

Summary

This Practice Note explains the:

- general features of the most common types of accelerated entitlement offers; and
- standard timetable for accelerated offers.

Relevant NZX Listing Rules: 4.1, 4.3.1, 4.4.2, 4.17.1, 4.17.2, 4.17.6, 4.17.7, 5.2.1

Under Rule 9.15.1 of the NZX Listing Rules (**Rules**), NZX Limited (**NZX**) may act by and through NZX Regulation Limited (**NZ RegCo**) in performing any function or discharging any power set out in the Rules. References in this Practice Note to NZX therefore also include NZ RegCo in relation to any regulatory activity or discretion.

Also refer to:

- [NZX Guidance Note Capital Raising](#)
- [NZX's Practice Notes QFP Exemption and also Trading Halts](#)

What are accelerated entitlement offers?

Accelerated ~~entitlement offers~~[Offers](#) are pro-rata offers of ~~securities~~[Rights to acquire an Equity Security](#) to existing ~~shareholders~~[holders of an Issuer's Equity Securities](#) under an accelerated timetable. Accelerated ~~offers~~[Offers](#) can be structured in a number of ways, ~~with the Rules in relation to Accelerated Offers and also Rights offers applying depending on the structure~~. This Practice Note covers the most common forms of ~~accelerated entitlement offer~~[Accelerated Offers](#) undertaken in the Australasian capital markets:

- Accelerated renounceable entitlement offers (**AREOs**)
- Simultaneous accelerated renounceable entitlement offers (**SAREOs**)
- Pro Rata accelerated institutional, tradable retail entitlement offers (**PAITREOs**)

Each of these types of ~~accelerated offer~~[Accelerated Offer](#) includes an accelerated ~~institutional offer~~[Institutional Entitlement Offer](#), a subsequent ~~retail offer~~[Retail Entitlement Offer](#), and one or more bookbuilds to ~~deal with rights offer for sale the Rights, or Shares relating to Rights~~, not taken up ~~or not able to be taken up by shareholders~~.

The standard features of an AREO include:

- Institutional shareholders participating in an accelerated ~~entitlement~~[entitlement](#) offer (**Institutional Entitlement Offer**) before the commencement of an ~~entitlement~~[entitlement](#) offer to retail shareholders (**Retail Entitlement Offer**).
- No on market ~~rights~~[Rights](#) trading occurs. ~~Rights, or~~ Shares in respect of ~~entitlements~~[Rights](#), that are not taken up, or ~~are~~ not able to be taken up, by shareholders are offered through a bookbuild process. Separate bookbuilds are undertaken following the Institutional ~~Entitlement~~[Entitlement](#) Offer (**Institutional Bookbuild**) and the Retail ~~Entitlement~~[Entitlement](#) Offer (**Retail Bookbuild**). An



~~issuer~~Issuer would usually apply to NZ RegCo for a trading halt to be in place for the separate bookbuilds.

SAREOs and PAITREOs are largely conducted in the same way as AREOs, with the following exceptions:

- Under a SAREO, there is no Institutional Bookbuild. Instead, a SAREO features a single bookbuild at the end of the Retail Entitlement Offer period.
- Under a PAITREO, quotation is sought for trading of the ~~rights entitlements~~Rights of eligible retail shareholders. Shares in respect of ~~entitlements~~Rights not taken up are offered through the Retail Bookbuild.

~~NZX is~~Issuers may also ~~aware of~~consider accelerated non-renounceable entitlement offers (ANREOs), ~~however these are not able to be offered under the Rules~~. Further information on ANREOs is available in a separate Practice Note.

Standard timetable for ~~accelerated offers~~Accelerated Offers

This Practice Note includes an example transaction timetable for an ~~accelerated offer~~Accelerated Offer. The timetable assumes:

- a standard offer structure undertaken in the minimum time permitted under the Listing Rules, with an electronic facility for retail shareholder acceptances (so the ~~retail component of the offer~~Retail Entitlement Offer may be open for a minimum of ~~7 business days~~5 Business Days following the mailing of the retail ~~letter of entitlements~~shareholder letters of entitlement); and
- the offer is made ~~as under~~ a ~~same class offer~~QFP notice, meaning no review of the Schedule 1 Offer Document ~~by NZX~~ prior to announcement in accordance with ~~Rule~~Rules 7.1.1 and 7.1.2.

Quotation of rights - PAITREO

To facilitate Accelerated Offers, NZX must create Rights instruments. This occurs once the Accelerated Offer is announced using information in the Corporate Action Notice. Where an Issuer seeks quotation of rights in a PAITREO, creating the Rights instrument notifies market participants of a new security instrument. Due to this, Issuers undertaking a PAITREO must comply with the timing requirements set out in Rule 4.17.6 and release a Corporate Action Notice for the PAITREO no later than four Business Days before the Ex Date.

Releasing the QFP cleansing notice

~~Both the Financial Markets Conduct Regulations 2014 (FMC Regulations) and the Rules set out timing obligations for the release of the QFP cleansing notice that is required by clause 19 of Schedule One of the Financial Markets Conduct Act 2013 (FMCA). In order to comply with the timing obligations set out in the Rules, the notice must be released no later than the Ex Date. The FMC Regulations require issuers to release this within the 24 hour period before the offer is made (or at an earlier time required by NZX). Accordingly, the timetable below indicates that the QFP cleansing notice should be released on the date that the institutional offer opens, which is the day immediately prior to the Ex Date.~~

Since implementation of the Financial Markets Conduct Act 2013 (FMCA), most rights issues, including Accelerated Offers, have been made in reliance on the "same class as quoted financial products" exemption (QFP exemption) in the FMCA.

Under the QFP exemption, Rights issues are not regulated offers and no prescribed disclosure requirements apply to Rights issue offer documents. For Issuers to be able to rely on the QFP exemption they must issue a QFP notice (also known as a "cleansing notice") at the same time the Corporate Action Notice is released.¹ Rights issues made under the QFP exemption do not require approval by NZX but will still require a form of Offer Document to be released under the Rules.

This Practice Note assumes that an ~~issuer~~Issuer will release one document that acts as the QFP ~~cleansing~~ notice for all stages of an ~~accelerated offer~~Accelerated Offer (i.e. ~~including any institutional~~in respect of the Institutional Entitlement Offer, the Retail Entitlement Offer and retail offers and book builds) ~~both offers and both book builds~~any bookbuild), instead of a separate document at each stage of an ~~accelerated offer~~Accelerated Offer.

If the information set out in a QFP ~~cleansing~~ notice ceases to be complete, or true, the ~~issuer~~Issuer should have ~~regards~~regard to its obligations under the FMCA, including both clause 21 of Schedule 8 of the FMC Regulations (which requires the correction of a defective QFP ~~cleansing~~ notice) and an ~~issuer's~~Issuer's broader obligations under Part 2 of the FMCA. This may result in the release of a new or modified QFP ~~cleansing~~ notice.

¹ Under Rule 4.17.6 or 4.17.7 (as applicable) a QFP notice must be released through MAP at the same time as the Corporate Action Notice for a Rights issue. The Rule has the effect of changing the "relevant time" for release of the QFP notice under clause 20 of Schedule 8 of the Financial Markets Conduct Regulations 2014. Multiple QFP notices are **not** required.

Event timetable – AREO and SAREO

Action(s) or Event	AREO	SAREO	
<input type="checkbox"/> Provide to NZX (not for market release) the information required under Rule 4.17.67(a) or Rule <input type="checkbox"/> 4.17.7 (as applicable), including), namely a draft of the template Corporate Action Notice <u>Rule 4.17.7(a)</u>	At least 4 Business Days before Day X	At least 4 Business Days before Day X	At least 4 Business Days before Day X
<input type="checkbox"/> Apply to NZX for quotation of rights	N/A	N/A	At least 4 Business Days before Day X
<input type="checkbox"/> Apply to NZX for trading halt for Institutional Entitlement Offer and Institutional Bookbuild <u>Rule 9.9.1(a)</u>	Day X-1	Day X-1	
Day X <input type="checkbox"/> Announce Accelerated Offer and release through MAP the information required by Rule 4.17.7 as modified by Rule 4.4.2(g), namely a completed Corporate Action Notice <u>Rule 4.17.7(b) (as modified by Rule 4.4.2(g))</u> <input type="checkbox"/> QFP cleansing -notice released <input type="checkbox"/> Trading halt begins pre market open <input type="checkbox"/> Release through MAP the information required by Rule 4.17.6(a)/4.17.1 (or no later than Ex Date) including a completed Corporate Action Notice <input type="checkbox"/> Announce accelerated offer and release offer document on NZX	Day X <u>Promptly and without delay after the decision to make the Accelerated Offer has been made and no later than the Ex Date</u>	Day X <u>Promptly and without delay after the decision to make the Accelerated Offer has been made and no later than the Ex Date</u>	Day X

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Action(s) or Event	AREO	SAREO	ASAREO
<input type="checkbox"/> Institutional Entitlement Offer opens			
<input type="checkbox"/> Ex Date of Accelerated Offer	Day X+1	Day X+1	Day X+1
<input type="checkbox"/> Institutional Entitlement Offer closes			
<input type="checkbox"/> Quotation date of rights	N/A	N/A	Day X+1
<input type="checkbox"/> Announce results of Institutional offer Entitlement Offer Rule 3.17	Day X+2	Day X+2	Day X+2
<input type="checkbox"/> Record Date			
<input type="checkbox"/> Trading halt ends on open of trading	N/A	Day X+2	N/A
<input type="checkbox"/> Institutional Bookbuild (if applicable) Rule 4.4.2(b)	Day X+2	N/A	Day X+2
<input type="checkbox"/> Announce results of Institutional Bookbuild Rule 3.17	Day X+3	N/A	Day X+3
<input type="checkbox"/> Trading halt ends on open of trading			
<input type="checkbox"/> Retail Entitlement Offer opens	Day X+3	Day X+2	Day X+3
<input type="checkbox"/> Retail shareholder entitlement letters and forms sent out			

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Action(s) or Event	AREO	SAREO	
Rule 4.17.1			
<input type="checkbox"/> Cease rights quotation date **	N/A	N/A	Day X+6
<input type="checkbox"/> Retail Entitlement Offer closes ** Rule 4.17.2	Day X+ 10 8	Day X+ 9 8	Day X+10
<input type="checkbox"/> Last day for settlement and allotment for Institutional Entitlement Offer and release allotment notice. Release Capital Change Notice for Institutional Entitlement Offer no later than Day X+12 Rule 3.13.1 Rule 4.4.2(h) and Rule 4.19.1	Day X+11	Day X+11	Day X+11
<input type="checkbox"/> Last day for settlement and allotment for Institutional Bookbuild and release allotment notice. Release Capital Change Notice for Institutional Bookbuild no later than Day X+13 Rule 3.13.1 Rule 4.4.2(h) and Rule 4.19.1	Day X+12	N/A	Day X+12
<input type="checkbox"/> Announce results of Retail Entitlement Offer Rule 3.17 <input type="checkbox"/> Trading halt begins pre market open <input type="checkbox"/> Retail Bookbuild, including Institutional Bookbuild for SAREO ("Phase 2")	Day X+12	Day X+14	Day X+12

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Action(s) or Event	AREO	SAREO	PAITREO
<i>Bookbuild*</i> Rule 4.4.2(b)			Day X+13
<input type="checkbox"/> Announce results of Phase 2 Bookbuild Rule 3.17 <input type="checkbox"/> Trading halt ends on open of trading	Day X+13	Day X+12	Day X+13
<input type="checkbox"/> <input checked="" type="checkbox"/> Last date for settlement and allotment of Retail Entitlement Offer ** Rule 4.4.2(h) and release allotment notice for Retail Offer no later than Day X+21* Rule 4.19.1	Day X+ 20 ¹⁸	Day X+ 19 ¹⁸	Day X+20
<input type="checkbox"/> Release Capital Change Notice for Retail Entitlement Offer ** Rule 3.13.1	no later than Day X+19	no later than Day X+19	
<input type="checkbox"/> <input checked="" type="checkbox"/> Last date for settlement and allotment of Phase 2 Bookbuild** Rule 4.4.2(h) and release allotment notice for Phase 2 Bookbuild Rule 4.19.1 no later than Day X+23*	Day X+22	Day X+24	Day X+22
<input type="checkbox"/> Release Capital Change Notice for Phase 2 Bookbuild Rule 3.13.1	no later than Day X+23	no later than Day X+23	
** If the retail offer Retail Entitlement Offer cannot be accepted by electronic means, a minimum of 57 additional Business Days are to be added to the timetable. Subsequent steps in timeframe the timetable will also be impacted affected.			

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Waivers relevant to Accelerated Offers

Issuers undertaking an Accelerated Offer that may require waiver relief should engage with NZ RegCo.

[Event timetable – PAITREO \(based on a minimum 5 Business Day offer period due to electronic acceptance\)](#)

Activities and Events	Timeline
<input type="checkbox"/> Provide to NZX (not for market release) the information required under Rule 4.17.6(a) <i>Rule 4.16.7(a)</i>	At least 4 Business Days before Day X
<input type="checkbox"/> Apply to NZX for Quotation of Rights <i>Rule 1.13.1</i>	
<input type="checkbox"/> Apply to NZX for trading halt for Institutional Entitlement Offer and Institutional Bookbuild <i>Rule 9.9.1(a)</i>	Day X-1
Day X <input type="checkbox"/> Announce Accelerated Offer and release through MAP the information required by Rule 4.17.6(b) as modified by Rule 4.4.2(f) including a completed Corporate Action Notice <i>Rule 4.16.7(b) (as modified by Rule 4.4.2(f))</i> <input type="checkbox"/> QFP notice released <input type="checkbox"/> Trading halt begins pre-market open <input type="checkbox"/> Offer Document released <i>Rule 4.17.6</i> <input type="checkbox"/> Institutional Entitlement Offer opens	Day X
Ex Date <input type="checkbox"/> Institutional Entitlement Offer closes	Day X+1
Record Date <input type="checkbox"/> Institutional Bookbuild <i>Rule 4.4.2(b)</i> <input type="checkbox"/> Retail shareholder Rights trading commences on a deferred settlement basis (if sought by the Issuer) (i.e. trades executed on X+1 to X+6 (inclusive) will settle on a deferred basis on Day X+9)* <i>Issuers should discuss deferred settlement with NZX ahead of launch</i>	Day X+2
<input type="checkbox"/> Announce results of Institutional Bookbuild <i>Rule 3.17</i> <input type="checkbox"/> Trading halt on Equity Securities ends on open of trading	Day X+3

Key Dates/Events	DATE
<input type="checkbox"/> Retail Entitlement Offer opens	Day X+4
<input type="checkbox"/> Retail shareholder entitlement letters sent Rule 4.17.1	
<input type="checkbox"/> Retail shareholder Rights trading commences on a normal T+2 settlement basis (settling on Day X+9)	Day X+7
<input type="checkbox"/> Retail shareholder Rights trading ends	Day X+7 (5pm NZT)
<input type="checkbox"/> Final settlement date of retail shareholder Rights trading	Day X+9
<input type="checkbox"/> Last day for settlement and allotment for Institutional Entitlement Offer and Bookbuild. Release Capital Change Notice for both no later than Day X+12. Rule 3.13.1 Rule 4.4.2(h) and Rule 4.19.1	Day X+11
<input type="checkbox"/> Retail Entitlement Offer closes ** Rule 4.17.2	Day X+11
<input type="checkbox"/> Announce results of Retail Entitlement Offer Rule 3.17	Day X+14
<input type="checkbox"/> Trading halt begins pre market open	
<input type="checkbox"/> Retail Bookbuild (if applicable) Rule 4.4.2(b)	
<input type="checkbox"/> Announce results of Retail Bookbuild Rule 3.17	Day X+15
<input type="checkbox"/> Trading halt ends on earlier of open of trading or announcement of Retail Bookbuild results	
<input type="checkbox"/> Last date for settlement and allotment of Retail Entitlement Offer and Bookbuild. Release Capital Change Notice for both no later than Day X+22. ** Rule 3.13.1 Rule 4.4.2(h) and Rule 4.19.1	Day X+21



Calculation Event	PAUSE
<p><u>* For PAITREOs announced before the Ex Date, NZX exercises its discretion under Rule 4.17.6(c) and requires trading to begin at least one Business Day after the Ex Date in order to allow for sufficient time to create the tradeable instrument. For announcements of the Accelerated Offer made on Ex Date, trading must begin on Day X+3.</u></p>	
<p><u>** If the Retail Entitlement Offer cannot be accepted by electronic means, a minimum of 7 additional Business Days are to be added to the timetable. Subsequent steps in the timetable will also be impacted.</u></p>	



How should applications be made?

~~Applications for waivers, approvals~~ To notify of offering documents, and trading halts should be emailed to an upcoming Accelerated Offer or if you have any questions please contact the Issuer Regulation team of NZ RegCo ~~en~~ using the email issuer@nzregco.com.

For further information on engaging with NZ RegCo, please refer to NZX's Guidance Note [Issuer Engagement with NZX](#).

For further information on applying for trading halts, please refer to NZ RegCo's Practice Note [Trading Halts](#).

Practice Notes are not intended to be a definitive statement of the application of the rules in every situation and are only a guide to NZX policy and practice. This Practice Note does not limit NZX's discretion under the rules. NZX takes no responsibility for any error contained in the Practice Note. NZX may replace Practice Notes at any time.

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