### DETAILS OF DOCUMENTATION REQUIRED TO BECOME A DESIGNATED MARKET MAKER

This document acts to assist an organisation applying for accreditation as a Designated Market Maker (the **Applicant**) under the NZX Participant Rules (the **Participant** **Rules**) or NZX Derivatives Market Rules (the **Derivatives Rules**) (together referred to as the **Rules**). The below table details the information required to complete the application process, setting out the applicable Rules, relevant Appendices to be completed, and supporting information to be provided (in addition to any information or documentation requested within the relevant Appendices).

The table below will also act as a working document for the Applicant and NZ RegCo (**RegCo**) to communicate the specific files that satisfy each requirement, and which items have been satisfied or remain outstanding. Accordingly, RegCo asks that the Applicant clearly details within the ‘Applicant Comments’ column the document name, and (where applicable) the relevant section/chapter of that document, that is intended to meet each requirement.

Please note RegCo will not commence reviewing any application before the Applicant has paid the relevant application fee detailed under section 5.1 of the NZX Participant Fee Schedule. The full Schedule can be found [here](https://www.nzx.com/services/market-participants/participant-fees), which includes specifics of the ongoing membership and recovery fees.

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| REQUIREMENT | DOCUMENTATION | APPLICANT COMMENTS | REGCO COMMENTS |
| Application Form: | Market Maker Application Form (Appendix 13 to the Participant Rules or Form 9 to the Derivatives Rules) provided complete and executed by two of the applicants Authorised Signatories. |  |  |
| Market Maker Agreement | The Applicant must provide the executed Market Making Agreement between itself and the Issuer of the Securities or Contracts for which it intends to make markets, accounting for:   1. The general terms on which the Applicant will perform its function as Designated Market Maker in respect of the Issuer’s Securities; 2. Detail of each specific Security or Contracts the Applicant will make markets in (consistent with what is detailed in Appendix 13 or Form 9); 3. The times during which the Applicant is expected to be making markets in the specified Securities or Contracts 4. The maximum Spread to be maintained in each Security or Contract during the Normal Trading Session; and 5. The minimum Order size/value to be quoted on the Bids and Offers for each Security or Contract during the Normal Trading Session. 6. The Market Making Agreement should also specify the circumstances under which the Applicant would be released from its obligations to make markets in the specified Securities or Contracts, for example if the Security is in a Trading Halt.   The terms and specific requirements set out in the agreement under points (c) – (f) above must align with the Rules and have parameters that are reasonable in respect of the particular Security or Contract in which the Applicant will make markets. |  |  |
| DMA Agreement  *(Applies only to non-NZX Trading Participants)* | If the Applicant is not also an NZX Trading Participant, it must provide a copy of its DMA Agreement that it has entered into with the NZX Trading Participant it will be accessing NZX’s Markets through. |  |  |
| Responsible Dealers and Employees | The Applicant must provide details of the Dealers and/or other Employees that will be responsible for:   1. Entering Orders into the Trading System directly or via DCOP on behalf of the Applicant as a Designated Market Maker; 2. Operating any algorithmic trading programs that will enter Orders into the Trading System directly or via DCOP on behalf of the Applicant as a Designated Market Maker (please include details of which DMA system will be used); and 3. Overseeing and monitoring any market making activity in real-time.   The Applicant must also ensure it has:   1. Adequate coverage of the abovementioned roles to ensure compliance with the Designated Market Maker obligations is maintained through any absences, and 2. Sufficient training protocols in place to ensure Employees are aware of the applicant’s Designated Market Maker obligations and how to appropriately perform this function. |  |  |
| Business Continuity Plan (BCP)  *Participant Rule 8.12*  *Derivatives Rule 4.15*  *(Applies only to NZX Trading Participants)* | The Applicant must provide its current BCP evidencing the inclusion of its Market Maker function (including in the testing of those continuity and recovery protocols at least annually). |  |  |
| Market Making Policy and Operating Procedures  *Participant Rules Section 16*  *Derivatives Rules Section 17* | The Applicant must provide documentation setting out:   1. Its policy for performing its function as a Designated Market Maker in accordance with the Market Rules and the Market Making Agreement; 2. Its procedure for how the Employees responsible will carry out its Market Maker function; and 3. The circumstances and process for requesting the withdrawal of quotations as contemplated by Participant Rule 16.9 and Derivatives Rule 17.10. |  |  |
| Conflict management arrangements and separation of the Market Making function  *Participant Rule 16.7*  *Derivatives Rule 17.8* | The Applicant must provide details of how it has separated its activities as a Market Maker from its other business activities. In particular, the Applicant needs to demonstrate that it has appropriate conflict management processes and controls in place to manage confidential information in relation to client trading activity and ensure that any client related trading is separated from market making activity for the specified Securities or Contracts that the Applicant is applying to be a Designated Market Maker for. |  |  |
| Compliance Monitoring and Oversight | * The Applicant must provide details of its compliance monitoring and oversight applicable to its Designated Market Maker function and documentation supporting these protocols, including Compliance Monitoring Plan tasks accounting for, at a minimum:  1. Detecting breaches of Participant Rule 16.4 or Derivatives Rule 17.5, or the Market Making Agreement; and 2. Monitoring compliance with Participant Rule 16.7 or Derivatives Rule 17.8 and identifying potential conflicts arising out of the Market Maker function. |  |  |