

APPENDIX 13
REQUIREMENT FOR THE LISTING OF EQUITY WARRANTS
(Rule 5.1.9)

1. Introduction

These requirements govern the issue and trading of warrants on NZX. The requirements governing warrants have been prepared on the premise that a warrant provides the holder with the right, but not an obligation, to purchase an underlying financial instrument which is either issued under NZX requirements or which has been approved by NZX as a suitable underlying instrument. It is important to note that the value of a warrant is largely determined by the value of the underlying financial instrument and the warrants relationship to it. The ability of the warrant issuer to deliver the underlying instrument as and when required is also an important feature.

2. Definitions

"Warrant Issuer" means any institution set out in paragraph 3 which is approved, by NZX, to issue a warrant.

"Terms of Issue" means the rights, conditions and obligations of the warrant issuer and the warrant holder as documented in the Terms of Issue set out in paragraph 5.

"Underlying Financial Instrument" means any equity security, debt security, currency, commodity or other financial instrument, approved by NZX, in accordance with paragraph 4.

"Warrant" means –

- (a) a financial instrument giving the warrant holder the right to acquire the underlying financial instrument in accordance with the terms of issue; or
- (b) a financial instrument giving the warrant holder the right to require the warrant issuer to acquire the underlying financial instrument in accordance with the terms of issue; or
- (c) the right to receive a cash sum based on the value of the underlying financial instrument;

"Warrant Series" means all warrants with the same underlying financial instrument and the same terms of issue.

3. Warrant Issuer:

A warrant issuer is any organisation approved by NZX. The following organisations are likely to be accepted as approved warrant issuers;

- (a) An organisation subject to the Reserve Bank of New Zealand Act 1989;
- (b) A Government;
- (c) An issuer approved by the Australian Stock Exchange Limited to issue warrants;
- (d) Any organisation which has an unconditional and irrevocable guarantee from an organisation defined above;
- (e) Any organisation which, for the term of any warrant, deposits on trust under terms and conditions approved by NZX sufficient units of the underlying financial instrument to cover the exercise of all warrants on issue.

4. Underlying Financial Instrument:

Warrants shall only be issued in respect of an underlying financial instrument for which a value can be readily established and for which there is a reasonable expectation that the instrument or, where applicable, a cash sum which reflects its value, can be delivered to the warrant holder at the date of exercise. Suitable instruments would normally include those listed on NZX and other recognised stock exchanges.

5. Terms of Issue:

The terms of issue are to appear in an Offering Document approved by NZX for circulation to NZX Brokers and prospective warrant holders.

6. Offering Document:

- (a) The Offering Document shall contain all the information which is reasonably required to describe the warrant, its relationship to the underlying financial instrument and the capacity of the warrant issuer to fulfil its obligations.
- (b) An Offering Document shall include:
 - (i) A description of the warrant including its price, duration, exercise price and other information which would influence its theoretical value; and
 - (ii) A description of the underlying financial instrument which clearly identified the instrument; and
 - (iii) A description of the relationship between the warrant and the underlying financial instrument including, if applicable, the position of the warrant holder in respect of dividends, rights issues, divisions and consolidations of capital, takeover of the issuer of the underlying financial instrument, listing (delisting) of the underlying financial instrument and other factors which may affect the value of the warrant; and
 - (iv) A description of the warrant issuer (and, if applicable, the guarantor) including the nature of its business, financial status and financial interests, if any, in the warrant issue; and
 - (v) An undertaking that the warrant issuer will provide upon the request of NZX, warrant holders, or prospective warrant holders, the latest published financial statements of the warrant issuer, those of the issuer of the underlying instrument and, if applicable, those of the guarantor.
- (c) The terms of issue shall only be amended by a simple majority of the warrant holders, excluding the warrant issuer, exercising one vote per warrant.

7. Limitations:

- (a) NZX may impose reasonable limitations on the issue of warrants in the interests of an orderly marketplace.

- (b) Warrants approved for listing by NZX shall achieve a spread of warrant holders which, in the opinion of NZX, is adequate and reasonable

8. Dealing Procedures:

Warrants listed on NZX shall be subject to the same dealing procedures as the underlying financial instrument in relation to transfers, deliveries and settlement.