer permit the issue of the shortfall and the issue of the shortfall is made within 3 months of the closing date of the **pro rata issue** and the issue price for the shortfall is no less than the price at which the **equity securities** were offered in the **pro rata issue**; and
- (c) an issue to ensure a shareholder holds no less than a **minimum holding**.

Persons may be excluded from a **pro rata issue** if in the **NXT company's** reasonable opinion it is unduly onerous for the **NXT company** to make the offer in a jurisdiction (other than New Zealand or Australia) and the **NXT company** makes arrangements for the sale of the **rights** of persons excluded from the offer and accounts to those persons for the proceeds of sale.

2. An issue of **shares**:

- (a) that represent no more than 30% of the fully paid **quoted shares** on issue at the time the issue made; and
- (b) in respect of an offer to all holders of **shares** in the **NXT company** for consideration not exceeding \$15,000 per each holder of **shares**.

For the purposes of this paragraph, holders of **shares** includes a person who is registered as the holder of **shares** in the **NXT company's share** register and a person who is the beneficial owner of **shares** registered in the name of a custodian in the **NXT company's share** register.

Persons may be excluded from an issue under this paragraph if in the **NXT company's** reasonable opinion it is unduly onerous for the **company** to make the offer in a jurisdiction (other than New Zealand or Australia).

3. An issue of **shares** or options to acquire **shares** to **employees** of the **NXT company** or a **subsidiary** of the **NXT company** (excluding **directors** of the **NXT company**). The number of **shares** or options issued together with the number of **shares** or options issued under this paragraph during the previous 12 months must not exceed the aggregate of:
- (a) 3% of the number of **quoted shares** on issue at the beginning of that 12 month period; and
 - (b) 3% of the **quoted shares** issued during that period in accordance with the **rules** other than **shares** issued under this paragraph or **shares** issued on exercise of options issued under this paragraph.

4. A bonus issue to existing shareholders of fully paid **shares** in a **pro rata issue**.

Persons may be excluded from an issue under this paragraph if in the **NXT company's** reasonable opinion it is unduly onerous for the **NXT company** to make the offer in a jurisdiction (other than New Zealand or Australia).

5. An issue of **shares** to existing shareholders in lieu of distributions under a distribution plan that provides for shareholders to elect to receive some or all of their distributions by way of **shares** and there is no limitation on the level of participation other than to exclude

shareholders outside New Zealand or Australia if in the **NXT company's** reasonable opinion it is unduly onerous for the **NXT company** to make the offer in a jurisdiction (other than New Zealand or Australia).

6. An issue of **shares** made as consideration for an offer made by the **NXT company** in accordance with the **Takeovers Code**.
7. An issue of **shares** made pursuant to an arrangement, amalgamation or compromise effected under Part 13 or Part 15 of the **Act**.
8. An issue of **shares** made on conversion of a **security** convertible into **shares** or an issue of **shares** on exercise of an option to acquire **shares** if that **security** or option was offered in circumstances described in paragraph 1 of this schedule as if that **security** or option was a **share**.
9. An issue of **shares** made on conversion of a **security** convertible into **shares** or an issue of **shares** on exercise of an option to acquire **shares** if that **security** or option was issued with the approval of shareholders in accordance with **rule 26**.
10. An issue of **shares** on exercise of an option issued under paragraph 2 of this schedule.

Significant Transactions and Related Party Transactions

Schedule 4 – Significant Transactions and Related Party Transactions

A **NXT company** may be required to **release** an interim update under **rule 50** in relation to a transaction of the nature set out in column 1 of Table 1 if the transaction exceeds the threshold in column 2.

A transaction entered into by a **NXT company** or a **subsidiary** of a **NXT company** of the nature set out in column 1 of Table 1 may require approval as a **related party transaction** under **rule 38** if the transaction exceeds the threshold in column 3, but will not require approval as a **related party transaction** if approval is not required under Table 2.

Table 1

| Nature of transaction | Threshold for interim update | Threshold for related party transactions |
|--|--|--|
| Acquisition or disposition of assets | Greater of the net tangible asset backing in the most recently published consolidated financial statements or market value exceeds 10% of average market capitalisation | Greater of the net tangible asset backing in the most recently published consolidated financial statements or market value exceeds 10% of average market capitalisation |
| Issue or acquisition of equity securities | All issues and acquisitions | Market value of equity securities to be issued to or acquired from any related party |

| | | |
|---|---|---|
| | | exceeds 10% of average market capitalisation |
| Borrows, lends, pays or receives money, or incurs any obligation, enters into any guarantee, indemnity, underwriting obligation, gives security | In respect of an amount or possible exposure that exceeds 10% of average market capitalisation | In respect of an amount or possible exposure that exceeds 10% of average market capitalisation |
| Provides or obtains any services | Gross cost or receipt to NXT company exceeds 10% of average market capitalisation | Gross cost or receipt to NXT company exceeds 1% of average market capitalisation |
| Amalgamation | With any person other than with a wholly-owned subsidiary of the NXT company | With any person other than with a wholly-owned subsidiary of the NXT company |

A transaction of the nature set out in column 1 of Table 2 will not require approval under **rule 38** as a **related party transaction** in the circumstances set out in column 2.

Table 2

| Nature of transaction | Circumstances |
|-----------------------|---|
| Any transaction | The only reason that a person is a related party in relation to the transaction, is that a director of the NXT company is also a director of that person, but only if no more than one-third of the directors of the NXT company are directors of that person, and no director or senior manager of the NXT company has a direct or indirect material economic interest in that person, other than receipt of reasonable directors' fees or other remuneration |
| Any transaction | The only related party is a subsidiary of the NXT company , or an incorporated or unincorporated joint venture in which the NXT company is a participant and no other related party of the NXT company has or will have a direct or indirect material economic interest in the subsidiary or joint venture (other than as a result of a direct or indirect interest in the NXT company , or in respect of receipt of reasonable directors' fees or other remuneration) |

| | |
|---|---|
| Any transaction | The only related party is a registered bank that is entering into the transaction as principal in the normal course of banking business and the transaction is on arms' length terms |
| A pro rata issue, pro rata acquisition or pro rata redemption of securities , or distribution made in respect of all shares in a class on similar terms | Any circumstance |
| Issue of shares to existing shareholders in lieu of distributions under a distribution plan that provides for one or more shareholders to elect to receive some or all of their distributions by way of shares and there is no limitation on the level of participation other than to exclude shareholders outside New Zealand or Australia | Any circumstance |
| Contract of employment or contract for personal services | Where the employee or contractor is not a director of the NXT company ; or Where the independent directors have provided a written certificate to NZX Regulation stating that the terms of the contract have been approved by the independent directors ; are on arms' length terms; and the material terms of the contract are made available on the NXT website |
| Contract of indemnity | Arising by virtue of an existing relationship between the NXT company and the person (for example an employee or director) and where the contract is with an employee who is not a director of the NXT company , the board certifies that the provision of an indemnity is fair and reasonable to the NXT company ; or That is entered into at a time where there is no pre-existing liability or contingent liability to which the indemnity relates |
| Court approved arrangement, amalgamation, or compromise under Part 15 of the Act | Any circumstance |
| Any transaction | Where the total value or gross cost to the NXT company in any financial year is no more than \$250,000 |

Information for Investors

Schedule 5A – Interim Update

If a **NXT company** becomes aware of any of the following, the **NXT company** must immediately **release** an interim update under **rule 50** containing details of the matter and the expected impact of the matter on the **NXT company** and its **group**. A **NXT company** becomes aware of a matter for the purposes of **rule 50** at the time the matter becomes known to a **director** or **senior manager** of the **NXT company**.

1. The appointment of receivers, liquidators or statutory managers in respect of the **NXT company** or any of its **holding companies** or **subsidiaries**;
2. The result of any vote at a shareholders' meeting;
3. A breach by the **NXT company** or any of its **subsidiaries** of a banking covenant that may result in the acceleration of payment of any sum;
4. The service of any claim by or against the **NXT company** or any of its **subsidiaries** in legal proceedings where the amount claimed is greater than 15% of the **NXT company's average market capitalisation**;
5. The **NXT company** or any of its **subsidiaries** enters into or agrees to enter into a **significant transaction**;
6. A change in the essential nature of the business of the **NXT company** or the **NXT company's group**;
7. The variation or termination or completion of a previously announced transaction, including a transaction referred to in paragraph 5 of this schedule;
8. The **NXT company's directors** cease to hold the opinion that the **key operating milestones** meet the **NXT standard** (including following an annual review as required by **rule 44**);
9. The **NXT company's** or its **group's** operational performance will vary or is likely to vary by more than 10% from a target set in relation to any of its **key operating milestones**;
10. Any decision to take action that would require approval by an interest group under section 117 of the **Act**;
11. Any decision to subdivide or consolidate **shares**;
12. Any decision to issue **equity securities**, grant an option in respect of **equity securities**, to make a call in respect of partly paid **equity securities** or to acquire or redeem any **equity securities**;
13. Any decision to propose an amendment to the terms of **shares**, **equity securities**, options in respect of **equity securities** or the **NXT company's** constitution;
14. The cancellation of any proposal already notified by **release**;
15. Receipt of a request for a special meeting of shareholders of the **NXT company** under section 121(b) of the **Act**;

16. Any decision to:
 - (a) adopt or change a dividend policy;
 - (b) declare, recommend or pay a dividend or distribution that would otherwise not be expected to be made or paid;
 - (c) not make or pay a dividend or distribution that would otherwise be expected to be made or paid;
17. Appointment to or cessation of office or employment (as the case may be) of any **director**, **senior manager** or external auditor;
18. Any qualification or emphasis of a matter by the auditors on the financial statements of the **NXT company** or any **subsidiary** of the **NXT company**;
19. Any material adjustment to a preliminary announcement previously released under **rule 52** or an error in the financial statements or group financial statements included in an annual report prepared for the purposes of **rule 53** if the **board** of the **NXT company** has concluded that those financial statements should no longer be relied upon because of that error;
20. The **board** determines that a **director** has attained the status of an **independent director** or that a **director** has ceased to be an **independent director**;
21. Any change in the **NXT company's** physical, postal or public website address, telephone, contact person, **share registrar**, or the opening or closure of a branch **share** register;
22. Any proposed change in name of the **NXT company**;
23. Any decision to extend a half-year reporting period or to change balance date;
24. Any credit rating applying to the **NXT company**, its **holding company**, any of its **subsidiaries** or any of their **securities**, or any change to a credit rating;
25. If a **mining company**, any significant discovery of mineralisation or **hydrocarbon**.

Schedule 5B – Preliminary Announcements – Full and Half Year Results

Part A - Full Year Results

The following information must be contained in each preliminary announcement given to NZX under **rule 52** in respect of a financial year:

1. Details of the reporting period and the previous corresponding period.
2. Information required by Part D of this Schedule 5B, identified as “Results for announcement to the market” and placed at the beginning of the preliminary announcement in the tabular format specified in Part D.
3. The following information, which may be presented in whatever way the **NXT company** considers is the most clear and helpful to users, e.g. combined with the body of the report, combined with notes to the financial statements, or set out separately.
 - (a) A statement of financial performance.

- (b) A statement of financial position. The statement of financial position may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.
- (c) A statement of cash flows. The statement of cash flows may be condensed but must report as line items each significant form of cash flow.
- (d) Details of individual and total dividends or distributions, and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividends or distributions.
- (e) Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.
- (f) A statement of movements in equity.
- (g) Net tangible assets per share with the comparative figure for the previous corresponding period.
- (h) Details of entities over which control has been gained or lost during the period, including the following:
 - (i) Name of the entity.
 - (ii) The date of the gain or loss of control.
 - (iii) Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.
- (i) Details of associates and joint venture entities including the following:
 - (i) Name of the associate or joint venture entity.
 - (ii) Details of the reporting entity's percentage holding in each of these entities.
 - (iii) Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.
- (j) Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.
- (k) A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of the following:
 - (i) The earnings per security and the nature of any dilution aspects.

- (ii) Returns to shareholders including distributions and buy backs.
 - (iii) Significant features of operating performance.
 - (iv) The results of segments that are significant to an understanding of the business as a whole.
 - (v) A discussion of trends in performance.
 - (vi) Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.
- (l) A statement as to whether the report is based on financial statements which have been audited, are in the process of being audited, or have not yet been audited and:
- (i) If the financial statements have not yet been audited and are likely to be subject to qualification, a description of the likely qualification; or
 - (ii) If the financial statements have been audited, a statement of any qualifications that the auditors have made to those financial statements.
- (m) A statement of any major changes or trends in the **NXT company's** business subsequent to the end of the financial year or half year, as the case may be, and shall include where material any changes in the value of the **NXT company's** assets, or in its profitability, and any contingent liabilities, all in relation to the position disclosed in the last published financial statements; and
- (n) A statement of any unrealised gains resulting from the revaluation of assets of the **NXT company**, any subsidiary, or any associated company and unrealised net changes in values or development margins of investment assets included as separate items after profit before extraordinary items, identifying separately amounts arising from any unrealised gains of associated companies.

Part B - Half-Year Results

The following information must be contained in each preliminary announcement given to NZX under **rule 52** in respect of a financial half-year:

1. Details of the reporting period and the previous corresponding period.
2. Information required by Part D of this Schedule 5B, identified as "Results for announcement to the market" and placed at the beginning of the preliminary announcement in the tabular format specified in Part D.
3. The following information, which may be presented in whatever way the **NXT company** considers is the most clear and helpful to users, e.g. combined with the body of the report, combined with notes to the financial statements, or set out separately.
 - (a) A statement of financial performance
 - (b) A statement of financial position, which may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.

- (c) A statement of cash flows, which may be condensed but must report as line items each significant form of cash flow.
- (d) Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividends or distributions.
- (e) Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.
- (f) Net tangible assets per share with the comparative figure for the previous corresponding period.
- (g) Details of entities over which control has been gained or lost during the period, including the following:
 - (i) Name of the entity.
 - (ii) The date of the gain or loss of control.
 - (iii) Where material to an understanding of the report – the contribution of such entities to the reporting entity’s profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.
- (h) Details of associates and joint venture entities including the following:
 - (i) Name of the associate or joint venture entity.
 - (ii) Details of the reporting entity’s percentage holding in each of these entities.
 - (iii) Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.

Part C - Full Year and Half-Year Results

All preliminary announcements given under **rule 52** must comply with the following requirements:

1. All statements must be prepared in compliance with applicable financial reporting standards.
2. A statement of the accounting policies (if any) that the **directors** believe are critical to the portrayal of the **NXT company’s** financial condition and results and which require the **directors** to make judgements and estimates about matters that are inherently uncertain.
3. If there has been any material change in accounting policies applied in preparation of the statements reflected in the announcement, it must disclose the impact of the change.
4. If the financial statements have been audited, a copy of the audit report should be provided with the announcement.

5. The announcement may include any additional facts, figures or interpretative notes that the **NXT company** wishes to include, and must include any additional information required by any applicable financial reporting standard or necessary to ensure the announcement is not misleading.

Part D - Preliminary Announcement Summary

With reference to paragraph 2 of Part A and paragraph 2 of Part B of Schedule 5B of the **rules**, the following information is prescribed by **NZX** to be included in preliminary announcements.

1. The following information must appear identified as “Results for announcement to the market” and be placed at the beginning of the preliminary announcement in a tabular format.
 - (a) The amount for the reporting period and the previous reporting period of revenue from ordinary activities.
 - (b) The amount for the reporting period and the previous reporting period of profit (loss) from ordinary activities after tax attributable to security holders.
 - (c) The amount for the reporting period and the previous reporting period of net profit (loss) for the period attributable to security holders.
 - (d) The amount per share and imputed amount per share of final and interim dividends or a statement that it is not proposed to pay dividends.
 - (e) The record date for determining entitlements to and the date for payment of the dividends (if any).
 - (f) A brief explanation of any of the figures in (a)-(e) necessary to enable the figures to be understood.
6. The information required by paragraph 1 above should as close as possible be presented in the following tabular format:

NXT company name

Results for announcement to the market

| | |
|---------------------------|---------------------------------|
| Reporting Period | [] months to [] |
| Previous Reporting Period | [] months to [] |

| | Amount for this reporting period (000s) | Amount for previous reporting period |
|---|---|--------------------------------------|
| Revenue from ordinary activities | \$NZ | \$NZ |
| Profit (loss) from ordinary activities after tax attributable to shareholders | \$NZ | \$NZ |

| | | |
|--|------|------|
| Net profit (loss) attributable to shareholders | \$NZ | \$NZ |
|--|------|------|

| Interim/Final Dividend | Amount per share | Imputed amount per share |
|------------------------|---|--------------------------|
| | \$NZ [or a statement that it is not proposed to pay dividends.] | \$NZ |

| | |
|-----------------------|----------------------------|
| Record Date | [Date] or [Not Applicable] |
| Dividend Payment Date | [Date] or [Not Applicable] |

| | |
|-----------|---|
| Comments: | [A brief explanation of any of the figures above necessary to enable the figures to be understood.] |
|-----------|---|

Schedule 5C – Annual Report

An annual report prepared for the purposes of **rule 53** must include:

1. Information required to be included by all applicable legislation;
2. All the information required to be included in a preliminary announcement;
3. A copy of the financial statements and any **group** financial statements for the most recently completed accounting period that have been signed in accordance with the requirements of all applicable legislation, and a copy of the auditor's report in respect of those financial statements;
4. Names and holdings of persons holding the 20 largest holdings of **shares** as at a date no earlier than 2 months before the date of publication of the annual report;
5. Details of all **equity securities** and securities convertible into **equity securities** in which a **director** has a **relevant interest** as at balance date;
6. Spread of shareholders as at a date no earlier than 2 months before the date of publication of the annual report; and
7. An evaluation of the **NXT company's** performance with respect to its corporate governance policies and diversity policy (if applicable).

Schedule 5D – Half-Year Report

A half-year report prepared for the purposes of **rule 54** must include:

1. The information required to be included in a preliminary announcement in respect of the half-year accounting period, together with the following information:

- (a) A statement of movements in equity;
 - (b) A statement of any major changes or trends in the **NXT company's** business subsequent to the end of the financial year or half year, as the case may be, and shall include where material any changes in the value of the **NXT company's** assets, or in its profitability, and any contingent liabilities, all in relation to the position disclosed in the last published financial statements;
 - (c) A statement of the amount of any unrealised gains resulting from the revaluation of assets of the **NXT company**, any **subsidiary**, or any associated company and unrealised net changes in values or development margins of investment assets included as separate items after profit before extraordinary items, identifying separately amounts arising from any unrealised gains of associate companies; and
 - (d) A statement of any material change in accounting policies applied in preparation of the statements reflected in the announcement and the impact of the change.
2. A copy of the interim financial statements and any interim group financial statements for the half-year accounting period.
 3. The report must also contain any additional information required by law or any applicable financial reporting standard or necessary to ensure the report is not misleading. The report may include any additional facts, figures or interpretative notes that the **directors** wish to include. If the financial statements have been audited, the report shall disclose any qualifications the auditors have made to those financial statements.

Shareholder Approval and Transaction Announcements

Schedule 6A – Voting Exclusions

If a notice of meeting prepared for the purposes of **rule 62** contains a proposal listed in column 1 of Table 3, then no later than 5 **business days** prior to the meeting a **NXT company** must identify all persons in column 2 of Table 3, and exclude all of the persons identified from exercising any **votes** on a resolution to approve the proposal (unless as a directed proxy). If, after the chairperson of a meeting declares the outcome of a **vote** on a resolution, a **NXT company** becomes aware that a person identified in column 2 of Table 3 exercised a **vote** on a proposal listed in column 1 of Table 3, then that fact will not affect the validity of the resolution.

Table 3

| Nature of proposal | Persons prohibited from voting |
|--|---|
| Directors' remuneration (rule 16) | Any director intended to receive remuneration or other benefit and that director's associated persons |
| Issue of equity securities (rule 26) | Any person to whom equity securities are to be issued and those person's associated persons ; and Any director who is not excluded from |

| | |
|---|--|
| | participating in the issue and that director's associated persons |
| Acquisition or redemption of equity securities (rule 32) | Any person from whom equity securities are to be acquired or redeemed and those person's associated persons ; and Any director who is not excluded from participating in the acquisition or redemption and that director's associated persons |
| Cancellation of unpaid amounts (rule 34) | Any person holding equity securities subject of the resolution and those person's associated persons |
| Provision of financial assistance (rule 37) | Any person to whom financial assistance is to be given and that person's associated persons ; and Any director who is not excluded from receiving the financial assistance and that director's associated persons |
| Related party transaction (rule 38(b)) | Any person who is a related party and a party to a related party transaction or who benefits from a, related party transaction and that person's associated persons |
| Cancellation of listing (rule 88) | Any person who holds or who is one of a group of associated persons who together hold 10% or more of the shares on issue |

Schedule 6B – Transaction Announcements

A **transaction announcement** prepared for the purposes of **rule 25(c)** or **rule 38(a)** must contain the following:

1. Details of the precise terms and conditions of the proposal and sufficient information to enable a reasonable person to understand the proposal and its effect and whether the transaction terms and price are fair;
2. A certificate from the **directors** of the **NXT company** (excluding any **director** who is interested in the transaction in accordance with the **Act**) certifying that the terms of the transaction are fair and reasonable to shareholders and in the best interests of the **NXT company**;
3. Details of all interests of any **director** of the **NXT company** in the proposal; and

4. A statement that if shareholders holding **shares** that together carry **voting** rights in respect of at least 5% of the **votes** entitled to be exercised in respect of a resolution approving the transaction, submit a request, then the **board** must call a special meeting of shareholders to consider the proposal under section 121 of the **Act**.

Glossary

Part A General Definitions

In these **rules** the following terms have the following meanings:

| | |
|--------------------------------------|--|
| Act | Companies Act 1993 |
| alternate director | means an individual appointed to act as an alternate to exercise some or all of a director's powers |
| applicant | means a company that has applied to NZX to become a NXT company |
| associated person | has the meaning set out in Part B of this Glossary |
| authorisation code or FIN | an alphanumeric identifier issued by NZX , a NXT company or a share registrar to a shareholder that provides authority to access the shareholder's account on the NXT company's share register |
| average market capitalisation | in relation to a transaction, the volume weighted average market capitalisation of a NXT company's shares calculated from trades on the NXT Market over the 20 business days immediately before the earlier of the day the transaction is entered into or information about the transaction is first released to the market under rule 58 |
| board | the board of directors of a NXT company |
| business day | a day on which the NXT Market is open for trading |
| cleansing notice | a statement by a NXT company that it is in compliance with the requirements of rule 49 to rule 57 (inclusive), (and in the case of a mining company any procedure that requires information to be released) and its financial reporting obligations, and that includes any information that is material to an investment in shares in the NXT company that has not been released because nothing in rule 49 to rule 57 requires that information to be released |
| client inward transfer | has the meaning set out in the Depository Operating Rules |
| client outward transfer | has the meaning set out in the Depository Operating Rules |

| | |
|-----------------------------------|---|
| company | a company within the meaning of section 2 of the Act |
| convert | in respect of a security , means to convert that security into, or exchange that security for, a security of a different sort, whether at the option of the holder, or of the NXT company , or otherwise, or to subscribe for or obtain a security of a different sort pursuant to a right conferred by the first mentioned security . “ Conversion ” and “ convertible ” have corresponding meanings |
| corporate action | any action in respect of shares including a distribution, rights offer , bonus issue, conversion, consolidation, subdivision, acquisition, redemption, scheme of arrangement, amalgamation or other benefit |
| CSN | has the meaning set out in the NZX Participant Rules |
| Depository Operating Rules | the New Zealand Depository Limited Depository Operating Rules |
| depository system | has the meaning set out in the Depository Operating Rules |
| director | <p>(a) in relation to a company, a director of that company within the meaning of the Act;</p> <p>(b) in relation to any other entity, any person occupying a position in that entity that is comparable with that of a director of a company as defined in (a);</p> |
| disqualifying relationship | <p>in relation to a director of a NXT company, any direct or indirect interest or relationship that could reasonably influence, in a material way, that director’s decisions relating to that NXT company; and</p> <p>without limitation, a director has a disqualifying relationship if the director is likely to receive, or has received in any of the past three years, more than 10% of his or her annual remuneration or revenue (excluding dividends or distributions payable to holders of shares generally) by virtue of any of the following relationships:</p> <p>(a) the director is a substantial security holder in the NXT company or an associated person of a substantial security holder in the NXT company;</p> <p>(b) the director has a relationship (other than as a director of the NXT company) with the NXT company</p> |



or a substantial security holder in the **NXT company**

electronic reporting systems agreement

an agreement with **NZX** in the form required by **NZX** relating to **releases**

employee

in relation to a **NXT company**, means an employee or officer of that **NXT company** or any of its **subsidiaries**; a labour only contractor, consultant, or consultant company, who or which contracts with that **NXT company** or any of its **subsidiaries**; any trustee or trustees on behalf of any of the above employees or officers; and any trustee or trustees of, or in respect of any pension, superannuation or like fund established for the benefit of any of the above employees or officers

equity security

- (a) a **share**; or
- (b) any other **security**:
 - (i) which confers a present or future right to participate in the assets of a **NXT company** after payment of claims payable under section 313(1) of the **Act** or; or
 - (ii) which confers a present or future right to participate in the income or profits of a **NXT company**; or
 - (iii) which carries, or will in future carry, a vote, or a right to participate in the ultimate control of a **NXT company**; or
- (c) an option to acquire by way of subscription a **share** or a **security** of the kind specified in paragraph (b),

and includes any **security** which **NZX** in its sole discretion declares, or which **NZX** has previously declared, by a ruling to be an **equity security**, and excludes any **security** which **NZX** in its sole discretion declares, or which **NZX** has previously declared, by a ruling not to be an **equity security**

executive director

means a **director** of a **NXT company** who is also an **employee** of that **NXT company**

exempt offer

an offer specified in **procedure** for which **NZX** approval to an offer document is not required under **rule 27**

group

in relation to a **NXT company** means the **NXT company** and its **subsidiaries**

| | |
|--------------------------------|---|
| holding company | has the meaning given in section 2 of the Act |
| hydrocarbon | has the meaning set out in procedure |
| independent director | a director who is not an employee of the NXT company and who has no disqualifying relationship |
| key operating milestone | a metric for measuring and reporting on the performance of a NXT company's or its group's business |
| listed | in respect of a company , that the company has become listed under rule 78 ; and listing has a corresponding meaning |
| listing document | a document issued by a NXT company for the purposes of rule 2 or rule 40 |
| market capitalisation | for the purposes of Schedule 1A (Pre-requisites for Listing), the price of the applicant's shares multiplied by the number of shares on issue |
| material transaction | <p>a transaction or related series of transactions relating to the acquisition or disposition (including by way of sale, purchase, lease or exchange, and excluding by grant of a security interest) by a NXT company (and/or any of its subsidiaries):</p> <p>(a) of assets the gross value of which exceeds 50% of the average market capitalisation of the NXT company; or</p> <p>(b) that would result in a change to the essential nature of the NXT company's or its group's business,</p> <p>but does not include:</p> <p>(d) a takeover offer made by a NXT company in respect of a code company in accordance with the Takeovers Code; or</p> <p>(e) a transaction entered into with a bank on arms' length terms in the ordinary course; or</p> <p>(f) an issue of securities for cash that does not change the essential nature of the business of the NXT company or its group</p> |
| member of the public | in relation to a company and/or its shares , means any |

person other than:

- (a) a person who holds or who is one of a group of **associated persons** who together hold 10% or more of the **shares** in a **company**; or
- (b) a person who has, or who is one of a group of **associated persons** who together have, the power (whether contingent or not) to appoint one or more **directors** of the **company**; or
- (c) any other person or member of a class of persons, whom **NZX** in its discretion declares not to be a **member of the public** for the purposes of the **rules**

| | |
|----------------------------------|---|
| minimum holding | in relation to shares in a NXT company means the number determined under procedure |
| mining company | a company that is principally engaged in the exploration for or extraction of any mineral, oil or natural gas, and includes a company that holds an interest in any mining tenement that is a principal part of the company's business or assets |
| non-standard NXT company | a NXT company that has been classified as non-standard by NZX under rule 76 |
| NXT Advisor | a person who is accredited as a NXT Advisor under the NZX Participant Rules |
| NXT Advisor's declaration | a declaration that meets the requirements of rule 7.8.2 of the NZX Participant Rules |
| NXT company | a company that has become subject to these rules under rule 78 |
| NXT Market | the market operated by NZX that is governed by the rules |
| NXT Market Maker | has the meaning set out in the NZX Participant Rules |
| NXT standard | in relation to a company's key operating milestones means that taken together, the key operating milestones address the most significant factors by which the performance of the company's or the company's group's business should be assessed and monitored and will result in understandable reporting for investors |
| NXT website | the NXT Market website operated by NZX |

| | |
|--|--|
| NZMDT | the body constituted by NZX under the NZMDT Rules and, where the context permits, includes the chairperson, deputy chairperson, any division or duly authorised delegate of that body |
| NZMDT Rules | the NZ Market Disciplinary Tribunal Rules made by NZX from time to time |
| NZX | NZX Limited, and includes its employees , successors and assigns and, as the context permits, any duly authorised delegate of NZMDT and NZX Regulation |
| NZX Participant Rules | the NZX Participant Rules made by NZX from time to time |
| NZX Regulation | any person for the time being holding appointment, or designated by NZX as NZX Regulation Personnel and includes the Head of Market Supervision |
| ordinary resolution | a resolution approved by a simple majority of the votes of those shareholders entitled to vote and voting on the question |
| pro rata issue, pro rata acquisition or pro rata redemption | an issue, acquisition or redemption (as the case may be) made on the basis that, if all eligible persons participate, existing proportionate rights of those persons to distributions and votes would be maintained, whether or not persons in jurisdictions other than New Zealand and Australia have been excluded from participation as permitted by Schedule 3B (Permitted Issues of Equity Securities) |
| procedure | a procedure approved or amended by NZX under rule 105 |
| qualified auditor | has the meaning set out in section 35 of the Financial Reporting Act 2013 |
| quotation | in respect of shares or rights of a NXT company , the granting of a right for Trading Participants (as defined in the NZX Participant Rules) to quote bids and offers for those shares or rights on the NXT Market . “ Quote ” and “ quoted ” have corresponding meanings |
| reciprocal arrangement | any agreement or arrangement between NZX and any government or non-governmental agency, authority or association (including without limitation, a securities or derivatives exchange) in New Zealand or elsewhere whose functions include the monitoring, surveillance, or regulation of trading in or clearing and settlement of transactions in |

securities, derivatives or commodities (in New Zealand or elsewhere) which provides for the disclosure of information between **NZX** and others in relation to dealings in **securities**, derivatives, or commodities (in New Zealand or elsewhere)

record date

the time fixed by a **NXT company** for the determination of shareholders to whom an entitlement, right or obligation relating to the **shares** of that **NXT company** shall apply

related company

has the meaning given in section 2(3) of the **Act** (read together with section 2C(4) of that **Act**)

related party

in relation to a **NXT company**, any person who is or who during the previous six months prior to the entry into the transaction has been:

- (a) a **director** or **senior manager** of the **NXT company** or any of its **subsidiaries** or an **associated person** of the same
- (b) a person with a relevant interest in 10% or more of the **shares** of the **NXT company** or an **associated person** of the same
- (c) a person in respect of whom arrangements are in place (not including the transactions) intended to result in that person becoming a related party under the above bullet points;

but excluding:

- (d) a person that is a related party only because a **director** of the **NXT company** is a **director** of that person and fewer than one third of the **directors** of the **NXT company** are **directors** of the person and no **director** or **senior manager** has an economic interest in the person other than in respect of reasonable **directors' fees**
- (e) a person that is a wholly owned **subsidiary** of the **NXT company** and no person is a related party in respect of the transaction other than a person who is a related party solely because that person is a **director** of the **subsidiary**

related party transaction

a transaction of the nature set out in column 1 of Table 1 of Schedule 4 (Related Party Transactions) that exceeds the threshold set out in column 3 of Table 1 of Schedule 4 where a **related party** is a direct or indirect party to or beneficiary of the transaction or to at least one of a related

series of transactions of which that transaction forms part, except if approval is not required under Table 2 of Schedule 4

| | |
|--------------------------------|---|
| release | release to the market in accordance with rule 58 |
| relevant interest | has the meaning set out in sections 235-238 of the Financial Markets Conduct Act 2013 |
| renounceable | in relation to an offer of equity securities , a right or offer is transferable by any holder of the time being to another person (whether or not an existing holder of securities to which the right or offer relates) |
| right | a renounceable entitlement to subscribe for a security in an offer to holders of quoted shares to participate in a pro rata issue |
| rights offer | an offer to holders of quoted shares to participate in a pro rata issue of securities (whether renounceable or non- renounceable) or an offer to participate in an issue made under paragraph 2 or paragraph 5 of Schedule 3B (Permitted Issues of Equity Securities) |
| rules | these NXT Market rules as amended from time to time |
| security | has the meaning set out in the Financial Markets Conduct Act 2013 |
| senior manager | in relation to a NXT company , means a person who is not a director but occupies a position that allows the person to exercise significant influence over the management or administration of the NXT company (for example, a chief executive officer, or chief financial officer) |
| share | a share in a company that confers on the holder the rights set out in section 36(1) of the Act |
| share registrar | a person appointed by a NXT company to operate its share register as required by rule 71 |
| significant transaction | a transaction of the nature set out in column 1 of Table 1 of Schedule 4 (Related Party Transactions) that exceeds the threshold set out in column 2 of Table 1 of Schedule 4 |

| | |
|---------------------------------|--|
| special resolution | a resolution approved by a majority of 75 percent or, if a higher majority is required by the constitution, that higher majority, of the votes of those shareholders entitled to vote and voting on the question |
| subsidiary | <p>(a) a subsidiary within the meaning of section 5 of the Act (read together with sections 6 to 8 inclusive of the Act); or</p> <p>(b) an entity treated as a subsidiary or in substance subsidiary within the meaning of any financial reporting standard approved in terms of section 19 of the Financial Reporting Act 2013</p> |
| Takeovers Code | a takeovers code made under section 19 of the Takeovers Act 1993 |
| template | a template approved or amended by NZX under rule 105 |
| transaction announcement | an announcement that contains the information set out in Schedule 6B (Transaction Announcements) |
| treasury stock | shares in a NXT company which have been acquired by that NXT company and are held by that NXT company as treasury stock and includes shares held by a subsidiary of a company other than in accordance with section 82(6) of the Act |
| vote | <p>a right to vote at meetings of shareholders of a NXT company other than:</p> <p>(a) a right to vote solely upon matters of a nature immaterial or inconsequential to the control of the NXT company or to the control of any material part of the business or operations of the NXT company; or</p> <p>(b) a right to vote only when a payment in respect of the security in question is in arrears or some other default exists, or on a proposal to change the rights attaching to that security, or in other circumstances of a special or remote nature; or</p> <p>(c) a right to vote attaching to securities which are not equity securities, exercisable only at meetings of holders of those securities; and</p> <p>voting has a corresponding meaning</p> |

Part B Associated Person Definition

1. For the purposes of the **rules**, except as set out in paragraph 2 below, a person (**A**) is an associated person of another person (**B**) if:
 - (a) in making a decision or exercising a power influencing a **NXT company**, A could be influenced as a consequence of an arrangement or relationship existing between or involving A and B; or
 - (b) A is a **company** or an **entity** and B is:
 - (i) a **director** of A;
 - (ii) a **holding company** or **subsidiary** or **related entity** of A;
 - (iii) a **director** of a **holding company** or **subsidiary** or **related entity** of A;
 - (c) A is a spouse, domestic companion, child or parent of B, or a nominee or trustee for any of them or for B;
 - (d) A is a **director** of a **company** or **entity** (**C**), or holds a **relevant interest** in **securities** carrying more than 10% of the votes of C, and A and B are parties to an arrangement relating to the control of or ownership of **securities** in C, which arrangement affects **securities** of C carrying more than 30% of the total **votes** attaching to **securities** of C; or
 - (e) A and B are acting jointly or in concert;
 - (f) A and/or B propose to do, or are likely to do, anything which will cause them to become associated persons under any paragraph above.
2. A is not an associated person of B solely because:
 - (a) A acts as a professional or business adviser to B, and has no personal financial interest in the outcome of that advice;
 - (b) A is a person whose ordinary business includes dealing in securities on behalf of others and A acts in accordance with B's specific instructions in respect of dealing in securities;
 - (c) A acts as a proxy or representative of B for the purposes of a meeting of holders of securities in a company or entity.
3. If A is associated with B under this Part B, then B is associated with A.

In this definition the following terms have the following meanings:

| | |
|-----------------------|---|
| entity | a corporation, corporation sole, partnership, joint venture or association (in each case whether corporate or unincorporated) |
| related entity | in relation to an entity an entity that controls or is controlled by that entity |

Part C Interpretation

1. In these **rules** and the **procedures** and **templates**:

- (a) headings to clauses, tables, schedules, sections, parts, **rules**, **procedures** and **templates** are for reference only and are not an aid to interpretation;
- (b) references to a statutory provision of law (including a regulation or exemption notice) are to be read as references to that provision as amended or re-enacted, or as modified by another statutory provision;
- (c) references to a person (including a shareholder) are to that person's successors permitted assigns, executors and administrators, as the context requires and includes any association of persons whether incorporated or unincorporated, whether or not having separate legal personality;
- (d) references to periods of time include the day on which the period begins and also the day on which the period ends;
- (e) words importing the plural include the singular and vice versa and words importing gender import all genders
- (f) a reference to conduct or engaging in conduct includes:
 - (i) a reference to doing, or refusing or omitting to do, any act; and
 - (ii) entering into an agreement or giving effect to a provision of an agreement
- (g) all warranties, representations, indemnities, covenants, agreements and obligations given or entered into by more than one person (other than **NZX**) will be deemed to have been given or entered into jointly and severally;
- (h) any statement that is required to be made to the best of a person's knowledge (or similar expression) is deemed to include a statement that the person has made due and careful enquiry;
- (i) another part of speech or grammatical form of a word or expression has the same meaning as the word or expression;
- (j) a reference to a **rule** or **procedure** includes a reference to all sub-rules or sub-procedures;
- (k) a reference to time is a reference to Wellington, New Zealand time and references to monetary amounts are to New Zealand currency;
- (l) if the name of a body corporate is changed in accordance with the law (whether or not the body is incorporated) or the name of an office is changed by law then a reference in these **rules**, **procedures** or **templates** to the body or office under any former name, except in relation to matters that occurred before the change took effect, is taken as a reference to the body or office under the new name.

2. In these **rules** and the **procedures** and **templates**, a reference to:

- (a) an "**agreement**" includes a contract, deed, license, franchise, undertaking or other document (in each case oral or written) and as the context requires, includes an agreement as modified, supplemented, novated or substituted from time to time;

- (b) “**consent**” includes an approval, authorisation, exemption, filing licence, order, permit, recording or registration (and references to obtaining consents are to be construed accordingly);
 - (c) “**guarantee**” includes any obligation of any person to pay, provide funds (whether by advancing money, the purchase of subscription **shares** or other **securities**, the purchase of assets or services, or otherwise) for the payment of, or to indemnify against the consequences of default in payment or the indebtedness of any other person;
 - (d) “**law**” or “**regulation**” includes a constitutional provision, treaty or other legislative measure, decree official directive, convention, statute, regulation, ordinance, by-law, judgement, rule of common law or equity in each case of any **relevant jurisdiction**;
 - (e) “**rights**” includes authorities, directions, remedies, powers and causes of action;
 - (f) “**rules**” or “**procedures**” or “**templates**” includes a reference to the rules, procedures or templates, as amended, varied, supplemented, consolidated, replaced or novated from time to time, as the context requires;
 - (g) “**tax**” includes any present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding imposed, assessed or levied by any governmental agency (whether state or local) and any interest, penalties, fines, costs, charges, and other liabilities arising from or payable in respect of such tax;
 - (h) “**in writing**” includes representing or reproducing words, figures or symbols:
 - (i) in a visible and tangible form by any means and in any medium;
 - (ii) in a visible form in any medium by electronic means that enables them to be stored in permanent form and to be retrieved and read.
3. An interpretation or construction that would promote the purpose or object underlying the **rules, procedures or templates** (whether that purpose or object is expressly stated in the **rules, procedures or templates**, or not) is to be preferred to an interpretation or construction which would not promote that purpose or object.
4. The schedules to the **rules** have the same force and effect as if set out in the body of the **rules**.