**DETAILS OF SUPPORTING DOCUMENTATION REQUIRED TO BECOME A DEPOSITORY PARTICIPANT**

This document acts to assist an organisation applying for accreditation (the **Applicant**) as a Depository Participant under the Depository Operating Rules (**Depository Rules**), and the Depository Operating Procedures (**Depository Procedures**).

The below table details the information required by New Zealand Depository Limited (**CDO**) 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). Application forms can be downloaded under the following link: <https://www.nzx.com/regulation/nzx-rules-guidance/clearing-depository-rules>.

The table will also act as a working document for the Applicant and NZ RegCo (**RegCo**) to communicate the specific files that satisfy each requirement, which items have been satisfied and those that remain outstanding. Accordingly RegCo asks that the Applicant clearly details within the ‘Applicant Comments’ column the document name, and relevant section/chapter if necessary, 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 6.1 and 6.2 of the NZX Clearing & Depository 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 Forms:  *(Depository Procedure 2.3)* | Please provide the following documentation in respect of the Applicant company:   1. Depository Participant Application Form, including all relevant Schedules    * 1. Schedule 1 – All Applicants      2. Schedule 2 – Overseas Applicants (if applicable). |  |  |
| Responsible Person  *(Rules 2.2.1 and 2.12)*  *(Procedures 2.1.1(h), 2.15 and 2.16)* | Please provide the following documentation in respect of the proposed Responsible Person:   1. Depository Participant Responsible Person Application Form, including Schedule 1; 2. Employment history and experience - relevant to accreditation; 3. Completion of the nominated Responsible Person’s CHO orientation training required by Depository Procedure 2.16.1 (RegCo /CHO to arrange); 4. Details of the continuing education the Responsible Person will undergo as required by Depository Procedure 2.16; 5. Details of anyone authorised by the Responsible Person to sign documents on their behalf (Depository Procedure 2.15) |  |  |
| Company Details  *(Procedure 2.1.1(a))* | Please provide the following documentation in respect of the Applicant company:   1. Details of Directors (full name, date of birth and address); 2. Details of Shareholders; 3. Certificate of Incorporation (or equivalent document confirming establishment of the entity); 4. Company Number; 5. Registered address of company, if different to place of business; 6. Details of the type of company and nature of its activities; 7. A description of the Participant’s management structures including the names of Personnel holding management positions and details of their skills, qualifications and experience to hold such positions; 8. A description of the Participant’s Corporate Structure; and 9. Copy of the Constitution. |  |  |
| Access to BaNCS  (Depository Rule 2.2.1(j) | Please provide for each person who will require access to the Depository System (BaNCS), and provide instructions to CHO, a completed BaNCS ‘User Request Form’ available under the following link:  <https://www.nzx.com/services/nzx-clearing/publications> |  |  |
| Integrity, Reputation, Character  *(Procedure 2.1.1(c) and (d))* | The Participant should provide details of, or confirm that the following do not apply:   1. Any legal or arbitration proceedings active, threatened or pending against the Applicant or any member of its group which may have a significant impact on the reputation of the Participant; and 2. Any adverse or potentially adverse matters in respect of the Applicant which have been brought to the attention of any Alternative Regulator or relevant regulatory authority during the last 6 years. |  |  |
| Accept Service – Responsible Person:  *(Depository Rule 2.12.2(e))* | If the Responsible Person is not resident in New Zealand, they must appoint someone resident or incorporated in New Zealand, who is authorised to accept service of documents in New Zealand, on their behalf. |  |  |
| Compliance Plan  *(Procedure 2.6)* | Please provide a CMP which includes a periodic review of your obligations and identifies key risks, together with establishing systems, procedures and controls to monitor and manage those risks.  The CMP must address each matter specified under Depository Procedure 2.6.2 in relation to the Applicant’s business as a Depository Participant.  The CMP should detail all compliance monitoring tasks performed including each activity’s purpose, regulatory requirement and frequency (daily, weekly, monthly, quarterly and annual). Each compliance monitoring task should be backed by detailed procedures for carrying out the monitoring process.  The Compliance Plan should include a periodic review of the Participant’s obligations and identify the Participant’s key risks, together with establishing systems, procedures and controls to monitor and manage those risks.  The Compliance Plan should include the following:   1. A statement of objectives of the compliance plan; 2. A programme of procedures and controls, including regular periodic (daily, weekly, monthly, quarterly and annual) tasks, processes, monitoring and sampling and testing of operational activities; 3. The management structure, including operations and processes, for implementation of that Depository Participant’s compliance plan; 4. Allocation of compliance responsibilities among Depository Participant’s Personnel relevant to tasks performed reflecting, where appropriate, the compliance and procedures manuals referred to in Procedure 2.6.2(e) including responsibility for the design, implementation, functioning and review of the compliance plan; 5. Written compliance and procedure manuals, setting out the Depository Participant’s procedures, and controls over those procedures; 6. Recording and reporting to the Depository Participant’s Responsible Person, breaches and suspected breaches of applicable material requirements of the Securities Legislation relevant to the Depository Participant and the Rules, and providing structures and procedures for investigation, external reporting, mitigation, discipline and remedy of those breaches; 7. Processes for avoiding or managing conflicts of interest arising for Personnel involved in both compliance activities and operational activities; 8. Maintenance of records of compliance activities; 9. Processes to review the adequacy of the Depository Participant’s compliance plan and the effectiveness of its implementation and implement the outcome of the review; 10. Processes for regular periodic review of the adequacy of the compliance plan (including against the requirements of this procedure) and implementation of the actions required as a consequence of that review; and 11. Monitoring ongoing training for Responsible Person (Procedure 2.16.2). |  |  |
| Technology  *Depository Procedures 2.1.1(f), 2.4 & 2.5)* | Please provide details of the Applicant’s technology relevant to its business as a Depository Participant, including:   1. How the Applicant will access the Depository System (**BaNCS**); 2. Any back office systems connecting to BaNCS and how this will be managed to ensure integrity with the Depository;   The Applicant must satisfy CDO as to its technical capacity to be connected to BaNCS, including satisfaction of such systems testing prescribed by Depository Procedure 2.5.1 in respect of:   1. Conformance of BOS software; 2. Connectivity; and 3. Validation.   Please contact NZX Securities IT ([Securities-IT@nzx.com](mailto:Securities-IT@nzx.com)) for details on CDO’s technical requirements, completing the required testing and the documents specified under Depository Procedure 2.4.1 |  |  |
| Operations / Procedures Manual | Please provide an operational procedures manual specifically relating to the Applicant’s processes as a Depository Participant in BaNCS.  The procedures should have the following documented:   1. Deposit and Withdrawal using the Depository; 2. Lodgement and Uplift – using the Legal Title Transfer System and not using the system; 3. End of Day transfer from the settlement account; and 4. Stock Lending.   Please consult CHO’s BaNCS ‘User Guides’ published under the following link for assistance in developing appropriate procedural documentation:  <https://www.nzx.com/services/nzx-clearing/publications>  Please contact [Clearing@nzx.com](mailto:Clearing@nzx.com) for further details on which of the guides are applicable to the Applicant’s proposed clearing and settlement function, and the key tasks that must be accounted for within the procedures.  In order to gain further knowledge and proficiency in using BaNCS, please contact NZX Securities IT ([Securities-IT@nzx.com](mailto:Securities-IT@nzx.com)) to gain access to the test environment. |  |  |
| Settlement Bank   *(Rule 2.2.1(f) and Procedure 2.1.1(g))* | 1. Participants are required to appoint a Settlement Bank, and notify CDO of the name of the bank, together with confirmation from the Bank; 2. Participants must confirm their funds transmission method to CDO; 3. Undertakings and acknowledgments from the Participant’s Settlement Bank required by Rule 3.3.1. |  |  |
| Clearing and Depository Setup Form | Please complete all parts of the ’*Clearing and Depository Participant Set Up Form*’ available under the following link:  [NZX Clearing and Depository Rules - NZX, New Zealand’s Exchange](https://www.nzx.com/regulation/nzx-rules-guidance/clearing-depository-rules) |  |  |
| FATCA | Under FATCA, CHO is captured as a Foreign Financial Institution. As such it is required to collect FATCA declarations all Clearing Participants in the form of the W-8BEN (or W-9BEN for US entities).  Please provide the Applicant’s executed FATCA W-8BEN or W-9BEN declaration. |  |  |
| RWT Exemption Certificate | Please provide a copy of the Applicant’s RWT Exemption Certificate.  For overseas Participants, who cannot obtain a RWT Exemption Certificate, please provide details of what arrangements are in place to ensure that no securities are held in the Depository System overnight. |  |  |
| OVERSEAS APPLICANTS ONLY  (NZ RegCo to advise which of the following will apply) | | | |
| Additional information that may be requested at CDO’s discretion  *(Rule 2.2.2)* | CDO may require applicants incorporated or resident outside New Zealand to give:   * additional undertakings or assurances; * evidence that the applicant currently conducts Depository operations and is regulated by a foreign regulatory authority; * details of person(s) in New Zealand who are authorised to accept service on behalf of the Participant; and/or * provide a legal opinion that the Rules and Procedures would be recognised as contractually valid, binding and enforceable against the applicant in the jurisdiction in which the applicant is incorporated or resident, and confirming the enforceability of CDO’s rights in respect of all Collateral in that jurisdiction. |  |  |