### DETAILS OF DOCUMENTATION REQUIRED TO BECOME AN NZX ADVISING FIRM

This document acts to assist an organisation applying for accreditation (the **Applicant**) as an NZX Advising Firm under the NZX Participant Rules (the **Rules**). The below table details the information required to complete the applications 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 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 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.

|  |  |  |  |
| --- | --- | --- | --- |
| REQUIREMENT  | DOCUMENTATION  | APPLICANT COMMENTS  | REGCO COMMENTS |
| Application Form: | Market Participant Application Form (Appendix 1) including:Schedule 2 – NZX Advising Firm; Schedule 5 – Client Advising Participant; andSchedule 1 – Overseas Applicants (if applicable) |  |  |
| Managing Principal: *(Rule 3.3)* | Managing Principal Undertaking (Appendix 2). |  |  |
| Directors / Partners Details:*(Rules 3.5 / 3.6)* | Undertaking for Directors or Partners (Appendix 4). |  |  |
| Compliance Manager:*(Rule 3.11)* | Compliance Manager Undertaking (Appendix 5). |  |  |
| Surveillance Officer: *(Rule 3.11.6)* | Surveillance Officer Undertaking (Appendix 6) - only required if the Applicant’s Compliance Manager is to be located outside of New Zealand.  |  |  |
| Company Details:*(Rule 3.1 and 3.8)* | Please provide the following documentation:1. Constitution that contains the provisions specified under Rule 3.7;
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. Confirmation of (and details of) all licences/Registrations that the Applicant holds (or is required to hold); and
8. Audited financial statements for the previous five years (or such shorter period since the applicant’s incorporation).
 |  |  |
| Business Plan:*(Rule 3.1.3(d))* | Summary regarding the Applicant’s intentions and future direction of the business with specific reference to the Applicant’s activity as an NZX Market Participant. |  |  |
| Group Structure *(Rule 3.12)* | Applicant’s Group structure (a graphical presentation where possible).Please advise details of all entities within the Group to which Rule 3.12.1(a) and/or Rule 3.12.1(b) applies. |  |  |
| Integrity, Reputation, Character:(Rule 3.1) | Please provide confirmation that the following are not applicable, or provide specific details if they are: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 its reputation as a 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.
 |  |  |
| Insurance Details: *(Rule 3.26)* | Please provide a certificate of currency for each of the following:1. Professional Indemnity Insurance; and
2. Directors and Officers Liability Insurance.
 |  |  |
| Technology:*(Rule 3.1.3(d))* | Details of the Applicant’s technology relevant to its Broking Business, including:1. All order entry systems;
2. Back office systems;
3. Payment and accounting software for Capital Adequacy and Client Assets requirements; and
4. Any software used for pre-trade filters and/or post-trade monitoring.
 |  |  |
| NZX Advisers:*(Rule 5.4)* | NZX Adviser Application in the form of Appendix 9 for each Employee specified under Schedule 5 to Appendix 1.All applicants will be required to complete and pass an online NZX Rules test facilitated by NZX prior to being designated. NZX will arrange the test for each applicant.Please consult the NZX Adviser Designation Guidance Note for further assistance and details of the supporting information to be supplied. |  |  |
| Compliance Manuals and Procedures:  | Please provide documents that provide information to the business on their compliance obligations and how to manage situations where a possible breach of the Rules has occurred. These documents, should at a minimum, detail the following:* Information Barriers – Rule 3.24;
* Conflict Management – Rule 15.10; Please also consult the Conflict Management Guidance Note for further information
* Employee and Prescribed Person Trading – Rule 10.5; Please also consult the Prescribed Person Trading Guidance Note for further information
* Insider Trading – Rule 15.6;
* Voice Recording – Rule 15.11; Please also consult the Client Communication Recording Guidance Note for further information
* Trading Conduct – Please consult the Trading Conduct Guidance Note for further information;
* Breaches Reporting and Recording – Rules 21.7.1 and 8.1.1;
* Complaints – Rule 15.7;
* Order Records – Rule 15.12;
* Order Trading / Placing – Sections 10 to 15;
* Contract Notes – Rule 15.16;
* Client Maintenance – Section 9;
 |  |  |
| Compliance Monitoring Programme (CMP) | 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 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. |  |  |
| Business Continuity Plan:*(Rule 8.12.2)* | Please provide a BCP that has been developed to ensure that at all times there is adequate disaster recovery and continuation of usual operations following short, medium and long term disruption. At a minimum it should include:1. The management framework for implementation of the business continuity plan and Emergency Procedures;
2. The resource requirements, including people, systems and other assets and arrangements for how these resources will be obtained;
3. The recovery priorities for your operational processes affected by the disruption;
4. Communication arrangements in relation to the disruption and how this will be communicated to internal and external parties;
5. System processes for determining the integrity of the information affected by the disruption; and
6. Processes to test the adequacy and effectiveness of the business continuity plan and emergency procedures.
 |  |  |
| Client Agreements:*(Rule 9.10)* | Please provide the Client Agreement the Applicant will enter into with its clients which outlines and accounts for, without limitation, the items detailed under Rule 9.10.1(a)-(f).  |  |  |
| Trading Agreements:*(Rule 5.11)* | An NZX Advising Firm who is not a Trading Participant must enter into and maintain a written Trading Agreement with a Trading Participant setting out the terms and conditions governing their relationship.Please provide a Trading Agreement with a Trading Participant which includes the items detailed under Rule 5.11.2. |  |  |
| Training Plan:*(Rule 3.14)* | Please provide an Employee training plan that accounts for the requirements of Rule 3.14. |  |  |
| Capital Adequacy*(Section 19 of the Rules)* | Please provide:1. Procedure manual for completing NZX’s daily Capital Adequacy Calculation and complying with Section 19 of the Rules; and
2. A pro-forma Capital Adequacy Calculation using current financial statements to demonstrate a sufficient level of liquidity above the Prescribed Minimum Capital Adequacy.

Please consult the Capital Adequacy Guidance Note for assistance in satisfying these requirements. |  |  |
| Client Assets*(Section 18 of the Rules)* | Unless the applicant does NOT intend to accept or hold Client Assets, please provide:1. Procedure manual for completing NZX’s daily Client Assets Reconciliations and complying with Section 18 of the Rules;
2. Details of each of the Applicant’s Client Funds Accounts (the words ‘Client Funds Account’, ‘Client Trust Account’, or similar words as are required by legislation, to appear in the name of each account);
3. For each Client Funds Account, a written acknowledgement from the Bank holding the Client Funds Account of the trust status of the account; and
4. Examples of the supporting materials the applicant intends to use in conducting the Client Assets vs Total Obligations reconciliations required.

Please consult the Client Assets Guidance Note for assistance in satisfying these requirements. |  |  |