

NZ RegCo

NZ'S LISTED
MARKET REGULATOR

2025 Oversight Report



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Message from the NZ RegCo Chair and Chief Executive Officer

NZ RegCo is pleased to present the Oversight Report, highlighting our regulatory oversight activities, delivery on our 2025 strategic initiatives, and strategic direction for the year ahead.

This report highlights the continued evolution of our oversight functions, and our enduring commitment to market integrity and confidence.

2025: market oversight

The 2025 review year was marked by both continuity and progress in NZ RegCo's oversight activities. Surveillance efforts intensified, with the Surveillance team conducting 101 investigations into potential market abuse and disclosure breaches, and triaging more than 20,000 trade alerts—a significant increase from the previous year, aligned with higher trading volumes. The number of matters referred to the FMA for further investigation rose slightly, with 40 referrals, including 29 related to potential insider trading and eight concerning potential market manipulation.

Issuer oversight remained a key focus. The Market Conduct team undertook 22 investigations into listed issuer conduct. Continuous disclosure, periodic financial reporting, and corporate governance remained top enforcement priorities for NZ RegCo. NZ RegCo issued a number of obligations letters, ensuring that breaches were addressed proportionately and with an emphasis on education and remediation. Two alleged breaches of issuers' corporate governance obligations were referred to the NZ Markets Disciplinary Tribunal during the year.

Participant Compliance undertook 18 investigations conducted into accredited NZX Participants. A significant proportion of the matters investigated related to trading conduct, client assets and capital adequacy, which are complex areas of high importance. NZ RegCo continued to engage with Participants during the year on the interpretation and application of the Rules relating to these areas to ensure they are understood and correctly applied, and to aid in ensuring Participant firm policies and controls support best practice.

2026: the year ahead

NZ RegCo remains steadfast in its commitment to upholding the highest standards of market conduct and regulatory oversight. As part of this, we engage with international regulatory counterparts and undertake ongoing environmental scanning of issues and trends relevant to the operation of NZX's capital markets.

Our proposed strategic initiatives for the coming year include a driving and supporting range of matters targeting market integrity enhancements and market development, including through collaborating with NZX Policy. Further details are set out on page 9.

NZ RegCo will maintain its proactive approach to our core oversight function. We will also continue to work closely with the FMA and other industry stakeholders to ensure the integrity and resilience of New Zealand's capital markets.

The Board and management team remain dedicated to maintaining a transparent, fair, and orderly market environment that supports investor confidence and the sustainable development of NZX's capital markets.

Governance and operating arrangements

During 2025, NZ RegCo welcomed Mr. David Hunt to the Board of Directors, effective January 1, 2025. Mr. Hunt brought substantial executive, advisory, and governance experience, particularly in the infrastructure and energy sectors. His appointment further strengthened the Board's capacity to oversee NZ RegCo's regulatory mandate.

2025 also saw the retirement of Mr. Trevor Janes as NZ RegCo director and Chair, having served since its establishment in 2020. We acknowledge the significant contribution Mr. Janes made to the establishment and governance of NZ RegCo over his five-year term, having been instrumental in shaping NZ RegCo's approach to governance, assurance oversight and strategic direction as a regulatory agency.

The annual Financial Markets Authority (**FMA**) review of NZX Limited (**NZX**) as a licensed market operator was published in June 2025. That review included assessment of NZ RegCo. The review concluded that the arrangements between NZX and NZ RegCo continue to effectively support NZX's compliance with its market operator obligations. Among other things, the report highlighted that NZ RegCo:

- is operating well-developed frameworks and processes, and continually working to further enhance operational effectiveness and resilience
- continues to operate in a structured and considered way with a clear strategy, objectives and set of outcomes it seeks to achieve
- functional teams operated effectively in executing NZ RegCo's strategy and plans, and enhanced a number of processes that support monitoring, investigation and enforcement activities
- demonstrated an active approach to monitoring and responding to market trends, both domestic and international
- continued to demonstrate operational independence while maintaining an appropriate and effective working relationship with NZX.

NZ RegCo acknowledges the strength of the ongoing regulatory cooperation and collaboration it has with the FMA in support of public capital markets' oversight.



David Hunt
NZ RegCo Board Chair



Joost van Amelsfort
NZ RegCo CEO

NZX key market metrics FY2025

- Total value traded – \$41.2b (down 0.9% vs 2024)
- Secondary market trading – 10.5m trades (up 13.3% vs 2024)
- Total capital listed and raised – \$21.5b (up 35.9% vs 2024)
- Total listed equity, debt, funds and other securities – 323 (down 2.4% vs 2024)
- Total market capitalisation year end – \$247b (up 4.7% vs 2024)

About NZ RegCo

NZ RegCo plays a vital role in supporting NZX to meet its licensed market operator obligations under the Financial Markets Conduct Act 2013 (**FMC Act**).

We operate as a separate, independently governed entity in performing the exchange’s regulatory functions.

Our purpose is to ensure that investors, issuers, and market participants have confidence in the integrity and regulatory oversight of NZX’s markets.

In pursuing this purpose, we aim to be a leading, innovative, regional securities exchange regulator that enhances the reputation of, and promotes the development and success of, the New Zealand capital markets and NZX.

STRATEGIC OBJECTIVES



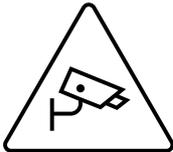
Further detail on NZ RegCo’s strategic objectives is set out in the [Appendix](#).

Surveillance

Issuer Regulation

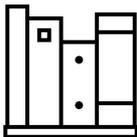
Participant Compliance

Market Conduct



The **Surveillance team** performs front-line monitoring and investigation of trading on NZX's listed markets, through a combination of real-time operational oversight of orders and trades, and post-trade reviews. This oversight enables the Surveillance team to:

- identify and respond to situations as they arise during a trading day, for example trading errors, market queries and price enquiries
- monitor activity that may indicate market misconduct, which can include anything from technical rule breaches to potentially unlawful conduct such as market manipulation and insider trading



The **Issuer Regulation team** administers the NZX Listing Rules. Principal activities undertaken by the Issuer Regulation team include:

- reviewing applications for new listings or to delist from NZX
- reviewing applications for waivers and rulings in relation to the NZX Listing Rules
- reviewing documents for compliance with the NZX Listing Rules
- managing trading halt applications, and
- general assistance and advice in relation to Listing Rule compliance



The **Participant Compliance team** administers the NZX Participant Rules, NZX Derivatives Market Rules, Clearing & Settlement Rules and Depository Operating Rules. The team supervises compliance with those rules by market participants. Principal activities undertaken in Participant Compliance include:

- reviewing applications for accreditation as a market participant
- reviewing applications for waivers and rulings
- capital and prudential monitoring, and
- investigating rule breaches

The Participant Compliance team performs regular on-site and desk-based inspections to check whether participants are meeting their obligations. The inspection process is also designed to test a participant's procedures in light of best practice.



The **Market Conduct team** is responsible for delivery of oversight, monitoring, investigation and enforcement activity, as well as education and project initiatives that support conduct outcomes. Market conduct work includes:

- assisting issuers and participants with their NZX market rules obligations, through engagement and guidance
- investigating suspected breaches of NZX's market rules and taking action in accordance with NZ RegCo's enforcement policy

2025 highlights



Surveillance infrastructure

NZ RegCo continuously monitors and evaluates its trade monitoring infrastructure. A major part of this infrastructure is the Nasdaq Market Surveillance SMARTS Surveillance product.

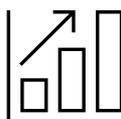
In early 2025, Surveillance implemented new SMARTS alert parameters following a comprehensive review. These changes improve the efficiency of trade monitoring activity. In addition, Surveillance introduced a SMARTS market maker module to enhanced monitoring of the spread, volume and duration obligations of S&P/NZX20 Futures market makers ahead of the reintroduction of this contract in 2026.



Regulatory policy development

During the year, NZ RegCo provided significant technical support for market integrity policy initiatives, including:

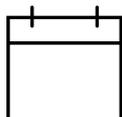
- review and implementation of revised Participant Prescribed Person trading settings
 - review of the client assets obligations settings under the Participant Rules
 - review and implementation of enhanced requirements for Participant business continuity and disaster recovery arrangements, in support of broker resilience
 - a targeted review of Listing Rules, guidance and market practice in relation to independent Appraisal Reports
 - review of the Listing Rule “major transaction” settings, following international policy development and proposed changes to the Companies Act 1993 regime
 - removal of “at market” Orders and changes to Sweep Order functionality arising out of NZX’s ongoing market trade settings review
 - changes to the NZX Corporate Governance Code and NZX ESG Guidance Note, following the phase II review of NZX’s corporate governance settings
-



Market development

As part of NZ RegCo’s market development support role, it provided regulatory support for a number of market development initiatives over 2025, including:

- proposed re-launch of the S&P/NZX20 equity derivatives market
 - development and publication of a new Guidance Note for Co-operative Companies seeking to list on NZX
 - reviewing proposed regulatory settings to support the quotation of dual class shares
 - reviewing proposed regulatory settings to enable up-sized placement capacity for issuers raising capital in conjunction with a pro rata capital raise
-



ASX Protocols

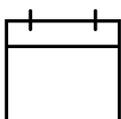
NZ RegCo enhanced the operational and compliance protocols in place with ASX on conduct matters, including trading halts and suspension of dual-listed securities, foreign exempt issuer listing applications, and implementation of NZ RegCo’s trade with caution alert process.

2026 strategic initiatives



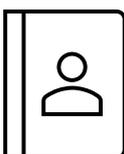
Capital raising thematic review

Following the implementation of significant changes to the NZX capital raising settings in 2024, NZ RegCo will support a post-implementation thematic review of market practice and compliance. NZ RegCo's focus will be on practices for publication of independent advice, and the quality of issuer disclosures when undertaking certain offer structures (e.g. accelerated non-renounceable entitlement offers and placements).



Corporate governance thematic review

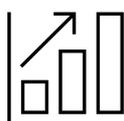
NZ RegCo will carry out a targeted post-implementation thematic review of market practice and compliance, with the revised Listing Rules corporate governance settings implemented in 2024. This will include qualitative assessment of aspects of the disclosure released by issuers under the Listing Rules and NZX Corporate Governance Code.



Regulatory policy development

NZ RegCo will provide regulatory support for planned regulatory policy initiatives in 2026, including:

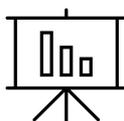
- continuation of the review of the Participant client assets obligations
 - the holistic review of Participant capital adequacy framework
 - ongoing market trade settings review, including the approach to eligibility of trades that are 'price setting'
-



Markets development

NZ RegCo will provide regulatory support for a number of market development initiatives in 2026, including:

- re-launch of the S&P/NZX20 equity derivatives market, and transitional support for the newly accredited Participants serving that market
 - continuing review of regulatory settings for a possible tiered compliance regime, for equity issuers listed on the NZX Main Board
 - assessing the viability of issuer-supported or exchange-supported mechanisms to bolster secondary market liquidity for equity issuers
-



Governance event

NZ RegCo will host an inaugural listed issuer director event as part of its wider issuer engagement plan and regulatory empowerment strategy. This will focus on best practice for boards in relation to obligations around continuous disclosure and governance, and on learnings from recent market trends around these requirements as relevant at the board table.

Surveillance oversight

The Surveillance team conducted 101 investigations in relation to potential market abuse and disclosure breaches in 2025, compared to 111 in 2024.



Surveillance monitoring and investigations

To support its monitoring and oversight work, the Surveillance team draws on a number of sources including:

- system generated alerts from its SMARTS Surveillance software;
- proprietary tools;
- market feedback from members of the public and market participants;
- referrals made by the Financial Markets Authority (FMA), and other NZ RegCo teams;
- ongoing/continuous observation (including media and social media sources) and trade monitoring; and
- systematic post-trade review of trading ahead of market announcements by Issuers.

SMARTS Surveillance

SMARTS Surveillance software is a purpose-built surveillance and market analytics tool, used globally by a number of exchanges, market regulators and trading firms. Its modular system provides detailed quantitative and graphic data, and is configured to highlight potentially anomalous orders or trades, by comparing market volume or price movements, for example, against user configurable criteria. In addition to market-based criteria (price, volume etc) it also highlights potentially anomalous trading situations where, for example, the same client may be quoting on both sides of the market, or the same client may have multiple bids or offers at multiple prices in the market.

SMARTS Alerts Analysis

If a SMARTS alert is triggered, the Surveillance team undertakes an initial review. This is primarily to identify, and discard, false positive alerts. The remaining alerts are then subjected to a more in-depth assessment process.

The following graph represents the different types of SMARTS alerts reviewed by Surveillance in 2025. A total of 20,090 trade alerts were triaged in 2025, up from 18,651 in 2024. NZX registered approximately 10.5 million trades in 2025, versus approximately 9.3 million trades in 2024, underpinning this increase in the number of alerts received.

Number of Alerts by Category - 2025



		%	Number
■	High Order rate	23%	4,606
■	Unusual Volume Inter-day	20%	4,075
■	Unusual Volume Inter-Day	14%	2,817
■	Pinging Order	11%	2,203
■	Large Order	8%	1,615
■	Unusual Price Movement Intra-Day	8%	1,570
■	Momentum Ignition	7%	1,436
■	Other	9%	1,768

High Order Rate	This alert identifies participants who enter a large number of orders in a short period of time.
Unusual volume	This alert identifies unusual levels of trading volume against security specific benchmarks.
Unusual price movement inter-day	This alert identifies unusual price movements against security specific, volatility-based, benchmarks for multiple inter-day time ranges.
Pinging Order	This alert identifies participants sending small orders into NZX Dark in a potential effort to discover any “volume” resting in this venue.
Large order	Highlights participants and clients who enter unusually large orders.
Unusual price movement intra-day	This alert identifies unusual price movements against security specific, volatility-based, benchmarks for multiple intra-day time ranges.
Momentum Ignition	This alert identifies participants endeavouring to trigger other participants to trade and thus cause a rapid price move in the market.
Other	Other alerts include Marking the Close, Multiparty Collusion, Pump and Dump; Trash and Cash; Layering; and Reference Price Update Before Trade.

When the Surveillance team investigates trading on NZX’s markets, it often engages directly with NZX Participants to request information such as beneficial ownership information, details of order records and instructions, voice recordings, electronic communications, and end client information.

If an investigation warrants escalation, the Surveillance team may refer the investigation to:

- the FMA, if the matter relates to misconduct prohibited under the FMC Act;
- the Special Division of the NZ Markets Disciplinary Tribunal (Tribunal), if the matter relates to trading in the securities of, or any related entity of, NZX; or
- the NZ RegCo Participant Compliance team, if the matter relates to misconduct by accredited market Participants under NZX Participant Rules.

FMA Referrals

Surveillance referred 40 matters to the FMA for further investigation in 2025, compared to 38 in 2024. Twenty-nine referrals related to potential insider trading and eight related to potential market manipulation. The other three related to “relevant interest” holding disclosures made by directors and major shareholders pursuant to the FMC Act. Surveillance liaises closely with the FMA, both pre- and post-referral, providing it with analytical and quantitative information

Case Study – Steel & Tube Holdings Limited

In March 2023, Surveillance referred trading by an experienced retail investor, Mr Franco Belgiorno-Nettis, for suspected market manipulation in Steel & Tube Holdings Limited (STU).

Surveillance alleged that Mr Belgiorno-Nettis consistently entered orders in STU in the pre-close session designed to influence the closing price of the stock higher than it would have otherwise been.

On 6 November 2025, the FMA announced that it had filed civil proceedings, containing 66 causes of action, each alleging contraventions of the market-based manipulation provisions of the Financial Markets Conduct Act 2013.

<https://www.fma.govt.nz/news/all-releases/media-releases/market-manipulation-for-stu-shares/>

Sentence – Kevin Young

On 17 April 2025, the Auckland District Court sentenced Mr Kevin Young to six months home detention and a fine of \$11,241 in relation to three charges of insider trading in Heartland Group Holdings Limited brought against him by the FMA.

These charges arose from an initial referral from NZ RegCo Surveillance to the FMA in November 2020.

<https://www.fma.govt.nz/news/all-releases/media-releases/former-heartland-bank-accountant-sentenced-on-insider-trading-charges/>

Sentence – Kok Ding Cheng

On 1 May 2025, Kok Ding Cheng was ordered to pay the Crown a pecuniary penalty of \$198,000 following a civil proceeding brought by the FMA in relation to five charges of market manipulation in the shares of Rua Bioscience Limited.

These charges arose from an initial referral from NZ RegCo Surveillance to the FMA in January 2021.

<https://www.fma.govt.nz/news/all-releases/media-releases/retail-investor-found-liable-for-market-manipulation/>

The FMA has primary responsibility for investigation and prosecution under the FMC Act of (i) alleged breaches of the insider trading and market manipulation provisions, and (ii) alleged breaches of the substantial product holder and/or director and officer disclosure provisions.

If, as a result of its investigations, the Surveillance team identifies trading behaviour that indicates potential insider trading or market manipulation, it refers that trading to the FMA. This may include trading in advance of market announcements, or trading behaviour that suggests an attempt to influence the price of a security.

Special Division referrals

The Special Division of the NZ Markets Disciplinary Tribunal exercises the powers and functions of NZ RegCo as they apply to NZX Limited and any related entity of NZX. This includes Smartshares, as the issuer of Smart Exchange Traded Funds (ETFs) listed on the NZX Main Board. The Special Division's role is to foster market confidence that the market rules are applied to NZX and any related entity in an impartial and independent manner.

In 2025, the Surveillance team referred 42 matters to the Special Division for further investigation compared to 52 referrals in 2024.

All except one referral sent to the Special Division in 2025 related to trading in NZX. Approximately one-third related to intra-day price movement alerts and one-third to unusual volume alerts.

Surveillance also monitors the performance of designated market makers to ensure compliance with the NZX Rules, and with the applicable spread, volume and duration requirements.

The Special Division reports annually on the outcome of its investigations into matters referred to it.

NZ RegCo Participant Compliance referrals

Daily trade surveillance may also identify potential breaches of NZX Rules by accredited NZX Participants. This may include disorderly trading or trading which is in breach of certain timing or reporting rules.

Such matters may be referred to the NZ RegCo Participant Compliance team for investigation. In 2025, the Surveillance team referred four matters to Participant Compliance, compared with seven referrals in 2024.

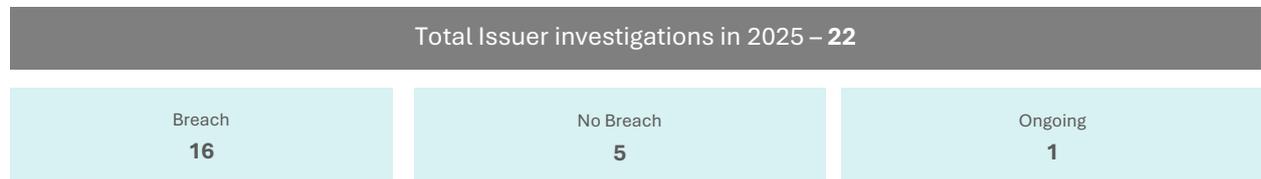
This marks a continued decline in referrals (down from 20 in 2021) attributable in large part to better understanding of NZ RegCo's expectations by Participants as a result of NZ RegCo's on-going Participant education and engagement activities.

Surveillance liaises closely with Participant Compliance, both pre- and post-referral, providing it with analytical and quantitative information in support of investigations.

Issuer oversight

The Market Conduct team undertook 22 investigations in 2025 in relation to conduct by listed issuers, consistent with the prior year.

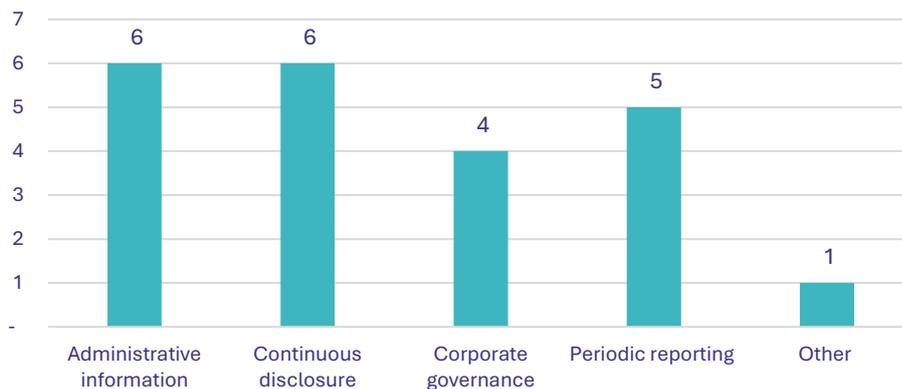
Issuer investigations



A number of these investigations stemmed from periodic disclosure reviews conducted in accordance with NZ RegCo’s issuer monitoring framework. One investigation remained ongoing at year end.

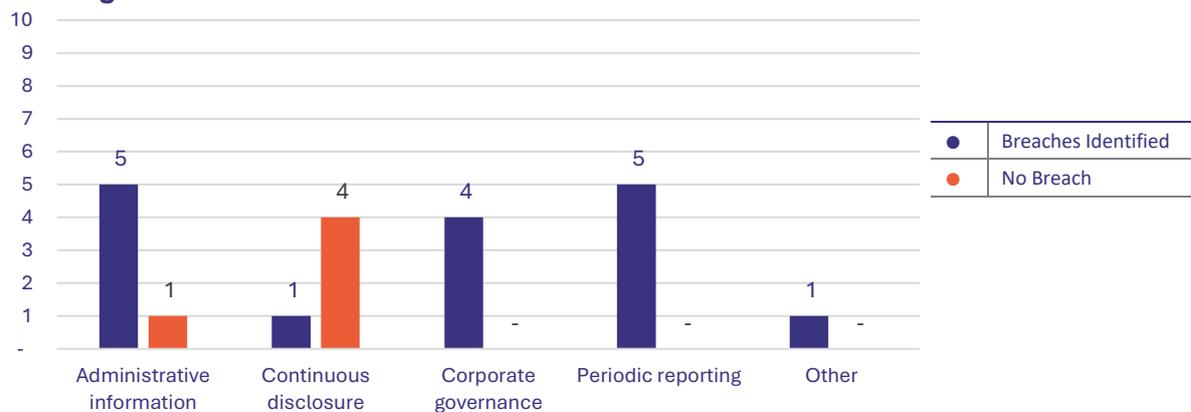
Market Conduct continued to focus on its enforcement priorities throughout 2025, including continuous disclosure, periodic financial reporting and corporate governance obligations.

Issuer Investigations



Of the 21 investigations completed during 2025, 16 resulted in breaches being identified.

Investigation outcomes



Issuer monitoring framework

To support issuer oversight, the Market Conduct team has a comprehensive issuer monitoring framework in place. That framework includes arrangements for:

- oversight of events relevant to assessing issuers' continuous disclosure, including (i) media monitoring, and (ii) reviews triggered by automated price movement alerts, with tiered trigger thresholds based on issuers' market capitalisation and index status
- sample and targeted review of financial statements and annual reports (including the quality of disclosures against the NZX Corporate Governance Code)
- oversight of disclosures by ASX Foreign Exempt issuers on their home exchange – to monitor compliance with issuers' obligations to contemporaneously release announcements across ASX and NZX
- an "issuer risk list", with additional tailored oversight activities undertaken for issuers assessed by NZ RegCo as being subject to particular conduct, operational, financial, or sector specific risks (such as a history of compliance or financial reporting issues).

Continuous disclosure

NZ RegCo undertook six investigations into continuous disclosure matters in 2025. In one matter there was a breach of the issuer's obligation to release material information promptly and without delay. In this case, there was a short trading window between when the information should have been released and was released, and no trading occurred in this window. In the circumstances NZ RegCo resolved to issue an obligations letter to the issuer.

Periodic financial reporting

During the year, Market Conduct undertook 75 periodic disclosure reviews in line with its issuer monitoring framework. This included 20 reviews of annual report content and reporting against the NZX Corporate Governance Code. As was the case in 2024, the breaches identified in 2025 related to failing to report against recommendations in the NZX Corporate Governance Code. The nature and extent of these breaches warranted feedback through obligations letters.

NZ RegCo will continue its sample and risk-based period disclosure reviews in 2026, including reviews of specific issuer periodic reporting in accordance with the issuer monitoring framework and to ensure feedback from the 2025 reviews is taken on board.

Corporate governance

In line with NZ RegCo's enforcement priorities, corporate governance remained a key area of focus in 2025. Several investigations were undertaken relating to Board and Audit Committee composition. Breaches most commonly involved issuers not maintaining the minimum number of independent directors or audit committee members. Two corporate governance breaches were self-reported by issuers, reflecting a positive trend towards proactive rectification and transparency. In these cases, issuers acted promptly to rectify breaches once identified and updated internal processes. In turn, NZ RegCo responded with educative outcomes through the use of obligations letters.

Two corporate governance matters were referred to the NZ Markets Disciplinary Tribunal during the year (see further Enforcement at pages 23 and 24).

Securities issuance

During 2025, Market Conduct reviewed a matter relating to the issuance of securities during a capital raise. This matter involved an administrative error during a capital raising, which resulted in shares being allotted in excess of the permitted capacity under the Listing Rules.

The matter highlighted the importance of robust processes and clear communication between issuers and their share registrars, especially during capital raising. Given the unique nature of the event, and the issuer's cooperation in rectifying the error and issuing the correct shares to the right shareholders, NZ RegCo issued an obligations letter rather than taking formal regulatory action. The case underscores the

need for issuers to pre-validate share allotments with their registrars and to ensure that any errors are addressed transparently and in a manner that protects market integrity and investor confidence.

Administrative information

A number of administrative information investigations related to the form of disclosure to the market. Notably, breaches related to (i) not entering requisite data into the NZX Market Announcement Platform in conjunction with releasing the announcements; and (ii) not marking announcements as containing material information (through use of the P flag) where they did, in fact, contain material information. NZ RegCo also noticed an increase in issuers using the P flag for announcements that did not contain material information, and reminders were sent to issuers specifically and in quarterly issuer updates about critically assessing whether an announcement requires use of the P flag.

Complaints about issuers

NZ RegCo received 26 complaints in relation to issuer conduct in 2025. Two complaints resulted in formal investigations by Market Conduct. The level of complaints was consistent with the 25 complaints in 2024 and 26 complaints in 2023. However, it is again noted, consistent with 2023 and 2024, that six complaints were made to NZ RegCo by one complainant in respect of one specific issuer.

Complaints about issuer conduct received by NZ RegCo are assessed by Market Conduct to establish whether the allegation and surrounding facts suggest a potential Listing Rules breach. Following this triage process, if there is a potential breach the conduct is investigated in accordance with NZ RegCo's enforcement policy. Two complaints met this threshold for investigation following their triage assessments. Of these two complaints, one matter ultimately found no breach of the Listing Rules and one was referred to the NZ Markets Disciplinary Tribunal.

Some complaints related to matters outside NZ RegCo's remit. If NZ RegCo receives a complaint alleging matters that are not regulated by the Listing Rules (for example, corporate law or obligations under the FMC Act), NZ RegCo will refer it to the regulator with the appropriate mandate. In some cases, there is no further action that can be taken.

Applications and transactions

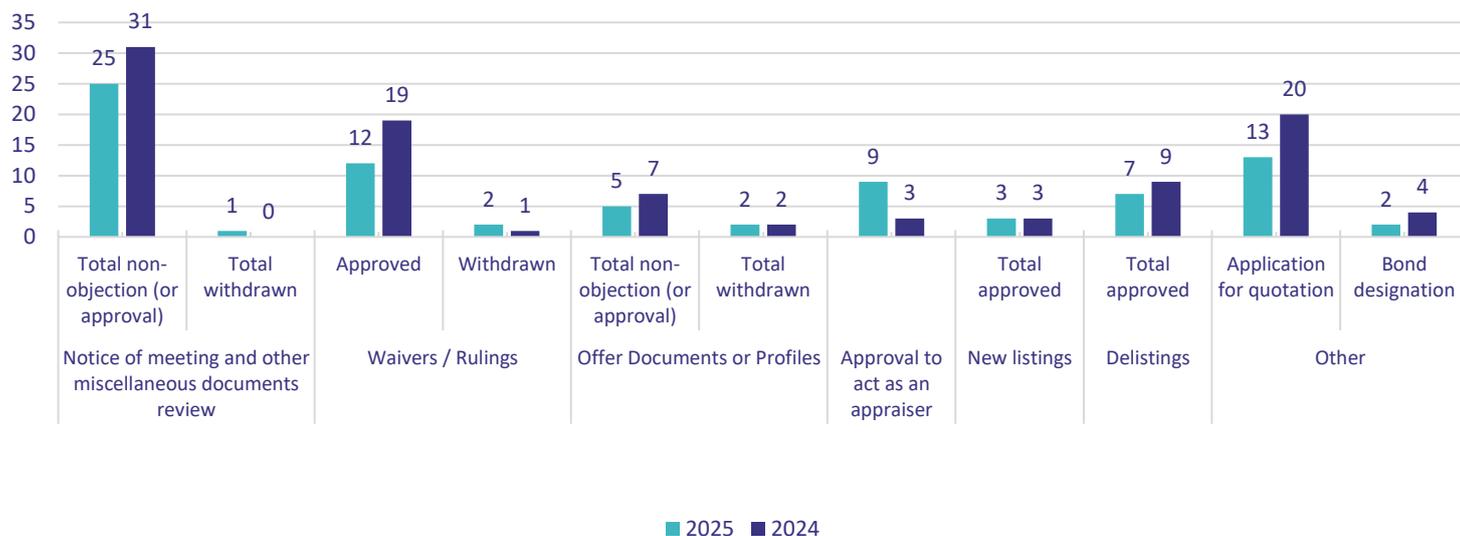
Under the NZX Listing Rules, NZ RegCo is required to review various documents prior to publication by the Issuer and also to consider applications for quotation of new securities. NZ RegCo has the power to grant waivers and rulings from Listing Rule obligations. NZ RegCo can also grant designations on request from issuers in respect of quoted securities, for example in relation to green bonds or sustainability bonds. This type of transactional work makes up a relatively large proportion of the day to day work of the Issuer Regulation team.

Transaction reviews often involve significant engagement with Issuers and their advisers, for example in relation to technical waivers. NZ RegCo's operating and governance procedures also provide for escalation of certain matters to the NZ RegCo CEO for consideration, and certain prescribed "reserved matters" under the NZ RegCo Charter require NZ RegCo Board approval.

NZ RegCo will also engage with other regulators, such as the Financial Markets Authority or the Takeovers Panel, in relation to certain applications.

In 2025, Issuer Regulation undertook the following application and transactional work. There was a slight decrease of the number of applications reviewed by NZ RegCo compared to 2024. The number of waivers and rulings that issuers sought also decreased, reflecting the lower level of market activity in the first half of 2025.

Issuer applications 2025



Trading halts and suspensions

Trading halts and suspensions are important tools for NZ RegCo to ensure the fair, orderly and transparent operation of NZX's markets. During 2025, NZ RegCo applied 41 trading halts, and two suspensions. These numbers are broadly in line with prior years.

During 2025, NZ RegCo approved trading halt applications in relation to:

- the bookbuild component of capital raises;
- Takeovers Code related activity;
- issuers requiring time to consider and correct information in the market;
- issuers requiring time to consider and respond to announcements by third party regulators; and
- foreign exempt issuers releasing financial reports to their home exchange.

NZ RegCo also has discretion under the Listing Rules to apply trading halts and suspensions. During 2025, NZ RegCo exercised that discretion in a number of situations to enable issuers to manage their continuous disclosure obligations. That included circumstances where issuers were required to assess and respond to third party information and also to correct material information previously released.

Class waivers and rulings

Under the Listing Rules, NZ RegCo is able to publish class waiver and ruling decisions that apply to all issuers.

During 2025, NZ RegCo published two class decisions.¹ The first was in relation to ACC, and is a class waiver from Rule 6.3.1 to the extent that that Rule restricts ACC from voting on director remuneration resolutions put forward by Issuers to shareholders. The granting of the waiver assists in resolving any uncertainty in relation to ACC's voting rights, in the context of concerns that ACC could be an Associated Person of its board members.

The second decision was in relation to the climate reporting requirements of climate reporting entity issuers. NZ RegCo prepared the waiver relief after the FMA announced that it would be taking a 'no action' approach in relation to the publication of climate statements by climate reporting entities affected by the Government's announcement² that the climate reporting entity thresholds will be

¹ <https://www.nzx.com/regulation/nzx-rules-guidance/nzx-mo-announcements/class-waivers-and-rulings>

² <https://www.beehive.govt.nz/release/commonsense-changes-boost-capital-markets>

increased.³ Without the waiver relief climate reporting entity issuers that had wanted to utilise the FMA ‘no action’ relief would be required under the Listing Rules to still prepare climate statements.

Issuer engagement initiatives

Issuers, advisers and wider capital markets stakeholders continue to engage with NZ RegCo on issuer-related queries. These queries are managed by both the Issuer Regulation and Market Conduct teams. In 2025, NZ RegCo received 122 formal queries regarding application of the Listing Rules or other issuer-related matters. A number of these queries related to recently updated Listing Rules and revised guidance. While NZ RegCo is able to assist on NZX market rule related matters, some queries must be referred on to other regulators. A common query received is in relation to Substantial Product Holder notices and Director and Officer notices. This disclosure is required under the Financial Markets Conduct Act, and NZ RegCo does not regulate the disclose. While disclosure occurs over NZX, the Financial Markets Authority is the relevant regulator for these market disclosures.

Regulatory queries 2025



Queries provide NZ RegCo valuable insight into how the market is interpreting Listing Rules and published guidance, and using NZX templates. These insights support NZ RegCo advocacy work with NZX Policy, to ensure the form of NZX’s market rules and published guidance are achieving desired regulatory outcomes.

NZ RegCo is proactive in monitoring market announcements and matters that may impact issuers. Work undertaken in 2025 to further assist the market includes:

- reviewing and updating the Issuer Training Modules;
- monitoring the Authorised Representative regime, and assisting with ensuring training requirements are met;
- reviewing and updating NZ RegCo Practice Notes⁴;
- drafting five new Practice Notes covering Senior Managers, Dividends and Distributions, Admitted Product Sheets, Director Nominations, and Dividend Reinvestment Plans; and
- providing wider market guidance in the quarterly NZX Issuer Updates.

³ <https://www.fma.govt.nz/business/services/climate-reporting-entities/no-action-relief-for-cre/>

⁴ <https://www.nzx.com/regulation/nzx-rules-guidance/nzx-mo-announcements/practice-notes>

Participant oversight

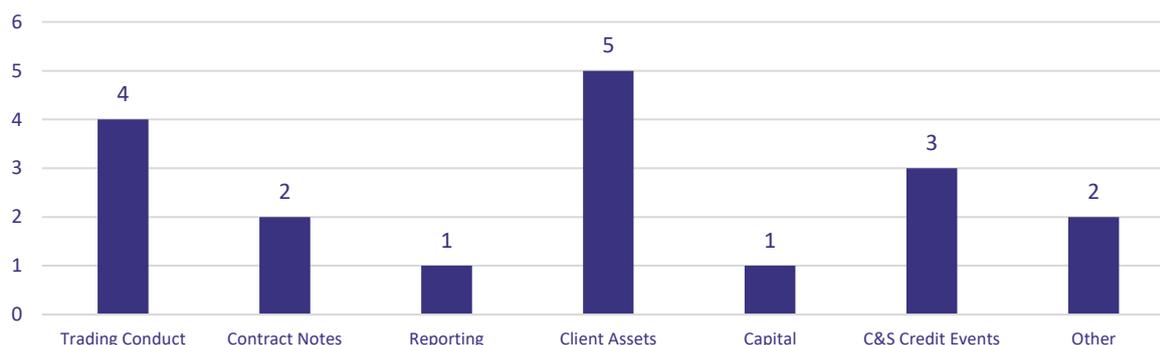
The Participant Compliance team conducted 18 investigations in 2025, in relation to conduct by accredited NZX Participants. Two investigations begun in 2025 remained ongoing at year end with 16 concluded during the year.



Participant investigations

Of the 18 investigations opened:

- 13 were specific to the Participant Rules
- Three were specific to the Clearing & Settlement Rules
- one related to conduct covered under the Participant Rules, Derivatives Market Rules and the Clearing & Settlement Rules
- one related to conduct covered under the Participant Rules, the Clearing & Settlement Rules and the Depository Rules



A significant proportion of the matters investigated related to trading conduct, client assets and capital adequacy, which are complex areas of high importance. NZ RegCo continued to engage with Participants during the year on the interpretation and application of the Rules relating to these areas to ensure they are understood and correctly applied, and to aid in ensuring Participant firm policies and controls support best practice. In 2025 there were also three Clearing & Settlement credit events.

Of the investigations completed in 2025, NZ RegCo determined there to have been breaches of the relevant NZX Rules in all cases but one.

Trading Conduct

Investigations relating to trading conduct reduced significantly from nine in 2024 to only four in 2025. Trading conduct continues to be a focus area for NZ RegCo, in support of maintaining fair, orderly and transparent operation of NZX's markets.

The breaches in relation to trading conduct identified in 2025 represented relatively minor breaches of the Rules. Three investigations warranted no further regulatory action. One investigation resulted in an obligations letter being issued to the Participant, including a direction to conduct, and provide evidence of, additional training for all of its Dealers and other relevant staff on the areas where breaches were determined.

Client Assets

In 2025, there were five investigations relating to client asset obligations, an increase from 2024. Client Assets continues to be a focus area for NZ RegCo, highlighting the need to ensure the Participant continues to hold assets greater than their obligations to ensure clients are not exposed to undue risk.

Of the five investigations, two arose from inadvertent operational issues that were quickly resolved and warranted no further regulatory action. Three were more complex matters, two of which resulted in an obligations letter being issued to the Participant and one which remains open. One obligations letter included requirements for the Participant to make, and provide evidence of, improvements to its controls, monitoring and escalation processes and provide training to relevant staff. The other obligations letter included requirements for the Participant validate the effectiveness of enhanced system testing protocols and review and update procedures for assessment and management of any future issues related to client assets.

Capital Adequacy

The NZX rules' capital adequacy requirements impose prudential standards on certain Participant types, to cover unexpected losses and ensure continuity of operations.

There was a reduction in the number of investigations related to capital adequacy with only one matter investigated in 2025, down from three matters in 2024. The investigation resulted in minor breaches of the relevant NZX Rules, which were specific to the accuracy of the Participant's calculation of the amount of capital it was required to hold. As the Participant calculated that it required more capital than it was actually required to hold, this warranted no further regulatory action.

Clearing and Settlement: Credit Events

A credit event is declared when a Clearing Participant has not met either of its margin or settlement obligations. In 2025, three credit event investigations were completed. All three matters related to Clearing Participants not meeting their settlement obligations in the required timeframes. Two matters resulted in obligations letters being issued to the Participants directing improvements be made to their clearing & settlement protocols and their related controls, and requiring additional oversight, training and education for the staff in this area.

Complaints about Participants

Participant Compliance received two complaints in relation to Participants in 2025. In both cases NZ RegCo opened formal investigations. One of these investigations did not find the Participant to have breached any NZX Rules. The second investigation did find a breach of the relevant NZX Rules and resulting in an obligations letter being issued to the Participant.

Inspection programme

In 2025, the Participant Compliance team conducted inspections of eight Participants.

In keeping with NZ RegCo's risk-based approach the inspection programme continued to be targeted, placing particular focus on high-risk areas of a few fundamental topics, with a tailored approach applied to any increased risk level for a particular Participant. A focussed review of the selected areas of Participants' businesses was conducted, including verifying and testing the mechanical accuracy of key calculations/reconciliations and explored the specific controls and monitoring in particular areas of higher risk both across the industry and specific to each Participant's business model.

Topics covered included client assets, capital adequacy, trading (including direct market access, intermediary accounts and prescribed person trading), clearing & settlement processes and market making activity, where relevant to the Participant.

NZ RegCo identified no breaches during the 2025 inspection programme.

Participant regulatory engagement

Accreditations and designations

Participant Compliance considered 48 applications for designation from individuals in 2025. These designations included various categories of:

- advisers, which allow the designated individuals to provide advice regarding NZX listed products;
- dealers, which allow the designated individuals to enter orders directly into the exchange’s trading system; and
- management designation, which allow the designated individuals to hold a particular position of responsibility within a Participant.

An individual can hold more than one designation at any time therefore the number of applications considered does not necessarily reflect the number of individuals who received designations during 2025.

Approved Designation Applications



NZX Advisor	26
Derivatives Adviser	3
Dealer	10
Derivatives Dealer	0
Other	9
Total	48

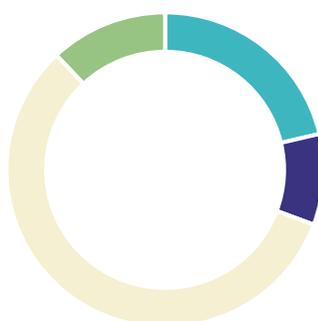
NZ RegCo assessed four corporate Participant accreditation applications in 2025, two for recognition as an Advising Participant and one for recognition as a Depository Participant, which were all approved. Assessment of one application for a Derivatives Trading Participant was ongoing at year end

Regulatory applications

Regulatory applications cover approvals, exemptions, permissions, rulings and waivers. In 2025, Participant Compliance considered and approved 75 applications.

The number of regulatory applications related to subordinated debt decreased from 60 in 2024 to 43 in 2025, but continues to be a significant portion of the total applications submitted.

Participant regulatory applications



Approval	16
Permission	7
Subordinated debt	43
Waiver	9
Total	75

Subordinated debt (or "sub-debt") is a type of loan used by Participants to increase their capital, usually for a short term, to meet increased regulatory Capital Adequacy requirements due to larger than usual activity - such as for index rebalance days. Subordinated debt ranks below other debts in terms of repayment priority. The use of this sub-debt to increase the Participant’s regulatory capital position requires approval from NZ RegCo both to apply the sub-debt and in order to repay the loan.

Enforcement

NZ RegCo takes into account a number of factors when considering what outcome is appropriate if we identify a breach of NZX's market rules. While not an exhaustive list, such factors include the:

- Nature of the breach and whether it relates to an enforcement priority
- Impact of the breach
- Market rule that has been breached and precedent
- Compliance history of the person or entity that has breached the rule
- Respondent's level of cooperation with NZ RegCo's investigation
- Effect that enforcement action could have on the market, the regulatory outcome we would seek to achieve by taking enforcement action, and whether other remedial action is possible or has been taken

Enforcement activity	Participants	Issuers	Total
Matters where breaches were referred to the Tribunal	0	2	2
Infringement notices issued	0	1	0

NZ RegCo's Enforcement Policy sets out NZ RegCo's enforcement goals and priorities, our process for investigating potential Rule breaches, the factors we consider when deciding whether to take enforcement action, and an overview of what our investigation process looks like. The Enforcement Policy is subject to periodic review. The current version of the policy can be found [here](#).

Referrals to the Tribunal

NZ RegCo referred two matters relating to Rules breaches to the Tribunal in 2025 (compared to one in 2024 and seven in 2023). Consistent with the theme observed in the prior year, 2025 saw a number of less serious breaches, in particular around isolated breaches of annual report content requirements and some corporate governance breaches, which did not meet the threshold for referral to the Tribunal.

Tribunal determinations

Issuer / Participant	Summary of Case	Key Learnings
<p>Being AI Limited (BAI)</p> <p>NZMDT 1/2025</p>	<p>Governance Requirements – Obligations relating to Composition of Board of Directors, Audit Committee,</p> <p>BAI breached:</p> <ul style="list-style-type: none"> Listing Rule 2.1.1(a) and (c) – relating to the obligations to have at least three Directors and at least two Independent Directors on the Board; Listing Rule 2.13.2(b), (c) and (d) – relating to the obligations to have an Audit Committee with at least three members, a majority of Independent Directors, and with at least one member with an accounting or financial background. <p>The breaches arose from the resignation of both of BAI’s two independent directors, effective 31 January 2025 and without replacement until 31 March 2025.</p> <p>The Tribunal approved a settlement agreement, including a public censure, a \$50,000 penalty, and costs.</p>	<p>Where a Board and Audit Committee do not have the requisite number of Independent Directors, this is a serious compliance breach given the importance of a properly constituted Board and Audit Committee.</p> <p>The requirement to have at least two Independent Directors is central to the Board composition Listing Rules. If an issuer has only the minimum number of Independent Directors, it must remain particularly aware of these requirements to ensure ongoing compliance. Succession planning is particularly important for smaller issuers where there can be difficulty in attracting suitably qualified independent directors.</p> <p>Without the minimum three directors, a board is unable to act except to remedy the shortfall or call a shareholders’ meeting. This paralysis prevents an issuer from making critical decisions, highlighting that governance breaches can result in market disruption and loss of investor confidence.</p> <p>Trading halts and suspensions are important tools that NZ RegCo uses to ensure the fair, orderly and transparent operation of its markets and NZX may use these tools to interrupt trading in circumstances where potential or ongoing Listing Rules breaches have the potential to cause investor loss or harm to confidence in the integrity of NZX’s markets.</p>
<p>Issuer A</p> <p>NZMDT 2/2025</p>	<p>Governance Requirements – Obligations relating to Composition of Board of Directors, Audit Committee</p> <p>Disclosure – Obligations relating to Directors, Senior Managers and Auditor and other information</p> <p>NZ RegCo alleged breaches of:</p> <ul style="list-style-type: none"> Listing Rule 2.1.1(c) – relating to the obligation to have at least two Independent Directors on the Board; Listing Rule 2.13.2(c) – relating to the obligation to have a majority of Independent Directors on an Audit Committee; and Listing Rule 3.20.1(a) – relating to the obligation to promptly and without delay release information about a decision to change a Director or Senior Manager. <p>The alleged breaches related to the appointment and independence determination of a director with interests in a company in which Issuer A has a strategic shareholding.</p> <p>The Tribunal found, on the facts, that Issuer A had not breached the Listing Rules 2.1.1(c) and 2.13.2(c).</p> <p>The Tribunal also accepted evidence that the announcement of the decision to appoint the director was timely, but noted that clearer documentation would have been preferable.</p> <p>As no breaches were found, the Tribunal made a decision not to publish the determination. However, the Tribunal considered that the matters outlined in the determination have educative value and considered a summary of the decision may be published by NZ RegCo.</p>	<p>This was the first case taken which challenged a Board’s assessment of a director’s independence.</p> <p>The test for director independence is fact-based, and the Tribunal confirmed that it is a holistic and objective test: would a reasonable person consider that a director’s interests, positions, or relationships could materially influence, or be seen to influence, their capacity to act independently for the issuer as a whole, not just in relation to a specific investment or transaction.</p> <p>Boards must carefully consider all relevant factors when assessing independence, but the mere existence of a potential conflict is not determinative. The assessment must focus on whether any relationship is material in the context of the issuer overall.</p> <p>The Tribunal found it was poor practice where meeting minutes do not record detailed reasoning behind director independence assessment. Boards should document the factors considered and the rationale for their decisions regarding director independence in their minutes. Issuers are reminded about enhanced director independence disclosure requirements under the new Listing Rules settings which came into effect in 2025.</p> <p>Announcements regarding director appointments must be made “promptly and without delay” when the decision is made, not when the appointment becomes effective.</p> <p>Issuers should ensure that both the timing and the content of disclosures about board changes are accurate and reflect the actual decision-making process.</p>

Infringement notices

Under the infringement notice regime, NZ RegCo and the Special Division of the Tribunal can issue fines of up to \$10,000 for minor breaches of the market rules.⁵ These are an effective enforcement tool and avoid the cost and time that might otherwise be incurred if the breach required a formal Tribunal determination, but still permit a financial penalty to be imposed.

One infringement notice was issued in 2025 (2024: nil).

The infringement notice related to an issuer failing to promptly and without delay disclose a decision to change a director of the issuer. Prompt and without delay disclosure of a decision to change a senior manager, director, chairperson, or auditor is a requirement of the Listing Rules even where the decision is not material information (material information must also be disclosed in accordance with continuous disclosure obligations).

⁵ Penalty Band 1 breaches under the NZ Markets Disciplinary Tribunal Rules.

Discipline Fund

This section details the use of the proceeds of the Discipline Fund, as set out in the Discipline Fund accounts.

Proceeds of the Discipline Fund may be used in accordance with Tribunal Rule 9.5.1. These uses of the Discipline Fund include:

- seminars and other education initiatives in respect of regulation of NZX's markets;
- redrafting NZX's markets rules and any other rules and regulations of NZX, the Clearing House or the Depository;
- enforcement of NZX's markets rules and any other rules and regulations of NZX, the Clearing House or the Depository;
- the costs and expenses of the Tribunal; and
- any other use with the prior written consent of the Financial Markets Authority.

In 2025, the Discipline Fund was utilised to support:

- rules review processes affecting the NZX Rules;
- non-recoverable costs of the Tribunal;
- external advisory support for complex investigations relating to issuers' corporate governance and periodic disclosure obligations; and
- education initiatives and maintenance of the issuer training modules.

12 Months to	31-Dec-25
	\$
Fines and costs	103,840
Expenses	
Executive Counsel costs	61,480
NZ Markets Disciplinary Tribunal Member costs	66,390
Legal Advisory costs	13,440
Rules Review costs	38,181
Disbursements	1,147
Educational Expenditure	40,527
Other Incidentals	174
Market Education	40,600
Investigations	0
Ongoing procedures	0
Bad/Doubtful Debts	0
Bank fees	3
Total Expenses	261,942
Interest Income	8,041
Tax expense	-40,451
Surplus (Deficit) for the period	-109,610
Accumulated Surplus (Deficit)	193,920

Appendix – NZ RegCo strategic objectives



We support a compliant NZX markets ecosystem, through oversight and enforcement action

NZX's market rules set standards that underpin the operation of fair, orderly and transparent markets. NZ RegCo monitors and enforces the obligations of issuers and participants under NZX's market rules. NZ RegCo activity seeks to deter misconduct by reinforcing conduct expectations that apply under NZX market rules, guidance and market best practice.

We undertake surveillance of trading on NZX's markets to detect possible trading misconduct (insider trading and market manipulation), and we provide timely and effective support to the Financial Markets Authority with its investigation and enforcement of such misconduct.



We promote regulatory settings that support market integrity and the ongoing development of NZX's markets and product suite

NZ RegCo contributes to the policy design and implementation process, in support of appropriate investor protections and the operation of fair, orderly and transparent markets.

NZ RegCo provides specialist technical support for:

- onboarding prospective issuers and participants
- the development of new markets and tradable financial products

We bring insights that draw from our frontline activities, and from our environmental scanning of domestic and international market, regulatory and legislative trends.



We provide tools and support that enable issuers and participants meet their NZX market obligations efficiently and effectively

NZ RegCo recognises that the vast majority of the entities that we regulate seek to comply with their NZX market rules obligations. It is acknowledged that (i) regulatory and market settings are subject to change, and (ii) there is a spectrum of capabilities, sophistication and resourcing across the issuer and participant population.

We provide support, resources, and guidance so that issuers and participants:

- have a clear and consistent understanding of current market rules, guidance and best practice
- are empowered and capable – irrespective of their size or resourcing – to meet their compliance obligations.



We attract, develop and retain the employees and capabilities needed to advance our objectives and deliver on our vision and purpose

Domestic and international capital markets are constantly evolving - influenced by market, regulatory and legislative trends and changes in policy settings. It is important the NZ RegCo is across key developments relevant to NZX's markets.

NZ RegCo operates in a competitive environment for talent.

NZ RegCo needs to attract, develop and retain employees, skills and capabilities, that support our ability to advance our objectives and deliver on our purpose.