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Debt Market Rules

03 October 2022



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Debt Market Rules

Chapters

Introduction	7
The principles on which the Debt Market Rules are based	12
Chapter 1 – Requirements for quotation of an initial class of debt securities	13
Chapter 2 – Quotation of additional debt securities.....	19
Chapter 3 - Continuous Disclosure	22
Chapter 4 - Periodic Disclosure	25
Chapter 5 – Disclosure of Event Specific Information	27
Chapter 6 – Terms of Debt Securities	33
Chapter 7 - Transfers and Registration	34
Chapter 8 - On-going Requirements	38
Chapter 9 - Requirements for Documents.....	39
Chapter 10 - Fees	43
Chapter 11 - Trading Halts, Suspension, Removal.....	44
Chapter 12 - Application of Debt Market Rules.....	50
Chapter 13 – Obligations of Government Borrowing Authorities, Public Authorities, or BPNG	54
Definitions and Interpretation.....	55
Amendment History	70





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Debt Market Rules

Table of Contents

Introduction	7
The Debt Market Rules	7
The <i>Capital Market Act 2015</i> context	7
Initial limitation of corporate bonds to wholesale investors and relief for issuers	7
PNGX Obligations under the <i>Capital Market Act 2015</i>	8
Debt Issuer obligation to comply with Debt Market Rules	9
Debt Issuer obligation to comply with the <i>Capital Market Act 2015</i>	9
Application of the Debt Market Rules	9
How to use the Debt Market Rules	10
Guidance Notes	11
The principles on which the Debt Market Rules are based	12
Chapter 1 – Requirements for quotation of an initial class of debt securities	13
Explanatory note	13
Requirements for listing as a Debt Issuer	13
Applying for approval	16
PNGX satisfied of compliance with the Debt Market Rules	17
Additional information	17
Fees	17
PNGX’s discretion concerning quotation	17
How and when quotation occurs	17
Chapter 2 – Quotation of additional debt securities	19
Explanatory note	19
Additional classes of debt securities	19
Quotation of all debt securities of a class	19
Applying for quotation of additional debt securities after listing	20
Fees for quotation of additional debt securities	20
Time limits for applying	20
PNGX’s discretion concerning quotation	20
How and when quotation occurs	20
Chapter 3 - Continuous Disclosure	22
Explanatory note	22
Immediate notice of material information	22



DinauMaket

Debt Market Rules

Exception to rule 3.1	23
False market.....	24
Chapter 4 - Periodic Disclosure	25
Explanatory note	25
Debt issuer to give PNGX half year accounts	25
Debt issuer to give PNGX annual accounts.....	25
Chapter 5 – Disclosure of Event Specific Information	27
Explanatory note	27
Capital.....	27
Meetings	27
Offices	28
Registers	28
Chairperson, directors, trustee, auditors etc.....	28
Documents sent to or received from security holders	30
Requisitions from debt security holders.....	30
Financial documents given to an overseas stock exchange	31
Laws affecting the rights or obligations of debt security holders in foreign entities.....	32
Record Date, compliance with timetable and information requirements.....	32
Amended documents setting out the terms of debt securities.....	32
Chapter 6 – Terms of Debt Securities	33
Explanatory note	33
Divestment of debt securities.....	33
Basis of coupon payments	33
Chapter 7 - Transfers and Registration	34
Explanatory note	34
Debt issuer must maintain register.....	34
Certificates and holding statements	34
Change of address of debt securities holder	35
Exception to rules 7.2 to 7.5	35
No interference with transfer of debt securities.....	35
Fees for registering transfers.....	36
Office hours at places where transfers are lodged	36
Transfer markings	37
Compliance with Procedure 7.15 regarding timeframes	37



DinauMaket

Debt Market Rules

Chapter 8 - On-going Requirements	38
Explanatory note	38
Individuals responsible for communications with PNGX.....	38
Registration as a foreign company.....	38
Directors to be fit and proper.....	38
Chapter 9 - Requirements for Documents.....	39
Explanatory note	39
Giving draft documents to PNGX.....	39
Giving final documents to PNGX.....	39
Language of documents.....	40
Method of lodgment of documents	40
Documents not for release to the market.....	40
Debt issuer not to release information to others before PNGX	41
No embargo.....	41
Documents the property of PNGX.....	41
Sending documents to overseas debt security holders	41
Chapter 10 - Fees	43
Explanatory note	43
Fees payable by debt issuers.....	43
Chapter 11 - Trading Halts, Suspension, Removal.....	44
Explanatory note	44
Trading halts at debt issuer's request	44
Trading halts not at debt issuer's request	45
Suspension of debt securities at debt issuer's request.....	45
Suspension of debt securities not at debt issuer's request	46
Failure to lodge documents.....	46
Failure to pay annual fees.....	46
Reinstatement of securities to quotation.....	47
Reinstatement after lodging documents	47
Reinstatement after payment of annual fees.....	47
Ending quotation	47
Ending quotation at maturity	48
Ending quotation not at debt issuer's request	48
Chapter 12 - Application of Debt Market Rules.....	50



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Debt Market Rules

Complying with the Debt Market Rules.....	50
Complying with PNGX requirements	50
Waivers	50
Discretion applying the rules	50
PNGX may act in a manner which PNGX considers "appropriate"	51
Varying and revoking decisions.....	51
Transitional arrangements	51
Giving PNGX information to demonstrate compliance	52
Independent Expert Reviews	52
Release of correspondence between PNGX and debt issuer	53
Chapter 13 – Obligations of Government Borrowing Authorities, Public Authorities, or BPNG	54
Limited obligations	54
Definitions and Interpretation.....	55
Definitions	55
Interpretation.....	60
Principles on which the Debt Market Rules are based	60
Debt issuer must comply with spirit, intention and purpose of rules	60
Governing law.....	60
Submission to jurisdiction	60
Reference to laws and rules.....	61
Conduct.....	61
Calculation of time.....	62
References to currency	62
References to tradable securities.....	62
Notice to a debt issuer by PNGX.....	62
Procedural defects.....	63
Appendices are part of the Debt Market Rules.....	63
Procedures, history, notes etc are not part of the Debt Market Rules	63
Procedures	64
How a debt issuer tells PNGX.....	64
Accounts.....	64
Registered schemes.....	65



DinauMaket

Debt Market Rules

Issuers other than companies and registered schemes	66
References to PNGX.....	66
Rules in force at time of breach	67
Obligations regarding timeliness of disclosures	67
Interpretation rules	67
Headings and any introductory overview	68
Effect of amendment to rules and procedures	68
Amendment History	70



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Introduction

The Debt Market Rules

PNGX's Debt Market Rules govern the *admission of *debt securities to *quotation on the *PNGX debt market and the inclusion of *debt securities on the *official list, suspension of *debt securities from *quotation, removal of *debt securities from *quotation and the removal of debt issuers from listing on the *PNGX debt market. They also govern disclosure and some aspects of a debt issuer's conduct.

A debt issuer applying to be listed and for its *debt securities to be granted *quotation signs an agreement to comply with the Debt Market Rules as in force from time to time. This applies even if the *quotation of its *debt securities is deferred, suspended or subject to a *trading halt.

The Capital Market Act 2015 context

A debt issuer whose debt securities are granted *quotation on the *PNGX debt market has its debt securities admitted to the *official list of PNGX and the debt issuer is *listed as defined in the *Capital Market Act.

The Debt Market Rules are "rules" for the purposes of section 2 of the *Capital Market Act. The Debt Market Rules are "listing rules" as defined in section 2 of the *Capital Market Act. The Debt Market Rules and any amendment to them are approved by *SECOM in accordance with section 11 of the *Capital Market Act.

The *PNGX market is a stock market as defined in the *Capital Market Act. PNGX, as operator of the market, acts in its capacity as a stock exchange as defined in the *Capital Market Act.

Initial limitation of corporate bonds to wholesale investors and relief for issuers

There is little experience of corporate bond investment in Papua New Guinea, even among institutional investors. For this reason, for the first 12 months of operation, the market for corporate bonds will be restricted to wholesale investors. Retail investors will not be permitted to hold quoted corporate bonds.

The *Capital Market Act sets out requirements for listed bonds which are aimed at protection of inexperienced retail investors, and which therefore require very detailed prospectuses and the approval of those prospectuses by *SECOM. The requirements for a prospectus under Sections 128 to 137 *Capital Market Act are demanding and costly and, in the early stages of market development, not conducive for issuers to issue into the retail market.

Sections 125(1) and 126(1) of the *Capital Market Act provide specific exceptions to this. *SECOM has made orders under Sections 125(1) and 126(1) (the "*Securities Commission (Wholesale Corporate Bonds excluded issues and offers) Order, 2022*") to the effect that if an offer (or issue) meets the requirements of Schedules 6 and 7 then no prospectus has to be registered with *SECOM. Schedules 6 and 7 set out a list of specific investors (generally regulated financial entities) to which the securities have to be restricted and the Orders add other types of qualified investor and set out additional conditions that must also be met in order to not have to produce the prospectus.

Division 4 of Part IV ⁺Capital Market Act includes an additional suite of controls for bonds (but not other types of security). These are set out in Sections 153 to 182 and include requirements for the bond structure to include a trust deed and a trustee (with specific duties) and for the issuer to produce quarterly accounts. They also include a wide range of duties of the issuer to the trustee. These protections are appropriate for retail investors but will not all be required by qualified investors. As at 03 October 2022, it is anticipated that the Minister will make an order under Section 153 (the “*Securities Commission (Wholesale Corporate Bonds) Order, 2022*”) to the effect that some of these protections do not need to apply if the bonds meet the requirements of Schedule 9 of the ⁺Capital Market Act. As at 03 October 2022 the *Securities Commission (Wholesale Corporate Bonds) Order, 2022* has not been made.

The *Securities Commission (Wholesale Corporate Bonds excluded issues and offers) Order, 2022* sets out the following framework for Wholesale Corporate Bonds:

- (a) They must be bonds that are listed or traded on PNGX;
- (b) The bonds must not be perpetual, that is they must have a fixed term;
- (c) The bonds must have an interest rate (fixed or floating) which is set out on issuance;
- (d) The bonds must be issued only to eligible investors, defined in the Order as:
 - a. Regulated financial institutions (banks, brokers, insurance companies, etc) and foreign equivalents;
 - b. Regulated institutional investors (superannuation funds, investment funds, etc) and foreign equivalents;
 - c. Another company that has net assets of PGK 10 million or which is a church or a land group, and have had investment advice from a regulated firm;
 - d. An individual if they are to purchase at least PGK250,000 of the bond and have had investment advice from a regulated firm; and
- (e) The bond trust deed must only permit eligible investors to hold the bonds

The *Securities Commission (Wholesale Corporate Bonds) Order, 2022* provides for the following

- (a) It applies to Wholesale Corporate Bonds under the *Securities Commission (Wholesale Corporate Bonds excluded issues and offers) Order, 2022* (that is, it applies all the same requirements as the other Order)
- (b) It sets out the specific controls that will not be applied to the bonds:
 - a. The quarterly report need only include any breaches of the bond covenants;
 - b. The power of ⁺SECOM to cancel the bonds because it considers the use of the proceeds not to conform with the bond terms is removed;
 - c. The bondholders power to obtain a copy of the full register is removed; and
 - d. wholesale investors

A debt issuer should obtain its own legal advice in relation to the orders.

PNGX will review the limitation of the market to wholesale investors after the first 12 months of operation having regard to, amongst other factors, market experience of issuance, the level of interest in the market by both wholesale investors and retail investors and the views of ⁺SECOM.

PNGX Obligations under the *Capital Market Act 2015*

PNGX has obligations as set out in the *Capital Market Act. Specifically, section 13 of the *Capital Market Act requires PNGX to take appropriate action as required under these Debt Market Rules for the purpose of monitoring or securing compliance with them.

Debt Issuer obligation to comply with Debt Market Rules

The Debt Market Rules are enforceable against debt issuers and their associates under contract.

If a debt issuer does not comply with the Debt Market Rules, PNGX may, in its absolute discretion, revoke, suspend or remove the debt securities from *quotation.

In addition to any actions taken by PNGX, section 443 of the *Capital Market Act provides that where a debt issuer, being a person to whom the Debt Market Rules apply, fails to comply with or observe the Debt Market Rules, that *person has committed a breach. If a *person has committed a breach, *SECOM may take action as set out in section 443(3) including:

- a) directing the debt issuer to comply with the Debt Market Rules;
- b) a reprimand; or
- c) imposing a penalty not exceeding PGK 5,000,000.

Under section 458 of the *Capital Market Act, a person who with intent to deceive, makes or furnishes, or knowingly authorises or permits the making or furnishing of, any false or misleading statement to PNGX relating to the enforcement of the Debt Market Rules is guilty of an offence.

Under section 420 of the *Companies Act every director or employee of an entity who makes or furnishes, or authorises or permits the making or furnishing of, a statement or report to PNGX that relates to the affairs of the entity and that is false or misleading in a material particular, knowing it to be false or misleading, commits an offence.

Debt Issuer obligation to comply with the *Capital Market Act 2015*

A debt issuer whose debt securities are granted *quotation on the *PNGX debt market is *listed as defined in the *Capital Market Act. As such the debt issuer has certain obligations under a number of sections of the *Capital Market Act. Particular attention is drawn, but not limited, to:

- a) the issue of securities (Part IV);
- b) market misconduct including insider trading (Part VII);
- c) disclosure of interests by chief executive officers and directors, prohibited conduct of directors or officers, duties of auditors, false or misleading financial statements, protection for persons against retaliation for reporting, registers of interests (Part X),
- d) disclosure of substantial securities holdings (Part XII); and
- e) falsification of records and false reporting (Part XVI)

A debt issuer should obtain its own legal advice in relation to its obligations under the *Capital Market Act.

Application of the Debt Market Rules

The Debt Market Rules are not intended to be applied in a mechanistic or legalistic way. They are to be interpreted:

- a) in accordance with their spirit, intention and purpose;
- b) by looking beyond form to substance; and
- c) in a way that best promotes the principles on which they are based (as outlined on page 5).

PNGX has absolute discretion concerning the *quotation of *debt securities. PNGX also has broad discretions under the Debt Market Rules whether to require, or waive, compliance with the Debt Market Rules in a particular case, to suspend *debt securities from *quotation, or to remove *debt securities from *quotation.

In exercising these discretions, PNGX takes into account the principles on which the Debt Market Rules are based and the imperative of maintaining the reputation, integrity and efficiency of the *PNGX debt market.

PNGX may entertain an application for a waiver from compliance with a Debt Market Rule where:

- a) the applicant can clearly demonstrate that it will suffer a commercial detriment or other disadvantage if the waiver is not granted;
- b) PNGX is satisfied that granting the waiver is not inconsistent with its statutory obligations as a stock market in PNG having particular regard to section 13(3) of the *Capital Market Act, the principles on which the Debt Market Rules are based or the policy underlying the particular rule sought to be waived; and
- c) PNGX is also satisfied that granting the waiver will not adversely affect the reputation, integrity or efficiency of the PNGX market.

PNGX may grant a waiver with conditions and such conditions must be complied with for the waiver to be effective.

PNGX will periodically publish waivers and provide them to *SECOM.

How to use the Debt Market Rules

It is impracticable and undesirable for the Debt Market Rules to attempt to govern all circumstances that may arise in commercial practice. Accordingly, the Debt Market Rules fall into two categories as follows:

- a) principles (the "Principles") which must be observed in all *corporate actions and also in all submissions pertaining to *quoted *securities, debt issuers seeking *quotation of *debt securities; and
- b) the Debt Market Rules which consist of these Chapters, Appendixes and *Procedures. The Debt Market Rules are based on the application and interpretation of the Principles by PNGX.

The spirit of the Principles may be applied by PNGX in areas or circumstances not expressly covered in the Debt Market Rules.

The Debt Market Rules are divided into chapters and a Definitions and Interpretation section. Related topics have been grouped together as far as possible.

Some chapters have an explanatory note at the beginning which helps readers to understand the structure and content of the chapter.

Defined terms (except 'PNGX', 'Debt Market Rules' and 'debt issuer') are marked with a cross (eg, +debt security). The definitions are found in the Definitions and Interpretations section. The cross is not used in headings, explanatory notes, notes or examples or when the word is used in the definition of the term itself (eg, the word 'aware' is not marked in the definition of 'aware'). The terms 'PNGX', 'Debt Market Rules' and 'debt issuer' are used throughout the rules and, for ease of reading, while defined are not marked.

There are 'notes' to the rules. These include the history and origin of the particular rule and sometimes include other relevant information, such as an example of the operation of the rule. If there is an example, it is for guidance only and does not affect the operation of the rule.

If there is any doubt as to the interpretation or application of the Debt Market Rules then PNGX should be consulted.

Guidance Notes

PNGX issues Guidance Notes to promote commercial certainty, reduce costs to business and assist market participants. They set out PNGX's general approach to a subject. They should not be regarded as a definitive statement of the application of the rules in every case. Nor are they a substitute for a debt issuer obtaining its own legal advice on a matter of concern to it.



The principles on which the Debt Market Rules are based

The Debt Market Rules serve the interests of debt issuers, investors and PNGX all of whom have a vital interest in maintaining the reputation and integrity of the +PNGX debt market and ensuring that it is internationally competitive and facilitates efficient capital raising.

Section 13 of the +Capital Market Act requires that PNGX shall ensure, as far as may be reasonably practicable, an orderly and fair market in the securities that are traded through its facilities. It also requires that in performing this duty PNGX shall:

- (a) act in the public interest having particular regard to the need for protection of investors; and
- (b) ensure that where any interests that it is required to serve under any law relating to corporations conflict with the interest referred to in (a), the latter shall prevail.

The principles which underpin the obligations imposed on debt issuers by the Debt Market Rules include:

- | | |
|-------------|--|
| Principle 1 | A debt issuer should disclose sufficient information about itself to allow an informed market in its +debt securities once they are granted +quotation. |
| Principle 2 | +Debt securities should be issued in circumstances, and have rights and obligations attaching to them, that are fair to new and existing +debt security holders. |
| Principle 3 | Timely disclosure should be made of information which may have a material effect on the price or value of an issuer's +debt securities. |
| Principle 4 | Financial statements should be produced in accordance with acceptable accounting and auditing standards. |
| Principle 5 | A debt issuer should disclose information about its corporate governance practices and explain any departure from generally accepted standards of good corporate governance. |

In accepting the benefits of access to the +PNGX debt market, debt issuers and their officers should also recognise that they assume a concomitant responsibility to the market and investors in that market. In addition to complying with their obligations under the Debt Market Rules, they are expected to comply with the general law and to maintain high standards of corporate integrity and accountability.



Chapter 1 – Requirements for quotation of an initial class of debt securities

Explanatory note

This chapter sets out requirements that must be satisfied for quotation of an initial class of debt securities of the debt issuer. Quoted debt securities are included in the official list of PNGX.

PNGX takes into account the particular circumstances of each applicant. PNGX may grant approval even though not all the requirements have been met. PNGX may refuse approval even though all the requirements have been met.

PNGX may copy information and documents lodged in support of an application to SECOM or the Registrar of Companies. Information and documents given to PNGX in support of an application become PNGX's property and may be made public.

Requirements for listing as a Debt Issuer

1.1	For a debt issuer to have its *debt securities *quoted, the following conditions must be met to PNGX's satisfaction.	Introduced 03/10/2022
Condition 1	The debt issuer must be seeking *quotation of *debt securities that are "capital market products", as defined in the *Capital Market Act.	"Capital market product" is defined in section 2 of the Capital Market Act Introduced 03/10/2022
Condition 2	The debt issuer must be: (a) a company or *trustee of a *registered scheme with equity *securities *quoted and admitted to the *official list; (b) a company registered under the *Companies Act; (c) a government borrowing authority; (d) a public authority; (e) the Bank of Papua New Guinea; (f) a *Multilateral Financial Institution; or (g) a *person approved by PNGX.	A government borrowing authority does not include state owned enterprises (SOEs). SOEs will generally be either a company registered under the Companies Act or a person approved by PNGX. Introduced 03/10/2022
Condition 3	If the *debt securities for which the debt issuer is applying for *quotation will be guaranteed, they must be unconditionally and irrevocably guaranteed for the period the *debt securities are granted *quotation and the guarantor must be: a) a company which: i. at the time of approval of the debt issuer has net tangible assets of at least PGK10 million; and ii. gives PNGX its *accounts, together with any audit report or review for the last 2 full	Introduced 03/10/2022

- financial years (or a shorter period if PNGX agrees); and
- iii. provides an authority to PNGX for release of the +accounts to the market;
 - b) a government borrowing authority;
 - c) a public authority;
 - d) the Bank of Papua New Guinea; or
 - e) a +Multilateral Financial Institution.

Condition 4	The debt issuer must apply for and be granted +quotation of all the +debt securities that are in the +class for which it seeks +quotation.	Introduced 03/10/2022
Condition 5	If the debt issuer is a +foreign debt issuer, it must confirm in writing that it is in compliance with its constitution and the laws that govern it and, if listed on another stock exchange, with the Debt Market Rules (or their equivalent) of that other exchange.	Introduced 03/10/2022
Condition 6	If the debt issuer is a +foreign company, it must be registered as a +foreign company under the +Companies Act.	Introduced 03/10/2022
Condition 7	If the debt issuer is a +registered scheme: <ul style="list-style-type: none"> (a) the +trustee of the +registered scheme must be the issuer of the debt securities; (b) the +registered scheme must be a special purpose trust constituted solely for the purpose of issuing the +class or +classes of debt securities to be +quoted on PNGX; and (c) if the debt issuer is a +foreign trust, its +trustee must either be a +PNG company or registered as a +foreign company under the +Companies Act. 	Introduced 03/10/2022
Condition 8	The debt issuer must appoint at least one individual located in PNG to be responsible for communication with PNGX in relation to Debt Market Rules matters.	<p>Note: For many entities the company secretary will be an appropriate individual to be responsible for liaison with PNGX, although this may not always be the case, taking into account the structure of the debt issuer. PNGX expects that the person will have a high degree of familiarity with a debt issuer's operations or have ready access to senior management who have responsibility for day to day management of the debt issuer.</p> <p>A debt issuer may nominate more than one person to be responsible for communication with PNGX but at any time at least one of the individuals nominated must be available to PNGX.</p> <p>The nomination of such a person is for administrative convenience only and does not in any way abrogate the responsibility that lies on the debt issuer under the Debt Market Rules.</p>

Introduced 03/10/2022

Condition
9

The debt issuer must:

- (a) agree with PNGX in writing that documents may be given to PNGX electronically; and
- (b) establish the facilities required for the debt issuer to give documents to PNGX electronically.

Note: The agreement is contained in Appendix 1A

Introduced 03/10/2022

Condition
10

The debt issuer (other than a government borrowing authority, a public authority, the Bank of Papua New Guinea or a *Multilateral Financial Institution) must:

- (a) satisfy PNGX that each director or proposed director of the debt issuer at the date of approval is fit and proper to be a director: and
- (b) provide a statutory declaration from each director and proposed director that:
 - a. they have not been disqualified from managing a company pursuant to sections 425, 426 or 428 of the *Companies Act;
 - b. they have not been the subject of any criminal or civil penalty proceedings or other enforcement action by any government agency in which he or she was found to have engaged in behaviour involving fraud, dishonesty, misrepresentation, concealment of material facts or breach of duty;
 - c. they have not been refused membership of, or had their membership suspended or cancelled by, any professional body on the ground that he or she has engaged in behaviour involving fraud, dishonesty, misrepresentation, concealment of material facts or breach of duty;
 - d. they have not been the subject of any disciplinary action (including any censure, monetary penalty or banning order) by a securities exchange or other authority responsible for regulating securities markets for failure to comply with his or her obligations as a director of a listed entity;
 - e. no listed entity of which he or she was a director (or, in the case of a listed *registered scheme, in respect

Note: The Board must, as a minimum satisfy itself and PNGX that all Directors possess appropriate skills, knowledge and qualifications to carry out their role as a Director. This includes, but is not limited to, a working knowledge of the obligations of Directors, the Companies Act, the Capital Market Act and these Rules.

Note: A person who currently satisfies the fit and proper requirements of Bank of PNG Superannuation Prudential Standard 7/2012 Corporate Governance will satisfy this requirement.

If a director is not able to give the required statutory declaration, they must provide a statement to that effect and a detailed explanation of the circumstances involved.

Introduced 03/10/2022

- of which he or she was a director of the *trustee or manager) at the time of the relevant conduct has been the subject of any disciplinary action (including any censure, monetary penalty, suspension of trading or termination of listing) by a securities exchange or other authority responsible for regulating securities markets for failure to comply with its obligations under the listing rules applicable to that entity; and
- f. the director is not aware of any pending or threatened investigation or enquiry by a government agency, professional body, securities exchange or other authority responsible for regulating securities markets that could lead to proceedings or action of the type described in a. to e. above.

Condition 11	The terms of the *debt securities must comply with chapter 6.	Until further notice, quotation will be restricted to the following classes of debt securities: a) Treasury Bills and Government Inscribed Stock; b) Tier 2 capital as defined in the Banks and Financial Institutions Act 2000; and c) Simple fixed interest bonds. Introduced 03/10/2022
Condition 12	A copy of the documents setting out the terms of the *debt securities must have been given to PNGX.	Note: If a trust deed is required, a copy must be given to PNGX under this rule. Introduced 03/10/2022
Condition 13	If ownership or registration of the *debt securities is restricted to a *class or classes of *persons pursuant to the *Capital Market Act (including any order given there under) or any other PNG law, that fact must be clearly, concisely and accurately disclosed.	Refer to the <i>Securities Commission (Wholesale Corporate Bonds excluded issues and offers) Order, 2022</i> . Introduced 03/10/2022

Applying for approval

- 1.2** To apply for *quotation of *debt securities: Introduced 03/10/2022
- (a) a debt issuer (other than a government borrowing authority, a public authority, or the Bank of Papua New Guinea) must complete Appendix 1A, Appendix 1B and Appendix 1C and provide them to PNGX;

- (b) a government borrowing authority, a public authority, or the Bank of Papua New Guinea must complete Appendix 1A and provide it to PNGX.

PNGX satisfied of compliance with the Debt Market Rules

- 1.3** For *quotation of *debt securities PNGX must be satisfied that the debt issuer will comply with the Debt Market Rules. Introduced 03/10/2022

Additional information

- 1.4** PNGX may seek additional information from the debt issuer, or any other *person, in relation to the application for *quotation of *debt securities. PNGX may submit, or require the debt issuer to submit, any information provided to PNGX to be scrutinised by an expert selected by PNGX. The debt issuer must pay for the expert. Introduced 03/10/2022

Fees

- 1.5** A debt issuer seeking *quotation of *debt securities must pay fees in accordance with Chapter 10. Introduced 03/10/2022

PNGX's discretion concerning quotation

- 1.6** *Quotation of a debt issuer's *debt securities is in PNGX's absolute discretion. PNGX may grant *quotation on any condition or grant a waiver on any conditions it thinks appropriate. PNGX may grant, refuse or withdraw *quotation of a debt issuer's *debt securities without giving any reasons. Introduced 03/10/2022

How and when quotation occurs

- 1.7** If *quotation of *debt securities is conditional, the debt issuer is *listed on a date specified by PNGX after the conditions are met or PNGX accepts undertakings to meet them. Introduced 03/10/2022
- 1.8** If *listing is unconditional, the debt issuer is *listed on a date specified by PNGX. Introduced 03/10/2022



Chapter 2 – Quotation of additional debt securities

Explanatory note

This chapter deals with quotation of debt securities after initial listing. In this case, the debt securities for which quotation is sought may be additional debt securities in a class already quoted (for example, a tranche within a program) or a new class of debt securities not previously quoted (for example, a new program).

The chapter envisages that the issuance of debt securities may occur as either a single issuance or pursuant to an issuance program.

PNGX takes into account the particular circumstances of each applicant. PNGX may grant quotation even though not all the requirements have been met. PNGX may refuse to grant quotation even though all the requirements have been met.

Additional classes of debt securities

2.1	For *quotation of additional *classes of *debt securities the following conditions must be met to PNGX's satisfaction.	Introduced 03/10/2022
Condition 1	The terms of the *debt securities must comply with chapter 6.	Until further notice, quotation will be restricted to the following classes of debt securities: d) Treasury Bills and Government Inscribed Stock; e) Tier 2 capital as defined in the Banks and Financial Institutions Act 2000; and f) Simple fixed interest bonds. Introduced 03/10/2022
Condition 2	A copy of the documents setting out the terms of the *debt securities must have been given to PNGX.	Note: If a trust deed is required, a copy must be given to PNGX under this rule. Introduced 03/10/2022
Condition 3	If ownership or registration of the *debt securities is restricted to a *class or classes of *persons pursuant to the *Capital Market Act (including any order given there under) or any other PNG law, that fact must be clearly, concisely and accurately disclosed.	Refer to the <i>Securities Commission (Wholesale Corporate Bonds excluded issues and offers) Order, 2022</i> . Introduced 03/10/2022

Quotation of all debt securities of a class

2.2	A debt issuer must apply for: (a) all *debt securities subsequently issued that are in a class of *debt securities that is already granted *quotation; or	Introduced 03/10/2022
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- (b) *quotation of all *debt securities that are in a *class of *debt securities that is to be granted *quotation.

Applying for quotation of additional debt securities after listing

- 2.3** To apply for *quotation of additional *debt securities, whether a new program or a tranche within a program, a debt issuer must complete Appendix 2A and give it to PNGX. An application for *quotation of additional *debt securities, under a new program must be accompanied by the relevant *information memorandum. Introduced 03/10/2022

Fees for quotation of additional debt securities

- 2.4** A debt issuer seeking *quotation of *debt securities must pay fees in accordance with Chapter 10. Introduced 03/10/2022

Time limits for applying

- 2.5** A debt issuer must apply for *quotation of *debt securities subsequently issued that are in a class of *debt securities that is already granted *quotation on or before the *issue date. Introduced 03/10/2022

PNGX's discretion concerning quotation

- 2.6** *Quotation of a debt issuer's *debt securities is in PNGX's absolute discretion. PNGX may grant *quotation on any condition or grant a waiver on any conditions it thinks appropriate. PNGX may grant, refuse or withdraw *quotation of a debt issuer's *debt securities without giving any reasons. Introduced 03/10/2022

How and when quotation occurs

- 2.7** PNGX will commence *quotation of the *debt securities on the date it decides. PNGX may commence *quotation of the *debt securities on any conditions it thinks appropriate. Note: In the case of a debt issuer seeking first quotation of debt securities, quotation will normally be granted two business days after the Appendix 1A has been lodged with PNGX. Introduced 03/10/2022



Chapter 3 - Continuous Disclosure

Explanatory note

This chapter sets out the continuous disclosure requirements that a debt issuer must satisfy. Information for release to the market must be given to PNGX's market announcements office.

Debt issuers should note chapter 4, which deals with periodic disclosure, and Chapter 5 which deals with event specific disclosure. Chapter 9 sets out where the draft and final documents must be lodged.

Immediate notice of material information

3.1 Once a debt issuer is or becomes +aware of any +information concerning it that a +reasonable person would expect to have a +material effect on the price or value of the debt issuer's +securities, the debt issuer must immediately tell PNGX that +information for release to the market.

Note: information is expected to have a material effect on the price or value of securities if it is information that would, or that would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell, the first mentioned securities.

"Information" may include information necessary to prevent or correct a false market, see Rule 3.3. It may also include matters of supposition and other matters that are insufficiently definite to warrant disclosure to the market, and matters relating to the intentions, or likely intentions, of a person (see the definition of "information" in the Definitions section). A confidentiality agreement cannot prevent a debt issuer from complying with its obligations under the Debt Market Rules and, in particular its obligation to give PNGX information for release to the market where required by the Debt Market Rules.

Examples: The following is a non-exhaustive list of examples of the type of information that, depending on the circumstances, could require disclosure by a debt issuer under this rule:

- any circumstance which reflects on the ability or perceived ability of the debt issuer to make payments under the terms of the debt securities;
- a transaction that will lead to a significant change in the nature or scale of the debt issuer's activities;

- any statement or notification required by the trust deed or Capital Market Act
- election, re-election and removal of directors and senior administration
- removal, resignation or appointment of the bond trustee
- the appointment of a liquidator, administrator or receiver;
- the commission of an event of default under, or other event entitling a financier to terminate, a material financing facility;
- any rating applied by a rating agency to a debt issuer or its securities and any change to such a rating;
- a change in the entity's financial forecast or expectation;
- if the debt issuer is a registered scheme then any statement or notification required pursuant to the trust deed;
- an entity executing a material contract, varying a term or terminating a material contract;
- the granting or withdrawal of a material licence;
- a material guarantee provided by the debt issuer or obtained;
- the calling of a meeting of holders of the debt security;
- the decisions made at a meeting of holders of the debt security;
- becoming a plaintiff or defendant in a material law suit;
- significant changes to and the implementation of strategic alliances; and
- a change in control of the debt issuer

Introduced 03/10/2022

Exception to rule 3.1

3.2 Rule 3.1 does not apply to particular *information while each of the following 3 conditions are satisfied in relation to the *information: Introduced 03/10/2022

Condition 1 One or more of the following 5 situations applies: Introduced 03/10/2022

- (a) It would be a breach of a law to disclose the *information;
- (b) The *information concerns an incomplete proposal or negotiation;
- (c) The *information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- (d) The *information is generated for the internal management purposes of the debt issuer; or
- (e) The *information is a trade secret; and

Condition 2 The *information is confidential and PNGX has not formed the view that the *information has ceased to be confidential; and Introduced 03/10/2022

Condition 3 A *reasonable person would not expect the *information to be disclosed. Introduced 03/10/2022

False market

3.3 If PNGX considers that there is or is likely to be a false market in a debt issuer's *debt securities and asks the debt issuer to give it *information to correct or prevent a false market, the debt issuer must immediately give PNGX that *information for release to the market.

Note: The obligation to give information under this rule arises even if an exception under Rule 3.2 applies.

Introduced 03/10/2022



Chapter 4 - Periodic Disclosure

Explanatory note

This chapter sets out the relevant periodic disclosure requirements that a debt issuer will be required to satisfy in relation to each financial year. Periodic disclosure requirements support and supplement the continuous disclosure obligations of a debt issuer under Chapter 3.

Periodic disclosure is made to PNGX's market announcements office.

Debt issuer to give PNGX half year accounts

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| 4.1 | A debt issuer must provide a half yearly report in the form of Appendix 4A to PNGX for release to the market. | Introduced 03/10/2022 |
| 4.2 | The debt issuer must give PNGX the completed half yearly report required by Rule 4.1 immediately the information is available, and in any event within 2 months after the end of the first half of its financial year. | There may be information available that is material under rule 3.1. If so, it must be given to PNGX immediately in accordance with that rule, even though the information may later also be included in the information given to PNGX under rule 4.1.

Introduced 03/10/2022 |

Debt issuer to give PNGX annual accounts

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| 4.3 | If a debt issuer is required to comply with the *Companies Act in relation to the lodgment of documents, it must give PNGX for release to the market a copy of the documents that it lodges with the *Registrar of Companies under the *Companies Act no later than the time that it lodges them and, in any event, within 5 months of its balance date. If it is not required to comply the *Companies Act, it must give to PNGX for release to the market, in English, a copy of any annual *accounts that it lodges with the regulatory authorities in the jurisdiction in which it is established within 10 *business days of lodging them and, in any event, within 5 months of its balance date. | Note: Section 215 of the Capital Market Act deals with the lodgment of annual financial information by entities registered in PNG.

There may be information available that is material under rule 3.1. If so, it must be given to PNGX immediately in accordance with that rule, even though the information may later also be included in the information given to PNGX under rule 4.3.

Introduced 03/10/2022 |
| 4.4 | If a debt issuer was approved on the basis of a guarantee provided by a guarantor, and the guarantor is required to comply with the *Companies Act, the debt issuer must give PNGX for release to the market a copy of the documents that the guarantor lodges with the *Registrar of Companies under the *Companies Act no later than the time that the guarantor lodges them and, in any event, within 5 months of its balance date. If the guarantor is not required to comply with the *Companies Act, the debt issuer must give to PNGX for | Cross reference: rule 1.1 condition 3.

Introduced 03/10/2022 |

release to the market, in English, a copy of any annual
+accounts that the guarantor lodges with the regulatory
authorities in the jurisdiction in which it is established,
immediately after the guarantor lodges them and, in any
event, within 5 months of its balance date.



Chapter 5 – Disclosure of Event Specific Information

Explanatory note

This chapter sets out the disclosure requirements that a debt issuer must satisfy in relation to specific events and disclosures. Information for release to the market must be given to PNGX's market announcements office.

Debt issuers should note chapter 3 which deals with continuous disclosures and chapter 4, which deals with periodic disclosure. Chapter 9 sets out where the draft and final documents must be lodged.

Capital

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| 5.1 | A debt issuer must immediately tell PNGX the following information for release to the market: | Introduced 03/10/2022 |
| 5.1.1 | Details of a reorganisation to be made to its capital; | Introduced 03/10/2022 |
| 5.1.2 | A proposed issue of *debt securities in a *class that has been granted *quotation. The debt issuer must complete Appendix 2A and give it to PNGX at the same time. The debt issuer must immediately tell PNGX if there is a change to any information after it has been given to PNGX; and | Introduced 03/10/2022 |
| 5.1.3 | The lodging of any *prospectus or issuing of an *information memorandum. A copy of any *prospectus must be given to PNGX no later than the time it is lodged with *SECOM. A copy of the *information memorandum must be given to PNGX before it is issued. | Sections 125(4) and 126 of the Capital Market Act requires a person issuing an information memorandum to deposit a copy of the information memorandum with SECOM within seven days after it is first issued.

Introduced 03/10/2022 |

Meetings

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| 5.2 | A debt issuer must tell PNGX the following information for release to the market: | Introduced 03/10/2022 |
| 5.2.1 | The contents of any prepared announcement (including any prepared address by the chairperson) that will be delivered at a meeting of *debt security holders. A copy must be given to PNGX no later than the start of the meeting. | Note: PNGX does not recognise embargos on the release of information. See Debt Market Rule 8.10.

If other information is released at the meeting, the debt issuer must immediately tell PNGX.

Introduced 03/10/2022 |
| 5.2.2 | The outcome in respect of each resolution to be put to a meeting of *debt security holders. The debt issuer must do so immediately after the meeting has been held. If the meeting is adjourned, the debt issuer must immediately tell PNGX of | Introduced 03/10/2022 |

the adjournment and the outcome in respect of each resolution dealt with before the adjournment.

Offices

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| 5.3 | A debt issuer must immediately tell PNGX the following information for release to the market: | Introduced 03/10/2022 |
| 5.3.1 | a change of the address, telephone number or facsimile number of its registered office; and | Introduced 03/10/2022 |
| 5.3.2 | a change of the address, telephone number or facsimile number of its principal administrative office | Introduced 03/10/2022 |

Registers

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| 5.4 | A debt issuer must immediately tell PNGX the following information for release to the market: | Introduced 03/10/2022 |
| 5.4.1 | A change of address of an office at which a register of its *debt securities is kept; | Introduced 03/10/2022 |
| 5.4.2 | If the debt issuer is a *PNG debt issuer, a proposal to cease operating in PNG a PNG register (or subregister) of its *debt securities. It must do so at least 20 *business days before the date the register (or subregister) will cease to operate. The debt issuer must also tell PNGX the address of the register (or subregister) on which *debt securities will be recorded; and | Introduced 03/10/2022 |
| 5.4.3 | If the debt issuer is a *foreign debt issuer, a proposal to cease operating in PNG a *debt securities register (or subregister) or a register of depositary receipts. It must do so at least 20 *business days before the date the register (or subregister) will cease to operate. The debt issuer must also tell PNGX the address of the register (or subregister) on which *debt securities will be recorded, or give PNGX information necessary to facilitate registration of its *debt securities overseas. | Introduced 03/10/2022 |

Chairperson, directors, trustee, auditors etc

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| 5.5 | A debt issuer must immediately tell PNGX the following information for release to the market: | Note: When a debt issuer tells PNGX of a change under rule 5.5, the position of the new person should be given with their name.

Introduced 03/10/2022 |
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5.5.1

A change of chairperson or director. The notice must be accompanied by a statutory declaration from each new director and proposed director that:

- (a) they have not been disqualified from managing a company pursuant to sections 425, 426 or 428 of the *Companies Act;
- (b) they have not been the subject of any criminal or civil penalty proceedings or other enforcement action by any government agency in which he or she was found to have engaged in behaviour involving fraud, dishonesty, misrepresentation, concealment of material facts or breach of duty;
- (c) they have not been refused membership of, or had their membership suspended or cancelled by, any professional body on the ground that he or she has engaged in behaviour involving fraud, dishonesty, misrepresentation, concealment of material facts or breach of duty;
- (d) they have not been the subject of any disciplinary action (including any censure, monetary penalty or banning order) by a securities exchange or other authority responsible for regulating securities markets for failure to comply with his or her obligations as a director of a listed entity;
- (e) no listed entity of which he or she was a director (or, in the case of a listed *registered scheme, in respect of which he or she was a director of the *trustee or manager) at the time of the relevant conduct has been the subject of any disciplinary action (including any censure, monetary penalty, suspension of trading or termination of listing) by a securities exchange or other authority responsible for regulating securities markets for failure to comply with its obligations under the listing rules applicable to that entity; and

the director is not aware of any pending or threatened investigation or enquiry by a government agency, professional body, securities exchange or other authority responsible for regulating securities markets that could lead to proceedings or action of the type described in a. to e. above;

If a director is not able to give the required statutory declaration, they must provide a statement to that effect and a detailed explanation of the circumstances involved.

Introduced 03/10/2022

5.5.2

A change of chief executive officer (or equivalent) or company secretary;

Introduced 03/10/2022

5.5.3	If the debt issuer is a + registered scheme:	Introduced 03/10/2022
	a) a change of the + trustee or the chairperson, director, chief executive officer (or equivalent) or secretary of the + trustee;	
	b) any change in members of the compliance committee;	
5.5.4	A change of its auditor; and	Introduced 03/10/2022
5.5.5	Removal, resignation or appointment of the bond + trustee.	Introduced 03/10/2022

Documents sent to or received from security holders

5.6	A debt issuer must immediately give PNGX a copy of a document it sends to holders of + debt securities generally or in a + class for release to the market.	<p>Example: A company must give PNGX a copy of a letter sent to debt securityholders. A registered scheme must give PNGX a copy of a document sent to holders of interests in the registered scheme so far as that document relates to the circumstances of holders of interests generally, and not to the individual circumstances of a holder.</p> <p>Note: In some cases, a debt issuer must give PNGX a draft document (eg, a notice of meeting) in advance of it being sent out to holders of securities. See chapter 9.</p> <p>Where a debt issuer sends a letter or other communication to holders of debt securities generally or in a class that encloses or attaches another document that has already be given to PNGX (eg, a letter to debt securityholders enclosing an annual report that the debt issuer has already given to PNGX under the Debt Market Rules), it is sufficient compliance with this rule that it give to PNGX a copy of the letter or other communication and that it state in a covering letter to PNGX that the document attached to the letter or other communication has already been given to PNGX and the state the date on which it was so given.</p> <p>Introduced 03/10/2022</p>
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Requisitions from debt security holders

5.7	A debt issuer must give PNGX the following information for release to the market not more than two + business days after receipt:	Introduced 03/10/2022
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5.7.1 Information about the material terms of any notice it receives from a holder or holders of +debt securities calling, or requesting the calling of, or proposing to move a resolution at, a meeting of the holders of +debt securities; and

Note: The debt issuer may satisfy this obligation by giving a copy of the notice to PNGX or an announcement summarising its material terms. If the debt issuer gives a copy of the notice, it may redact any defamatory material that it would not otherwise be required to circulate to debt security holders under the Capital Market Act or any equivalent overseas law or equivalent provisions in its constitution. If the debt issuer gives an announcement summarising the material terms of the notice, it may exclude from the summary any such defamatory material.

A debt issuer is not required to give information to PNGX about such a notice if the notice is withdrawn by the relevant holder or holders of securities within two business days of it having been received by the debt issuer.

It should be noted that if a reasonable person would expect information about such a notice to have a material effect on the price or value of the debt issuer's securities, the information must be given to PNGX immediately under Debt Market Rule 3.1 and not within two business days of receipt.

Introduced 03/10/2022

5.7.2 Information that a notice previously notified to PNGX under rule 5.7.1 has been withdrawn by the holder or holders who gave it.

Introduced 03/10/2022

Financial documents given to an overseas stock exchange

5.8 If a debt issuer or its +securities are also traded or +listed on an overseas stock exchange, it must immediately give PNGX for release to the market a copy of any document it gives to the overseas stock exchange that meets the following requirements:

Note: If the document is not in English, it must be accompanied by an English translation (see rule 9.3).

A document that does not include accounts or other similar financial information given by a debt issuer listed on an overseas exchange to that exchange may also need to be given to PNGX under Debt Market Rules 3.1 if a reasonable person would expect the information it contains to have a material effect on the price or value of the debt issuer's securities.

Introduced 03/10/2022

5.8.1 the document is given to the overseas stock exchange by the debt issuer in its capacity as an issuer traded or +listed on that exchange; and

Introduced 03/10/2022

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| 5.8.2 | the document is, or will be, made public by the overseas stock exchange; and | Introduced 03/10/2022 |
| 5.8.3 | the document is not materially the same as another document that the debt issuer has already given to PNGX. | Introduced 03/10/2022 |

Laws affecting the rights or obligations of debt security holders in foreign entities

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| 5.9 | If a *foreign debt issuer becomes *aware of a change to the laws applicable in the jurisdiction where it is established that materially affects the rights or obligations of *debt security holders, it must immediately give PNGX details of that change for release to the market. | Introduced 03/10/2022 |
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Record Date, compliance with timetable and information requirements

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| 5.10 | A debt issuer must give PNGX for release to the market not less than four *business days' notice of a proposed *record date or any change to a proposed *record date and must comply with *Procedure 5.10 unless a specific timetable applies. | <p>Note: If a debt issuer fails to tell PNGX of a change to a proposed record date, PNGX may require the debt issuer to adhere to the record date originally advised to PNGX.</p> <p>Introduced 03/10/2022</p> |
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Amended documents setting out the terms of debt securities

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| 5.11 | A debt issuer must give PNGX the following information for release to the market: | Introduced 03/10/2022 |
| 5.11.1 | a copy of documents setting out amendments to the terms of *debt securities; and | Introduced 03/10/2022 |
| 5.11.2 | a copy of the consolidated, amended documents setting out the terms of debt securities after the amendments have been made. | Introduced 03/10/2022 |



Chapter 6 – Terms of Debt Securities

Explanatory note

This chapter deals with the rights and obligations that must be attached to debt securities of a debt issuer.

Divestment of debt securities

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| 6.1 | A *debt security holder must not be divested of any *debt security except in any of the following cases: | Introduced 03/10/2022 |
| 6.1.1 | The divestment is under PNG legislation (including any appropriate order), and the mechanism the debt issuer adopts for divesting the *debt security is set out in the legislation or is approved by PNGX as appropriate and equitable. The terms of the *debt securities must state that any divestment provisions in the debt issuer's terms will cease to operate once they are no longer necessary; | Example: Refer to the <i>Securities Commission (Wholesale Corporate Bonds excluded issues and offers) Order, 2022</i> .
Introduced 03/10/2022 |
| 6.1.2 | The divestment is under a provision in the *debt security's terms that must be included to comply with PNG legislation. The terms of the *debt securities must state that any divestment provisions in the debt issuer's terms will cease to operate once they are no longer necessary; | Introduced 03/10/2022 |
| 6.1.3 | The divestment is under a provision in the *debt security's terms that is permitted by the Debt Market Rules, or that PNGX has approved as appropriate and equitable; | Example: PNGX may approve provisions needed by a debt issuer to get or maintain a PNG licence or approval for its business. PNGX will have regard to the mechanism the debt issuer adopts for divesting the securities.
Introduced 03/10/2022 |
| 6.1.4 | The divestment is under a court order; or | Introduced 03/10/2022 |
| 6.1.5 | The divestment is under a lien permitted by the Debt Market Rules. | Introduced 03/10/2022 |

Basis of coupon payments

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| 6.2 | A debt issuer must use the day count convention set out in *Procedure 6.2 as the basis for determining coupon payments unless an alternate convention has been agreed with PNGX. | Introduced 03/10/2022 |
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Chapter 7 - Transfers and Registration

Explanatory note

This chapter sets out the requirements that must be met for satisfactory transfer and registration procedures to operate.

Transfers are paper-based.

Debt issuer must maintain register

- 7.1** A debt issuer must maintain a register of +debt security holders for all +quoted +debt securities. Introduced 03/10/2022

Certificates and holding statements

- 7.2** A debt issuer must send a +debt securities holder on their register an +opening balance statement for a new holding on that register. It must do so within 5 +business days after the holding is created. The statement must include: Introduced 03/10/2022

- (a) description of +debt security;
- (b) issue date;
- (c) maturity date;
- (d) number of +debt securities;
- (e) name and +communication address of holder;
- (f) interest rate; and
- (g) interest payment dates.

- 7.3** A debt issuer must send +debt securities holders a +routine transaction statement. The statement must set out the changes to the holding since the last +routine transaction statement (or opening balance statement). A change includes a change that arises in any of the following ways: Introduced 03/10/2022

- (a) a transfer; or
- (b) maturity of the +debt security.

- 7.4** The debt issuer must send the routine transaction statement within 5 +business days after the end of the month in which there is a change. This rule does not apply if either of the following is satisfied:

- (a) the debt issuer has already sent a +routine transaction statement to the +debt security holder and there were no changes to the holding during the

- month except the changes set out in that earlier
 +routine transaction statement; or
- (b) all +debt securities are moved into another holding and a +routine transaction statement for the other holding sets out the changes to both holdings.

Change of address of debt securities holder

- 7.5** A debt issuer must, within 5 +business days of a request to change the +communication address of a +debt securities holder, send a confirmation of the change to the +debt securities holder at both the new +communication address and the old +communication address.

The purpose of rule 7.5 is fraud prevention.

Introduced 03/10/2022

Exception to rules 7.2 to 7.5

- 7.6** Rules 7.2 to 7.5 do not apply to +debt securities held on a Central Securities Depository.

Note: A Central Securities Depository is the debt security holder of the debt issuer. The responsibilities set out in Rules 7.2 to 7.5 are contractual responsibilities between the Central Securities Depository and the debt security holder and outside the scope of these Rules.

Introduced 03/10/2022

No interference with transfer of debt securities

- 7.7** A debt issuer must not in any way prevent, delay or interfere with the registration of a transfer document relating to tradable +debt securities except in any of the following cases:

Note: Any restrictions on ownership of debt securities must be addressed by way of divestment in accordance with Debt Market Rule 6.1.

Introduced 03/10/2022

- 7.7.1** A debt issuer must refuse to register a transfer in any of the following circumstances:

Example: Refer to the *Securities Commission (Wholesale Corporate Bonds excluded issues and offers) Order, 2022*.

- (a) a transfer document is not a proper instrument of transfer;
- (b) the debt issuer has a lien on the +securities under Debt Market Rule 6.1;
- (c) the debt issuer is served with a court order that restricts the holder's capacity to transfer the +debt securities;
- (d) ownership or registration of the debt securities is restricted to a class or classes of persons pursuant to

Note: If ownership or registration of the debt securities is restricted to a class or classes of persons pursuant to the Capital Market Act (including any order given there under) or any other PNG law, the debt issuer must refuse to register a paper-based transfer document which would otherwise result in the restricted person being registered. For example, a retail investor who would be registered as a

	the Capital Market Act (including any order given there under);	holder of debt securities restricted to wholesale or sophisticated investors only.
	(e) registration of the transfer breaks a PNG law;	Note: Rule 7.7.1(g) requires the written agreement of all registered joint holders.
	(f) a law related to stamp duty prohibits the debt issuer from registering it; or	
	(g) the holder has agreed in writing to the application of a *holding lock or that the debt issuer may refuse to register a transfer.	Introduced 03/10/2022
7.8	If the debt issuer refuses to register a transfer under Rule 7.7, it must tell the lodging party in writing of the refusal and the reason for it. The debt issuer must do so within 5 *business days after the date on which the transfer was lodged.	Introduced 03/10/2022
7.9	If the debt issuer applies a *holding lock under Rule 7.7, the debt issuer must tell the holder of the *securities in writing of the *holding lock and the reason for it. It must do so within 5 *business days after the date on which it asked for the *holding lock.	Introduced 03/10/2022
7.10	A debt issuer must not require a statutory declaration or other document in connection with ownership restrictions of its *debt securities before it will register a transfer document.	Introduced 03/10/2022

Fees for registering transfers

7.11	A debt issuer must not charge a *debt securities holder a fee for any of the following: <ul style="list-style-type: none"> (a) Registering transfer documents; (b) Splitting certificates renunciations and transfer forms; (c) Effecting shunts between registers; (d) Issuing certificates and transmission receipts; or (e) Noting transfer forms. 	Introduced 03/10/2022
7.12	A debt issuer may charge a *debt securities holder a reasonable fee for any of the following: <ul style="list-style-type: none"> (a) Issuing a certificate to replace one that is lost or destroyed; or (b) Marking a transfer form within 2 *business days after the form is lodged. 	Introduced 03/10/2022

Office hours at places where transfers are lodged

7.13	A debt issuer must ensure that every office at which transfers of its *debt securities may be lodged for registration is open every *business day.	Introduced 03/10/2022
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Transfer markings

- 7.14** A debt issuer can accept transfer markings carried out by anyone that PNGX approves for this purpose. Introduced 03/10/2022

Compliance with Procedure 7.15 regarding timeframes

- 7.15** A debt issuer must comply with +Procedure 7.15 in relation to timeframes for transfers and transmission of +debt securities between a register in PNG and a register maintained outside PNG. Introduced 03/10/2022



Chapter 8 - On-going Requirements

Explanatory note

This chapter sets out other miscellaneous ongoing requirements that must be met by a debt issuer.

Individuals responsible for communications with PNGX

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| 8.1 | The debt issuer must tell PNGX of any change in the individuals responsible for communication with PNGX in relation to Debt Market Rules matters. | Introduced 03/10/2022 |
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Registration as a foreign company

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| 8.2 | A *foreign company must remain registered as a *foreign company under the *Companies Act. | Introduced 03/10/2022 |
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Directors to be fit and proper

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| 8.1 | A debt issuer (other than a government borrowing authority, a public authority, the Bank of Papua New Guinea or a *Multilateral Financial Institution) must satisfy PNGX that each director or proposed director of the debt issuer is fit and proper to be a director. | <p>Note: The Board must, as a minimum satisfy itself and PNGX that all Directors possess appropriate skills, knowledge and qualifications to carry out their role as a Director. This includes, but is not limited to, a working knowledge of the obligations of Directors, the Companies Act, the Capital Market Act and these Rules.</p> <p>Note: A person who currently satisfies the fit and proper requirements of Bank of PNG Superannuation Prudential Standard 7/2012 Corporate Governance will satisfy this requirement.</p> <p>See also Rule 5.5</p> <p>Introduced 03/10/2022</p> |
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Chapter 9 - Requirements for Documents

Explanatory note

This chapter set out the requirements for giving documents to PNGX in draft, for release to the market or not for release to the market. It also sets out the obligations of debt issuers to ensure information is disclosed to the market before providing that information to any other person.

Giving draft documents to PNGX

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| <p>9.1 A debt issuer must give PNGX a draft of each of the following documents for examination. The debt issuer must not finalise the document until PNGX tells it that PNGX does not object to the document.</p> | <p>PNGX will tell the debt issuer within 5 business days whether it objects, or that it needs more time to examine the document.</p> |
| <p>9.1.1 Proposed amended to the document setting out the terms of *debt securities.</p> | <p>The draft must be given to PNGX in a way that enables the changes to be readily identified. The amended document must be given to the market announcements office after the amendments have been made.</p> <p>Example: PNGX will check that the payment date for interest as set out in the draft document complies with the Debt Market Rules.</p> <p>Introduced 03/10/2022</p> |
| <p>9.1.2 A document to be sent to holders of *debt securities in connection with seeking an approval under the Debt Market Rules.</p> | <p>Introduced 03/10/2022</p> |

Giving final documents to PNGX

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| <p>9.2 To give a document to PNGX, a debt issuer must give it:</p> | <p>Introduced 03/10/2022</p> |
| <p>9.2.1 to the *market announcements office for release to the market, if any of the following apply:</p> <ul style="list-style-type: none">(a) The document is for release to the market;(b) PNGX has specified the *market announcements office as the place for giving PNGX the document;(c) The document is in response to correspondence from the *market announcements office;(d) The document was sent to holders of the debt issuer's *debt securities;(e) The document is a *prospectus, *information memorandum, document setting out the terms of *debt securities; or | <p>Financial statements and annual reports are released to the market.</p> <p>Note: Draft documents are given to PNGX Compliance.</p> <p>Introduced 03/10/2022</p> |

(f) The document is an Appendix 2A.

- 9.2.2** to *PNGX Compliance, if any of the following apply: Example: A draft document.
Introduced 03/10/2022
- (a) The document is not for release to the market;
 - (b) PNGX has specified *PNGX Compliance as the place for giving PNGX the document; or
 - (c) The document is in response to correspondence from * PNGX Compliance and PNGX has not specified that the response is to be sent to the *market announcements office.

Language of documents

- 9.3** A document given to PNGX, whether for public release or otherwise, must be in English or accompanied by an English translation. Introduced 03/10/2022

Method of lodgment of documents

- 9.4** A document for release to the market must be given to PNGX electronically. This rule does not apply if the document is in an excluded category referred to in *Procedure 9.4. PNGX market announcements office does not receive hand delivered documents.
Introduced 03/10/2022
- 9.5** A document is taken to be given to PNGX electronically if each of the following requirements are met: Note: Agreement is contained in Appendix 1A.
Note: If the document is not given to PNGX because the debt issuer does not comply with the agreement or the requirements, the debt issuer will be in breach of the Rules that requires the debt issuer to give the document to PNGX.
Introduced 03/10/2022
- (a) PNGX and the *person giving the document to PNGX have agreed, in writing, that documents may be given to PNGX electronically; and
 - (b) PNGX receives the document electronically.
- 9.6** A document given to PNGX must be on the debt issuer's letterhead, unless a form prescribed by the Debt Market Rules or a PNG law is used. The document or form must be dated and authorised by an identified, authorised officer of the debt issuer. If a document cannot conveniently be put in letter form, the debt issuer must give PNGX a covering letter with it. Example: An annual report or information memorandum would be given to PNGX under cover of a letter.
Introduced 03/10/2022

Documents not for release to the market

9.7 If a document is not for public release, the debt issuer must prominently mark the document to make that clear. Information in a document that is marked in that way may be released to the market.

Note: PNGX will normally only release information in a document that is given to it marked not for public release after PNGX has told the debt issuer that it will do so.

Example: A document clearly marked on the front page “not for public release” meets this requirement.

Introduced 03/10/2022

Debt issuer not to release information to others before PNGX

9.8 A debt issuer must not release information that is for release to the market to any *person until it has given the information to PNGX and has received an acknowledgement that PNGX has released the information to the market.

Note: This rule prohibits a debt issuer giving information to the media even on an embargoed basis.

Introduced 03/10/2022

9.9 Rule 9.8 does not preclude a debt issuer releasing information that is for release to the market, if it becomes available outside the hours of operation of the *market announcements office, to an overseas stock exchange that requires it. In that case, the debt issuer must give the information to the *market announcements office at the same time, together with advice that it has released it to that other exchange.

Introduced 03/10/2022

No embargo

9.10 PNGX does not recognise an embargo on a document given to it for public release.

Introduced 03/10/2022

Documents the property of PNGX

9.11 A document given to PNGX by a debt issuer, or on its behalf, becomes and remains the property of PNGX to deal with as it wishes, including copying, storing in a retrieval system, transmitting to the public, and publishing any part of the document and permitting others to do so. The documents referred to in this rule include a document given to PNGX in support of an application or in compliance with the Debt Market Rules.

Introduced 03/10/2022

Sending documents to overseas debt security holders

9.12

A document that is to be sent to an overseas ⁺debt security holder must be sent by air or electronically, or in another way that ensures it will be received quickly.

Note: This rule is satisfied either by air mail or email to each holder, or by transport by air of all the documents and surface post to each holder in the country of destination.

Example: A document may be printed and posted in the country of destination at the same time it is printed and posted in PNG.

Introduced 03/10/2022



Chapter 10 - Fees

Explanatory note

This chapter sets out the obligation to pay fees. The scales of fees and other related matters are published separately in the Schedule of Fees.

Fees payable by debt issuers

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|-------------|--|-----------------------|
| 10.1 | A debt issuer must pay the fees set and published by PNGX in the +Schedule of Fees in the manner that PNGX specifies. | Introduced 03/10/2022 |
| 10.2 | A fee calculated by reference to tradable +quoted +debt securities is calculated even if the +quotation of the +debt security has been deferred, suspended or is subject to a +trading halt. | Introduced 03/10/2022 |



Chapter 11 - Trading Halts, Suspension, Removal

Explanatory note

This chapter deals with trading halts, suspending quotation of debt securities and withdrawal of *quotation of a debt issuer.

A debt issuer's debt securities, or a class of them, are *quoted if they have been granted quotation under chapter 2. If PNGX ends quotation of the class, they are no longer a class of *quoted debt securities. Application for quotation would have to be made again in relation to them, and granted, before they could be *quoted again. On the other hand, suspension does not amount to a permanent ending of quotation and does not mean that the debt securities are not *quoted debt securities.

Debt securities are not suspended merely because:

- (a) transactions in them are interrupted; or
- (b) they are subject to a trading halt.

Debt securities that are suspended, or subject to a trading halt or interruption, may be reinstated to quotation without a fresh application.

A debt issuer will cease to be *listed if it has no *quoted *debt securities or *equity securities.

Trading halts at debt issuer's request

11.1 PNGX may grant a *trading halt at the request of a debt issuer. PNGX may require the request to be in writing. PNGX is not required to act on the debt issuer's request. The debt issuer must tell PNGX each of the following:

- (a) Its reasons for the *trading halt;
- (b) How long it wants the *trading halt to last;
- (c) The event it expects to happen that will end the *trading halt;
- (d) That it is not *aware of any reason why the *trading halt should not be granted; and
- (e) Any other information necessary to inform the market about the *trading halt, or that PNGX asks for.

Where PNGX implements a trading halt, the securities are placed into a trading state in which orders can be placed, amended or cancelled, but not traded. Existing orders in the trading platform remain with the same price/time priority and are available for execution when trading resumes after the halt has been lifted.

Introduced 03/10/2022

11.2 The length of the *trading halt cannot exceed the commencement of normal trading on the fifth *trading day following the day on which it is requested.

Example: On a Monday a company tells PNGX that it expects an important announcement to be made regarding a major acquisition. Owing to the status of negotiations it is uncertain whether the announcement will be made that day or the following day. The company asks for and is granted a trading halt. The trading halt will operate until the

announcement is made or the commencement of trading on the following Monday, whichever occurs sooner.

Introduced 03/10/2022

- 11.3** PNGX may suspend the *quotation of a debt issuer's *debt securities, even if the *debt securities are subject to a *trading halt. However, if the debt issuer requested the *trading halt (without PNGX's intervention) to prevent trading in its *debt securities taking place in an uninformed market, PNGX will not suspend the *quotation of the *debt securities before the expiry of the *trading halt.

Example: PNGX intervenes by querying a price or volume movement that results in the request for the trading halt.

Introduced 03/10/2022

Trading halts not at debt issuer's request

- 11.4** PNGX may impose a *trading halt if PNGX releases an announcement in relation to a *debt issuer which, in the opinion of PNGX, is market sensitive.

PNGX may implement a halt to trading in securities if it receives an announcement from or about the debt issuer that it considers to be market sensitive. The purpose of the halt is to allow the market to absorb and react to the information in the announcement. This happens without any involvement of the debt issuer.

Where PNGX implements a trading halt, the securities are placed into a trading state in which orders can be placed, amended or cancelled, but not traded. Existing orders in the trading platform remain with the same price/time priority and are available for execution when trading resumes after the halt has been lifted.

Note: PNGX does not presently impose a trading halt if PNGX releases an announcement in relation to a debt issuer which, in the opinion of PNGX, is market sensitive.

Introduced 03/10/2022

Suspension of debt securities at debt issuer's request

- 11.5** PNGX may at any time suspend a debt issuer's *debt securities, or a *class of them, from *quotation at the request of the debt issuer. PNGX may require the request to be in writing. PNGX is not required to act on the debt issuer's request. The debt issuer must tell PNGX each of the following:

- (a) Its reasons for the suspension;

Where PNGX implements a suspension, the securities are placed into a trading state in which orders can not be placed, amended, cancelled or traded. Existing orders in the trading platform are purged from the trading platform.

Introduced 03/10/2022

- (b) How long it expects the suspension to last;
- (c) The event it expects to happen that will end the suspension;
- (d) That it is not +aware of any reason why its +debt securities should not be suspended; and
- (e) Any other information necessary to inform the market about the suspension, or that PNGX asks for.

Suspension of debt securities not at debt issuer's request

11.6	PNGX may at any time suspend a debt issuer's +debt securities, or a +class of them, from +quotation if in PNGX's opinion any of the following applies:	Where PNGX implements a suspension, the securities are placed into a trading state in which orders can not be placed, amended, cancelled or traded. Existing orders in the trading platform are purged from the trading platform. Introduced 03/10/2022
11.6.1	The debt issuer is unable or unwilling to comply with, or breaks, a Debt Market Rule;	Introduced 03/10/2022
11.6.2	it is appropriate to suspend +quotation to prevent a disorderly or uninformed market;	Introduced 03/10/2022
11.6.3	The Debt Market Rules require the suspension; or	Introduced 03/10/2022
11.6.4	it is appropriate for some other reason.	Introduced 03/10/2022

Failure to lodge documents

11.7	If a debt issuer fails to give PNGX the documents required under rule 4.1 within the timeframe specified in rule 4.2 or the documents required under rule 4.3 or 4.4 within the timeframe specified in those rules PNGX will suspend its debt securities from +quotation on the +trading day after the date on which the documents were due. PNGX will not waive this rule.	Note: The debt issuer's securities are suspended before trading commences. Introduced 03/10/2022
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Failure to pay annual fees

11.8	If PNGX does not receive payment of a debt issuer's annual fees by the due date, PNGX will commence the actions prescribed in the +Procedures on the next +business day. PNGX will not waive this rule.	Note: The debt issuer's debt securities are suspended before trading commences. Note: PNGX may publish the names of debt issuers which have not paid
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annual fees by the due date and periodically thereafter.

Introduced 03/10/2022

Reinstatement of securities to quotation

11.9 PNGX may at any time reinstate a debt issuer's *debt securities to *quotation.

Note: Reinstatement does not necessarily mean that PNGX accepts that the debt issuer is complying with the Debt Marker Rules.

Introduced 03/10/2022

Reinstatement after lodging documents

11.10 If a debt issuer's *debt securities are suspended under Rule 11.7 for failure to lodge documents, PNGX will normally reinstate *quotation of the *debt securities before the commencement of trading on the day after PNGX receives the documents and any fee payable.

Note: PNGX may decide not to reinstate quotation if the debt securities should be suspended for another reason.

Introduced 03/10/2022

Reinstatement after payment of annual fees

11.11 If a debt issuer's *debt securities are suspended under Rule 11.8 for failure to pay the annual fees, PNGX will normally reinstate the *quotation of the *debt securities before the commencement of trading on the *business day after it receives the annual fees, accrued interest (if any) and any other fee payable.

Note: PNGX may decide not to reinstate quotation if the securities should be suspended for another reason.

Introduced 03/10/2022

Ending quotation

11.12 PNGX may at any time end the *quotation of a *class of a debt issuer's *debt securities if one of the following applies:

- (a) The debt issuer requests it following a meeting of *debt securities holders which has approved a request to end the *quotation in accordance with the terms of the *debt securities;
- (b) The debt issuer:
 - a. requests it;
 - b. has notified *debt securities holders in writing of its intention to make an on-market offer to buy back any outstanding

Note: PNGX may require the debt issuer to satisfy conditions, including advising debt security holders, before ending quotation.

Introduced 03/10/2022

*debt securities at fair market price for a period of at least 15 business days;

c. has disclosed the basis on which it has determined the fair market price; or

(c) The *debt securities no longer meet the requirements necessary for *quotation.

11.13 PNGX is not required to act on a debt issuer's request made under Rule 11.12.

Ending quotation at maturity

11.14 PNGX will end the *quotation of a *class of a debt issuer's *debt securities at the close of trading on the 10th *business day prior to and inclusive of the maturity date of the *class.

Example: If maturity is on a Friday then trading will cease at the close of trading on the Monday of the preceding week (assuming there are no intervening non-business days).

Introduced 03/10/2022

Ending quotation not at debt issuer's request

11.15 PNGX may end *quotation of *debt securities if, in PNGX's opinion, any of the following applies:

Introduced 03/10/2022

- (a) The debt issuer is unable or unwilling to comply with, or breaks, a Debt Market Rule;
- (b) It is appropriate to end *quotation to prevent a disorderly or uninformed market;
- (c) The *debt securities no longer meet the requirements necessary for *quotation;
- (d) Automatic removal after a long suspension, as prescribed in the *Procedures; or
- (e) It is appropriate for some other reason.

11.16 If PNGX's decision to end *quotation of *debt securities is conditional, then *quotation is ended on a date decided by PNGX after the conditions are met.

Note: Removal is usually effective from the close of trading on a date decided by PNGX.

Example: PNGX may require a debt issuer to notify its security holders that it has requested ending quotation and the end of quotation will take place on a date decided by PNGX after the debt issuer has notified its security holders.

Example: PNGX may require a debt issuer to take certain actions and a condition of those actions not being taken may be the end of quotation. If the actions are not taken to the satisfaction of PNGX by the due date

then the end of quotation will take place on a date decided by PNGX.

Introduced 03/10/2022

11.17 If PNGX's decision to end +quotation of +debt securities is unconditional, then +quotation is ended on a date decided by PNGX.

Note: Removal is usually effective from the close of trading on a date decided on by PNGX.

Introduced 03/10/2022

11.18 A debt issuer will cease to be +listed if it has no +quoted +debt securities or +equity securities.

Introduced 03/10/2022



Chapter 12 - Application of Debt Market Rules

Complying with the Debt Market Rules

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| 12.1 | A debt issuer must comply with the Debt Market Rules from the initial date of *quotation of the *debt securities. This applies even if *quotation of the *debt securities is deferred, suspended or subject to a *trading halt. | Introduced 03/10/2022 |
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Complying with PNGX requirements

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| 12.2 | A debt issuer must comply with any requirement PNGX imposes on it in order to ensure compliance with the Debt Market Rules. | Introduced 03/10/2022 |
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Waivers

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|-------------|---|---|
| 12.3 | PNGX may at any time waive a Debt Market Rule, or part of a rule, unless the rule specifies that PNGX will not waive it. It may do so on any conditions. It may do so on the application of the debt issuer or of its own accord. | <p>Example: PNGX may waive a rule of its own accord if a debt issuer applies for waivers of a number of Debt Market Rules which PNGX would grant and it becomes apparent that an additional rule should also be waived.</p> <p>Example: A condition of a waiver may be that the debt issuer must comply with a modified form of the relevant rule.</p> <p>Introduced 03/10/2022</p> |
| 12.4 | If PNGX waives a Debt Market Rule, or part of a rule, on a condition, the condition must be complied with for the waiver to be effective. | Introduced 03/10/2022 |
| 12.5 | PNGX will publish waivers periodically. | <p>Note: Details of waivers granted are usually published on the PNGX website monthly in the form of a waivers register. The waivers register includes the name of the debt issuer which received the waiver, the terms and conditions of the waiver and brief reasons why it was granted.</p> <p>Introduced 03/10/2022</p> |

Discretion applying the rules

12.6 PNGX may decide to take no action in response to a breach of a Debt Market Rule. If PNGX takes no action, it is not a waiver of the rule.

Note: Notwithstanding that PNGX may decide to take no action in response to a breach of a Debt Market Rule, section 443 of the Capital Market Act provides that where a debt issuer, being a person to whom the Debt Market Rules apply, fails to comply with or observe the Debt Market Rules, that person has committed a breach. If a person has committed a breach, SECOM may take action as set out in section 443(3) including:

- a) directing the debt issuer to comply with the Debt Market Rules;
- b) a reprimand; or
- c) imposing a penalty not exceeding PGK 5,000,000.

Introduced 03/10/2022

PNGX may act in a manner which PNGX considers "appropriate"

12.7 If a Debt Market Rule provides that PNGX may act in a manner which PNGX considers "appropriate", PNGX is to have regard to its obligations, duties, powers and discretions as an approved stock exchange under section 13 of the *Capital Market Act in deciding whether or not to act, and how to act.

Introduced 03/10/2022

Varying and revoking decisions

12.8 PNGX may at any time vary a decision in any way or revoke it. It may do so on the application of the debt issuer or of its own accord. The variation or revocation has effect from the date specified by PNGX.

Introduced 03/10/2022

12.9 PNGX will only vary or revoke a decision with effect from the date on which it notifies the debt issuer of the variation or revocation, unless materially incorrect or incomplete information was given to PNGX in support of the decision. In that case, PNGX may vary or revoke the decision with effect from the date it was made.

Example: This rule applies to waivers.
Introduced 03/10/2022

Transitional arrangements

12.10 PNGX may publish transitional arrangements in relation to any new Debt Market Rule. A debt issuer must comply with the transitional arrangements published by PNGX.

Introduced 03/10/2022

Giving PNGX information to demonstrate compliance

- 12.11** A debt issuer must give PNGX any information, document or explanation that PNGX asks for to enable it to be satisfied that the debt issuer is, has been, and will be complying with the Debt Market Rules. The debt issuer must do so within the time specified by PNGX. Introduced 03/10/2022

Independent Expert Reviews

- 12.12** PNGX may require a debt issuer to engage one or more suitably qualified independent experts approved by PNGX to provide to PNGX a report and/or conduct an investigation, within the time frame specified by PNGX, on matters specified by PNGX relating to the compliance by the debt issuer with these Debt Market Rules (or any other matter which PNGX considers is appropriate to assist PNGX in the discharge of its functions and responsibilities under these Debt Market Rules). The debt issuer must pay for the expert. Introduced 03/10/2022
- 12.13** PNGX may engage one or more suitably qualified independent experts selected by PNGX to provide to PNGX a report and/or conduct an investigation, within the time frame specified by PNGX, on matters specified by PNGX relating to the compliance by the debt issuer with these Debt Market Rules (or any other matter which PNGX considers is appropriate to assist PNGX in the discharge of its functions and responsibilities under these Debt Market Rules). The debt issuer must pay for the expert. Introduced 03/10/2022
- 12.14** A debt issuer must give the independent expert all such information and assistance reasonably required to enable the independent expert to prepare the report or conduct the investigation referred to under Rules 12.12 and 12.13 and where requested by the independent expert, direct any relevant third parties to make available or to otherwise provide access to all such information the independent expert requires. Introduced 03/10/2022
- 12.15** Where PNGX determines that the information contained in a report warrants further investigation, it may direct the debt issuer to: Introduced 03/10/2022
- (a) provide PNGX or the independent expert engaged such further information PNGX considers appropriate; and
 - (b) obtain and submit a further report by an independent expert covering such further matters as specified by PNGX.

Release of correspondence between PNGX and debt issuer

12.16 PNGX may publish correspondence between it and a debt issuer if PNGX has reserved the right to do so and considers that it is appropriate for an informed market.

Note: PNGX does not generally publish correspondence between it and a debt issuer except for the following.

- A price query issued by PNGX and the debt issuer's response.
- A query issued by PNGX in respect of compliance with a Debt Market Rule, and the debt issuer's response, if the response includes information not previously released to the market.

PNGX will tell the debt issuer at the outset if the correspondence will be published, or may be published, and will give the debt issuer the opportunity to respond in a form that is suitable for release to the market. If a debt issuer believes that information it gives PNGX comes within the exception to Debt Market Rule 3.1 in Debt Market Rule 3.2, the debt issuer should raise this issue with PNGX at the time the information is given to PNGX.

Introduced 03/10/2022



Chapter 13 – Obligations of Government Borrowing Authorities, Public Authorities, or BPNG

Limited obligations

- 13.1** A government borrowing authority, a public authority, or the Bank of Papua New Guinea must comply with: Introduced 03/10/2022
- (a) Chapter 1;
 - (b) Chapter 2;
 - (c) Rule 5.4
 - (d) Rule 5.10
 - (e) Rule 5.11;
 - (f) Chapter 6;
 - (g) Chapter 7;
 - (h) Chapter 9;
 - (i) Chapter 10;
 - (j) Chapter 11;
 - (k) Chapter 12; and
 - (l) this Chapter 13.
- 13.2** A government borrowing authority, a public authority, or the Bank of Papua New Guinea is not required to comply with any other rule in Chapters 1 to 12 unless PNGX notifies it in writing that it must comply with that other rule. Introduced 03/10/2022



Definitions and Interpretation

Definitions

Def.1 The following expressions have the meanings set out below. Introduced 03/10/2022

Expression	Meaning	Notes
Accounts	<p>Includes:</p> <ul style="list-style-type: none">(a) statement of financial position;(b) statement of comprehensive income;(c) statement of cash flows;(d) statement of changes in equity;(e) notes to the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity required by any law, regulation, rule or accounting standard;(f) disclosures in relation to the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity required by any law, regulation, rule or accounting standard;(g) any other information necessary to give a true and fair view of the financial position and performance of the debt issuer required by any law, regulation, rule or accounting standard.	<p>Note: statement of financial position may be referred to as balance sheet in certain jurisdictions.</p> <p>Note: statement of comprehensive income may be referred to as profit and loss statement in certain jurisdictions.</p> <p>Note: statement of changes in equity may be referred to as statement of retained earnings in certain jurisdictions.</p> <p>Introduced 03/10/2022</p>
aware	a debt issuer becomes aware of information if, and as soon as, an officer of the debt issuer has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that debt issuer.	Introduced 03/10/2022
business day	<p>Monday to Friday inclusive, except:</p> <ul style="list-style-type: none">(a) New Year's Day;(b) Good Friday;(c) Easter Monday;(d) National Remembrance Day;(e) National Repentance Day;(f) Independence Day;(g) Christmas Day;(h) Boxing Day:	Introduced 03/10/2022

- (i) a day declared, proclaimed or notified under PNG legislation as a public holiday; and
- (j) any other day that PNGX declares is not a business day.

Capital Market Act	<i>Capital Market Act 2015</i> as amended from time to time.	Introduced 03/10/2022
class	*Debt securities are in the same *class only if the same terms, rights and obligations attach to them.	Introduced 03/10/2022
communication address	A postal address, email address, SMS address or other address normally used for communication with a *debt securities holder.	Introduced 03/10/2022
Companies Act	<i>Companies Act 1997</i> as amended from time to time.	Introduced 03/10/2022
debt issuer	a debt issuer that has applied for listing, or been listed, by PNGX under the Debt Market Rules.	Introduced 03/10/2022
Debt Market Rules	these PNGX rules that govern the *quotation of *debt securities, suspension of *debt securities from *quotation, removal of *debt securities from *quotation and the *official list.	Introduced 03/10/2022
debt security	means <ul style="list-style-type: none"> (a) A debenture as defined in section 2 of the *Capital Market Act; or (b) any *security that PNGX decides to classify as a *debt security; but not a *security that PNGX decides to classify as an *equity security	Introduced 03/10/2022
DI	Depository interests	Introduced 03/10/2022
directors' declaration	a declaration by directors that is required by any law, rule or accounting standard and states either of the following: <ul style="list-style-type: none"> (a) that the statement of financial position, statement of comprehensive income and statement of cash flows, together with the notes and other disclosures and information, comply with a law, rule or accounting standard and give a fair and true view of the financial position and performance of the entity; and 	Introduced 03/10/2022

(b) that, in the opinion of the directors, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

directors' report	a report by directors that is required by any law, rule or accounting standard to review of operations during the period reported on.	Introduced 03/10/2022
equity security	means (a) an equity security as defined in section 2 of the *Capital Market Act; (b) a unit as defined in section 2 of the *Capital Market Act; or (c) any *security that PNGX decides to classify as an *equity security; but not a *security that PNGX decides to classify as a *debt security.	Introduced 03/10/2022
foreign company	a body corporate that is not formed or established in PNG.	Introduced 03/10/2022
foreign debt issuer	a *foreign company or a *foreign trust.	Introduced 03/10/2022
foreign trust	a *registered scheme or similar overseas debt issuer that is not formed or established in PNG and that is not a registered scheme.	Introduced 03/10/2022
holding lock	a facility that temporarily prevents *debt securities from being transferred.	Introduced 03/10/2022
information	for the purposes of Rules 3.1, 3.2, and 3.3 only, information includes: (a) matters of supposition and other matters that are insufficiently definite to warrant disclosure to the market; and (b) matters relating to the intentions, or likely intentions, of a *person.	Introduced 03/10/2022
information memorandum	a document referred to as an information memorandum in sections 125 and 126 of the *Capital Market Act.	Introduced 03/10/2022
issue date	the date that the *debt securities are entered into a register or subregister.	Introduced 03/10/2022

listed	as defined in section 2 of the +Capital Market Act.	Introduced 03/10/2022
listed corporation	as defined in section 2 of the +Capital Market Act.	Introduced 03/10/2022
market announcements office	the office designated by PNGX as its market announcements office.	Introduced 03/10/2022
market participant	the meaning in the PNGX Business Rules.	Introduced 03/10/2022
material effect on the price or value	for the purposes of Rules 3.1, 3.2 and 3.3 only, a reasonable person would be taken to expect +information to have a material effect on the price or value of +debt securities if the +information would, or would be likely to, influence +persons who commonly invest in +debt securities in deciding whether or not to subscribe for, or buy or sell, the first mentioned +debt securities.	Introduced 03/10/2022
multilateral financial institution	An institution created by a group of countries that provides financing and professional advice to a country to enhance development.	Examples of multilateral financial institutions include: <ul style="list-style-type: none"> (a) World Bank; (b) Asian Development Bank (ADB); (c) Asian Infrastructure Investment Bank; (d) International Finance Corporation; (e) International Fund for Agricultural Development; (f) International Investment Bank Introduced 03/10/2022
official list	as defined in section 2 of the +Capital Market Act.	Introduced 03/10/2022
opening balance statement	a statement for a new holding of +debt securities in a +debt security holder's account issued by the debt issuer.	Introduced 03/10/2022
overseas home exchange	the place of an entity's primary listing (if the entity is not required to comply with the rules of that exchange or market as a domestic entity, the exchange or market designated by PNGX).	Introduced 03/10/2022
person	includes an individual, body corporate, body politic, firm, association, authority or other entity.	Introduced 03/10/2022

PNG company	a body corporate that is formed or established in PNG.	Introduced 03/10/2022
PNG debt issuer	a +PNG company or a +PNG registered scheme.	Introduced 03/10/2022
PNGX	PNGX Markets Limited.	Introduced 03/10/2022
PNGX Compliance	the office designated by PNGX as its Compliance office.	Introduced 03/10/2022
PNGX debt market	the market for trading in debt securities operated in PNG by PNGX.	Introduced 03/10/2022
Procedure	the Debt Market Rules Procedures.	Introduced 03/10/2022
prospectus	as defined in section 2 of the +Capital Market Act.	Introduced 03/10/2022
quoted	as defined in section 2 of the +Capital Market Act.	Introduced 03/10/2022
reasonable person	an independent, objective and judicious individual whose interests are not aligned with the entity or the investment community.	Introduced 03/10/2022
record date	5.00 pm on the date the debt issuer specifies for lodging transfers of those +debt securities for the purpose of identifying the +persons who are entitled to interest or any other entitlement.	Introduced 03/10/2022
registered scheme	either: <ul style="list-style-type: none"> (a) a registered scheme as defined in section 183 of the +Capital Market Act; or (b) a trust that is formed or established in PNG and that is not required to be registered as a managed investment scheme by virtue of section 187 of the +Capital Market Act. 	Introduced 03/10/2022
Registrar of Companies	as defined in section 2 of the +Companies Act.	Introduced 03/10/2022
routine transaction statement	a statement of transactions in a +debt security holder's account issued by the debt issuer.	Introduced 03/10/2022

Schedule of Fees	the schedule of fees published by PNGX and available on the PNGX website (www.pngx.com.pg)	Introduced 03/10/2022
SECOM	PNG Securities Commission.	Introduced 03/10/2022
security	a security as defined in section 2 of the +Capital Market Act.	Introduced 03/10/2022
trading day	a +business day other than any day which PNGX declares and publishes is not a trading day.	Introduced 03/10/2022
trading halt	an interruption to trading that is not a suspension from +quotation.	Introduced 03/10/2022
trustee	a corporation that holds a capital market licence to act as a trustee under section 37 of the +Capital Market Act.	Introduced 03/10/2022

Interpretation

Principles on which the Debt Market Rules are based

Int.1	The Debt Market Rules are based on the principles set out at the commencement of these Debt Market Rules.	Introduced 03/10/2022
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Debt issuer must comply with spirit, intention and purpose of rules

Int.2	A debt issuer must comply with the Debt Market Rules as interpreted: <ul style="list-style-type: none"> (a) in accordance with their spirit, intention and purpose; (b) by looking beyond form to substance; and (c) in a way that best promotes the principles on which the Debt Market are based. 	Introduced 03/10/2022
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Governing law

Int.3	The agreement between PNGX and a debt issuer is governed by the laws of Papua New Guinea.	Introduced 03/10/2022
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Submission to jurisdiction

Int.4	PNGX and a debt issuer do each of the following:	Introduced 03/10/2022
Int.4.1	Irrevocably submit to the non-exclusive jurisdiction of the courts of Papua New Guinea and to the courts of appeal from the courts of Papua New Guinea;	Introduced 03/10/2022
Int.4.2	Irrevocably waive any immunity or any objection to any action in the courts of Papua New Guinea and the courts of appeal from the courts of Papua New Guinea; and	Introduced 03/10/2022
Int.4.3	Irrevocably waive any claim that any action has been brought in an inconvenient forum or to the courts of Papua New Guinea and the courts of appeal from the courts of Papua New Guinea not having jurisdiction.	Introduced 03/10/2022

Reference to laws and rules

Int.5	<p>A reference to a law, PNGX’s constituent documents, PNGX’s Business Rules, PNGX’s Debt Market Rules, or PNGX’s Listing Rules is a reference to the provision as:</p> <ul style="list-style-type: none"> (a) amended; (b) re-enacted; (c) modified by administrative act; or (d) affected by a subordinate instrument. 	<p>Example: The Capital Market Act Regulations affect the Capital Market Act.</p> <p>Example: A SECOM exemption or modification modifies the application of the Capital Market Act.</p> <p>Introduced 03/10/2022</p>
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Conduct

Int.6	An act or omission by a debt issuer includes an act or omission caused directly or indirectly by the debt issuer.	<p>Example: A debt issuer that causes a subsidiary to take an action is taking the action indirectly.</p> <p>Introduced 03/10/2022</p>
Int.7	Conduct engaged in on behalf of a debt issuer by an officer, employee, or other agent of the debt issuer is taken for the purposes of these Debt Market Rules to have been engaged in by the debt issuer, whether or not the conduct is within the scope of the actual or apparent authority of the officer, employee, or other agent.	Introduced 03/10/2022
Int.8	Conduct engaged in on behalf of a debt issuer by any other ⁺ person at the direction or with the express or implied consent of an officer, employee, or other agent of the debt issuer is taken for the purposes of these Debt Market Rules to have been engaged in by the debt issuer, whether or not the giving of the direction or consent is within the scope of the actual or apparent authority of the officer, employee or other agent.	Introduced 03/10/2022

Calculation of time

Int.9	When a Debt Market Rule requires something to be done by a day that is not a *business day, the thing must be done by the preceding *business day.	Introduced 03/10/2022
Int.10	References to time are to Papua New Guinea time, unless another time is specified.	Introduced 03/10/2022

References to currency

Int.11	A reference to “PGK”, “Kina” or “toea” is to PNG currency unless specified otherwise.	Introduced 03/10/2022
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References to tradable securities

Int.12	A reference to *debt securities being granted *quotation or to *debt securities being tradable by PNGX includes, where *DIs have been issued over a debt issuer’s *debt securities, the *debt securities over which the *DIs have been issued.	Introduced 03/10/2022
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Notice to a debt issuer by PNGX

Int.13	A document is to be treated as being given to a debt issuer if it is left at, or is sent by post, fax or e-mail to, the address, fax number or e-mail address: <ul style="list-style-type: none">(a) in the debt issuer’s application for approval; or(b) given to PNGX by the debt issuer or used in correspondence with PNGX by the debt issuer.	Introduced 03/10/2022
Int.14	Rule Int.13 does not prevent a document being given to a debt issuer in any other way permitted by law.	Example: Laws regarding service of documents. Introduced 03/10/2022
Int.15	The time that a document is to be treated as being given to a debt issuer is as follows: <ul style="list-style-type: none">(a) If it is delivered, the time of delivery;(b) If it is posted, on the second *business day after posting;(c) If it is faxed, when it is received. A successful fax transmission report is sufficient proof of the time of receipt; or(d) If it is e-mailed, when it is received.	Introduced 03/10/2022

Procedural defects

Int.16 A procedural defect does not invalidate a decision of PNGX. Introduced 03/10/2022

If the defect may result in substantial injustice, a debt issuer may ask PNGX to review its decision.

Int.17 A decision, resolution, proceeding or act of PNGX under the Debt Market Rules is not invalidated by any:

- (a) defect;
- (b) irregularity; or
- (c) deficiency,

of notice or time unless:

- (d) a debt issuer concerned by the defect, irregularity or deficiency requests PNGX to resolve that the decision, resolution, proceeding or act is invalid;
- (e) PNGX reasonably believes that the defect, irregularity or deficiency has caused or may cause substantial injustice which cannot reasonably be avoided; and
- (f) PNGX accordingly resolves that the decision, resolution, proceeding or act is invalid.

Int.18 An action or inaction by PNGX under the Debt Market Rules may not be challenged on the ground that a Debt Market Rule, Procedure, direction, decision or requirement of PNGX, or any agreement made by PNGX, is ultra vires PNGX or otherwise invalid.

Int.19 If any of the provisions of the Debt Market Rules or the Procedures becomes at any time illegal, invalid or unenforceable in any respect under the law of any jurisdiction, the legality, validity or enforceability of the remaining provisions of the Debt Market Rules and the Procedures, and the legality, validity or enforceability of the provision under the law of any other jurisdiction is not affected or impaired in any way.

Appendices are part of the Debt Market Rules

Int.20 The following are part of the Debt Market Rules:

- (a) The Appendices.

Note: Materials which are part of the Debt Market Rules are subject to SECOM approval pursuant to section 11 of the Capital Market Act.

Introduced 03/10/2022

Procedures, history, notes etc are not part of the Debt Market Rules

Int.21	The following are not part of the Debt Market Rules:	Note: Materials which are not part of the Debt Market Rules are not subject to SECOM approval pursuant to section 11 of the Capital Market Act. Introduced 03/10/2022
	<ul style="list-style-type: none"> (b) The tables of contents; (c) The introduction; (d) Any explanatory notes; (e) Any history, notes, examples and cross references set out alongside particular rules; (f) Any index; (g) Any Guidance Notes; (h) The *Procedures; and (i) The *Schedule of Fees. 	

Procedures

Int.22	PNGX may from time to time prescribe written *Procedures:	Introduced 03/10/2022
	<ul style="list-style-type: none"> (a) relating to the operations of the Debt Market Rules; (b) relating to the conduct of the debt issuers; and (c) for any other purposes as PNGX considers appropriate. 	
Int.23	If a Debt Market Rule requires compliance with a *Procedure, then failure to comply with the *Procedure is a breach of that rule.	Note: The Procedures do not form part of these Debt Market Rules. Refer Rule Int.17. Introduced 03/10/2022.
Int.24	The *Procedures may be amended by PNGX from time to time and PNGX will notify debt issuers of the amendment before the amendment takes effect.	Introduced 03/10/2022
Int.25	To the extent of any inconsistency between these Debt Market Rules and the *Procedures, these Debt Market Rules will prevail.	Introduced 03/10/2022

How a debt issuer tells PNGX

Int.26	If a Debt Market Rule requires a debt issuer to tell PNGX something, the debt issuer must tell PNGX in writing.	Introduced 03/10/2022
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Accounts

Int.27	If a Debt Market Rule requires a debt issuer (other than a government borrowing authority, a public authority, the Bank	Introduced 03/10/2022
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of Papua New Guinea or a *Multilateral Financial Institution) to give PNGX *accounts, the following rules apply.

Int.27.1 If the debt issuer controls an entity within the meaning of section 6 of the *Companies Act or is the holding company of an entity, required by any law, regulation, rule or accounting standard, or if PNGX requires, the *accounts must be consolidated *accounts.

Int.27.2 The *accounts must be prepared to PNG accounting standards. If the debt issuer is a *foreign debt issuer the *accounts may be prepared to other standards agreed by PNGX.

Note: The Papua New Guinea Accounting Standards Board requires all publicly accountable companies to use full International Financial Reporting Standards.

Note: PNGX will agree, for example, to the use of International Financial Reporting Standards by a foreign debt issuer.

Introduced 03/10/2022

Int.27.3 If the Debt Market Rules requires audited *accounts, the audit must be conducted in accordance with PNG auditing standards by a registered company auditor. If the debt issuer is a *foreign debt issuer, the audit may be conducted in accordance with other standards agreed by PNGX and may be conducted by an overseas equivalent of a registered company auditor.

Introduced 03/10/2022

Int.27.4 If the Debt Market Rules requires *accounts to be reviewed, the review must be conducted in accordance with PNG auditing standards. If the debt issuer is a *foreign debt issuer, the review may be conducted in accordance with other standards agreed by PNGX. Unless the Debt Market Rules says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the debt issuer is a *foreign debt issuer, an overseas equivalent of a registered company auditor).

Introduced 03/10/2022

Int.27.5 If there is a *directors' declaration that relates to the *accounts, the *directors' declaration must be given to PNGX with the *accounts.

Introduced 03/10/2022

Int.27.6 If there is a *directors' report that relates to the period covered by the *accounts, the *directors' report must be given to PNGX with the *accounts.

Introduced 03/10/2022

Registered schemes

Int.28 The Debt Market Rules apply to the *trustee of a *registered scheme so that the *trustee has an obligation to ensure that the *registered scheme complies with the Debt Market Rules.

Introduced 03/10/2022

Int.29

In the case of a +registered scheme, a reference in these rules:

Introduced 03/10/2022

- (a) to a “Board” refers to the Board of the +trustee;
- (b) to a “Director” refers to a Director of the +trustee;
- (c) to a “Managing Director” refers to a Managing Director of the +trustee;
- (d) to a “CEO” refers to a +CEO of the +trustee;
- (e) to a “Secretary” refers to a Secretary of the +trustee;
- (f) to a “dividend” refers to a “distribution”; and
- (g) to “capital” refers to “interests” in the +registered scheme.

Issuers other than companies and registered schemes

Int.30

If a debt issuer approved by PNGX is neither a company or a +registered scheme, the Debt Market Rules apply to that issuer in a manner determined by PNGX so that the debt issuer has an obligation to comply with the Debt Market Rules.

Example: a government borrowing authority or a co-operative may have a different governance structure.

Introduced 03/10/2022

Int.31

In the case of a debt issuer approved by PNGX which is neither a company or a +registered scheme, a reference in these rules:

Introduced 03/10/2022

- (a) to a “Board” refers to an equivalent governance body determined and advised in writing by PNGX;
- (b) to a “Director” refers to an equivalent role as determined and advised in writing by PNGX;
- (c) to a “Managing Director” refers to an equivalent role as determined and advised in writing by PNGX; and
- (d) to a “CEO” refers to an equivalent role as determined and advised in writing by PNGX;
- (e) to a “Secretary” refers to an equivalent role as determined and advised in writing by PNGX.

References to PNGX

Int.32

All references to 'PNGX' in the Debt Market Rules, guidance notes, Appendices, +Procedures, circulars, notices, bulletins, explanatory memoranda and other communications issued or made by PNGX under the Debt Market Rules are taken to be references to 'PNGX Markets Limited'

Introduced 03/10/2022

Rules in force at time of breach

Int.33 Unless explicitly stated otherwise, in determining whether a breach of the Debt Market Rules has occurred, the matter is to be determined with respect to the Debt Market Rules as in force at the time of the possible breach. Introduced 03/10/2022

Obligations regarding timeliness of disclosures

Int.34 Any reference to making a disclosure that is not required by a Debt Market Rule to be made immediately is to be interpreted as an obligation to disclose on a timely basis. Introduced 03/10/2022

Interpretation rules

Int.35 In these Rules: Introduced 03/10/2022

- (a) words importing the singular number include the plural and vice versa;
- (b) words importing the masculine gender include the feminine and neuter genders and vice versa;
- (c) a reference to a person includes a reference to a natural person and a legal person;
- (d) the word "person" includes a corporation, body corporate, unincorporated association or any governmental authority;
- (e) a reference to a person includes a reference to the person's executors, administrators, legal personal representatives, successors and permitted assigns;
- (f) a reference to "includes" and cognate terms means includes without limitation;
- (g) a reference to:
 - a. these Rules or the PNGX Debt Market Rules are to the rules contained in this document;
 - b. a Rule is a reference to a rule in this document;
 - c. a Trading Rule is a reference to a rule in the Business Rules;
 - d. a Chapter is a reference to a chapter in these Rules;
- (h) an obligation incurred by two or more persons binds them or any one or more of them jointly and severally;
- (i) any obligation to comply, and similar terms, is to be interpreted as an obligation to comply fully and

- immediately (or in the time specified) and to ensure continuing compliance with the obligation;
- (j) any reference to a discretion means an absolute and unfettered discretion and any reference to an opinion of a person, means an opinion formed in the absolute and unfettered discretion of the person;
 - (k) any reference to a power, action, opinion or discretion of PNGX, includes a reference to a power, action, opinion or discretion of the board, any department, committee, tribunal, officer, executive or representative of PNGX, as the case may be, which or who is empowered by these Rules to exercise that power, take that action, form that opinion or to exercise that discretion or make a decision whether to exercise that discretion;
 - (l) any reference to a power, action or discretion of PNGX includes a reference to any power, action or discretion necessary to give effect to PNGX 's power, action or discretion;
 - (m) a reference to a right includes an interest, power, remedy, privilege and cause of action however arising; and

references to writing include typewriting, printing, photography and other modes of representing or reproducing words in legible and non-transitory form and electronic mail.

Headings and any introductory overview

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| Int.36 | Headings and any introductory overview at the beginning of each Section are for convenience of reference only and do not affect the interpretation of the Debt Market Rules or the Procedures. | Introduced 03/10/2022 |
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Effect of amendment to rules and procedures

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| Int.37 | Unless expressly stated otherwise, where a Debt Market Rule or Procedure is: <ul style="list-style-type: none"> (a) amended; (b) deleted; or (c) lapses or otherwise ceases to have effect, that circumstance does not: <ul style="list-style-type: none"> (d) revive anything not in force or existing at the time at which that circumstance takes effect; (e) affect the previous operations of that Debt Market Rule or Procedure or anything done under that Debt Market Rule or Procedure; | Introduced 03/10/2022 |
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- (f) affect any right, privilege, obligation or liability acquired, accrued or incurred under that Debt Market Rule or Procedure;
- (g) affect any penalty, forfeiture, suspension, expulsion or other enforcement action taken or incurred in respect of any breach of that Debt Market Rule or Procedure; or
- (h) affect any investigation, proceeding, enforcement process, appeal process, sanction or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, suspension, expulsion or other enforcement action,

and any such investigation, proceeding, enforcement process, appeal process, sanction or remedy may be instituted, continued or enforced, and any such penalty, forfeiture, suspension, expulsion or other enforcement action may be imposed as if the circumstance had not taken effect.



Amendment History

03/10/2022

First Adopted

