

## LISTING RULE CHANGES TO COMMENCE 1 DECEMBER 2002

(a) Delete paragraphs 8 and 9 of the Foreword to the Rules and substitute the following:

8. The Exchange believes that trading on the market is most efficiently conducted and fostered for all participants when issuers are required to disclose in a timely manner to all participants all relevant information which may affect security values or influence investment decisions, and issuers should only withhold disclosure in very limited circumstances. Where information is withheld from the market, issuers have a duty to protect the information and keep it strictly confidential and will be required to immediately disseminate the information if the information does become available to outsiders who would be free to trade in the issuers' securities with the benefit of that information.
9. The Exchange believes that it is damaging to confidence in the liquidity of the market to compulsorily stop trading in any securities and will therefore exercise its powers so far as is practicable to require disclosure to prevent a false market arising rather than to stop trading.

(b) Amend the existing definition of "Key Transaction" in Rule 1.1.2 by deleting the word "continuity" and substituting the word "continuing".

(c) Insert a new definition of "Material Information" in Rule 1.1.2, as follows:

**"Material Information"** in relation to an Issuer is information that:

- (a) a reasonable person would expect, if it were generally available to the market, to have a material effect on the price or value of Quoted Securities of the Issuer; and
- (b) relates to particular securities, a particular Issuer, or particular Issuers, rather than to securities generally or Issuers generally.

Without limiting what information a reasonable person would expect to have a material effect on the price or value of Quoted Securities of an Issuer, for the purposes of this definition, a reasonable person would be taken to expect information to have a material effect on the price or value of quoted Securities of an Issuer if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to buy or sell those Quoted Securities.

For the purposes of this definition information is **generally available to the market** if:

- (c) it is information that:
  - (i) has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in relevant securities; and
  - (ii) since it was made known, a reasonable period for it to be disseminated among those persons has expired; or
- (d) it is likely that persons who commonly invest in relevant securities can readily obtain the information (whether by observation, use of expertise, purchase from other persons, or any other means); or

- (e) it is information that consists of deductions, conclusions, or inferences made or drawn from either or both of the kinds of information referred to in paragraphs (c) and (d).

In this definition, **relevant securities** means securities of a kind the price or value of which might reasonably be expected to be affected by the information.

- (d) Delete the existing definition of "Relevant Information" in Rule 1.1.2. Delete the word "Relevant Information" wherever it appears in the Listing Rules and replace it with the words "Material Information".
- (e) Amend the definition of "Resolution of the Minority" in Rule 1.1.2 by inserting the words "entitled to vote and voting" after the words "carrying Votes".
- (f) Amend 5.1.2(c) by deleting the words "in Appendix 4" and inserting the words "by the Exchange from time to time"
- (g) Amend 5.5.2 by deleting the words "in Appendix 4" and inserting the words "by the Exchange from time to time"
- (h) Delete the existing Rule 5.4.1 and footnote and substitute the following:

#### **5.4 TRADING HALTS, SUSPENSION, CANCELLATION AND OTHER POWERS**

5.4.1 **Request:** An Issuer may request:

- (a) by notice in writing to the Exchange, that trading in its Securities be halted by the Exchange for a period not to exceed two Business Days; or
- (b) by not less than one month's prior written notice to the Exchange, that it cease to be Listed or that some or all of its Securities cease to be Quoted.

After receipt of a request from an Issuer in accordance with:

- (c) Rule 5.4.1(a) the Exchange may halt trading; or
- (d) Rule 5.4.1(b), the Exchange may cancel the Listing or Quotation (or both), as the case may be,

on or subject to compliance with such conditions as the Exchange thinks fit.

1. **Where an Issuer is requesting a trading halt, pursuant to Rule 5.4.1(a), it must provide information to the Exchange on each of the following:**
  - Its reasons for the trading halt;
  - How long it wants the trading halt to last;
  - The event it expects to happen that will end the trading halt;
  - That it is not aware of any reason why the trading halt should not be granted;
  - Any other information necessary to inform the market about the trading halt, or that the Exchange asks for.
2. **The Exchange is not required to act on the Issuer's request for a trading halt.**

3. Among the conditions which the Exchange may require in the case of a request, pursuant to Rule 5.4.1(b), for cancellation of Listing or Quotation (or both) are:
- (a) A requirement for a prior approving resolution of Security holders who are Members of the Public;
  - (b) Arrangements to protect rights of any Class of Security which arise under the Rules and which, if lost on cessation of Listing, would prejudice the position of those holders.
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- (i) Amend Rule 7.3.8(a) by deleting subparagraph (i), deleting the reference to "(i)" in subparagraph (iv) and consequentially renumbering the remaining subparagraphs.
- (j) Revoke the existing Rule 7.10.6.
- (k) Amend Rule 7.9.1 by deleting the words "Rule 12.7 or Rule 12.8.3" and substituting the words "Section 12".
- (l) Amend Rule 9.2.2 by inserting the words "or a related series of transactions" after the words "means a transaction".
- (m) Delete the existing Rule 10.1.1 and footnote and substitute the following:

10.1.1 **Continuous Disclosure of Material Information:** Without limiting any other Rule, every Issuer shall:

- (a) once it becomes aware of any Material Information concerning it, immediately release that Material Information to the Exchange, provided that this Rule shall not apply when:
  - (i) a reasonable person would not expect the information to be disclosed; and
  - (ii) the information is confidential and its confidentiality is maintained; and
  - (iii) one or more of the following applies:
    - (A) the release of information would be a breach of law;
    - (B) the information concerns an incomplete proposal or negotiation;
    - (C) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
    - (D) the information is generated for the internal management purposes of the Issuer; or
    - (E) the information is a trade secret.

In this Rule, an Issuer is aware of information if a Director or an executive officer of the Issuer has come into possession of the information in the

course of the performance of his or her duties as a Director or executive officer.

- (b) not disclose any Material Information to the public, other Recognised Stock Exchanges (except as contemplated in the footnote to this Rule) or other parties except those parties to whom the proviso to Rule 10.1.1 (a) applies:
  - (i) prior to disclosing that Material Information to the Exchange; and
  - (ii) prior to an acknowledgement from the Exchange of receipt of that Material Information.
- (c) release Material Information to the Exchange to the extent necessary to prevent development or subsistence of a market for its Quoted Securities which is materially influenced by false or misleading information emanating from:
  - (i) the Issuer or any Associated Person of the Issuer; or
  - (ii) other persons in circumstances in each case which would give such information substantial credibility,

even if the proviso to Rule 10.1.1(a) applies.

**1. The following information would require disclosure if material under this Rule:**

- a change in the Issuer's financial forecast or expectation.
- the appointment of a receiver, manager, liquidator in respect of any loan, trade credit, trade debt, borrowing or securities held by the Issuer or any of its Subsidiaries.
- a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the entity's consolidated assets. Normally, an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case.
- a change in the control of the manager of a Listed trust, or a change of trustee of a Listed trust.
- a proposed change in the general character or nature of a Listed trust.
- a recommendation or declaration of a dividend or distribution
- a recommendation or decision that a dividend or distribution will not be declared.
- undersubscription or oversubscription to an issue.
- a copy of a document containing market sensitive information that the entity lodges with an overseas stock exchange or other regulator which is available to the public. The copy given to NZSE must be in English.
- giving or receiving a notice of intention to make a takeover.
- an agreement between the Issuer (or a Subsidiary) and a Director (or an Associated Person of the director).

2. The attention of Issuers is drawn to the policy statements set out in paragraphs 1 and 2 of appendix 9 dealing with announcements as to acquisitions and disposals, disclosure of reasons for price movements, and announcements as to credit rating changes.
3. For the purpose of 10.1.1(a) (i) , a "reasonable person" would not expect the information to be disclosed if the release of the information would:
  - (a) unreasonably prejudice the Issuer; or
  - (b) provide no benefit to a person who commonly invests in securities.
4. It is a requirement of the exception to this Listing Rule that the information is confidential. In this context "confidential" has the sense of "secret". It means that it is not in the possession of any person who is likely to use it in deciding whether or not to deal with Quoted Securities of the Issuer or to divulge it, directly or indirectly, to any such person.
5. Once the information is received by any person who is not bound by any corresponding obligation of confidentiality with which that person is likely to comply the exception no longer applies and the information must be disclosed to the Exchange. This is the case even if the Issuer has entered into confidentiality arrangements and/or the information has come from a source other than the Issuer.
6. The NZSE accepts that information provided by the Issuer to:
  - (a) a professional advisor;
  - (b) a party negotiating on the Issuer's behalf;
  - (c) a third party negotiating with the Issuer; or
  - (d) a regulatory authority,

does not lose its confidentiality, provided that in each case the information was provided with an obligation to maintain its confidentiality and such information is used by the party to whom it was provided solely for the purpose for which it was provided.
7. An Issuer that is dual listed should release information to the Exchange before or at the same time as it releases information to the other exchanges on which it is listed.
8. The duty to disclose to the Exchange is not intended to supersede any desirable communication directly with holders of Securities, whether by way of letter or otherwise. However Issuers must appreciate that disclosure to holders in bare compliance with any legal obligations is not sufficient for an Issuer.
9. The duty to correct false information in the market is limited so that antagonists cannot force information out of a company simply by generating a false rumour. The market's interest in requiring correction of false rumours is intended to be limited to those which are of a reasonably specific nature or from a source which lends substantial credence to them.
10. The general disclosure requirements in Rule 10.1.1 set out what the Exchange regards as the conditions for satisfying one of the fundamental obligations of Listing. The other disclosure requirements of section 10 address specific types of information and are in addition to and not in limitation of Rule 10.1.1.
11. In deciding whether or not to release information, Issuers should have regard to:
  - (a) Rule 1.1.5, the effect of which is to aggregate a group of entities for disclosure purposes;
  - (b) section 178 of the Companies Act 1993, dealing with the rights of shareholders to require the provision of information by a company;

- (c) Part 1 of the Securities Amendment Act 1988, dealing with insider trading; and
- (d) the Fair Trading Act 1986, and in particular the sections dealing with the supply of information that is or is likely to be misleading or deceptive.

An Issuer should also be guided by the principle that if in doubt it should disclose the information.

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- (n) Delete the existing Rule 10.1.2 and substitute the following:

**10.1.2 Further Information:** To ensure transparency of Directors actions and to ensure that there is no perception that any Director has a conflict of interest, without limiting any other Rule, every Issuer shall, whether or not it is Material Information, disclose promptly to the Exchange all arrangements (other than within the group comprised of the Issuer and its wholly owned Subsidiaries) that Members of the Public (in relation to Equity Securities of the Issuer) might reasonably consider confer terms materially more favourable to the other parties to that arrangement than would be conferred in an arms length negotiation. In particular, details shall be disclosed of:

- (a) any arrangements by the Issuer with any Director or Associated Persons of a Director or with any Holder of Equity Securities of the Issuer who is not a Member of the Public; and
- (b) entry into of any agreement or arrangement which will require the approval of a resolution under Rule 9.2.1.

- (o) Amend the existing Rule 10.2.2 by inserting subparagraph (c) and following additional unnumbered paragraph as follows:

- (c) sent by electronic mail to:

[announce@nzse.co.nz](mailto:announce@nzse.co.nz)

Without limiting any other Rule, the Exchange may require an Issuer to use such forms or templates (with such alterations and completions as are satisfactory to the Exchange) as may be required by the Exchange from time to time.

- (p) Delete the existing Rule 10.2.3 (b) and substitute the following:

sent to the Exchange on a Business Day during market trading hours or half an hour before or after market trading hours. Announcements received up to half an hour after market trading hours will be released to the market and media on the day of receipt. Announcements received after that time will be held over until the following Business Day and shall not be released by the Issuer to any other party, including the media, until half an hour before the market opens on the following Business Day.

- (q) Delete the existing Rule 10.2.3(d) and substitute the following:

"released to the Exchange:

- (i) in the case of an Issuer listed on a Recognised Stock Exchange, before or at the same time as it releases the announcement to the other exchanges on

which it is listed, and in any event at least 10 minutes prior to its public release; and

(ii) in the case of every other Issuer, 10 minutes prior to its public release.

An Issuer may choose to use an embargo when making announcements. If an Issuer chooses to use an embargo it shall comply with the following conditions:

(i) release the embargoed announcement to the Exchange at least 30 minutes prior to its release to any other party, including the media; and

(ii) display the times and conditions of the embargo prominently on every page of each release.

The Exchange may, in the 15 minutes following receipt of the announcement, in consultation with the Issuer, require any amendment, addition to or alteration to the announcement. The Exchange, in consultation with the Issuer, may choose to release any information prior to any embargo time if the Exchange considers that their market should immediately be so informed."

(r) Amend the existing Rule 10.4.1 by deleting "75 days" in each place it appears and substituting "60 days".

(s) Amend the existing Rule 10.2.4 by inserting subparagraph (d) and following additional unnumbered paragraph as follows:

(d) sent by electronic mail to:

[announce@nzse.co.nz](mailto:announce@nzse.co.nz)

Without limiting any other Rule, the Exchange may require an Issuer to use such forms or templates (with such alterations and completions as are satisfactory to the Exchange) as may be required by the Exchange from time to time.

(t) Amend the existing Rule 10.5.1 by deleting "4 months" each time it appears and substituting "3 months."

(u) Amend the existing Rule 10.5.2 by deleting "4 months" each time it appears and substituting "3 months."

(v) Delete the existing Rule 10.5.3(c) and substitute the following:

(c) the Equity Securities in which each Director has a Relevant Interest at the balance date of the current financial year.

(w) Delete the existing Rule 10.7.6 and substitute the following:

10.7.6 **General:** Nothing in Rules 10.7.1 to 10.7.5 shall limit the general obligation of Issuers under Rule 10.1 as to the release of Material Information. In respect of some Issuers, the information specified in Rules 10.7.1 to 10.7.5 will be Material Information and in respect of that information Rule 10.1.1 shall apply.

(x) Insert additional Rules 10.9.3, 10.9.4 and 10.9.5 as follows:

**10.9.3 Disclosure of initial Director Relevant Interests:** Every Director of an Issuer who has a Relevant Interest in Securities of the Issuer shall disclose to the Issuer and the Exchange the nature of the Relevant Interest and the number and Class of Securities to which the Relevant Interest relates, as soon as possible and in any event no later than 5 Business Days after:

- (a) the Listing of the Issuer; or
- (b) the person's appointment as a Director; or
- (c) the first day of the month following the commencement of this Rule 10.9.3.

**10.9.4 Disclosure of subsequent Director Relevant Interests:** Every Director of an Issuer, and every person who has held office as a Director of the Issuer in the previous 6 months, who acquires or disposes of a Relevant Interest in Securities of the Issuer shall disclose the following information to the Issuer and the Exchange as soon as possible and in any event no later than 5 Business Days following the acquisition or disposition:

- (a) the nature of the Relevant Interest;
- (b) the number and Class of Securities to which the Relevant Interest relates;
- (c) the date of the acquisition or disposition;
- (d) the consideration paid or received for the acquisition or disposition; and
- (e) the date of the last disclosure by the Director.

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1. **The Exchange will favourably consider waivers from the requirements of Rules 10.9.3 and 10.9.4 where the only Security in which the director has a Relevant Interest is a Debt Security or a security not convertible into equity.**
  2. **When disclosing Relevant Interests the Exchange may require an Issuer to use forms or templates (with such alterations and completions as are satisfactory to the Exchange).**
  3. **A director is required to provide the Exchange with details of the total number of securities held by such director after the acquisition or disposal of a Relevant Interest.**
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**10.9.5 Enforcement of Director Relevant Interest disclosures:** An Issuer shall make such arrangements as are necessary with its Directors to ensure that such Directors make the disclosures required by Rules 10.9.3 and 10.9.4 within the time period specified in Rules 10.9.3 and 10.9.4. An Issuer must promptly enforce such arrangements with Directors who fail to disclose as required by Rules 10.9.3 and 10.9.4. An Issuer shall use its best endeavours to ensure that all former

Directors make the disclosures required by Rules 10.9.3 and 10.9.4 within the time period specified in Rules 10.9.3 and 10.9.4.

(y) Delete the existing clause 11.1.5 and replace with the following clause and footnote:

**11.1.5 Special Restrictions:** An Issuer may, with the prior approval of the Exchange, incorporate in its Constitution or Trust Deed a provision restricting the issue, acquisition or transfer of Relevant Interests in Equity Securities.

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The Exchange recognises that there are situations in which a restriction on the ownership of the Equity Securities of an Issuer may be appropriate. In addition, the Exchange wishes to facilitate the Listing of entities (such as co-operative companies) which may have membership or security ownership restrictions and have not previously availed themselves of the services offered by Exchange. The Exchange will generally exercise its discretion to permit a restriction to be introduced where:

- (a) the Issuer has some right, licence, or property which forms a significant part of the business of the Issuer (such as airline landing rights or fishing quota) which could reasonably be expected to be adversely affected by the aggregation of the holding of Equity Securities by a person or group of persons;
- (b) the restriction is desirable, expedient or necessary in connection with the giving effect to of a statutory requirement;
- (c) there are other reasons which the Exchange considers justify the inclusion of a restriction.

The Exchange will as a general rule only exercise its discretion under Rule 11.1.5 before the time of the initial Listing of an Issuer or, in respect of a Class of Securities of an Issuer, before the time of the initial Quotation of a that Class. The Exchange's view is that any restriction on the ownership of Equity Securities of an Issuer should be clear at the time of Listing or Quotation, so that investors can make an informed investment decision before they acquire Equity Securities of the Issuer through the Exchange.

(z) Delete the existing Rule 12.1.1(e) and substitute the following:

12.1.1(e) Prior to the Initial Public Offer, a minimum of \$200,000 and a maximum of \$600,000 in cash shall have been subscribed for only by the NCM Issuer's Directors, officers or, with the approval of the Exchange, a Listed person. At least 50% of amounts subscribed for by Directors and officers shall be subscribed for by persons who are ordinarily resident in New Zealand. The Exchange may also require each Director, officer or Listed person to have a minimum individual level of investment of at least 15% of the Equity Securities on issue prior to the Initial Public Offer.

- (aa) Amend the existing Rule 12.1.2(c) by deleting the amounts "\$1,000,000", and "\$600,000" and substituting the amounts "\$5,000,000" and "\$4,600,000" respectively.
- (bb) Amend the existing Rule 12.2.1 by inserting the word "evaluate" after the words "identify and".
- (cc) Delete the existing Rule 12.2.3 and substitute the following:

**12.2.3 Restriction on power to borrow:** Before Completion of the Key Transaction, an NCM Issuer may not borrow or secure its assets by way of charge. Contemporaneously with, or after, Completion of the Key Transaction, an NCM Issuer may borrow and secure its assets by way of charge. Any borrowing to the extent permitted by this Rule must only be made from a Bank or a similar significant financial institution whose principal business is the lending of money.

- (dd) Delete the existing Rule 12.5.3 and substitute the following:

**12.5.3 Options to Directors, officers and Employees:** Options may only be granted by an NCM Issuer to a Director, officer, or (after Completion of the Key Transaction) Employee (as defined in Rule 7.3.6) of the NCM Issuer if:

- (a) the number of Equity Securities that would be issued assuming exercise of all Options granted to such persons, but excluding any Options that have lapsed, does not exceed 15% of the number of Shares on issue at the time the Option is granted; and
  - (b) the number of Equity Securities to be issued on exercise of Options issued to any individual person does not exceed 5% of the number of Shares on issue at the time the Option is granted; and
  - (c) the exercise price per Equity Security issued on exercise of Options is not less than:
    - (i) \$0.50 for Options granted prior to Quotation; or
    - (ii) not less than the greater of \$0.50 and the average end of day market price over the Business Days in the calendar month before the date of grant, in the case of Options granted after Quotation,
 subject to adjustment in accordance with Rule 8.1.7; and
  - (d) the term of the Option does not exceed three years from the later of the effective date of Listing (as provided for under Rule 5.1.5) and the date of grant; and
  - (e) the Options are personal to the Director, officer or Employee (as defined in Rule 7.3.6) and may not be transferred, or otherwise disposed of, to any other person.
- (ee) Delete the existing Rule 1.5.1 and substitute the following:

**1.5.1 Procedure:** The Rules, other than Parts 2 and 3 of appendix 3, may be changed at any time or times by the Exchange. Parts 2 and 3 of appendix 3 may only be changed with the agreement of the Exchange and the Panel as

provided for in that appendix. Notice of a change made under this Rule or appendix 3 shall be given in writing to each Issuer. A change shall take effect on the expiry of such period of notice of the changes as the Exchange sees fit.

(ff) Delete the existing Rule 2.4.5 and substitute the following:

**2.4.5. Delegation:** The Panel may delegate all or any of its powers, including the power of delegation, to the Surveillance Executive and/or to any other person, other than as provided for in paragraph 22 of appendix 3 and excluding its powers under Rule 2.3.

(gg) Delete the existing Rule 2.7.1 and substitute the following:

**2.7.1 Limitation of Liability:** None of the Exchange, the Panel, any member of the Panel, any employee of the Exchange, or any delegate of the Exchange or of the Panel shall be liable in tort, contract, or otherwise for any action taken or not taken in exercise or purported exercise in good faith of the powers or discretions conferred by the Rules.

(hh) Delete the existing Rule 2.7.2 and substitute the following:

**2.7.2 Indemnity:** Each Issuer shall indemnify the Exchange, the Panel, each member of the Panel, each employee of the Exchange, and each delegate of the Exchange or of the Panel under the Rules against all liabilities and claims which may arise (notwithstanding the limitation in Rule 2.7.1) in relation to any action or inaction by any such person in connection with such Issuer, which the Panel determines to have been taken or not taken in good faith and in response to circumstances for which the Issuer should bear the responsibility in whole or in part. The indemnity shall be for all or such part of the liabilities and claims as the Panel determines in the circumstances.

(ii) Delete the existing Appendix 3 and substitute the following replacement Appendix 3:

### APPENDIX 3

#### CONSTITUTION AND PROCEDURES OF PANEL

##### (Rules 2.4.1 and 2.4.4)

###### PART 1 - GENERAL

- 1 **Functions of Market Surveillance Panel:** The functions of the Market Surveillance Panel shall be (in addition to those referred to elsewhere in the Rules):
  - (a) to administer and enforce the Rules;
  - (b) to determine appeals by an Issuer against actions and decisions of the Exchange or delegates of the Exchange taken in relation to that Issuer;
  - (c) to exercise by delegation any power, right or discretion of the Exchange, including the powers to waive the application of one or more of the provisions of the Rules and to make rulings on the interpretation of the Rules;
  - (d) to engage advisors and other experts;

- (e) to determine when and how much of the costs of proceedings by the Panel or the Exchange shall be payable by particular participants in the market over which the Exchange has the requisite authority;
  - (f) to recommend to the Exchange changes in rules or procedures of the Exchange;
  - (g) to establish and maintain its own procedures and records using the resources of the Exchange secretariat;
  - (h) to report to the Exchange on any matters requested of the Panel by the Exchange;
  - (i) in consultation with the Exchange to issue practice notes, directions and policy explanations in relation to the Rules;
  - (j) to perform any other functions delegated to the Panel by the Exchange.
- 2 **Constitution and Appointment:** The Panel shall be comprised of not fewer than nine members. Each member shall be appointed by the Exchange for a term of up to three years. One-third of the members will retire by rotation each year. As between persons who became members on the same day, those to retire by rotation shall (unless they otherwise agree) be chosen by lot.
- 3 **Membership:** A majority of the members of the Panel shall be Independent Members.
- 4 **Reappointment:** Retiring members of the Panel shall be eligible for appointment for a further term, but no member shall be eligible to be appointed for a continuous period of more than nine years.
- 5 **Appointments:** The Exchange will have regard, when considering appointments to fill vacancies, to recommendations from the remaining members of the Panel. The Panel shall endeavour to nominate persons, who on the basis of their reputation and demonstrated knowledge and expertise in relation to the markets or a facet of the markets, will best contribute to achieving the objectives set out in paragraph 13 of the Foreword to the Rules.
- 6 **Position of Exchange Officers:** The Managing Director and/or any delegates of the Managing Director employed by the Exchange shall be entitled to attend proceedings of the Panel (other than proceedings of the Special Division), unless the Chairman of the Panel (or the division concerned) shall rule that the matter before the Panel demands expediency and the attendance of the Managing Director and/or any delegates of the Managing Director would unduly delay the proceedings to the detriment of:
- (a) in the case of applications to the Panel for waivers or rulings, the applicant;
  - (b) in the case of investigations by the Panel, the Issuer subject to the investigation; or
  - (c) the Exchange.

The officers attending under this provision shall have full rights to speak and be heard on any matter, but not to vote.

- 7 **Chairman:** The Panel shall elect its own Chairman and deputy Chairman. The Chairman (or in his or her absence the deputy Chairman) shall among other things:
  - (a) determine the composition of Divisions referred to below;
  - (b) conduct meetings which he or she attends;
  - (c) determine the agenda for deliberation of the Panel; and
  - (d) determine whether or not any member has a conflict of interest in relation to a particular matter.
- 8 **Remuneration and Expenses:** Members of the Panel shall be entitled to be reimbursed for reasonable expenses incurred when engaged on the business or affairs of the Panel, and each member shall be paid such sums as the Exchange may from time to time agree with that member.
- 9 **Procedures:** The procedures of the Panel shall be determined by the Panel, but in the absence of specific determination of the procedures and powers shall be the same as those set out for the Board of the Exchange in clauses [x] to [x] inclusive of the Constitution of the Exchange, where references to the Chairman shall be read as references to the Chairman of the Panel.
- 10 **Announcements:** The Panel shall be entitled to make public announcements in relation to matters in respect of which it has jurisdiction.
- 11 **Confidentiality:** Members of the Panel shall maintain in strict confidence information obtained in the course of their duties as members, and shall not disclose or use such information except in the performance of those duties.
- 12 **Removal from Panel:** The full Panel may by a 75% majority of those voting, remove any member, who shall not be eligible for reappointment by the Exchange.
- 13 **Divisions:** The Panel will ordinarily act through Divisions comprised of three members who do not have a conflict of interest selected, in relation to each matter falling for consideration, by the Chairman (or in his or her absence the deputy Chairman). Where the composition of the Panel includes full time Exchange employees, any Division of the Panel must include at least one member who is a full time employee of the Exchange. Any member of such Division, or any two other members of the Panel not having a conflict of interest in a matter, shall be entitled to request that the matter be referred from a Division for consideration by the full Panel. References in this appendix and the Rules to the Panel shall, as the context permits, mean also a Division of the Panel.
- 14 **Quorum:** The quorum for the full Panel shall be three of the members not disqualified by a conflict of interest at least one of whom shall be a full time employee of the Exchange, where the composition of the Panel includes full time Exchange employees. Reference in this appendix to a vote of a stated percentage of the number of members means the members not so disqualified.

- 15 **Annual Report:** The Panel shall publish an annual report which shall include (in addition to any other matter required by the Rules):
- (a) a statement as to whether, in the Panel's view, the Panel's funding has been sufficient to ensure the Panel can meet its functions, and to the extent, if any, that the funding was not sufficient to meet its functions, a statement on what matters the Panel was unable to address to the level it thought desirable; and
  - (b) any other matters the Panel thinks fit.
- 16 **Statement of Findings**
- (a) The Panel shall provide a written summary of its reasons for:
    - (i) Making a ruling; or
    - (ii) Granting a waiver.
  - (b) The Panel shall forward to the Exchange the written summary of reasons required under paragraph 16(a).
  - (c) The statement prepared under paragraph 16(a) shall:
    - (i) identify the Issuer by name;
    - (ii) include a statement of the circumstances preliminary to the making of the ruling or granting of the waiver and the determination of the ruling or waiver; and
    - (iii) unless there is a compelling reason to do otherwise, be published by the Exchange, provided that the Exchange may in its absolute discretion suppress any details, including the identity of the Issuer, as the Exchange thinks fit.

The determination of the Exchange under paragraph 16(c)(iii) whether to publish the statement shall be final.

## PART 2 - SELF-LISTING OF THE EXCHANGE

- 17 **Self-Listing of Exchange:** This Part sets out the provisions (in addition to those contained elsewhere in the Rules) that will apply to the Exchange or any Related Entity on application by the Exchange for Listing and for so long as the Exchange is Listed.
- 18 **Notice of intention to List:** The Exchange shall notify the Panel in writing of its intention to apply for Listing no later than 10 Business Days before making any such application. The Exchange shall at the same time as it notifies the Panel release to the public any such notice through its market information service.
- 19 **Commencement:** Paragraphs 19 to 25 of this appendix have effect from the day the notice specified in paragraph 17 of this appendix is received by the Panel.

- 20 **Special Division:** The Panel shall establish a Special Division which comprises three Independent Members who do not have a conflict of interest, selected by the Chairman (or in his or her absence the deputy Chairman).
- 21 **Objective of Special Division:** The objective of the Special Division is to foster market confidence that the Rules are applied in respect of the Exchange or a Related Entity in an impartial and independent manner.
- 22 **Powers and Functions of Special Division:** The Special Division has the following powers and functions in relation to the Exchange or a Related Entity:
- (a) the powers and functions that the Exchange has under the Rules in relation to any application for Listing, or Quotation of any Class of Securities;
  - (b) the powers and functions that the Exchange has under the Rules in relation to an Issuer, except the power to make or change the Rules; and
  - (c) the powers and functions that the Panel has in relation to an Issuer.
- 23 **Delegation:** Where it is not inconsistent with the objective in paragraph 20 of this appendix to do so, the Special Division may delegate any of its powers or functions under this Part to any person, including the Surveillance Executive, except in relation to:
- (a) the approval or cancellation of any Listing of the Exchange or a Related Entity;
  - (b) the approval, cancellation or suspension of the Quotation of any Class of Securities of the Exchange or a Related Entity; and
  - (c) the power to make Rulings and waive the application of any one or more of the provisions of the Rules in relation to the Exchange or a Related Entity.
- 24 **Restrictions on powers and functions of Exchange:** The Exchange shall not exercise any powers or functions it has under the Rules that this Part gives to the Special Division, except under a delegation from the Special Division.
- 25 **Rights and obligations of Exchange and Related Entity as a Listing applicant:** The Exchange and a Related Entity, as an applicant for Listing, have all the rights and obligations that another applicant for Listing has under the Rules, except that the Special Division acts in the place of the Exchange and references in the Rules to the Exchange shall be deemed to be references to the Special Division.
- 26 **Rights and obligations of Exchange and Related Entity as an Issuer:** If Listed, the Exchange or a Related Entity has all the rights and obligations that another Issuer has, except that the Special Division acts in the place of the Exchange and references in the Rules to the Exchange shall be deemed to be references to the Special Division.

### **PART 3 - INTERPRETATION AND AMENDMENT**

- 27 **Interpretation:** In this Appendix:
- (a) the following expressions have the following meanings:

**Independent Member** means a person who:

- (i) is not a director;
- (ii) is not an employee; and
- (iii) does not hold or control any Equity Securities,

of the Exchange or any member of any group of companies and/or other entities of which the Exchange is the holding company or has a controlling interest.

**Managing Director** means the person appointed from time to time as the Managing Director of the Exchange.

**Related Entity** means any Issuer, or entity seeking Listing, which has a connection or relationship with the Exchange such that the Special Division is satisfied that in the circumstances there would be a reasonable apprehension or suspicion of bias by the Exchange in relation to that entity.

**Special Division** means the division of the Panel constituted under paragraph 19 of this appendix.

- (b) terms capitalised but not defined in this appendix have the same meaning given in the Rules, with any necessary adaptation.

28 **Construction:** This appendix forms part of the Rules. If this appendix contains any provision inconsistent with the Rules, then this appendix prevails.

29 **Amendment:** Notwithstanding Rule 1.5.1, Parts 2 and 3 of this appendix may only be changed by agreement of the Exchange and the Panel. For the purpose of this provision, the agreement of the Panel shall mean a matter approved by a majority of the members of the Panel voting on the matter. In addition to the notice requirements under Rule 1.5.1, any change made to Parts 2 or 3 of this appendix shall be publicly notified through the Exchange's market information service.

(jj) Delete the Appendix 4 in its entirety.