

### 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 Offers are pro-rata offers of Rights to acquire an Equity Security to existing holders of an Issuer's Equity Securities under an accelerated timetable. Accelerated 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 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 includes an accelerated Institutional Entitlement Offer, a subsequent Retail Entitlement Offer, and one or more bookbuilds to 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 offer (**Institutional Entitlement Offer**) before the commencement of an entitlement offer to retail shareholders (**Retail Entitlement Offer**).
- No on market Rights trading occurs. Rights, or Shares in respect of 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 Offer (**Institutional Bookbuild**) and the Retail Entitlement Offer (**Retail Bookbuild**). An 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 of eligible retail shareholders. Shares in respect of Rights not taken up are offered through the Retail Bookbuild.

Issuers may also consider accelerated non-renounceable entitlement offers (ANREOs). Further information on ANREOs is available in a separate Practice Note.

### **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 Rules, with an electronic facility for retail shareholder acceptances (so the Retail Entitlement Offer may be open for a minimum of 5 Business Days following the mailing of the retail shareholder letters of entitlement); and
- the offer is made under a QFP notice, meaning no review of the Schedule 1 Offer Document by NZX prior to announcement in accordance with 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

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.<sup>1</sup> 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 will release one document that acts as the QFP notice for all stages of an Accelerated Offer (i.e. in respect of the Institutional Entitlement Offer, the Retail Entitlement Offer and any bookbuild), instead of a separate document at each stage of an Accelerated Offer.

If the information set out in a QFP notice ceases to be complete, or true, the Issuer should have 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 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 notice.

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<sup>1</sup> 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 4.17.7(a), namely a draft of the template Corporate Action Notice <i>Rule 4.17.7(a)</i>	At least 4 Business Days before Day X	At least 4 Business Days before Day X
<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-1
<b>Day X</b> <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 <i>Rule 4.17.7(b) (as modified by Rule 4.4.2(g))</i> <input type="checkbox"/> QFP notice released <input type="checkbox"/> Trading halt begins pre market open <input type="checkbox"/> Institutional Entitlement Offer opens	Day X Promptly and without delay after the decision to make the Accelerated Offer has been made and no later than the Ex Date	Day X Promptly and without delay after the decision to make the Accelerated Offer has been made and no later than the Ex Date
<input type="checkbox"/> Ex Date <input type="checkbox"/> Institutional Entitlement Offer closes	Day X+1	Day X+1
<input type="checkbox"/> Announce results of Institutional Entitlement Offer <i>Rule 3.17</i> <input type="checkbox"/> Record Date	Day X+2	Day X+2
<input type="checkbox"/> Trading halt ends on open of trading	N/A	Day X+2
<input type="checkbox"/> Institutional Bookbuild (if applicable) <i>Rule 4.4.2(b)</i>	Day X+2	N/A
<input type="checkbox"/> Announce results of Institutional Bookbuild <i>Rule 3.17</i> <input type="checkbox"/> Trading halt ends on open of trading	Day X+3	N/A

Action(s) or Event	AREO	SAREO
<input type="checkbox"/> Retail Entitlement Offer opens <input type="checkbox"/> Retail shareholder entitlement letters sent <i>Rule 4.17.1</i>	Day X+3	Day X+3
<input type="checkbox"/> Retail Entitlement Offer closes ** <i>Rule 4.17.2</i>	Day X+8	Day X+8
<input type="checkbox"/> Last day for settlement and allotment of Institutional Entitlement Offer. Release Capital Change Notice for Institutional Entitlement Offer no later than Day X+12 <i>Rule 3.13.1</i> <i>Rule 4.4.2(h) and Rule 4.19.1</i>	Day X+11	Day X+11
<input type="checkbox"/> Last day for settlement and allotment for Institutional Bookbuild. Release Capital Change Notice for Institutional Bookbuild no later than Day X+13 <i>Rule 3.13.1</i> <i>Rule 4.4.2(h) and Rule 4.19.1</i>	Day X+12	N/A
<input type="checkbox"/> Announce results of Retail Entitlement Offer <i>Rule 3.17</i> <input type="checkbox"/> Trading halt begins pre market open <input type="checkbox"/> Retail Bookbuild, including Institutional Bookbuild for SAREO (" <i>Phase 2 Bookbuild</i> ") <i>Rule 4.4.2(b)</i>	Day X+12	Day X+12
<input type="checkbox"/> Announce results of Phase 2 Bookbuild <i>Rule 3.17</i> <input type="checkbox"/> Trading halt ends on open of trading	Day X+13	Day X+13
<input type="checkbox"/> Last date for settlement and allotment of Retail Entitlement Offer ** <i>Rule 4.4.2(h) and Rule 4.19.1</i>	Day X+18	Day X+18
<input type="checkbox"/> Release Capital Change Notice for Retail Entitlement Offer ** <i>Rule 3.13.1</i>	no later than Day X+19	no later than Day X+19



Action(s) or Event	AREO	SAREO
<input type="checkbox"/> Last date for settlement and allotment of Phase 2 Bookbuild** <i>Rule 4.4.2(h) and Rule 4.19.1</i>	Day X+22	Day X+22
<input type="checkbox"/> Release Capital Change Notice for Phase 2 Bookbuild <i>Rule 3.13.1</i>	no later than Day X+23	no later than Day X+23
<p>** 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 affected.</p>		

**Event timetable – PAITREO (based on a minimum 5 Business Day offer period due to electronic acceptance)**

Action(s) or Event	PAITREO
<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>  <input type="checkbox"/> Apply to NZX for Quotation of Rights <i>Rule 1.13.1</i>	At least 4 Business Days before Day X
<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
<p><b>Day X</b></p> <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
<p><b>Ex Date</b></p> <input type="checkbox"/> Institutional Entitlement Offer closes	Day X+1

Action(s) or Event	PAITREO
<p><b>Record Date</b></p> <p><input type="checkbox"/> Institutional Bookbuild <i>Rule 4.4.2(b)</i></p> <p><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></p>	Day X+2
<p><input type="checkbox"/> Announce results of Institutional Bookbuild <i>Rule 3.17</i></p> <p><input type="checkbox"/> Trading halt on Equity Securities ends on open of trading</p>	Day X+3
<p><input type="checkbox"/> Retail Entitlement Offer opens</p> <p><input type="checkbox"/> Retail shareholder entitlement letters sent <i>Rule 4.17.1</i></p>	Day X+4
<p><input type="checkbox"/> Retail shareholder Rights trading commences on a normal T+2 settlement basis (settling on Day X+9)</p>	Day X+7
<p><input type="checkbox"/> Retail shareholder Rights trading ends</p>	Day X+7 (5pm NZT)
<p><input type="checkbox"/> Final settlement date of retail shareholder Rights trading</p>	Day X+9
<p><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. <i>Rule 3.13.1</i> <i>Rule 4.4.2(h) and Rule 4.19.1</i></p>	Day X+11
<p><input type="checkbox"/> Retail Entitlement Offer closes ** <i>Rule 4.17.2</i></p>	Day X+11
<p><input type="checkbox"/> Announce results of Retail Entitlement Offer <i>Rule 3.17</i></p>	Day X+14

Action(s) or Event	PAITREO
<input type="checkbox"/> Trading halt begins pre market open <input type="checkbox"/> Retail Bookbuild (if applicable) <i>Rule 4.4.2(b)</i>	
<input type="checkbox"/> Announce results of Retail Bookbuild <i>Rule 3.17</i> <input type="checkbox"/> Trading halt ends on earlier of open of trading or announcement of Retail Bookbuild results	Day X+15
<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. ** <i>Rule 3.13.1</i> <i>Rule 4.4.2(h) and Rule 4.19.1</i>	Day X+21
<p>* 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.</p>	
<p>** 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.</p>	



## How should applications be made?

To notify of an upcoming Accelerated Offer or if you have any questions please contact the Issuer Regulation team of NZ RegCo using the email [issuer@nzregco.com](mailto: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.*