

New Zealand Financial Product Market Licence (NZX-NXT Market) 2014

1 Title

This licence may be cited as the New Zealand Financial Product Market Licence (NZX-NXT Market) 2014.

2 Definitions

(1) In this licence:

Act means the Financial Markets Conduct Act 2013.

Commencement Date means the date on which clause 42 of Schedule 4 of the Act commenced, being 1 December 2014.

FMA means the Financial Markets Authority.

Market Rules means the market rules, within the meaning of the Act, that applied to the NXT Market immediately before the Commencement Date, as amended or replaced from time to time.

NZX means NZX Limited.

NXT Market means the financial product market that is operated by NZX as defined in the Regulations.

NZ Markets Disciplinary Tribunal Rules means the NZ Markets Disciplinary Tribunal Rules that applied to the NXT Market immediately before the Commencement Date, as amended or replaced from time to time.

Registration Date means the date on which NZX was granted a market registration for the NXT Market, being 29 September 2014.

Regulations means the Financial Markets Conduct (NZX-NXT Market) Regulations 2014.

Schedule means the Schedule of the Regulations.

- (2) Any term or expression that is defined in the Act and used, but not defined, in this licence has the same meaning as in the Act.

3 Licence and revocation

- (1) This licence is a deemed licence conferred under clause 42, Schedule 4 of the Act to operate the NXT Market.
- (2) This licence is deemed to have been issued under section 316 of the Act.
- (3) This licence shall continue in force until revoked by the FMA.

4 Application

This deemed licence is subject to conditions set out in this licence, the Regulations and applicable requirements in the Act for licensed market operators.

5 Operating condition

Under this licence the Company may operate only the NXT Market.

6 Market Rules condition

- (1) The Market Rules for the NXT Market continue to have effect in relation to that market as if those rules had been approved under section 331 of the Act.
- (2) The Market Rules must contain provisions that, together with guidance issued by NZX, adequately give effect to the alternative disclosure regime described in the Schedule.

7 Clearing and settlement arrangements condition

The Company must have and maintain at all times clearing and settlement arrangements that have been approved by the FMA, for transactions effected through the NXT Market.

8 Enforcement of Market Rules condition

The Company must maintain the arrangements set out in the NZ Markets Disciplinary Tribunal Rules for enforcing compliance with the Market Rules.

9 Further conditions

- (1) The NXT Market must be designed for, and clearly targeted at, small and medium-sized enterprises and must have adequate arrangements to ensure:
 - (a) that the NXT Market is clearly distinguished from other financial product markets operated by NZX; and
 - (b) that NZX, before entering into a listing agreement in relation to the NXT Market with an applicant that has previously entered into a listing agreement in relation to another financial product market operated by NZX, has regard to whether or not the applicant is an enterprise for which the market is designed.
- (2) NZX must have adequate arrangements to ensure that, before a retail investor first acquires a financial product on the NXT Market, the retail investor has:
 - (a) been given an adequate risk warning regarding the nature of the NXT Market, the fact that there are more limited rules for disclosure of price-sensitive information on the NXT Market than on the NZX Main Board, and of the consequences that may have for investors; and
 - (b) confirmed that they understand the risk warning.
- (3) NZX must have adequate arrangements in place to undertake a review of the extent to which the operation of the NXT Market under the alternative disclosure provisions contained in the Schedule has met the purpose of the Regulations over the 24-month period following the Registration Date, for the purpose of providing a report to the FMA and the Minister of Commerce within 3 months of the end of that period.
- (4) NZX must comply with the provisions contained in the Regulations and Schedule.
- (5) In relation to the NXT Market, the Company shall at all times ensure that the FMA has been given notice of the person the FMA should contact in the first instance about any matters arising.