

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 (Rule): 4.1, 4.3.1, 4.4.2, 4.17.1, 4.17.2, 4.17.6, 4.17.7, 5.2.1

What are accelerated entitlement offers?

Accelerated entitlement offers are pro-rata offers of securities to existing shareholders under an accelerated timetable. Accelerated offers can be structured in a number of ways. This Practice Note covers the most common forms of accelerated entitlement offer 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 includes an accelerated institutional offer, a subsequent retail offer, and one or more bookbuilds to deal with rights not taken up.

The standard features of an AREO include:

- Institutional shareholders participating in an accelerated offer (**Institutional Offer**) before the commencement of an offer to retail shareholders (**Retail Offer**).
- No on market rights trading occurs. Shares in respect of entitlements that are not taken up, or not able to be taken up, by shareholders are offered through a bookbuild process. Separate bookbuilds are undertaken following the Institutional Offer (**Institutional Bookbuild**) and the Retail Offer (**Retail Bookbuild**). An issuer would usually apply 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 Offer period.
- Under a PAITREO, quotation is sought for trading of the rights entitlements of eligible retail shareholders. Shares in respect of entitlements not taken up are offered through the Retail Bookbuild.

Standard timetable for accelerated offers

This Practice Note includes an example transaction timetable for an 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 acceptances (so the retail component of the offer may be open for a minimum of 7 business days following the mailing of the retail letter of entitlements); and
- the offer is made in accordance with a Schedule 1 Offer Document not requiring prior NZX review under Rule 7.1.1.

Releasing the QFP cleansing notice

Both the Financial Markets Conduct Regulations (**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.

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

If the information set out in a QFP cleansing notice ceases to be complete, or true, the issuer should have regards 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 broader obligations under Part 2 of the FMCA. This may result in the release of a new or modified QFP cleansing notice.

Action(s) or Event	AREO	SAREO	PAITREO
<input type="checkbox"/> Provide to NZX Regulation (not for market release) the information required under Rule 4.17.6(a) or Rule 4.17.7 (as applicable), including a draft of the template Corporate Action Notice	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 Regulation for quotation of rights	N/A	N/A	At least 4 Business Days before Day X
<input type="checkbox"/> Apply to NZX Regulation for trading halt for Institutional Offer and Institutional Bookbuild	Day X-1	Day X-1	Day X-1

Action(s) or Event	AREO	SAREO	PAITREO
Day X <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 <input type="checkbox"/> Institutional Offer opens	Day X	Day X	Day X
<input type="checkbox"/> Ex Date of Accelerated Offer <input type="checkbox"/> Institutional Offer closes	Day X+1	Day X+1	Day X+1
<input type="checkbox"/> Quotation date of rights	N/A	N/A	Day X+1
<input type="checkbox"/> Announce results of Institutional offer <input type="checkbox"/> Record Date	Day X+2	Day X+2	Day X+2
<input type="checkbox"/> Trading halt ends on open of trading	N/A	Day X+2	N/A
<input type="checkbox"/> Institutional Bookbuild (if applicable)	Day X+2	N/A	Day X+2
<input type="checkbox"/> Announce results of Institutional Bookbuild <input type="checkbox"/> Trading halt ends on open of trading	Day X+3	N/A	Day X+3
<input type="checkbox"/> Retail Offer opens <input type="checkbox"/> Retail entitlement letters and forms sent out	Day X+3	Day X+2	Day X+3
<input type="checkbox"/> Cease rights quotation date **	N/A	N/A	Day X+6
<input type="checkbox"/> Retail Offer closes **	Day X+10	Day X+9	Day X+10
<input type="checkbox"/> Last day for settlement and allotment for Institutional Offer and release allotment notice for Institutional Offer no later than Day X+12	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 for Institutional Bookbuild no later than Day X+13	Day X+12	N/A	Day X+12
<input type="checkbox"/> Announce results of Retail Offer <input type="checkbox"/> Trading halt begins pre market open	Day X+12	Day X+11	Day X+12

Action(s) or Event	AREO	SAREO	PAITREO
<input type="checkbox"/> Retail Bookbuild, including Institutional Bookbuild for SAREO (“Phase 2 Bookbuild”)			
<input type="checkbox"/> Announce results of Phase 2 Bookbuild <input type="checkbox"/> Trading halt ends on open of trading	Day X+13	Day X+12	Day X+13
<input type="checkbox"/> Last date for settlement and allotment of Retail Offer and release allotment notice for Retail Offer no later than Day X+21 *	Day X+20	Day X+19	Day X+20
<input type="checkbox"/> Last date for settlement and allotment of Phase 2 Bookbuild and release allotment notice for Phase 2 Bookbuild no later than Day X+23 *	Day X+22	Day X+21	Day X+22
** If the retail offer cannot be accepted by electronic means, a minimum of 5 additional Business Days are to be added to the timetable. Subsequent steps in timeframe will also be impacted.			

Waivers relevant to Accelerated Offers

Issuers undertaking an Accelerated Offer that may require waiver relief, should engage with NZX Regulation.

How should applications be made?

Applications for waivers, approvals of offering documents, and trading halts should be emailed to regulation@nzx.com.

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

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