



Factsheet:

Disclosure of relevant interests on the Catalist Public Market¹

Purpose

- Investors who have a 'substantial holding' (over 5%) in the voting shares of a listed issuer are required to disclose their substantial holding, and certain changes to their ownership in that listed issuer.
- Directors and senior managers of a business listed on the Catalist Public Market (a **listed issuer**) are also required to disclose their ownership interests in that business.

In the Catalist Public Market, we will automatically disclose the name of anyone who is the legal owner of 5% or more of any relevant shares, but investors, directors and senior managers still have some obligations to disclose their interests. This factsheet is to help investors, directors and senior managers understand when and how they should make disclosures of their ownership interests to Catalist.

These disclosure obligations are set out in the Financial Markets Conduct Act 2013 (**FMC Act**). Their purpose is to promote transparency in the market and deter insider trading, market manipulation and secret dealings in potential takeover bids, by ensuring investors can access information about the identity and trading activities of anyone who is entitled to control or influence the company.

You can find forms for making your disclosures by following the documentation link at the bottom of our website.

This factsheet should not be taken to constitute legal advice. You can obtain your own legal advice if you need it.

¹ None of the obligations mentioned in this guidance apply to financial products traded on a Catalist Private Market.

PART 1: Requirements for investors

What investors must disclose

Investors must disclose any “substantial holdings”² in the financial products of a listed issuer, that are “voting products” (as defined in [section 6 of the FMC Act](#)).

This most commonly means investors have an obligation to disclose when they have an interest in at least 5% or more of the shares of the listed issuer. If an investor has such a substantial holding, they must also disclose any movement of 1% or more in their substantial holding, in accordance with [Subpart 5 of Part 5](#) of the FMC Act.

When disclosing a substantial holding, investors must also disclose certain details about their previous transactions that led to their substantial holding.

The disclosure obligations only apply if the financial products you are investing in are quoted voting products. You can tell whether a product is a quoted voting product by looking at the information about that product in the [market](#) section of our website.

Types of interest that must be disclosed

The types of “relevant interest” that are disclosable are defined in sections [235 – 237](#) of the FMC Act and includes more than just legal ownership. It also includes, for example, beneficial interests and rights to control the acquisition, disposal or voting of the financial products. Interests in derivative contracts linked to the quoted voting products may also be required to be disclosed³.

In simple terms, if you legally or beneficially own or control, or have the legal right to purchase, more than 5% of any class of quoted voting securities, then you have an obligation to disclose.

Initial disclosure

Investors who acquire a substantial holding (being 5% or more relevant interest in a quoted voting product of an issuer) must disclose details of all transactions, or aggregated transactions where appropriate, that resulted in the substantial holding. This is called your “initial disclosure”. Use ‘SPH Form 1: Beginning to have a substantial holding’ to make this disclosure.

Your initial disclosure does not need to disclose transactions that occurred more than 4 months prior to the date the substantial holding commenced.

Where an investor has become the direct legal owner of 5% or more of the quoted voting securities, we will send you a reminder to make the disclosure. However, you may have a relevant interest in 5% or more of the financial products even if you are not the legal owner⁴. It is your obligation to make the disclosure as required under the FMC Act.

² A “substantial holding” is defined in section [274](#) of the FMC Act and covers a relevant interest in “quoted voting products” that comprise 5% or more of a class of quoted voting products of the listed issuer.

³ See section [275](#) of the FMC Act.

⁴ See ‘Types of interest that must be disclosed’ above.

When making an initial disclosure, the details that are required for the transactions in the prior 4 months are:

- The date on which each transaction occurred

And for each of those transactions:

- How each relevant interest was acquired (e.g. purchased at a Catalist auction), or how the relevant interest changed in nature (e.g. exercise of an option)
- The number of financial products that were acquired or that changed in nature
- The consideration paid or received
- Who the financial product was acquired from (for on-market transactions you can say this is “unknown” because individual buyers and sellers are not disclosed)
- If you are not the legal and/or beneficial owner of the financial products, you will usually need to provide a copy of the relevant agreement giving rise to your relevant interest, or the details of a relevant agreement, where it is not in writing. This is not needed for financial products purchased through a Catalist auction.

The disclosure also needs to name the substantial holder who is making the initial disclosure. It is possible to make joint disclosures, where the substantial holding is in the name of 2 or more parties.

In cases where aggregation of some or all transactions is appropriate e.g. the transactions were all through Catalist auctions over a period of 3 months, the following aggregated details can be disclosed in an initial disclosure:

- The date range of the aggregated trades
- How the relevant interest was acquired, disposed of, or changed in nature
- The total consideration paid or received for the on-market aggregated trades
- The number of financial products acquired or that changed in nature
- The name of the substantial holder who is making the initial disclosure (or joint holders where applicable)
- If you are not the legal and/or beneficial owner of the financial products, a copy of the relevant agreement, or the details of a relevant agreement, where it is not in writing. This is not needed for financial products purchased through a Catalist auction.

Subsequent disclosures

Investors who have a substantial holding of a quoted voting product of an issuer must disclose any movement of 1% or more in that substantial holding. Use ‘SPH Form 2: Change to an existing substantial holding’ or ‘SPH Form 3: Ceasing to have a substantial holding’ to make this disclosure.

The disclosure requirements for a subsequent disclosure, for an investor where their relevant interest changes by 1% or more, are the same as that for an initial disclosure. The same exceptions apply in that if there are a number of transactions over a period of time that result in a change of 1% or more, only the transactions from the prior 4 months are required to be disclosed. In addition, it is possible to file an aggregated disclosure, as

described above, where appropriate e.g. all transactions were on-market acquisitions or disposals.

When investors must disclose

Investors must disclose the details of their substantial holding and relevant transactions of any issuer as soon as they know, or ought reasonably to know:

- When they first begin to have that substantial holding (as set out in section [276](#) of the FMC Act)
- When there is any movement of 1% or more in that substantial holding (as set out in section [277](#) of the FMC Act)
- When there is any change in the nature of any relevant interest, for example where it changes from an equitable interest to legal ownership (as set out in section [278](#) of the FMC Act)
- When the investor ceases to hold a substantial holding (as set out in section [279](#) of the FMC Act)

How to make a disclosure

Sections [280 and 281](#) of the FMC Act and [Subpart 2 of Part 5](#) of the FMC Regulations describe how an investor must make a disclosure.

Catalist makes it simple for our registered investors to make these disclosures where they are investing directly through their Catalist account, and don't have any other relevant interest in the financial products. In these cases, we will generally send the registered investor a form to complete and return. You can also find the forms by following the documentation link at the bottom of our website.

All disclosure forms should be sent to disclosures@catalist.co.nz.

PART 2: Requirements for directors and senior managers

What directors and senior managers must disclose

Directors and senior managers of a listed issuer must disclose any “relevant interest” in any of that listed issuer’s quoted financial products in accordance with [Subpart 6 of Part 5](#) of FMC Act.

A “**relevant interest**” has the meaning in sections [235 – 237](#) of the FMC Act, and includes:

- The registered holder of the financial product
- The beneficial owner of the financial product
- Anyone who has the power to exercise, or to control the exercise of, a right to vote, attached to the financial product, or
- Anyone who has the power to acquire or dispose of, or to control the acquisition or disposal of, the financial product.

Relevant interests under a derivative contract must also be disclosed⁵.

These provisions require directors and senior managers to disclose relevant interests in all their business’s quoted financial products, not just voting equity securities. They also cover interests that are not substantial (i.e. less than 5%). In these respects, the disclosure obligations of directors and senior managers are wider than those of third party investors.

There is an [exemption](#) which applies if the relevant interest is held through a passive fund investment.

If the director or senior manager is not the registered holder or beneficial owner of the financial products, a copy of the relevant agreement under which their relevant interest arises must be provided when disclosing the relevant interest, unless it has been attached to a previous disclosure.

When directors and senior managers must disclose

Initial listing

When an issuer first lists on Catalist, all directors and senior managers of the issuer are required to disclose their relevant interests in the quoted financial products of the issuer.

In the case of a first listing, we ask directors and senior managers to provide this information, prior to the first auction opening.

Post listing

Once an issuer is listed, then all directors and senior managers of the issuer are required to disclose:

⁵ See section [298](#) of the FMC Act

- Their relevant interests in the financial products of the issuer when they are appointed as a director or senior manager (where the appointment occurs after the initial listing)
- Whenever they acquire or dispose of a relevant interest in the financial products (whether through a Catalist auction or otherwise)
- Whenever they intend to acquire or dispose of a relevant interest in the financial products (whether through a Catalist auction or otherwise)

Where a disclosure is required between auctions, the disclosure must be filed prior to the next auction.

Where a disclosure is triggered during an auction, [section 297](#) of the FMC Act requires a disclosure to be filed within 5 trading days, unless any of the following apply, in which case disclosure is required to be filed within 20 working days:

- an acquisition under an employee share purchase scheme
- an acquisition under a dividend reinvestment plan
- an acquisition under a share top-up plan
- an acquisition or a disposal that results from an amalgamation under Part 13 of the Companies Act 1993
- an acquisition or a disposal that results from an arrangement approved under Part 15 of the Companies Act 1993
- a prescribed acquisition or disposal

Directors and senior managers ceasing to hold office

A director or senior manager of an issuer continues to be subject to these disclosure obligations for 6 months after they cease to be a director or senior manager of an issuer, in accordance with [section 301](#) of the FMC Act.

Directors and senior managers disclosure of intention to trade in auctions

As noted above, directors and senior managers must disclose their *intentions* to buy or sell the relevant issuer's financial products in advance of an auction, in order to enable the issuer to comply with Issuer Rule 8.2. This information must be disclosed to the issuer, so that the issuer can provide the information to Catalist when they provide their updated information for the next upcoming auction.

The level of information required is the level of information that would be material to investors. This will generally include information about the price and volumes that may be traded, although it would not need to include the exact number of shares for an order at every possible price.

For example, a director may disclose that they are willing to purchase 10,000 shares if the price falls to \$1 per share or lower and that they may increase the size of their order if the price falls lower than \$1 per share, up to a maximum number of shares equal to 1% of the total shares issued.

If a director or senior manager of an issuer decides to acquire or dispose of any of the issuer's financial products during an auction, they must still disclose that intention prior to submitting a bid.

If the director or senior manager is successful in acquiring or selling any of the issuer's financial products at the end of the auction, they must then make a subsequent disclosure of the change in their relevant interest in the issuer, as described above.

How to make a disclosure

Sections [297 to 300](#) of the FMC Act describe how and when directors and senior managers need to disclose their relevant interests. The disclosure can either be made using the standard forms in [Schedule 17](#) of the FMC Regulations or you can find the Catalist forms by following the documentation link at the bottom of our website.

All disclosure forms should be sent to disclosures@catalist.co.nz.