

Key Notes

- Introduction
- Reporting Requirements
- Timing
- Appendix 1 - Checklist

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Disclaimer

This practice note has been issued by NZX to promote market certainty and assist Market Participants. This Practice Note sets out NZX's general approach to the subject, but is not to be regarded as a definitive statement of the application of the Rules in every situation. NZX may replace Guidance Notes and Practice Notes at any time and a Market Participant should ensure it has the most recent versions of those documents. This does not constitute legal advice. NZX recommends that Market Participants take advice from qualified persons.

PRACTICE NOTE PN0011/06 - ANNUAL REPORTING RETURN

Introduction

This Practice Note is published to provide assistance with regard to the information required from Market Participants annually under the NZX Participant Rules ("Rules") and Guidance Notes/Practice Notes issued by NZX.

Reporting Requirements

Each Market Participant is requested to provide the following to NZX.

(a) Financial Statements (Rule 16.5)

Each Market Participant must provide copies of its annual accounts and audit report. As clarified in NZX's correspondence to all Market Participants of 29 November 2005, these annual accounts (financial statements are to be prepared in accordance with the requirements of the Financial Reporting Act 1993 and audited in line with standards issued by the Institute of Chartered Accountants of New Zealand.

The only exception to the requirement for external financial audit is for those Market Participants who do not accept or hold client assets and have not done at any point during the financial year.

(b) Copies of Annual Companies Office filings (Rule 3.5.2)

Rule 3.5.2 requires that a Market Participant that is a company to provide to NZX a copy of any return or notice filed with the Registrar of Companies. Copies of the annual return to the Registrar of Companies may be provided with the annual reporting return to NZX.

(c) Certificate of currency of Insurance (Rule 3.26)

Rule 3.26 sets out minimum requirements for insurances to be maintained at all times. NZX requests that as part of the annual return to NZX a certificate of currency is provided. We recognise that the period of cover may not match that of the Participants financial year. However, evidence of continuing cover is requested.

(d) Confirmation of current group structure (Rule 3.12.2)

Rule 3.12.2 requires Market Participants to provide notice of changes to Group Relationships within 5 business days of the change. Supplementary to the requirement, NZX asks that a graphical presentation of the group structure at balance date is provided. At a minimum this should disclose the Market Participant's ultimate parent and all sister companies. Please advise if this is not relevant.

(e) Current organisation chart

Rule 3.10.3 requires the Market Participant to advise of changes to its Management structure. In addition, as part of this annual return, a current organisation chart should be submitted.

(f) Reconciliation of audited financial statements

NZX requests that a reconciliation be provided that indicates the differences between the audited financial statements at year-end with the monthly return provided to NZX for the last month of the financial year. Pursuant to Rule 15.12 NZX notes that a material change, loss or exposure that may affect its liquidity position will have already been notified to NZX.

(g) Copy of bank audit confirmation(s)

NZX requires that Market Participant's obtain and provide to NZX a copy of all bank audit confirmations requested and received by their auditor relating to financial statements. This provides NZX with further information regarding the completeness, existence and operation of bank accounts.

Timing

In accordance with the requirements of current rules (16.5), NZX requires the above information to be provided immediately upon completion of the financial statements and audit. However, we expect that in the normal course of events the audited financial statements will be complete within 90 days of financial year end. This reporting time frame is reflected in current rule review proposals.

Market Participants should advise NZX if this timeframe cannot be met.

Should you have any questions in relation to the NZX Participant Rules and/or compliance with these rules, please contact NZX Participant Compliance at compliance@nzx.com

Appendix 1 – Checklist

The following checklist is provided to assist in the completion of the annual return.

REF	ARR REQUIREMENTS	ATTACHED (PLEASE TICK)	COMMENT
(a)	Copies of annual audited financial statements (including audit report where applicable)		
(b)	Confirmation that any Companies Office filings have also been provided to NZX or are attached to this submission.		
(c)	Overview of Group Structure.		
(d)	Current organisation chart.		
(e)	Certificate of currency for insurances.		
(f)	Reconciliation of audited accounts to monthly return NZX return on the last month of the financial year.		
(g)	Copy of bank audit confirmation (s).		