

Practice Note

Issues, redemptions and other changes in Quoted Financial Products

Applies to Listing Rules as at: 1 April 2023
Last updated September 2023

Summary: This practice note:

- explains when an issuer is required to notify the market that there has been a change to the number of Quoted Financial Products on issue;
- outlines issuer requirements in relation to changes of capital (issues, redemptions, and other changes in Quoted Financial Products)

Relevant Listing Rule: 3.13, 4.10

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.

The Rules require issuers to notify the market of certain changes in the number of their Quoted Financial Products (**QFP**) on issue.

This Practice Note has been prepared to assist Issuers with announcements of capital changes, which require release via the NZX Market Announcement Platform. Issuers must also complete MAP data entry when releasing this information.

When should you provide notice?

		Have you...		
Debt and Fund Issuers		Issued new QFPs	Equity Issuers	
		Acquired QFPs		
		Redeemed QFPs		
		Issued financial products convertible into your quoted equity securities, or issued options to acquire quoted equity securities		
		Acquired financial products convertible into your quoted equity securities, or acquired options to acquire quoted equity securities		
		Redeemed financial products convertible into your quoted equity securities, or redeemed options to acquire quoted equity securities		

For equity issuers, this will include share splits, share consolidations, and the sale or transfer of Treasury Stock. There is an exception for acquisitions of quoted debt securities by the Issuer in a market-making capacity, or where the quoted debt securities are held or acquired for the benefit of a third party (Rule 3.13.3).

It is important that information relating to the total number of an issuer's QFPs on issue is clear, accurate and up to date. The information provided in these forms and via MAP data entry is used for various operational purposes, including calculating an issuer's market capitalisation, and is useful for investors in equity issuers so that they can more easily work out what percentage of shares they own.

Issues, acquisitions, or redemptions of Financial Products

When an Issuer issues, acquires or redeems Quoted Financial Products, they must disclose this through MAP, as an announcement under the category SECISSUE.

This announcement should take the form of a Capital Change Notice, which is an NZX prescribed form.

When do I need to release a Capital Change Notice?

The prescribed forms need to be released:

- For a fund that is a continuous issuer, on a consistent monthly basis (Rule 3.13.2),
- For all other issuers of QFPs, within one business day of the event that has given rise to the requirement to release the form (Rule 3.13.1)

Templates for disclosure can be found on the [forms page](#) on the Market Announcement Platform.

Entering MAP Data

When releasing a Capital Change notice for Quoted Financial Products, an Issuer must enter certain data into MAP. The data points include the following:

- The security being issued or redeemed
- The data of issue or redemption
- The reason for issue or redemption
- The issue price
- The number being issued or redeemed
- The new total number of quoted securities on issue (excluding Treasury Stock)
- The currency

Issuers are not required to enter MAP data for the issue and/or lapsing of non-quoted financial products that are exercisable into quoted products, and should not do so as this affects NZX's overall data of the number of quoted securities on issue. However, this data must be entered if these products are exercised into the quoted product.

Treasury Stock

Treasury Stock are equity shares held by an Issuer under provisions in the Companies Act 1993, which enable treasury stock to be held by a company. This includes shares held by a Subsidiary of a company other than in accordance with section 82 (6) of the Companies Act 1993.

Rule 3.13 and the Capital Change Notice require disclosure of Treasury Stock amounts, and total number of securities excluding Treasury Stock.

Rule 4.10 confirms that for issuers registered under the Companies Act 1993, the transfer of Treasury Stock for the purposes of section 4 of the Rules is deemed to constitute an issue of Equity Securities.

When Issuers are required to enter the total number of securities on issue into MAP, this figure should exclude Treasury Stock. This is required when releasing Full and Half Year Results announcements, or when the total number of securities on issue has changed (and as communicated via a Capital Change Notice).

Issuers of debt securities will sometimes hold debt securities. While transactions of debt securities might be treasury activities of the issuer, Treasury Stock as defined in the Rules does not apply to debt securities.

Reason for Issue

As per the NZX Fee Schedule, NZX charges fees for the issue of additional capital. It is important that issuers select the correct reason for issue, as this information is then used when generating the invoice. If an incorrect reason is selected, then an Issuer may be billed incorrectly.

Further information on the reason for issue/redemption is:

- **Buyback/Redeem** - anytime the Quoted Financial Products on issue have decreased. This may be because of either a buy-back, partial redemption or capital decrease
- **DRP/Savings scheme** - whenever Quoted Financial Products are issued as part of a Dividend Reinvestment Plan
- **Employee/Director Share Scheme** - any Quoted Financial Products issued as the result of an employee or director share scheme. This includes the exercise of performance rights or options to shares as part of a Long-Term Investment scheme
- **Subsequent/Further Issue** - anything not captured in other categories
- **Initial (I)** - this is used solely for the initial issue of debt securities, which will usually be the initial issue of a new debt instrument

Foreign Exempt Issuers

NZX Foreign Exempt issuers are required to enter this information into MAP at the time of the relevant announcement but are not required to release a NZX template Capital Change Notice.

Questions?

Please contact NZ RegCo (issuer@nzregco.com) or your NZX Relationship Manager with any questions.

User guides to assist with MAP are available <https://map.nzx.com/static/forms/>

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's 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.