



# Practice Note

## Rights issue requirements and timetable

Applies to Listing Rules as at: 1 January 2019  
Updated 8 July 2019

### Summary

This Practice Note:

- describes the key actions for issuers undertaking a renounceable or non-renounceable rights issue.

### Relevant Listing Rules (Rules):

- 1.13.2, 1.14.2, 1.15.2, 1.16.1, 3.13.1, 3.26.2, 4.17, 4.19, 7.4.

The Rules enable issuers to undertake different types of secondary capital raisings, including pro-rata rights issues. Rights issues, unless an accelerated offer, must be renounceable (with the ability to sell rights allotted). Rights may also be quoted to provide rights trading on market, this is not mandatory.

Since implementation of the Financial Markets Conduct Act 2013 (**FMCA**), most rights issues have been made in reliance on the “same class as quoted financial products” exclusion (**QFP exclusion**) in the FMCA. The information in this Practice Note is based on a non-accelerated rights issue made under the QFP exclusion.

Under the QFP exclusion, 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 exclusion 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 exclusion do not require approval by NZXR but will still require a form of offer document to be released under the Listing Rules.

The Listing Rules impose specific disclosure and timing requirements for rights issues. The key requirements are set out in Rules 7.4 and 4.17.

The key steps involved in a rights issue are set out in the table below. This timetable does not contemplate accelerated rights offers.

Event	Action(s) required
Application date Day X	<input type="checkbox"/> Apply to NZXR for quotation of rights (if applicable)
Notification date* Day X (being five business days before Ex Date) * only relevant for renounceable rights which are to be quoted	<input type="checkbox"/> Release market announcement of upcoming rights issue along with Corporate Action Notice (unless such notice has already been released) <i>Rule 4.17.6(a)</i>  <input type="checkbox"/> Release QFP notice in accordance with Rules 4.17.6 and 4.17.7 and the requirements of the FMCA

<sup>1</sup> Under Listing 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 the Accelerated Offer. The listing 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 cleansing notices are **not** required.

Event	Action(s) required
Ex date Quotation date* Day X+5 business days * only relevant for renounceable rights which are to be quoted	<input type="checkbox"/> Offer document released to market (prior to commencement of rights trading, if applicable*) <i>Rule 4.17.6</i>
Record date Day X+6 business days	No action required
Rights allotment date Day X+6 business days	No action required
Offer open date Day X+7 business days	No action required
Notice date No later than Day X+11 business days	<input type="checkbox"/> Offer document and letters of entitlement sent to holders of rights <input type="checkbox"/> Offer document must be released to the market no later than it is sent to holders of rights. Cleansing notice release in accordance with the requirements of the FMCA <i>Rule 4.17.1</i>
Cease quotation date for offer able to be accepted by electronic means Day X+14 business days * only relevant for renounceable rights which are to be quoted	No action required <i>Rule 4.17.6(d)</i>
Cease quotation date for offer <b>not</b> able to be accepted by electronic means* Day X+19 business days * only relevant for renounceable rights which are to be quoted	No action required <i>Rule 4.17.6(d)</i>
Offer closing date for offers able to be accepted by electronic means Day X+18 business days	No action required (if letters of entitlement are sent to holders on Day X+13, the offer closing date may be Day X+20) <i>Rule 4.17.2</i>
Offer closing date for offers <b>not</b> able to be accepted by electronic means Day X+23 business days	No action required (if letters of entitlement are sent to holders on Day X+13, the offer closing date may be Day X+25) <i>Rule 4.17.2</i>
Share allotment where offers able to be	<input type="checkbox"/> Shares must be allotted <i>Rule 4.19.1</i>

Event	Action(s) required
accepted by electronic means No later than Day X+ 29	<input type="checkbox"/> Allotment notice must be provided to NZX within one business day after the allotment taking place <i>Rule 3.13.1.</i>
Share allotment where offers not able to be accepted by electronic means No later than Day X+ 33	<input type="checkbox"/> Shares must be allotted <i>Rule 4.19.1</i> <input type="checkbox"/> Allotment notice must be provided to NZX within one business day after the allotment taking place <i>Rule 3.13.1.</i>