

## Summary

This Practice Note explains how issuers can apply for a designation for Quoted Financial Products or Wholesale Debt Securities. Issuers may seek a designation for either new or existing financial products.

## Relevant Listing Rules: 1.17, 1.19.2

Under Rule 9.15.1 of the NZX Listing Rules (**Rules**), NZX Limited (**NZX**) may act by and through NZX Regulation Limited (**NZ RegCo**) in performing any function or discharging any power set out in the Rules. References in this Practice Note to NZX therefore also include NZ RegCo in relation to any regulatory activity or discretion.

Under the Rules, NZX has discretion to approve a designation of a financial product, for example as a Green Bond. This Practice Note explains the process that issuers should follow when applying for a designation for new or existing financial products.

Designations currently available for display on NZX.com are Green Bonds, Sustainability Bonds, and Sustainable Financing Bonds. If you would like to apply for a different designation please contact NZX to discuss.

NZX can apply designations to both Quoted Financial Products and also Wholesale Debt Securities.

## Principles and standards

NZX notes in its ESG Guidance Note that while there is no consensus on reporting standards globally, there are a range of global frameworks available for issuers to report against that are widely cited by investors, some of which are emerging standards. No one framework is preferred by NZX, but it may be issuers find a particular framework a better fit for their company, or which to adopt certain aspects of a reporting framework.

Issuers have followed the Green Bond Principles and also the Climate Bond Initiative Standards (along with others) when applying for a designation. NZX is aware of other principles and standards and Issuers are welcome to discuss these with NZX on a case-by-case basis.

Independent assurance is required in order to confirm adherence to the relevant principles or standards. NZX has previously accepted assurance from EY, DNV GL, and Sustainalytics and encourages issuers to discuss proposed assurance ahead of requiring a designation.

## Information to provide in a designation application

Issuers should provide the following to NZX when seeking a designation:

1. Details of the financial products that the proposed designation will apply to, along with confirming the designation that the issuer is seeking;
2. Information on the principles or standards that the issuer proposes to adhere to, along with the third party assurance that the issuer has sought or is seeking (including the assurance report); and
3. A copy of the announcement the issuer will make when announcing the designation to the market.

In the case of Issuers relying on a previously established framework to offer new Quoted Financial Products with a proposed designation, NZX expects Issuers to seek approval for the designation and provide the above information each time, or in the case of the second requirement above, confirmation that the framework remains fit for purpose and the assurance confirms so.

NZX may require further information for a designation application, particularly if of a novel kind.

### **Approval of a designation**

If NZX agrees to apply a designation the issuer must notify NZX if it becomes aware that it will no longer follow the relevant principles or standards, or that third party assurance or certification is no longer in place.

Once the designation is in place, if the issuer becomes aware that such designation is, or may have become, misleading or inaccurate, the issuer must provide NZX details as to why the designation is, or may be, misleading or inaccurate. NZX will then consider what further steps to take, which might include removing the designation.

### **Timing and announcements**

For new listings or new classes of financial product to be quoted, issuers should provide relevant information about the proposed designation when submitting the listing application or Offer Document, respectively.

For existing financial products, issuers should provide NZX with all relevant information at least five business days before the designation will apply. Please note that where an issuer seeks to apply a new type of designation; abide by a principle or standard not listed above or acknowledged by NZX; that NZX's review may take longer than five business days.

Once NZX agrees to apply the designation it takes at least one business day for the designation to display on NZX.com. NZX usually expects that the Issuer has announced the designation, and relevant framework to support the designation, to market prior to or at the same time as applying the designation.

### **Further information**

NZX encourages issuers and advisers to review the following prior to applying for a designation:

- [NZX ESG Guidance Note](#)
- [FMA Information Sheet Green Bonds – same class exclusion](#)
- [FMA guidance Disclosure Framework for integrated Financial Products](#)

*Practice Notes are not intended to be a definitive statement of the application of the rules in every situation and are only a guide to NZX's policy and practice. This Practice Note does not limit NZX's discretion under the Rules. NZX takes no responsibility for any error contained in the Practice Note. NZX may replace Practice Notes at any time.*