



NZX Regulation Decision

NZX Regulation (NZXR)

Class Waiver from NZX Listing Rule 4.14.1(a)

29 July 2019



Waiver from Listing Rule 4.14.1(a)

Background

1. This waiver applies to the NZX Listing Rules dated 1 January 2019 (**Rules**).
2. Capitalised terms that are not defined in this decision have the meanings given to them in the Rules.
3. Rule 4.14.1 prescribes methods by which an Issuer may acquire or redeem Equity Securities of that Issuer.
4. Under Rule 4.14.1(a), this includes:
 - a. An acquisition effected through NZX's order matching market or through the order matching market of an Issuer's Home Exchange,...
5. The equivalent provision (Rule 7.6.1 of the NZX Listing Rules dated 1 October 2017 (**Old Listing Rules**)), that applied before the implementation of the Rules, provided that an Issuer shall not acquire or redeem Equity Securities of that Issuer other than by way of, among other things:
 - a. an acquisition effected by offers made by the Issuer through NZX's order matching market, or through the order matching market of a Recognised Stock Exchange;...

Waiver from Rule 4.14.1(a)

6. NZX Regulation (**NZXR**) grants a waiver from Rule 4.14.1(a), to the extent that this Rule restricts an Issuer from acquiring Equity Securities of that Issuer other than through the order matching market of NZX, or the order matching market of an Issuer's Home Exchange.
7. The waiver in paragraph 6 above is provided on the condition that:
 - a. Any acquisition referred to in Rule 4.14.1(a) is effected through either NZX's order matching market or through the order matching market of a Recognised Stock Exchange.

Reasons

8. In coming to the decision to provide the waiver set out in paragraph 5 above, NZXR has considered that:
 - a. Without this class waiver, Rule 4.14.1(a) restricts Issuers conducting an on-market buyback to acquisitions through either NZX's order matching market or an Issuer's Home Exchange. This may inadvertently prevent an Issuer from conducting an on-market buyback on a Recognised Stock Exchange that is not that Issuer's Home Exchange (such as where the Issuer has NZX as its Home Exchange, and a secondary listing on a Recognised Stock Exchange);

- b. The restriction noted in (a) is inconsistent with the policy underpinning both Rule 4.14.1(a) and its predecessor, Old Listing Rule 7.6.1, that Issuers should be able to conduct on-market acquisitions on appropriately regulated markets; and
- c. This change in the scope of the exception referred to in Rule 4.14.1(a) and Old Listing Rule 7.6.1 is an unintended consequence of the review of the Rules undertaken in 2018.