



# NZX Regulation Decision

NZX Regulation (**NZXR**)

Ruling on NZX Main Board Listing Rule 10.4.5(i)

10 May 2017



## Background

1. NZX Main Board Listing Rule (**Rules**) 10.4.5 prescribes the content requirements for Issuers' annual reports.
2. Under Rule 10.4.5(i), annual reports must contain:

*“a statement on whether and, if so, how the corporate governance principles adopted or followed by the Issuer materially differ from the Corporate Governance Best Practice Code or a clear reference to where such statement may be found on the Issuer’s public website”.*

## Decision

3. For the purposes of compliance with Rule 10.4.5(i), Issuers will be deemed to comply if, as an alternative to including the information set out in paragraph 2 above, they include in their annual report the statement set out in Appendix One of this ruling. The statement in Appendix One refers to the revised NZX Corporate Governance Code (**the Code**), which will come into force from 1 October 2017, for annual reports in relation to periods ending on or after 31 December 2017.

## Reasons

4. The policy behind this ruling is to allow Issuers to report against the new Code prior to the amended Rules coming into effect. If Issuers choose to adopt the new Code early and report against the updated Code, they will be deemed to have met their obligations under the current Rule 10.4.5(i) (and appendix 16 of the Rules).



## Appendix One

- (i) a statement (or URL link to the statement on an Issuer's website) on whether, and if so the extent to which the Issuer has followed the recommendations set by the NZX Corporate Governance Code during the reporting period. If the Issuer has not followed a recommendation for any part of the reporting period, the Issuer should also separately state:
  - (i) which recommendation, or recommendations, have not been followed; and
  - (ii) the period during which it was not followed; and
  - (iii) the Issuer's reasons for not following the recommendation; and
  - (iv) what, if any, alternative governance practice it adopted in lieu of the recommendation during that period; and
  - (v) the date at which the corporate governance statement is current (which must be the Issuer's balance date or a later date specified by the entity); and
  - (vi) that the alternative governance practice has been approved by the board of the Issuer.

The corporate governance statement referred to above in (v) must disclose the extent to which the entity has followed the recommendations set out in the NZX Corporate Governance Code during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period in which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period. The corporate governance statement must also specify the date at which it is current which must be the entity's balance date or a later date specified by the entity and state it has been approved by the board of the entity (or the board of the responsible entity if it is a trust).

