



4 June 2014

ANNOUNCEMENT OF NZ MARKETS DISCIPLINARY TRIBUNAL

PUBLIC CENSURE OF STEEL & TUBE HOLDINGS LIMITED BY THE NZ MARKETS DISCIPLINARY TRIBUNAL FOR A BREACH OF NZX MAIN BOARD LISTING RULES 3.3.6, 10.6.1(d) AND 10.6.1(e)

1. The NZ Markets Disciplinary Tribunal (“**Tribunal**”) has approved a settlement agreement between NZX Limited (“**NZX**”) and Steel & Tube Holdings Limited (“**STU**”) dated 26 May 2014 (“**Settlement Agreement**”) in respect of STU’s breach of NZX Main Board Listing Rules (“**Rules**”) 3.3.6, 10.6.1(d) and 10.6.1(e).

Summary

2. STU is a New Zealand incorporated company with its ordinary shares quoted on the NZX Main Board. STU is bound by the Rules.
3. In January 2014, NZX became aware that STU had failed to comply with a number of its obligations under the Rules; being to ensure that a director appointed by the STU board retired and was elected at the next annual meeting, failing to announce the resignation of an officer, and failing to announce a change in registered address to NZX.
4. STU has admitted to the breaches and accepts the penalties outlined below.

Background

Shareholder vote on a director appointment

5. On 28 July 2009, STU announced that Mr. Dave Taylor had been appointed Chief Executive Officer and a director of STU, effective 5 October 2009. His appointment as a director was not voted on by STU shareholders until the 2013 annual meeting.
6. Under Rule 3.3.6, any person appointed as a director by the directors shall retire from office at the next annual meeting, but is eligible for election at that meeting.
7. In accordance with Rule 3.3.6, Mr. Taylor should have retired at that meeting, and been eligible for election at the 2009 annual meeting. However, Mr. Taylor’s appointment as a director was not put to a shareholder vote at the 2009 annual meeting.

8. Mr. Taylor's appointment as a director was passed by STU's shareholders as an ordinary resolution at the 2013 annual meeting.

Announcing the resignation of an officer

9. In June 2013, Mr. Mark Winnard resigned from STU. No announcement of his resignation was released to the market.
10. As Mr. Winnard had been treated as an officer by STU for the purposes of ongoing officer disclosure notices and he had been recorded as part of STU's senior management team in STU's annual reports, NZX is of the view that Mr. Winnard was an officer of STU. Accordingly his resignation should have been announced to the market, in accordance with Rule 10.6.1(d).

Announcing a change of registered address

11. In December 2012 and April 2013, STU changed its registered address. However, notice of these changes were not provided to NZX for release to the market until 17 January 2014.
12. STU should have announced its change of address to the market as soon as that information was first available, in accordance with Rule 10.6.1(e).

Determination

13. NZX and STU agree that the breaches of Rule 10.6.1(d) and 10.6.1(e) are minor breaches in the circumstances. However, the breach of Rule 3.3.6 in relation to corporate governance is more concerning.
14. The Tribunal has previously stated that a breach of the corporate governance provisions of the Rules is a serious matter. They are of vital importance to the integrity of the market and to give investors confidence that directors have been appointed to represent shareholder interests. A breach of the corporate governance Rules can bring NZX and the market into disrepute.
15. In determining to approve the Settlement Agreement, the Tribunal considered certain mitigating factors, including that:
 - a. STU co-operated fully with NZX's investigation;
 - b. It seemed likely that STU shareholders would have voted in favour of a resolution to appoint Mr Taylor had he retired and made himself eligible for election under Rule 3.3.6 at the 2009 STU annual meeting (in particular as STU was majority owned (50.3%) by Arrium Limited at that time);
 - c. Although NZX only became aware of the breach under Rule 3.3.6 in January 2014, that breach occurred in November 2009. Since then, NZX has been advised that STU's management team and board has undergone significant change and that STU has implemented new processes and procedures throughout its business, including in respect of company compliance;

- d. The failures to announce the resignation of an officer and a change in registered address were relatively minor breaches in the circumstances.

Penalties

16. NZX and STU have reached a settlement and agreed that:
 - a. STU will pay the NZX Discipline Fund \$12,000 by way of penalty (plus GST, if any) for its breach of Rules 3.3.6, 10.6.1(d) and 10.6.1(e).
 - b. This public censure by the Tribunal will be made.
 - c. STU will pay the costs of the Tribunal and will contribute to the costs incurred by NZX in relation to this matter.

Approval

17. The Settlement Agreement is approved by the Tribunal pursuant to Rule 10 of the NZ Markets Disciplinary Tribunal Rules ("**NZMDT Rules**"), and as such, the Settlement Agreement is the determination of the Tribunal.

Censure

18. The Tribunal hereby publicly censures STU for its breach of Rules 3.3.6, 10.6.1(d) and 10.6.1(e).

The Tribunal

19. The Tribunal is a disciplinary body which is independent of NZX and its subsidiaries. The Financial Markets Authority approves its members. Under the NZMDT Rules, the Tribunal determines and imposes penalties for referrals made to it by NZX in relation to the conduct of parties regulated by the market rules.

Dated 4 June 2014