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update

unlisted

Unlisted is a trading facility. It is not a registered stock exchange under the Securities Markets Act 1988. For more information visit www.unlisted.co.nz

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Unlisted gears up to launch Issuer Profiles

Requirements of the Financial Advisers Act 2008 and Financial Advisers Code sees Unlisted launch a new added value service.

The introduction of the Financial Advisers Act 2008 on 1 July 2011 has brought with it additional compliance obligations for Unlisted's market participants. Not the least of which is the need for Authorised Financial Advisers (AFAs) to comply with the new Financial Advisers Code.

Code Standard 6 requires AFAs to "make recommendations only in relation to financial products that have been analysed by the AFA to a level that provides a reasonable basis for any such recommendation, or analysed by another person upon whose analysis it is reasonable, in all circumstances, for the AFA to rely".

In anticipation of this requirement, and to assist both investors and brokers in the process of information discovery about

Unlisted's Issuers, we have initiated the development of Issuer Profiles. These Issuer Profiles are to be freely available from Unlisted's website and will be viewable online or able to be downloaded in a printed form via a new link inserted on the home page of the Unlisted website.

While not a full blown research product, the scope of the Issuer Profile project has been to provide a two-page synopsis of each Unlisted Issuer. The Profile will include an overview of the Issuer, its directors and top ten shareholders, summary financial results and high level performance analysis based on the financial results, dividends and security price movements.

Unlisted will initially provide this service for no charge. It is Unlisted's intention to update the Issuer Profiles each year upon receipt of Issuer annual reports. The service could be extended out to Issuers on other markets or into a full research product if demand warrants.

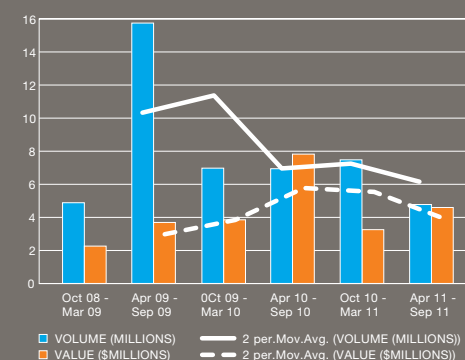
The project is nearly ready to go live, with final testing being undertaken. The intention is to go live with the new Issuer Profile functionality in early November.

Trading Review April 2011 - September 2011

TRADE SUMMARY

In the six months of trading from 1 April 2011 to 30 September 2011, Unlisted has facilitated 360 trades of 4.8 million shares worth \$4.6 million, at a monthly average of 60 trades of collectively 800k shares worth \$0.77 million. This compares with 423 trades, 7.5 million shares and \$3.3 million over the six month period to 31 March 2011, and 502 trades, 6.9 million shares and \$7.8 million over the six month period to 30 September 2011.

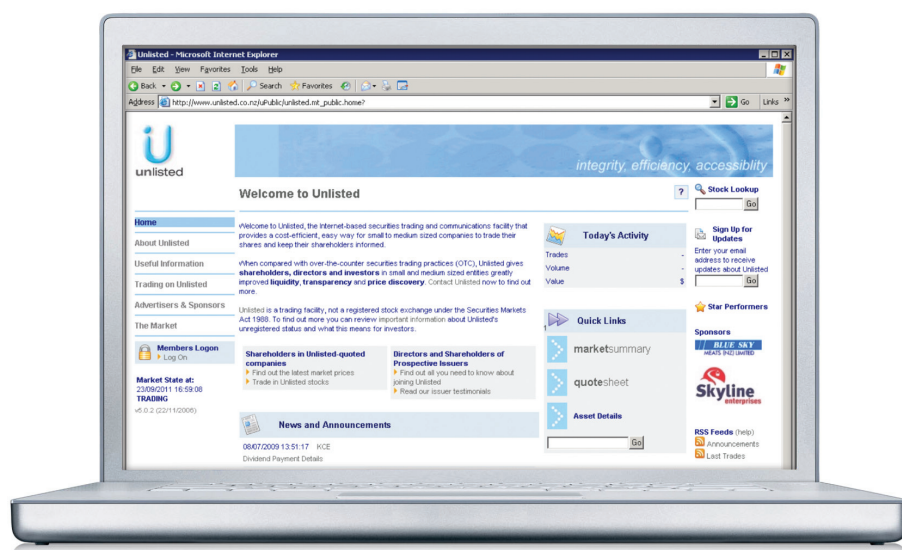
HALF YEARLY VOLUME AND VALUE COMPARISONS



Posting the most trades was King Country Energy at 109 trades (30% of all trades) worth \$665k (14% of trades by value) followed by Rural Equities with 65 trades (18% of all trades) worth the highest value of \$1.9 million (42% of total value traded).

During the six month period price movements were mainly positive. Silver Fern Farms gained 18 cents (40%) closing at \$0.63, Irongate Property increased half a cent to 1 cent, Skyline Enterprises rose 64 cents to \$6.15, Bluesky Meats gained 37 cents up 26%, ProTen increased by 3 cents (7%), PharmaZen gained 21% to 4 cents, Rangitira (A class) rose 2% to \$6.10 and St Johns Balanced Property Fund increased 5 cents (4%) closing at \$1.20.

Going against the positive trend Terra Vitae Vineyards declined 7% (2 cents), Vehicle Inspection NZ fell 5 cents to \$1.50, Rangitira (B Class) was down 3% to \$5.80, King Country Energy declined 5% to \$3.10 and Rural Equities Limited fell 3% to \$3.10.



Unlisted seeking issuer views on Financial Market Conduct Bill

by Bevan Wallace, Unlisted Chairman

The draft Financial Markets Conduct Bill (FMCB) proposes licensing market operators thereby imposing additional compliance and disclosure obligations, not only on Unlisted, but on all market participants including our issuers.

Under current legislation Unlisted operates as an unregistered securities trading facility and, as such, the provisions of the Securities Markets Act do not apply to Unlisted or its market participants.

Under the FMCB Unlisted will need to be licensed and, unless exemptions are granted, Unlisted will need to introduce rules, monitor compliance and potentially take enforcement action with respect to matters such as:

- Insider Trading;
- Market Manipulation;
- Continuous Disclosure; and,
- Directors and Officers and Substantial Security Holder Notices.

Furthermore, the Financial Markets Authority will have the power to direct Unlisted on certain matters relating to the operation of the facility.

Unlisted is continuing to make submissions to the Ministry of Economic Development on the FMCB and, in particular, on the exemptions that Unlisted considers necessary to ensure the integrity of its business case.

Unlisted is reluctant to introduce a plethora of rules as it does not have substantial resources to monitor compliance and pursue effective enforcement action. Accordingly, we favour simple rules that would enable us to readily identify breaches and respond accordingly. We envisage enforcement actions limited to suspending participation rights and advising the Financial Markets Authority so that it can take appropriate actions if deemed to be in the public interest.

At issue is: "what rules to introduce and what exemptions to seek?" To that end we have consulted stakeholders and continue to seek ongoing feedback.

Based on stakeholder feedback, our current understanding is that Market Manipulation and Directors and Officers and Substantial Security Holder disclosure FMCB provisions can be accommodated. However, issuers advise that they would require exemptions for our market from the Insider Trading and Continuous Disclosure provisions of the FMCB.

Issuers consider that compliance with the disclosure provisions of existing legislation, together with voluntary disclosures, will be enough to keep stakeholders informed. Furthermore, they argue any additional disclosure obligations not only incur unnecessary compliance costs but also risks compromising their commercial strategies.

The issuer concern with respect to the Insider Trading provisions of the FMCB is that the provisions effectively preclude trading by a substantial proportion of their shareholders as they could be deemed to be Information Insiders. There are no provisions in the FMCB for such insiders to lawfully trade, however several defences available to insiders in the face of a criminal liability for insider trading, are included.

Accordingly, Unlisted would propose not including any specific Continuous Disclosure provisions within its rules and would seek an exemption from the FMCB's Insider Trading provisions.

Rather than a complete absence of Insider Trading rules there is the potential for Unlisted to seek authority to adopt its own Insider Trading provisions. Unlisted therefore seeks your feedback on the potential introduction of a "Notice and Pause Insider Trading Regime." Unlisted developed this concept after discussions with the Ministry of Economic Development and believes it has merit. Such a regime would involve Insiders giving notice of their intention to trade thereby providing a trading window during which Insiders could lawfully trade. Counterparties would therefore be on notice that during this period they were potentially trading with a party that was an Information Insider.

Please provide your feedback to David Wallace, Unlisted Manager, (david@armillary.co.nz).

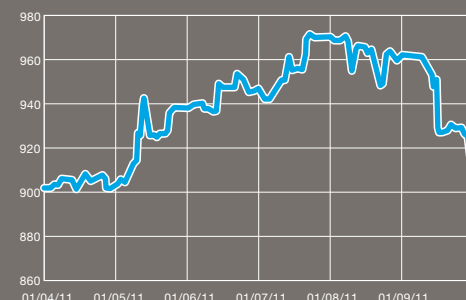
ISSUER ACTIVITY

Irongate Property Bonds commenced trading on Unlisted on 23 June 2011.

MARKET METRICS

As at 30 September 2011 the aggregate market capitalization of all stocks was \$744 million (compared with \$690 million on 31 March 2011 and \$720 million on 30 September 2010), while daily traded value reached a high for the six month period of \$1.04 million on 23 May 2011.

UNLISTED WEIGHTED AVERAGE MARKET PRICE INDICATOR
1 APR 2011 TO 30 SEP 2011

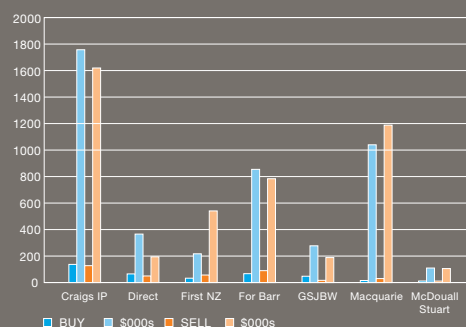


The Unlisted Weighted Average Market Price Indicator, which had a base of 1,000 points when it was introduced on Monday 2 April 2007, was up 0.3% (2 points) over the six months to 904 points as at 30 September 2011 (942 points last September, with an all-time high of 1,112 points on 28 June 2007).

BROKER ACTIVITY

Craigs IP dominated buying activity by trades, in the six months to 30 September 2011, accounting for 37% or 134 trades worth \$1.76 million. Forsyth Barr was in second spot at 18% (66 trades worth \$851k) followed by Direct Broking at 17% (64 trades worth \$363k). Selling activity also saw Craigs IP holding the top spot at 34% (124 trades worth \$1.62 million), followed by Forsyth Barr at 24% (88 trades worth \$778k) and First NZ at 15% (54 trades worth \$534k).

BROKER ACTIVITY
1 APR 2011 TO 30 SEP 2011



CONCLUSION

The number of trades and volume of shares traded for the six month period to 30 September 2011, were both lower than the previous six month period; however value of shares traded was up 40% on the previous period. On balance, prices and consequently the Market Price Indicator, tracked slightly upward over the six months.

LOOKING AHEAD

We expect to see challenging external factors continue to dominate markets over the short term, with global volatility continuing to drive investors to the sidelines.

Unlisted is continuing discussions with prospective issuers and we hope to see some movement in this area in the coming months.

Unlisted will hold an Issuer Forum in Wellington early December. The Forum is an opportunity to hear directly from Unlisted issuers to learn more about capital raising options and the Unlisted trading facility. An invite will be sent out in due course.



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