



**New Zealand Local Government Funding  
Agency**

**Continuous Disclosure Policy**

Effective: **August 2023**

**Policy Type: Board**



## 1. GENERAL RULE

Section 3 of the NZX Listing Rules sets out the continuous disclosure obligations of New Zealand Local Government Funding Agency Limited ("**LGFA**"). Put simply:

**all Material Information, being information concerning LGFA (including LGFA's listed financial products) that a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of LGFA's quoted financial products, must be disclosed to the public through an NZX announcement promptly and without delay following LGFA becoming Aware of that information.**

## 2. WHAT IS MATERIAL INFORMATION?

The concept of Material Information is a key component of LGFA's continuous disclosure obligations under the NZX Listing Rules. As stated above, Material Information is information that:

- a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of the issuer's quoted financial products; and
- relates to a particular financial product, a particular issuer or particular issuers, rather than to financial products generally or issuers generally.

In determining whether any information will have a material effect on the price of LGFA's listed financial products, the following percentage thresholds should be kept in mind as a guideline:

- a variation equal to or greater than 10 percent of the market price of an LGFA listed debt security (the "**LGFA Bond**") is likely to be material unless there is evidence to the contrary;
- a variation equal to or less than 5 percent of the market price of an LGFA Bond is likely to be immaterial unless there is evidence to the contrary; and
- a variation which lies between 5 percent and 10 percent of the market price of an LGFA Bond may be material depending upon the particular circumstances of the case.

These thresholds are not "magic numbers", and all circumstances surrounding the event or circumstance should be taken into account when considering the potential market response to particular information, including whether the financial product is liquid or illiquid.

Given that LGFA has only debt securities quoted on NZX, information is likely to be Material Information if it is not generally available to the market and it relates to LGFA's ability to make interest or principal payments on its bonds and/or it relates to a change, or indicates a review of, the credit rating assigned to LGFA Bonds or to LGFA. Examples of information that would be likely to be material for quoted bonds are:

- a change in credit rating or rating outlook of LGFA, a significant council or CCO borrower or any council guarantor;
- unscheduled termination of the DMO liquidity facility agreement;
- material changes in the overall level and nature (eg ranking) of debt being serviced by LGFA;
- material changes in sources of funding available to LGFA;
- material changes in the credit quality of a significant council or CCO borrower or guarantor;
- a material claim against LGFA;
- a default by a council or CCO borrower or guarantor; or
- changes to the list of council or CCO borrowers and/or guarantors (new borrowers/guarantors or those who give notice to exit the guarantee).

In addition to the general rule above, there are other specific disclosures required by the NZX Listing Rules, the Financial Markets Conduct Act 2013 and other legislation which are absolute obligations, regardless of any quantitative measure involved.

To assist in the application of all of these rules to LGFA, disclosure guidelines are set out in the Schedule to this Policy. When considering whether a piece of information is Material Information requiring disclosure, you should always consult the Chief Executive Officer of LGFA.

### 3. WHEN DOES LGFA BECOME AWARE OF INFORMATION

The NZX Listing Rules state that an issuer becomes "Aware" of information if, and as soon as, a director or a senior manager **has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties.**

#### *Actual awareness*

A director or senior manager of LGFA, who becomes Aware of information, must consider, promptly and without delay, whether that information is Material Information and must therefore be disclosed.

#### *Ought reasonably to be aware*

LGFA's continuous disclosure obligations under the NZX Listing Rules extend to information that LGFA's directors or senior managers "ought reasonably to have come into possession of" in the normal course of their duties.

The practical effect of this is that, where Material Information is identified by an employee, that employee must escalate that information to LGFA's directors and senior managers in an efficient manner, so that LGFA may meet its disclosure requirements. The procedure for this is described further in section 5 below.

### 4. EXCEPTIONS TO GENERAL RULE

There are **exceptions** to the general rule set out above. Material Information does not need to be disclosed where:

- a reasonable person would not expect the information to be disclosed; **AND**
- the information is confidential and the confidentiality of the information is maintained; **AND**
- any of the following apply:
  - the release of the information would be a breach of law; or
  - the information is a trade secret; or
  - the information concerns an incomplete proposal or negotiation; or
  - the information contains matters of supposition or is insufficiently definite to warrant disclosure; or
  - the information is generated for internal management purposes.

Until the Material Information is released to the market, it must be kept confidential. NZX accepts that information provided by an issuer to:

- a professional adviser;
- a party negotiating on the issuer's behalf;
- a third party negotiating with the issuer; or
- a regulatory authority,

does not lose its confidentiality, provided that in each case the information was provided with an obligation to maintain its confidentiality and such information is used by the party to whom it was provided solely for the purpose for which it was provided. Once the information is received by any person who is not bound

by any corresponding obligation of confidentiality with which that person is likely to comply, the exception no longer applies and the information must be disclosed to NZX.

## **5. APPLICATION**

This Continuous Disclosure Policy, as updated from time to time (the "**Policy**") applies to all directors and employees of LGFA.

All persons subject to this Policy are responsible for reporting immediately to the Chief Executive Officer any information that they consider to be, or likely to be, Material Information.

Information on the Policy is provided to all directors and employees on joining. Directors review the Policy on an annual basis and approve any necessary changes at that time, and staff are reminded of the Policy requirements by presentation, email or both on an annual basis.

## **6. PRIMARY RESPONSIBILITY – CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer of LGFA has primary responsibility for compliance with LGFA's continuous disclosure obligations including those set out in this Policy.

Any enquiries in relation to continuous disclosure requirements are to be directed to the Chief Executive Officer in the first instance.

The Chief Executive Officer, or if the Chief Executive Officer is unavailable, Chief Financial Officer, must review and approve all NZX filings prior to lodgement and is responsible for ensuring timely lodgement of all documentation.

## **7. COORDINATION RESPONSIBILITY – CHIEF EXECUTIVE OFFICER**

The coordination of all NZX communications (including announcements) is the responsibility of the Chief Executive Officer who obtains the input and signoff of key staff to which any NZX announcement relates.

The Chief Executive Officer also reviews general market communications such as press releases and other corporate publications to ensure a consistent approach is adopted in relation to disclosure and accordingly should be kept informed of issues discussed during meetings with investors or analysts.

## **8. AUTHORISED SPOKESPERSONS**

LGFA has nominated a small number of executives to act as authorised spokespersons to minimise inconsistent communications and reduce the risk of inadvertent material disclosures. Authorised spokespersons include the Chair and Chief Executive Officer and other directors or staff expressly authorised from time to time.

No employee or associated party (such as consultants, advisers, lawyers, accountants and auditors) should comment publicly on confidential matters. Employees and consultants may be requested to give confidentiality undertakings to prevent the non-authorised disclosure of information.

## **9. MAKING AND DISSEMINATING ANNOUNCEMENTS**

Once approved, announcements containing Material Information should be released immediately to NZX. Following receipt of confirmation of lodgement and after the announcement has been published by NZX for at least 10 minutes during usual NZX trading hours, relevant information is then published on LGFA's website (subject to any legal restrictions on general public dissemination such as the restrictions under securities law which apply to capital raising transactions).

## **10. WEB-BASED COMMUNICATIONS**

LGFA has a website where investors can obtain publicly available information such as annual reports, a company profile and company contact details. All NZX announcements will be posted

on the website, subject to legal restrictions, after publication by NZX. All information on the website is regularly reviewed and updated.

## **11. TRADING HALTS**

LGFA may request a trading halt to avoid, for example, a situation where LGFA Bonds are being traded speculatively by the market; speculative in the sense that the market does not have all Material Information in respect of LGFA and is trading on an assumed state of affairs.

By way of example, LGFA would usually request that NZX put a trading halt in place in the following circumstances:

- if confidential information is inadvertently made public and LGFA requires time to prepare an appropriate announcement to the market.
- if preparing for a major announcement, LGFA may need time to arrange press conferences and briefings in advance of a formal announcement being made.

## **12. REFERENCES**

NZX Listing Rules (last updated 1 April 2023) – Part A - Definitions and Section 3 - Disclosure.

NZX Guidance Note (last updated 10 December 2020) – Continuous Disclosure.

Financial Markets Conduct Act 2013, Subpart 1 of Part 5 (sections 231(1) and 232), and Subpart 4 of Part 5 (section 270).

## **13. POLICY DEFINITION AND REVIEW**

This Policy is classified under the LGFA Register of Approved Policies as a Board policy, and shall accordingly be reviewed annually by the Board.

This Policy was last reviewed by the LGFA Board in August 2023. The next scheduled review is for August 2024.

## **SCHEDULE – DISCLOSURE GUIDELINES**

### **Required disclosures**

Below is a non-exhaustive list of the matters which require disclosure to NZX:

- Annual reports;
- Any Product Disclosure Statement issued;
- Half-year and full year-results announcements;
- Any material change in any financial forecasts or projections;
- Any change in the credit ratings of the LGFA Bonds, LGFA or any council guarantor;
- Details of any amendment to any trust deed;
- Changes in composition of the board of LGFA;
- Changes in any member of LGFA's senior executive team, notably the Chief Executive Officer or Chief Financial Officer;
- If LGFA issues, acquires or redeems Wholesale Debt Securities which form part of the same Class as existing Wholesale Debt Securities.

### **Other forms of market communication**

LGFA also communicates with the market in a variety of different ways, including:

- media interviews;
- investor briefings and roadshows;
- one-on-one meetings with analysts or institutional fund managers;
- industry forums; and
- other company publications.

When producing these communications, LGFA must not disclose Material Information to selected market participants unless it first provides that information to NZX in accordance with the NZX Listing Rules.

### **Policy Definition**

The Continuous Disclosure policy is a Board policy that is approved annually by the LGFA Board. The policy was approved in August 2023 and the next review is scheduled for August 2024.