

Summary

This Practice Note explains the:

- general features of accelerated, non-renounceable entitlement offers (**ANREOs**); and
- the standard timetable for these 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 ANREOs?

ANREOs are pro-rata offers of Rights to acquire an Equity Security to existing holders of an Issuer's Equity Securities under an accelerated timetable. Similar to AREOs, ANREOs consist of institutional shareholders participating in an accelerated entitlement offer (**Institutional Entitlement Offer**) before the commencement of an entitlement offer to retail shareholders (**Retail Entitlement Offer**).

The primary difference from AREOs is that Rights are non-Renounceable under ANREOs. This means Rights are not transferrable (i.e. bought or sold). Where AREOs will have a bookbuild process for Rights, or Shares in respect of Rights, that are not taken up or not able to be taken up by shareholders, under an ANREO there may be no bookbuild process. Alternatively, an ANREO could be undertaken where the Issuer does run a bookbuild to determine the allocation of any Rights, or Shares in respect of Rights, that are not taken up or not able to be taken up by shareholders.

Standard timetable for ANREOs

This Practice Note includes an example transaction timetable for an ANREO. 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 entitlements) and no bookbuild(s); 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.

Releasing the QFP cleansing notice

Since implementation of the Financial Markets Conduct Act 2013 (**FMCA**), most rights issues, including ANREOs, 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 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.

Theoretical ex-rights price (TERP)

Please note that NZX may discuss TERP calculations with issuers. TERP is used to set the reference price in the NZX trading system and NZX.com. Some issuers choose to publish TERP calculations in offer materials.

Exercise Ratio

NZX expects any Rights (whether renounceable or not) will be exercised on a 1:1 basis. Any deviation from that ratio should first be raised with NZX and NZ RegCo for prior approval.

¹ Under Rule 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 – ANREO

Action(s) or Event	ANREO
<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
<input type="checkbox"/> Apply to NZX for trading halt for Institutional Entitlement Offer <i>Rule 9.9.1(a)</i>	Day X-1
Day X <input type="checkbox"/> Announce ANREO and release through MAP the information required by Rule 4.17.7(b) (as modified by Rule 4.4.2(g)) and 4.4.2(c)(ii), namely: <ul style="list-style-type: none"> • the prescribed disclosures relating to an ANREO; • a completed Corporate Action Notice; and • any Offer Document relating to the Accelerated Offer, or if there is no Offer Document, supplementary information set out under Rule 4.4.2(c)(ii). <i>Rule 4.17.7(b) (as modified by Rule 4.4.2(g)) and Rule 4.4.2(c)(ii)</i> <input type="checkbox"/> QFP notice released <input type="checkbox"/> Trading halt begins pre market open (<i>issuer to advise whether trading halt one or two days</i>) <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
<input type="checkbox"/> Ex Date <input type="checkbox"/> Institutional Entitlement Offer closes	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
<input type="checkbox"/> Retail Entitlement Offer opens <input type="checkbox"/> Retail shareholder entitlement letters sent <i>Rule 4.17.1</i>	Day X+3
<input type="checkbox"/> Retail Entitlement Offer closes ** <i>Rule 4.17.2</i>	Day X+8
<input type="checkbox"/> Announce results of Retail Entitlement Offer <i>Rule 3.17</i>	Day X+10

Action(s) or Event	ANREO
<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
<input type="checkbox"/> Last date for settlement and allotment of Retail Entitlement Offer. Release Capital Change Notice for Retail Entitlement Offer no later than Day X+19** <i>Rule 3.13.1</i> <i>Rule 4.4.2(h) and Rule 4.19.1</i>	Day X+18
<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>	

Questions and notification

To notify of an upcoming ANREO or if you have any questions please contact the Issuer Regulation team of NZ RegCo 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.