

APPENDIX 2 NZX SPONSORS

INTRODUCTION

An NZX Sponsor is an entity or partnership which has been approved by NZX as eligible to assist a prospective NZAX Issuer in the Listing and or Quotation of Securities on the NZAX Market. A list of existing approved NZX Sponsors may be viewed on the NZAX internet website.

1. APPLICATION FOR APPROVAL AS NZX SPONSOR AND ELIGIBILITY CRITERIA

- 1.1 A prospective NZX Sponsor must apply to NZX for approval to act as an NZX Sponsor.
- 1.2 **NZX Sponsor Eligibility Criteria:** Applicants wishing to be approved by NZX as an NZX Sponsor should complete and submit to NZX the NZX Sponsor Application form as prescribed by NZX from time to time available on the NZAX internet website and from NZX.
- 1.3 **Minimum Criteria:** An Applicant seeking approval as an NZX Sponsor must:
 - (a) be a company or any other entity that NZX may approve from time to time (individuals are not eligible for approval);
 - (b) that company or entity must employ principals or full time employees throughout the duration of its tenure as NZX Sponsor, who have practiced in the “relevant transactional areas” for a minimum of two years.
 - (c) to claim “relevant transactional experience” in any of the areas outlined below, such employees or principals must have acted in a lead role in the particular transaction;
 - (d) “Relevant transactional areas” to the role of NZX Sponsor include lead roles in the following types of transactions:
 - public offerings under the Securities Act 1978
 - mergers and acquisitions
 - joint ventures
 - takeovers

- corporate finance advisory work or transactions; and
- (e) NZX in its discretion may require an applicant to have more than one employee with the requisite experience outlined above.

In assessing the suitability of an applicant to be an NZX Sponsor, NZX's overriding consideration will be the preservation of the reputation and integrity of the NZAX Market. NZX reserves the right to decline an application notwithstanding that an applicant meets the minimum criteria outlined above.

1.4 Accreditation Fee: Following confirmation that an NZX Sponsor has been approved by NZX that NZX Sponsor shall provide the following to NZX:

- (a) pay an annual accreditation fee as may be prescribed by NZX from time to time; and
- (b) an executed an NZX Sponsor Agreement with NZX agreeing to abide by the terms outlined in this appendix.

2. NZX SPONSOR ROLE

2.1 An applicant for Listing on the NZAX must appoint an NZX Sponsor which has the prior approval of NZX to act as an NZX Sponsor in relation to that listing. The NZX Sponsor must make the Application for Listing on behalf of a prospective NZAX Issuer, in accordance with the NZAX Listing Rules.

2.2 Responsibilities of an NZX Sponsor to NZX: NZX Sponsors shall abide by the following rules:

- (a) an NZX Sponsor shall confirm to NZX in writing certain information (specified in clause 2.3 below) in relation to the Offer Document or Disclosure Document and in relation to a listed NZAX Issuer certain other specified information;
- (b) an NZX Sponsor shall comply with its obligations and responsibilities under the NZAX Listing Rules and the NZX Sponsor Rules;
- (c) an NZX Sponsor shall at all times observe proper ethical standards and act with honesty, integrity and fairness, due skill and care, diligence and efficiency and within that NZX Sponsor's competence;

- (d) an NZX Sponsor shall refrain from any action, conduct, matter or thing which is, or is reasonably likely to:
 - (1) be detrimental to the wellbeing or proper conduct of NZX; or
 - (2) discredit or bring NZX generally into disrepute;
- (e) an NZX Sponsor shall be available to advise and guide the directors of an NZAX Issuer for which it acts about their obligations to ensure compliance by the NZAX Issuer with the NZAX Listing Rules;
- (f) an NZX Sponsor shall submit an NZX Sponsor's declaration in respect of any NZAX Issuer for which it acts as an NZX Sponsor;
- (g) an NZX Sponsor shall provide NZX with any other information, in such form and within such time limits as NZX may reasonably require;
- (h) an NZX Sponsor shall liaise with NZX where requested so to do by NZX or an NZAX Issuer for which it acts;
- (i) an NZX Sponsor shall inform NZX in writing without delay when it ceases to be the NZX Sponsor to an NZAX Issuer (and give details of any relevant facts or circumstances);
- (j) an NZX Sponsor shall abide by the eligibility criteria at all times and ensure that it continues to meet the minimum approval criteria. An NZX Sponsor must notify NZX immediately upon the departure from the NZX Sponsor of any of the personnel upon which NZX's assessment of eligibility for the role of NZX Sponsor was made;
- (k) an NZX Sponsor must ensure that it maintains procedures which are sufficient for it to discharge its obligations under the NZX Sponsor rules and that all members of staff are properly supervised by approved personnel;
- (l) an NZX Sponsor must retain sufficient records and maintain an audit trail of the advice which it has given to NZAX Issuers for which it acts as an NZX Sponsor;
- (m) an NZX Sponsor shall not act as an underwriter or partake in the provision of any such services in relation to any offer of Securities without the prior written consent of NZX;

- (n) NZX Sponsors shall:
 - (1) at all times observe proper ethical standards and act with honesty, integrity and fairness;
 - (2) refrain from any action, conduct, matter or thing which is, or is reasonably likely to be detrimental to the wellbeing or proper conduct of NZX or discredit or generally bring into disrepute NZX or NZAX NZX Sponsors; and
 - (3) act with due skill and care at all times; and
- (o) an NZX Sponsor shall pay such fees, levies and other charges as may be prescribed by NZX from time to time.

2.3 Declaration: To be provided to NZX by the NZX Sponsor along with an application for an NZAX Listing to include confirmation as to the following:

- (a) the NZX Sponsor accepts responsibility to NZX and acknowledges that it does not have any conflicting duties or interest in relation to the NZAX Issuer or the proposed Application for Listing and offer of Securities;
- (b) the Directors of the NZAX Issuer have received satisfactory advice and guidance (from the NZX Sponsor or other appropriate professional advisers) as to the nature of their responsibilities and obligations to ensure compliance by an NZAX Issuer with the NZAX Listing Rules as amended from time to time;
- (c) to the best of the NZX Sponsor's knowledge and belief, having made due and careful enquiry, all relevant requirements of these NZAX Listing Rules and the Securities Act 1978 have been complied with;
- (d) this NZX Sponsor will be available prior to the Listing of the NZAX Issuer to advise and guide the directors of the NZAX Issuer as to their responsibilities and obligations to ensure compliance by the NZAX Issuer with the NZAX Listing Rules;
- (e) this NZX Sponsor will comply with the NZAX Sponsor Rules applicable to it in its role as NZX Sponsor;

- (f) in its opinion, it is satisfied that the applicant and the Securities which are the subject of the Application are appropriate to be admitted to the NZAX Market; and
- (g) this NZX Sponsor will confirm to the NZX in writing if it ceases to be the applicant's NZX Sponsor.

3. DISCIPLINARY ACTION AGAINST AN NZX SPONSOR

3.1 If there is a breach of the obligations of an NZX Sponsor under the NZAX Listing Rules or if NZX considers that the integrity and reputation of the NZAX Market has been or may be impaired as a result of the conduct of judgment of an NZX Sponsor, NZX may do one or more of the following:

- (a) censure the NZX Sponsor;
- (b) remove the authority of the NZX Sponsor to act as a NZX Sponsor, including by removing the NZX Sponsor from the approved list of NZX Sponsors held by NZX or by withdrawing NZX's consent for the person to act as NZX Sponsor; and
- (c) publish the action taken and the reasons for the action.