

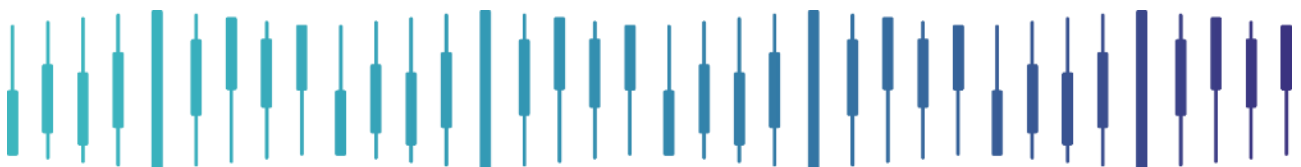
NZ RegCo

NZ'S LISTED
MARKET REGULATOR

16.12.2024

NZ RegCo Decision

Class Ruling – Definition of “FSM Share” – NZX
Participant Rules



Ruling on the interpretation of the definition of “FSM Share” in NZX Participant Rule 1.1

Background

1. This ruling applies to the NZX Participant Rules (**Rules**).
2. The Rule to which this ruling relates is set out in Appendix One.
3. Capitalised terms that are not defined in these decisions have the meanings given to them in the Rules.

Operation of the Fonterra Shareholders Market

4. A dedicated private market, the Fonterra Shareholders Market (**FSM**), governed by Section 22 of the Rules, currently operates for the trading of shares in Fonterra Cooperative Group (**FCG**) by farmer shareholders.
5. The trading of FCG shares by farmer shareholders will migrate to be quoted on the NZX Main Board. The expected timeframe for this transition is currently January 2025.
6. Once trading in FCG shares by farmer shareholders migrates to the NZX Main Board, the FSM will no longer operate. All current “FSM Participant” accreditations will be ceased at the date of the migration, as there will be no trading activity on the FSM. In due course, following the migration, Section 22 will be removed from the Rules;
7. Under the definitions in Rule 1.1, an “FSM Share” is defined to mean “a co-operative share issued by Fonterra”.

Decision

8. NZX Regulation Limited (**NZ RegCo**) has determined, pursuant to Rule 21.3.1(c), that the term “FSM Share”, as defined in Rule 1.1, is to be interpreted to mean a co-operative share issued by Fonterra *and quoted on the FSM*.

Reasons

9. In coming to the decision to provide the Ruling set out in paragraph 8 above, NZ RegCo has considered that:
 - a. The definition of an “FSM Share” was inserted with the other amendments to the Rules to accommodate the introduction of the FSM. It is clear that this definition is intended to have application in the context of the FSM and not the wider market.
 - b. Once trading on the FSM ceases, there is no basis for the obligations in relation to the FSM to continue to have application to trading of FCG shares on the NZX Main Board, as this activity will be governed by the Rules applying to trading on the NZX Main Board.
 - c. However, acknowledging that there is an argument that the wording of the current definition of an FSM Share could extend to FCG shares traded on the NZX Main Board after migration, and that Rules utilising the definition of an FSM Share may be capable of application to the trading of FCG shares on the NZX Main Board, NZ RegCo has determined to issue this ruling.

Publication

10. This ruling will be published.

Appendix One

1.1 DEFINITIONS

In these Rules, unless otherwise stated or the context otherwise requires:

...

“FSM Share” means a co-operative share issued by Fonterra;

...