

## Appendix One – Primary Dealer Application Form

### New Zealand Debt Management, The Treasury Application for Primary Dealer Status Government Securities Tenders

#### Introduction

Thank you for your interest in applying to become a Primary Dealer (PD) with New Zealand Debt Management (NZDM).

Primary Dealers are eligible to participate in primary market activities (tenders) for New Zealand Government Bonds (**NZGBs**), New Zealand Government Inflation-Indexed Bonds (**NZIIBs**) and New Zealand Treasury Bills (**NZTBs**); collectively referred to as New Zealand Government Securities (**NZGS**).

#### 1. Essential Criteria

To become a Primary dealer these criteria must be met:

- I. Be an entity with separate legal personality, and only one application per corporate group will be accepted.
- II. Be eligible to hold NZGS under the terms of the relevant Information Memorandum.
- III. Demonstrate a long-term commitment to the NZGS market.
- IV. Have sufficient long term credit strength to participate in the NZGS market.
- V. Have the ability to participate in NZGS tenders via access to the Yieldbroker DEBTS application.
- VI. Consent to having their institution's name and generic contact information published on the Treasury's debt management website as a Primary Dealer.
- VII. Have sufficient staffing and technology resources available to ensure performance is not impacted through key personnel and technology issues.

#### 2. Maintenance Criteria

Once approved, Primary Dealers must meet the following ongoing requirements:

- I. The PD must participate regularly in NZGS tenders and be successfully allocated a material and consistent amount of NZGBs and/or NZIIBs issued via tender; and
- II. Complete and submit, on a monthly basis, the NZGS Turnover Survey outlining all secondary market activity that the entity has undertaken.<sup>1</sup>

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<sup>1</sup> The NZGS Turnover Survey should be completed within 10 business days of month end. The survey should cover transactions across all legal entities within the Primary Dealers group, where possible and appropriate.

### **3. Valued Functions and Activities**

In addition to meeting the Essential and Maintenance Criteria above, NZDM also values the PDs performing the functions below. While NZDM acknowledges each PD will differ in resources available to perform these functions, performance in these areas will be assessed by NZDM:

- I. Participate regularly in all NZGS products (NZGB, NZIIB and NZTBs) in both primary and secondary markets.
- II. Actively promote NZGS markets via engagement with, and the provision of relevant research to, the investor community.
- III. Support price transparency in NZGS products through the provision of accurate secondary market prices.
- IV. Commit to make fair and reasonable prices to investors in NZGS products at all reasonable times.
- V. Provide NZDM with useful information about trends in pricing and demand for NZGS.
- VI. In the event of NZGB-linked futures being relisted, actively support liquidity in this product.

### **4. Primary Dealer Privileges**

In return for fulfilling the obligations above, PDs are entitled to the following privileges:

- Only PDs will have access to primary NZGS tenders, which confers a comparative advantage in the distribution of NZGS to investors.
- All PDs will be listed on NZDM's website, thereby supporting a PD's distribution business through visibility to NZGS investors and endorsement by the Crown.
- Only PDs will be appointed to NZGS syndication panels.
- PDs will have preferential access to other NZDM activity, including investor relations events, conference participation, and non-issuance related transactional requirements.
- PDs will receive regular feedback and peer comparison through an annual relationship review.

The relative performance of PDs in relation to the Maintenance Criteria and Valued Functions and Activities will inform any appointments to syndicated issuance panels and the allocation of other activity across PDs.

## 5. Probation, Candidature and Exit Procedures

- Primary Dealers will also agree to the Candidature and Probation Framework. A candidate PD or a PD on probation will have all the normal privileges of a full PD but will generally not be eligible for appointment to syndicate panels.
- Any probation and details of candidature will be kept strictly confidential between NZDM and the PD involved.
- Newly appointed PDs will be placed in candidate status for a period of no more than one year.
- Similarly, existing PDs may have a period of probation imposed upon them, should the performance of the PD deteriorate below minimum requirements.
- Notwithstanding the above NZDM reserves the right to remove an existing PD at its absolute discretion. This may be a result of the PD no longer being able to meet the Essential Criteria, or through actions of the PD that NZDM find unacceptable.
- If an existing PD wishes to exit voluntarily, the PD should liaise with NZDM to minimise any market disruption, through the orderly unwind of positions and the timing of the announcement to the market.

## Additional Information

In addition to completing the attached application form, please ensure the following information is provided with your application:

1. Organisational structure, showing company names up to ultimate parent, percentage of ownership, and relationship with entity (ie, subsidiary or branch operation).
2. Nature and degree of parent support / guarantee, including a copy of the guarantee (if applicable).
3. Credit rating information, including any recent rating actions or comments.

Or if unavailable, please provide relevant documentation related to the credit strength of your entity. This could include, but is not limited to:

- a) financial statements, particularly regarding capital strength
  - b) the reasoning behind not pursuing an independent credit rating
  - c) information about the regulatory and licensing environment the entity operates in
  - d) governance structure within the entity
  - e) information around risk controls within your entity.
4. Any other information you consider to be relevant to this application.

## Application processing

The Treasury expects to be able to process applications within 10 business days from receipt of all applicable documentation from an applicant counterparty. However, some applications may take longer to process, particularly if the entity does not have an external credit rating.

Following receipt of this application, the Treasury will:

- acknowledge the receipt of this application;
- confirm the approval/rejection of the application within 10 business days;
- confirm the effective date of registration (if approved); and
- verify the settlement instruction details supplied.

Please ensure you are familiar with the following documents before completing your application.

- **Operating Rules and Guidelines – Government Securities Tenders**
- **Information Memorandum – New Zealand Government Bonds**
- **Information Memorandum – New Zealand Government Inflation-Indexed Bonds**
- **Information Memorandum – New Zealand Government Treasury Bills**

These documents are available from <https://debtmanagement.treasury.govt.nz/>.

## Further assistance

Any queries regarding the application process, completed applications and supporting information, can be directed to:

New Zealand Debt Management  
Portfolio Management Group  
The Treasury  
PO Box 3724  
Wellington 6140

Ph +64 4 917 6073

Email: [PortfolioManagement@treasury.govt.nz](mailto:PortfolioManagement@treasury.govt.nz)

To: Portfolio Management, New Zealand Debt Management  
The Treasury  
PO Box 3724  
Wellington 6140

## Application for Primary Dealership

Institution:

### ATTACHMENTS:

- 1. Applicant Institution
- 2. Applicant Confirmation – Government Securities Tenders
- 3. Standard Settlement Instructions
- 4. Authorised Signatories
- 5. Application Authority
- 6. NZGS Turnover Survey (or similar)

### SUPPLEMENTARY INFORMATION:

- 7. Organisational Structure
- 8. Nature and Degree of Parent Support / Guarantee (if applicable)
- 9. Copy of Parental Guarantee (if applicable)
- 10. Credit Rating Information (if applicable)
- 11. Other Information (if applicable)

### FOR INTERNAL USE ONLY

Application Approved: \_\_\_\_\_  
Date: \_\_\_\_\_  
Notification sent: \_\_\_\_\_

**1. Applicant Institution**

Full legal name	
Physical address	
Postal address	
Contact details (in respect of this application)	
Email address	
Contact phone number	

**2. Applicant Confirmation – Government Securities Tenders**

The applicant institution confirms that it:

- is seeking approval for registration to participate in primary market tenders of NZGS;
- is eligible to hold NZGS under the terms of the:
  - Information Memorandum – New Zealand Government Bonds;
  - Information Memorandum – New Zealand Government Inflation-Indexed Bonds;
  - Information Memorandum – New Zealand Government Treasury Bills; and
- consents to having its name and generic contact details published on the Treasury’s debt management website as a Primary Dealer;
- has the ability to participate in NZGS tenders via access to the Yieldbroker DEBTS application;
- agrees to abide by the Operating Rules and Guidelines – Government Securities Tenders; and
- has sufficient staffing and technology resources available to ensure performance is not impacted through key personnel and technology issues.

If approved as a Primary Dealer, the applicant also agrees to:

1. participate regularly in NZGS tenders and be successfully allocated a material and consistent amount of NZGBs and/or NZIIBs issued via tender;
2. be assessed by NZDM in how the PD performs in the Maintenance Criteria and Valued Functions and Activities;
3. the probation, candidature and exit procedures.

Name *	
Position:	
Signature	

\* must be listed on Power of Attorney

**3. Standard Settlement Instructions**

Please advise the standard settlement instructions that will be used by your institution for participating in tenders and for settlement purposes.

**Important:**

Any changes to settlement instructions must be made in writing by the Primary Dealer to the Treasury. These changes will be effective from two business days after the date of the Treasury’s confirmation of receipt of them.



#### 4. Authorised Signatories

Please advise the person/s who has/have authority to authorise any subsequent changes to the information contained in this application, including the Settlement Instructions which will be used for placing bids (or offers) and for settlement activities.

Name	Position	Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____

**5. Application Authority**

Signed by \_\_\_\_\_  
Name of institution

by its attorney(s): \_\_\_\_\_

in the presence of: \_\_\_\_\_

**Please Note**

The following documents must be supplied with this application:

- 1. Original Power of Attorney to be sighted upon delivery of this document to the Treasury, or a copy of the Power of Attorney certified by a solicitor as being a true copy of the original.
  
- 2. A Certificate of Non Revocation of Power of Attorney.