



# Issuer Training Modules – Issuing Securities and Raising Capital

Each NZX training module is for educational purposes and is presented in a summarised format. The training modules do not cover all Listing Rule obligations or highlight all New Zealand corporate law requirements. Nothing in the training modules binds NZX or NZ RegCo in the application of the NZX Listing Rules. Users of the training modules should contact NZ RegCo if they have questions on Listing Rule compliance, or their usual professional advisers.

The NZX Listing Rules and guidance material is available online at <https://www.nzx.com/regulation/nzx-rules-guidance>. To the extent permitted by law, NZX Limited and NZ RegCo shall not be liable for any loss or damage arising in any way from or in connection to the information provided or omitted from the training modules.

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Welcome to the NZX Listing Rules Training Modules. This module provides an overview of the NZX Listing Rule (Rule) requirements that apply when issuing securities and raising capital for NZX listed issuers. It is likely to take you 45 minutes to complete this module.

Key learning outcomes are to understand the requirements under the Rules for issuing securities, along with key NZX disclosure requirements such as templates and Market Announcement Platform (MAP) data.


Issuers can direct any questions about this module to NZ RegCo Issuer Regulation – [issuer@nzregco.com](mailto:issuer@nzregco.com)

**Let's get started!**

 **Part 2: Disclosure Requirements When Raising Capital**

 **Part 3: Shareholder Approval When Issuing Securities**

 **Part 4: Template Disclosures Under the Listing Rules**

 **Part 5: Other Matters Related to Issuing Securities as a Listed Issuer**

 **Part 6: Further Information Is Available**

 **Conclusion**

# Part 1: Overview of Issuing Securities as a NZX Listed Equity Issuer

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A key reason for listing on a public exchange is access to capital. While issuers have access to capital, the Rules include certain restrictions or requirements. The primary capital options for NZX issuers are:

- Equity;
- Debt – bank finance, and other debt and hybrids;
- Convertible securities.



**Each issuer, with support from its advisers as required, should determine the most appropriate capital structure for the issuer depending on its needs.**

The Rules outline minimum requirements to ensure there is a baseline of protections for investors in issuers publicly listed in New Zealand. The Rules are supported by the recommendations in NZX's Corporate Governance Code (Code), which seek to promote good corporate governance, recognising that boards are in place to protect the interests of investors and to act in the best interests of the issuer. Securities can be issued both for the purposes for raising capital, as well as for

other purposes such as in consideration for acquisitions, as director remuneration or under LTI plans.

Issuing securities is a key area of focus and the Rules seek to complement other legal requirements, such as the Companies Act 1993 and the Financial Markets Conduct Act 2013. Issuers should also be mindful of the related party transaction rules in Rule 5.2 if related parties are intended to participate in an issue of securities.

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# Understanding the Different Equity Capital Raise Structures

*Click on each arrow to view more.*

A range of structures can be used by listed issuers to raise capital. A general description of the most common structures is provided below. The Rules do not seek to prescribe specific structures because this will be a matter for boards to determine. Instead, the Rules place general restrictions and obligations on issuers to protect the interests of the holders of equity securities when issuers are issuing securities.

The Rules reflect a general principle that, as owners of the issuer, existing holders of equity securities should be offered the first opportunity to participate in capital raisings on a pro-rata basis (i.e., to participate in proportion to their existing holdings), unless they have approved otherwise, or the issue is otherwise permitted by the specific circumstances provided for under the Rules. This principle is reflected in most recognised listing regimes. This is also reflected in recommendation 8.4 of the Code which recommends on a “comply or explain” basis that issuers should conduct capital raisings on a pro rata basis. Issuers must explain ‘why’ in their annual reports if they have elected not to do so.

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A photograph of a miniature business scene. In the foreground, a small figure in a green suit is perched on the edge of a tall, white, cylindrical pedestal. In the background, a staircase with several steps is visible. A figure in a pink suit is standing on one of the steps, and another figure in a blue suit is sitting on a lower step. The scene is set against a plain, light-colored background.

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## Pro Rata Capital Raise Structures

The Rules permit pro rata renounceable (meaning able to be transferred) offers without approval by the holders of equity securities. This recognises the existing property rights because holders of equity securities who choose not to participate in an offer can still potentially realise some value for the rights they do not take up in the transaction.



## **Pro-rata offer structures permitted by the Rules are:**

*Click the headings to view more.*

### **Traditional Rights Issue** —

Under a traditional or “vanilla” rights issue renounceable rights are issued to existing holders of equity securities in proportion to their existing holdings, resulting in holders who take up their rights

being issued new shares. An issuer must apply for the rights to be quoted and tradeable on-market or there must be a shortfall bookbuild, or a combination of both, to allow existing holders to potentially realise some value if they choose not to participate in the offer or are ineligible to do so.

### **Accelerated Renounceable Entitlement Offer (AREO)** —

An AREO is a pro rata, renounceable structure under which institutional investors participate in an accelerated offer before the commencement of an offer to retail holders of equity securities. Each offer will usually end with a bookbuild, that may enable non-participating holders of equity securities to receive value if a premium is achieved.

A SAREO is similar to an AREO but has one combined bookbuild at the end. A PAITREO is similar to an AREO but also has tradable rights quoted on the exchange.

### **Accelerated Non-Renounceable Entitlement Offer** —

The key difference between an ANREO and AREO is that the offer is not renounceable. Existing holders of equity securities will not have the potential to realise value if they choose not to take up their entitlements because the entitlements are not renounceable. The rights are not quoted and traded and there is

generally no shortfall bookbuild, with any shortfall being allocated to underwriters and sub-underwriters. If a shortfall bookbuild is included, the proceeds of any premium obtained will go to the issuer instead of existing non-participating holders of equity securities. ANREOs are subject to a maximum 1:3 offer ratio under the Rules.

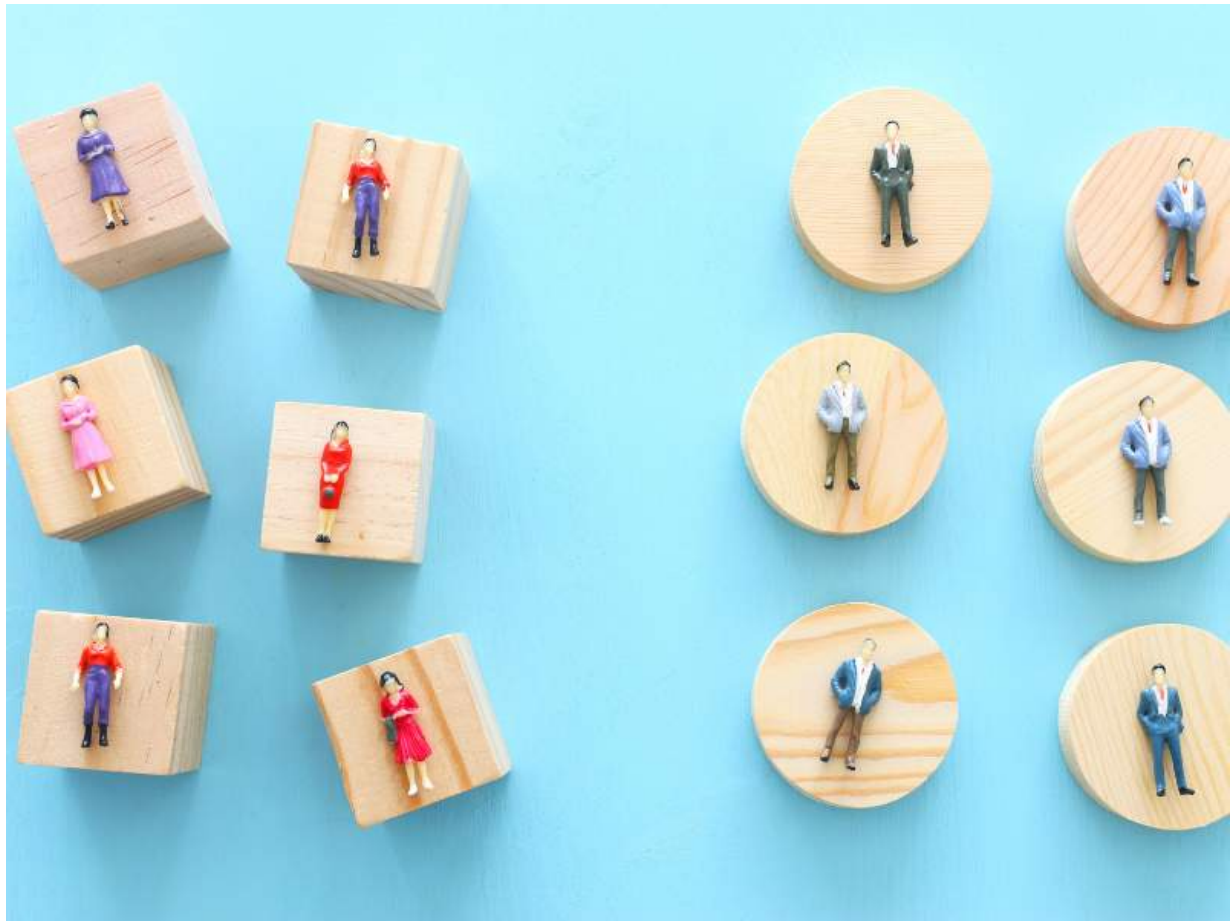
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## Non Pro-Rata Capital Raise Structures



Non-pro rata offers by their nature have the potential to dilute the interests of any existing holders of equity securities. There are therefore limits under the Rules on the extent to which these can occur without approval by the holders of equity securities.



**Non pro-rata offer structures permitted by the Rules are:**



*Click on each tab to view more.*

**PLACEMENT**

**SHARE PURCHASE PLAN (SPP)**

Where equity securities are issued to either new or existing investors at an agreed price. Rule 4.5, which governs placements, can also be used to issue equity securities for other types of issues that are not expressly addressed elsewhere in the Rules, such as the issue of equity securities to vendors as consideration for acquisitions made by an issuer.



## PLACEMENT

## SHARE PURCHASE PLAN (SPP)

An offer to existing holders of equity securities to subscribe for equity securities up to a monetary limit at an agreed price.



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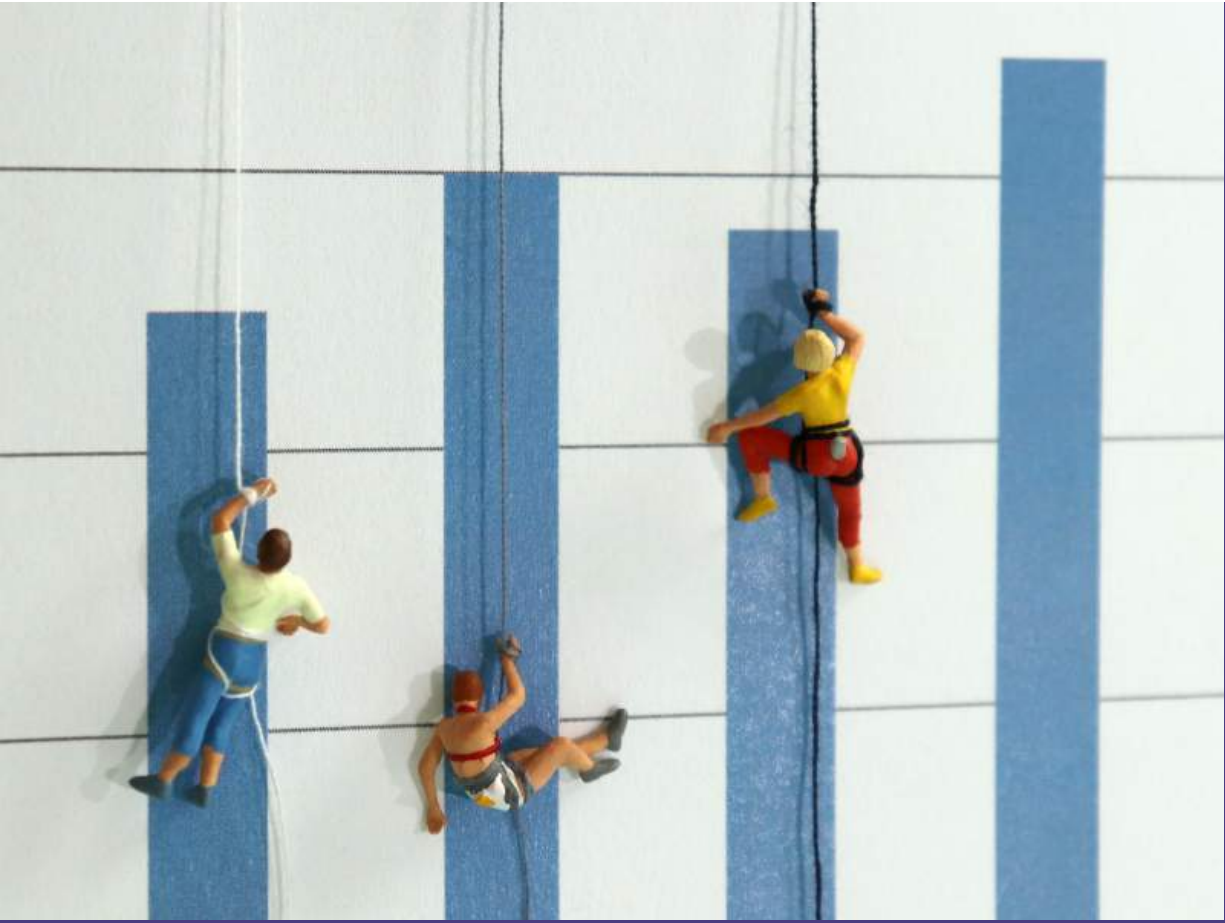


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## Combinations of Different Structures

Offer structures can be used in combination, with the importance of the relative features of each structure depending on the specific terms of the offer as well as the purpose for which capital is being raised. An issuer must be careful to ensure it complies with the relevant rules for the type of offer structure or structures it is adopting.

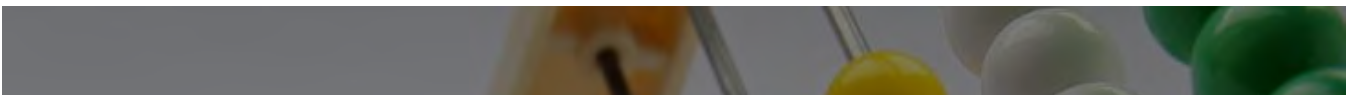






Take for example a capital raise in which an issuer chooses to make a placement to institutional investors and a subsequent share purchase plan to its holders of equity securities. The issuer must therefore comply with the timing and disclosure requirements for both structures as required by the Rules.

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## Placement and Share Purchase Plan Issue Thresholds

*Click on each arrow to view more.*

## Placement Limits



Rule 4.5 provides that an Issuer may issue (i.e. place) equity securities provided the number to be issued, together with all other equity securities of the same class issued under Rule 4.5 over the shorter of the previous 12 months or the period since the issuer was listed, will not exceed the aggregate of 15% of the equity securities of that class on issue at the beginning of the period plus 15% of the equity securities of that class issued during that period under any of Rules 4.2.1, 4.3, 4.4.1, 4.6.1, 4.8.1 and 4.9 plus any equity securities of that class issued under Rule 4.5.1 during that period, the issue of which has been ratified by

an ordinary resolution less 15% of the equity securities of that class which have been acquired or redeemed by the issuer during that period (other than equity securities held as treasury stock).

## Share Purchase Plan Limits



Rule 4.3.1 provides that an Issuer may issue equity securities under an SPP provided that the consideration payable by each holder of equity securities does not exceed \$50,000 in a 12 month period, the number of equity securities to be issued under the SPP does not exceed 10% of the equity securities on issue, the consideration payable for each equity security offered does not exceed that payable by participants under any other

offer of equity securities announced together or made in connection with the SPP.

### **Example**

A listed issuer had 1 million ordinary shares on issue 12 months ago. The issuer has not issued any equity securities over the 12 months apart from 100,000 shares issued in a placement in accordance with Rule 4.5. The issuer's placement capacity is  $(A \times 15\%) - C$ . In this case:

A = 1,000,000 ordinary shares

C = 100,000 ordinary shares

The entity's remaining placement capacity is therefore  $(1,000,000 \times 15\%) - 100,000$ , which equals 50,000 ordinary shares.

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## Ratification of Previous Share Issues

Issuers are able to seek the approval of the holders of equity securities by ordinary resolution to ratify a placement or share purchase plan. The effect of this is to refresh the issuing limits in accordance with the approval of the holders of equity securities.

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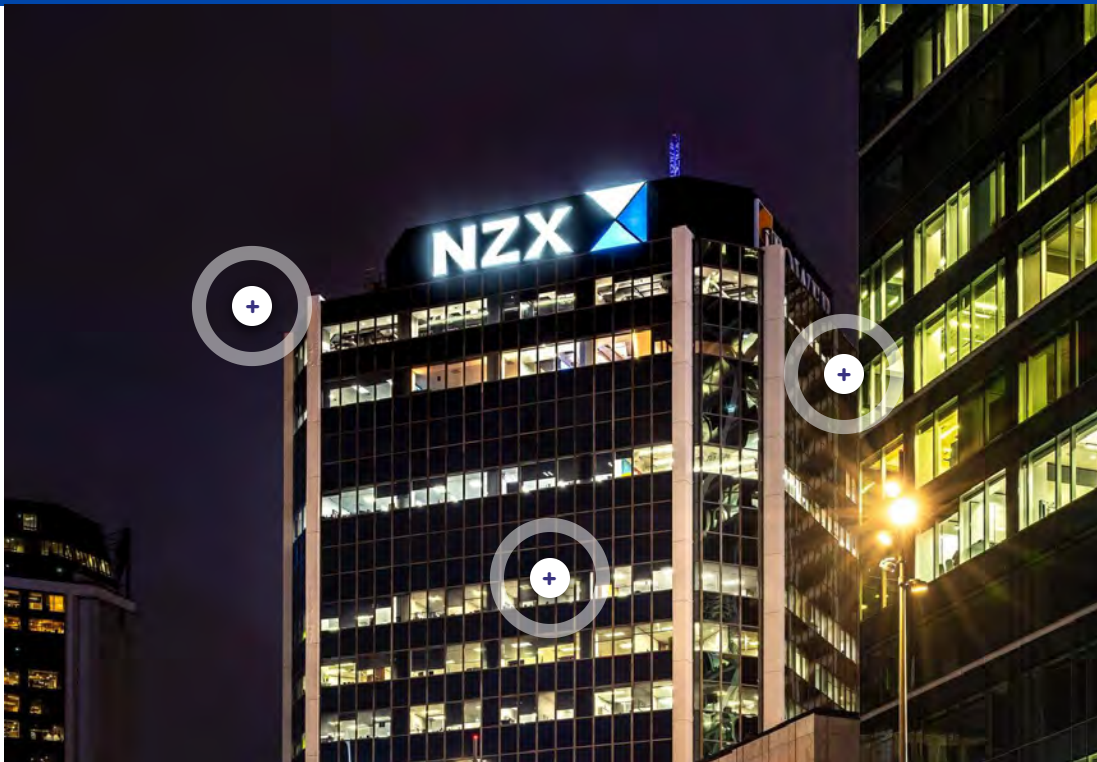




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## Debt is Treated Different to Equity Under the Rules

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The Rules do not impose any requirements as to the structure utilised when issuing debt securities, given they do not have the same potential to dilute the ownership interest of existing holders of equity security holders in the same way as the issue of equity securities or securities convertible into equity securities.



There are certain requirements for the governing documents (i.e. trust deed) for debt securities that are to be quoted on the NZX Debt Market, under Rule 2.18 and 2.21.





The NZX Debt Market contains three major types of quoted debt instruments: vanilla bonds, structured products (with reset features), and hybrid instruments (such as perpetual instruments). Issuers should have regard to the [NZX Debt Conventions Protocol](#) when designing debt securities, which standardises the treatment of certain types of debt securities.

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## Legal Requirements That Apply When Raising Capital in New Zealand

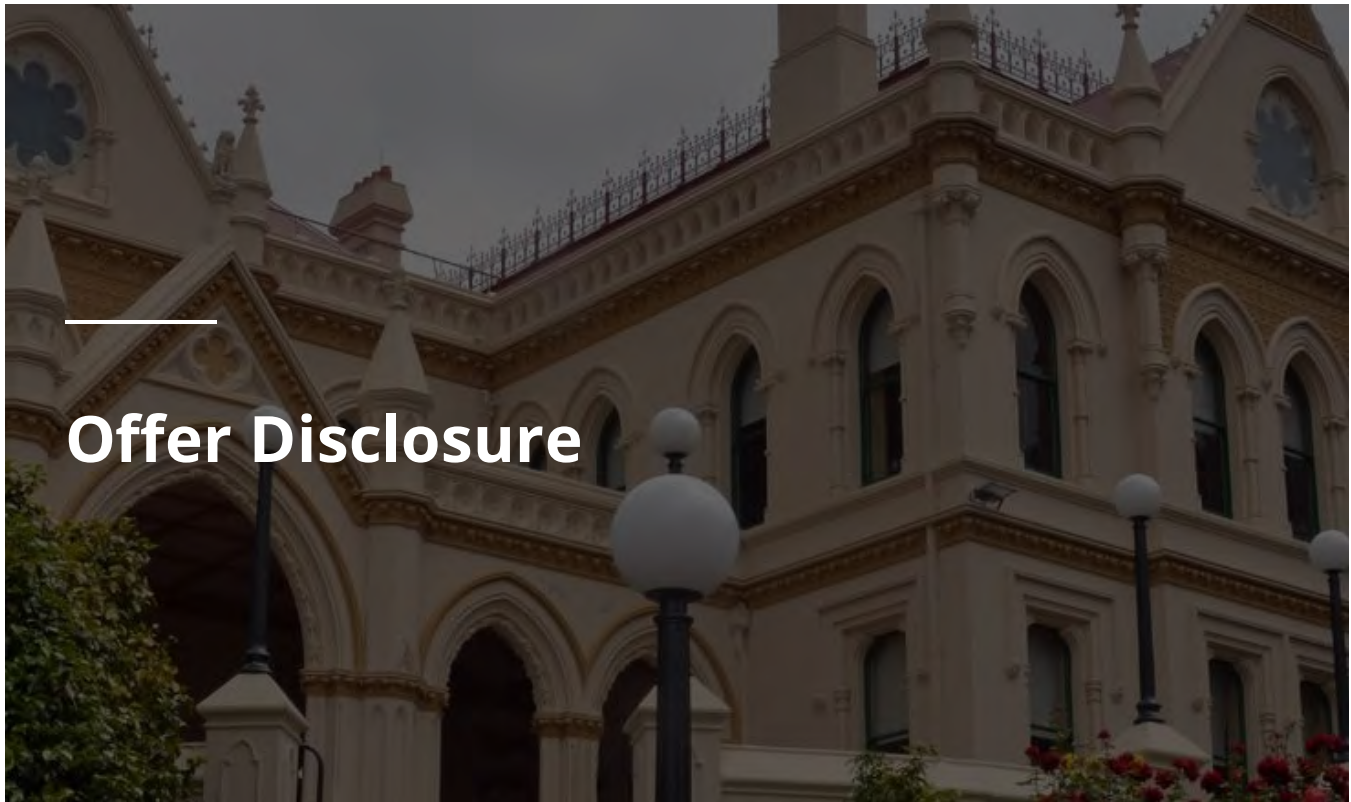
Issuers must be mindful of legislative requirements when raising capital, including those that apply under the Financial Markets Conduct Act 2013, the Companies Act 1993 and the Takeovers Code.



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## Part 2: Disclosure Requirements When Raising Capital

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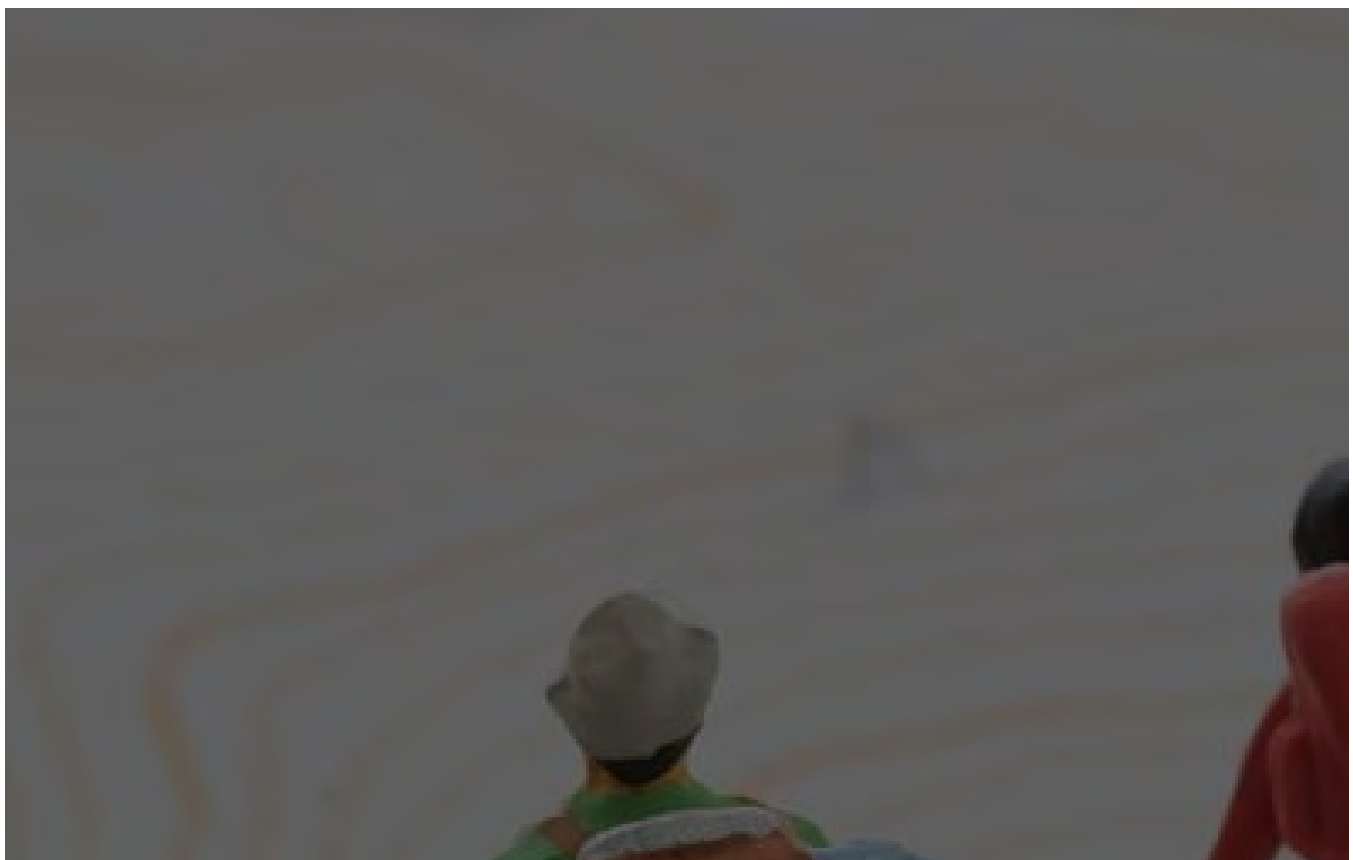
Issuers can raise capital by way of a regulated offer using a Product Disclosure Statement prepared in accordance with the Financial Markets Conduct Act 2013, or as existing listed issuers, by way of a simplified disclosure statement or same class offer, or other exceptions to a regulated offer under the Financial Markets Conduct Act 2013. Information



about the structure and pricing of the capital raise is set out in the offer document, investor presentation materials, or prescribed forms under the Rules.

**i** **Depending on the structure of the offer, the Rules prescribe certain timing and disclosure requirements.**

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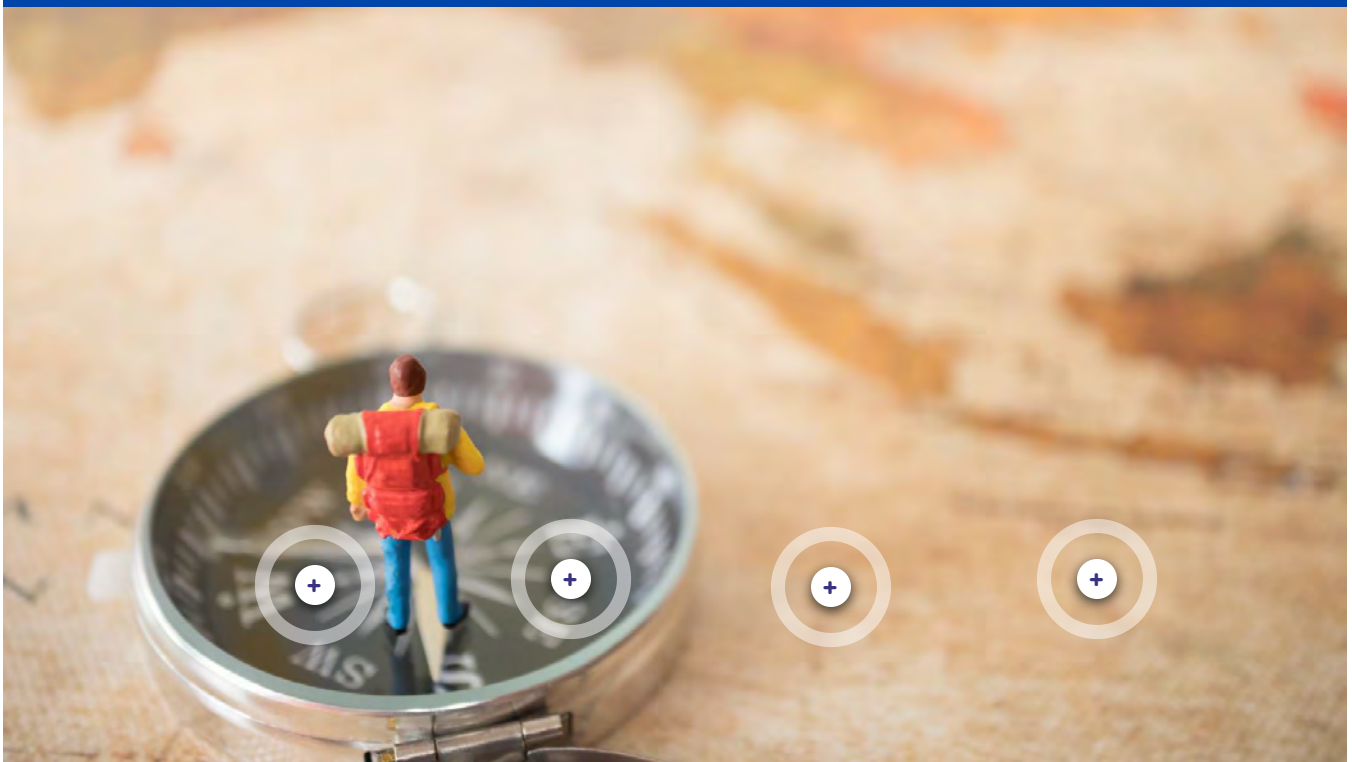




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## Specific Disclosure in Relation to Placements –Rule 4.17.9

*Click on each plus icon to view more.*





If undertaking a placement, Rule 4.17.9 requires that issuers disclose or retain certain information.



The offer document or Corporate Action Notice must state whether or not existing holders of the issuer's equity securities are eligible to participate in the offer, and the basis upon which participation is determined. For example, this disclosure might include reference to only existing holders within certain jurisdictions being eligible to participate in the offer.

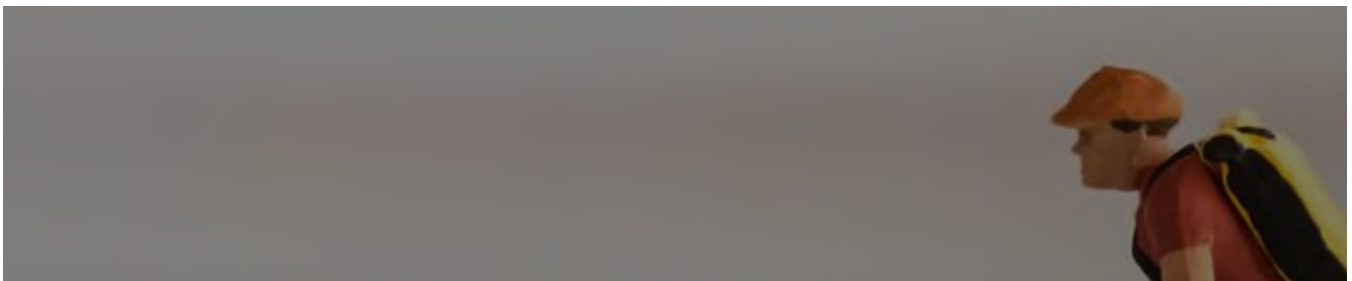


Within five business days of the issue of equity securities the issuer must release through MAP details of the approach the issuer took to identify investors to participate in the offer, and how the issuer determined allocations. This information must include the key objectives and criteria that the issuer adopted in the allocation process, whether one of the objectives was a best effort to allocate on a pro rata basis to existing equity holders, and any significant exceptions or deviations from those objectives and criteria.



NZ RegCo may request a detailed allocation spreadsheet in electronic format. Within five business days of being requested to do so the issuer must provide the spreadsheet showing details of the persons to whom equity securities were allocated in the offer, and details of persons who applied for equity securities at or above the final price for which the equity securities were issued and who did not receive an allocation.

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## Disclosure in Relation to SPP Offers – Definition Section of the Rules

*Click on the flip cards to reveal.*



The offer document for a SPP must set out whether oversubscriptions will be accepted, that the \$50,000 and 10% limits will apply and that the consideration payable under the SPP will not exceed that payable by



This information must include that either all oversubscriptions will be accepted (subject to the \$50,000 and 10% limits or such lower limit contained in the offer document) or scaled according only to the number of fully paid

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**Disclosure Specific to Rights Issues – Rule 4.17.4**

A person wearing a blue and orange jacket is seen from the back, standing in a white, snowy environment. The person is wearing a blue vest over an orange long-sleeved shirt. The background is a plain, light-colored wall.



Where entitlements to rights may be scaled up to a minimum holding and can be altered to disregard fractions, an Issuer must include disclosure of these matters in the offer document.

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## Disclosure Specific to ANREO Structures - Rule 4.4.2(C)

If choosing to undertake an ANREO, an issuer must make certain prescribed disclosures (**ANREO Disclosures**). Rule 4.4.2(c) requires issuers to include the following ANREO Disclosures within the offer document or the Corporate Action Notice at the commencement of an offer:

- the reasons why a non-renounceable structure has been selected;
- why the non-renounceable structure is in the best interests of the issuer;
- the expected impact of the non-renounceable structure on non-participating

holders of equity securities; and

- whether the issuer has obtained expert investment banking or corporate finance advice in relation to the merits of the non-renounceable structure and, if so, the name of the adviser(s).



The purpose of the ANREO Disclosures is to ensure that boards have turned their minds to the concerns of investors, including non-participating holders of equity

securities. These disclosure obligations act as an important gating mechanism on the use of non-renounceable structures because a board must be satisfied that the structure is in the best interests of the issuer.

An issuer may seek expert advice in relation to its selection of structure and this advice may be useful in assisting the issuer to prepare the ANREO Disclosures.

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## Part 3: Shareholder Approval When Issuing Securities

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Holders of equity securities can provide approval for issuers to issue equity securities, and also ratify some issuances of equity securities.

When seeking approval from the holders of securities to issue securities, the Issuer must provide sufficient information for the holders of securities to understand the effect of the resolution.

Rule 7.8.4 also prescribes certain information that must be included in the notice of meeting:

- 1 Number of securities to be issued or, if not known, the formula applied to determine the number and the maximum amount;
- 2 The purpose of the issue. This includes details as to why the securities are being issued. If the purpose is to raise cash, it should explain the specific purpose for raising the cash;
- 3 The price of the securities, or formula to be applied, with sufficient detail to enable securityholders to ascertain the terms;
- 4 If known, the parties who will be issued securities, and identifying by name any

directors or associated persons of the issuer or a director who will be issued securities;

5

The consideration for the issue;

6

The period of time within which the issue will be made; and

7

The ranking of the securities being issued for any future benefit.

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## Ratification of Previous Share Issues



If an issuer seeks ratification of a placement, persons who have been issued equity securities under the placement, and their

associated persons, may not vote in favour of the resolution. The same applies when prospectively approving an issue of equity securities.

In contrast, persons who are issued equity securities under an SPP offer are entitled to vote in favour of the resolution, reflecting that an SPP offer is required to be open to all existing holders of equity securities, despite being non-pro rata.



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## When Issuers Must Commission an Appraisal Report – Rule 7.8.5

**Under the Rules, an appraisal report is required where a notice of meeting contains a resolution:**

- that requires approval under Rule 4.13 (issues and buybacks of securities affecting control);
- to approve an issue intended or likely to result in more than 50% of the securities to

be issued, acquired or redeemed being  
acquired by directors or associated persons  
of directors of the issuer; or

- to approve the provision of financial assistance where more than 50% of the financial assistance to be given is intended or likely to be given to directors or associated persons of directors.

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## Independent Appraiser – Rule 7.10.1

A person or firm who proposes to act as an appraiser must first apply to NZ RegCo for approval under the Rules. NZ RegCo must be satisfied that a candidate wishing to act as an appraiser has appropriate qualifications and is sufficiently independent to provide an opinion as to the fairness of the transaction for the benefit of non-associated securityholders.

NZ RegCo has complete discretion as to whether to approve an application to act as an appraiser and will assess each application on a case-by-case basis.

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## Time Limits That Apply to Issue Securities - Rule 4.2.2

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The Rules apply time limits by which an issuer must complete issues that are approved by its holders of equity securities. Issuers must issue the securities within 36 months if restricted to employees, or 12 months in all other circumstances.



These time limits are designed to strike a balance between giving entities the time practically necessary to complete an issue of equity securities and ensuring that the securities are issued within a reasonable time frame after security holder approval, so that the approval can still be considered to be current and not rendered stale by subsequent events.

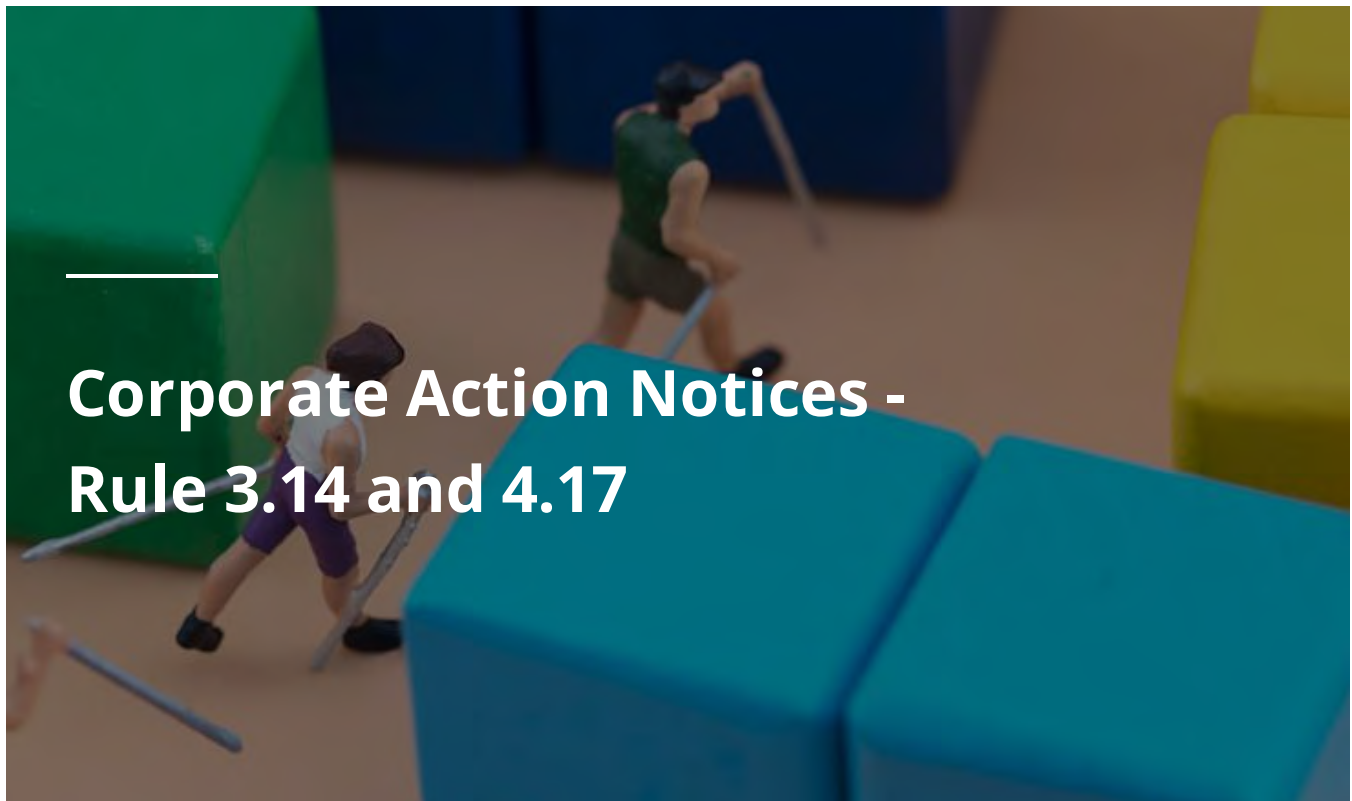


NZ RegCo has granted a number of waivers to allow for issuance of equity securities more than 12 months after approval by equity security holders, primarily in the context of “earn outs” when an issuer is acquiring a business and equity securities are to be issued as consideration. Issuers who are considering a transaction that falls into this category are encouraged to discuss these circumstances with NZ RegCo.

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## Part 4: Template Disclosures Under the Listing Rules

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### Corporate Action Notices - Rule 3.14 and 4.17

Issuers are required under the Rules to release information regarding the capital raise through the announcement of a Corporate Action Notice.

A template Corporate Action Notice is available on MAP.

This notice must usually be released before the record date

for an offer. For most offers a draft form of the Corporate Action Notice must be supplied to NZ RegCo prior to announcement of the offer.

The template Corporate Action Notice contains different disclosure requirements and should be tailored as appropriate depending on the type of offer being made. The following are the first two pages of the template which demonstrates its structure:

*Click on each arrow to view more.*

## Template Corporate Action Notice (Other than for a Distribution)

Updated January 2024

*[NOTE: This form must be used by an Issuer to notify the market of a corporate action other than a distribution (for example: a Rights Issue, Accelerated Offer, bonus issue, Placement or Share Purchase Plan).*

*There are different times when this form must be released via the Market Announcement Platform (MAP) depending on the type of action.*

*This form must be submitted to NZX for release through MAP:*

- *in compliance with Listing Rule 4.17.6 or 4.17.7 for a Rights Issue or Accelerated Offer;*
- *in compliance with Listing Rule 4.17.8 for a Share Purchase Plan; and*
- *in compliance with Listing Rule 4.17.9 for a Placement*
- *in compliance with Listing Rules 3.14.1, at least 5 Business Days prior to the Record Date for other types of corporate action.]*

Section 1: Issuer information (mandatory)			
Name of issuer			
Class of Financial Product			
NZX ticker code			
ISIN (If unknown, check on NZX website)			
Name of Registry			
Type of corporate action (Please mark with an X in the relevant box/es)	Share Purchase Plan/retail offer		Renounceable Rights issue or Accelerated Offer
	Capital reconstruction		Non-Renounceable Rights issue or Accelerated Offer
	Call		Bonus issue
	Placement		
Record date	[dd/mm/yyyy]		
Ex Date (one business day before the Record Date)	[dd/mm/yyyy]		
Currency			
External approvals required before offer can proceed on an unconditional basis?	Y/N		
Details of approvals required			



<b>Section 2: Rights issue or Accelerated Offer</b> (delete full section if not applicable, or mark rows as N/A if not applicable)*				
If Accelerated Offer, structure	[AREO, ANREO, SAREO, PAITREO etc]			
Number of Rights to be issued or entitlements available for security holders in the Accelerated Offer				
Maximum number of Equity Securities to be issued if offer is fully subscribed				
ISIN of Rights (if applicable)				
Oversubscription facility	Y/N			
Details of scaling arrangements for oversubscriptions				
Entitlement ratio (for example 1 for 3) <small>Please contact NZX ahead of announcing the offer if each Right will be exercisable for more or less than one Equity Security (i.e. unless prior arrangement is made, Rights will be exercisable on a one for one basis)</small>	New		Existing	
Treatment of fractions**				
Subscription price (per Equity Security)	\$			
Letters of entitlement mailed	[dd/mm/yyyy]			
Offer open	[dd/mm/yyyy]			
Offer close	[dd/mm/yyyy]			
Quotation date <sup>1</sup> (if Rights will be quoted)	Market open on: [dd/mm/yyyy]			
Allotment date	Market open on: [dd/mm/yyyy]			
<b>Section 3: Bonus issue</b> (delete full section if not applicable, or mark rows as N/A if not applicable)*				
Number of Financial Products to be issued				
ISIN of security to be issued (if different from Ordinary Shares)				
Minimum entitlement				
Entitlement ratio (for example 1 for 2)	New		Existing	
Treatment of fractions**				
Allotment date	[dd/mm/yyyy]			

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## Capital Change Notices - Rule 3.13

Issuers must release a Capital Change Notice no later than one business day after any issue of quoted financial products, including both quoted equity and debt securities.

A template for this Capital Change Notice is available on the MAP forms page. Issuers may also be required to input data regarding the offer or issue into MAP when releasing the notice.

Under Rule 4.19, Issuers must allot securities no later than 10 business days after the final closing date of the offer for those securities, other than allotments under a dividend

reinvestment plan and certain other offers described in  
Rule 4.9.

*Click on each arrow to view more.*

Please do not amend or delete individual rows. As this template relates to prescribed content, changes to content should only be made where it is clearly indicated that this is permitted, otherwise, if an issuer considers a particular element does not apply, mark the row as N/A. Any other changes to this prescribed form must first be approved by NZX as required under NZX Listing Rule 3.26.1.

Section 1: Issuer information	
Name of issuer	
NZX ticker code	
Class of financial product	
ISIN (If unknown, check on NZX website)	
Currency	
Section 2: Capital change details	
Number issued/acquired/redeemed	
Nominal value (if any)	
Issue/acquisition/redemption price per security	\$
Nature of the payment (for example, cash or other consideration)	
Amount paid up (if not in full)	\$
Percentage of total class of Financial Products issued/acquired/redeemed/ (calculated on the number of Financial Products of the Class, excluding any Treasury Stock, in existence) <sup>1</sup>	%
For an issue of Convertible Financial Products or Options, the principal terms of Conversion (for example the Conversion price and Conversion date and the ranking of the Financial Product in relation to other Classes of Financial Product) or the Option (for example, the exercise price and exercise date)	
Reason for issue/acquisition/redemption and specific authority for issue/acquisition/redemption/ (the reason for change must be identified here)	
Total number of Financial Products of the Class after the issue/acquisition/redemption/Conversion (excluding Treasury Stock) and the total number of Financial Products of the Class held as Treasury Stock after the issue/acquisition/redemption.	
In the case of an acquisition of shares, whether those shares are to be held as treasury stock	
Specific authority for the issue, acquisition, or redemption, including a reference to the rule pursuant to which the issue, acquisition, or redemption is made	
Terms or details of the issue, acquisition, or redemption (for example: restrictions, escrow arrangements)	

<sup>1</sup> The percentage is to be calculated immediately before the issue, acquisition, redemption or Conversion.

Date of issue/acquisition/redemption <sup>2</sup>	[dd/mm/yyyy]
<b>Section 3: Authority for this announcement and contact person</b>	
Name of person authorised to make this announcement	
Contact person for this announcement	
Contact phone number	
Contact email address	
Date of release through MAP	[dd/mm/yyyy]



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Disclosures Relating to Convertible Financial Products –  
Rules 3.14 and 3.15





Rules 3.14 and 3.15 set out notices that must be given in the context of convertible financial products. The precise timing and content for these disclosures will differ depending on the terms of the convertible financial products, but issuers should note the requirement for additional disclosure to be made on conversion to quoted financial products.

NZ RegCo notes that an issuer may choose to combine the disclosures required by Rule 3.15.2 on conversion to quoted financial products with the Capital Change Notice to be released

under Rule 3.13 in relation to the issue of those quoted financial products.



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## Part 5: Other Matters Related to Issuing Securities as a Listed Issuer

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### Considerations for Issuers When Pricing Securities – Rule 4.11.1

The Rules do not place restrictions on the price at which securities can be issued, which will be a commercial matter for boards. However, non-pro rata issues at a more than 15% discount to the average market price of the securities require directors who voted in favour of the resolution to

certify the price is fair and reasonable to the relevant issuer and to those not participating in the offer.

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## Issuing Convertible Securities, or Converting to Equity – Rule 4.9.1

Issuers may choose to issue securities that convert into quoted equity securities. Rule 4.9.1(b) sets out the requirements for issuing equity securities on conversion of a financial product.

In summary, this Rule allows an issuer to either rely upon one or more of the Rules referenced earlier in this module either:

- at the time of issuing the convertible financial product (e.g. issuing the convertible financial product under a placement or with the approval of the holders of equity securities), or
- to seek the approval of the holders of equity securities, rely upon their placement capacity or ability to issue equity securities to employees at the time the equity securities are issued upon conversion.

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## Issuing Shares to Directors and Employees – Rules 4.6 and 4.7.1

Issuers are also able to issue up to 3% of the total number of securities on issue to employees and executive directors over any 12 month period. Issuers will often use this 3% capacity when issuing shares as part of long term incentive schemes.

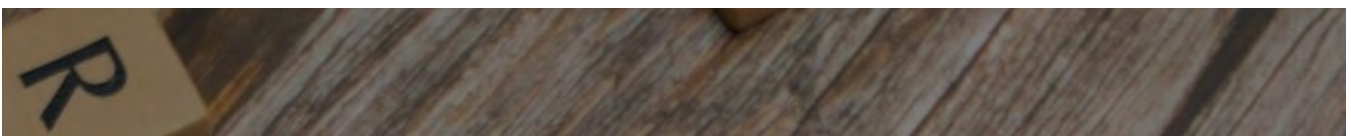


There is an exclusion from the Financial Markets Conduct Act 2013 that allows for issues under an employee share purchase schemes without requiring a product disclosure statement or other form of disclosure that requires disclosure of all material information to be provided. Issuers should consider both the requirements under the Rules and the Financial Markets Conduct Act 2013 when designing a long term incentive scheme.

Issuers may also issue equity securities to directors as remuneration provided:

- the remuneration, and its ability to be satisfied in whole or in part through the issue of equity securities, has been approved by holders of equity securities;
- the issue is of a class of equity securities already on issue;
- the issue of equity securities is made after the end of the period to which the remuneration is payable; and
- the issue price of the equity securities is not less than the average market price before the issue is made.

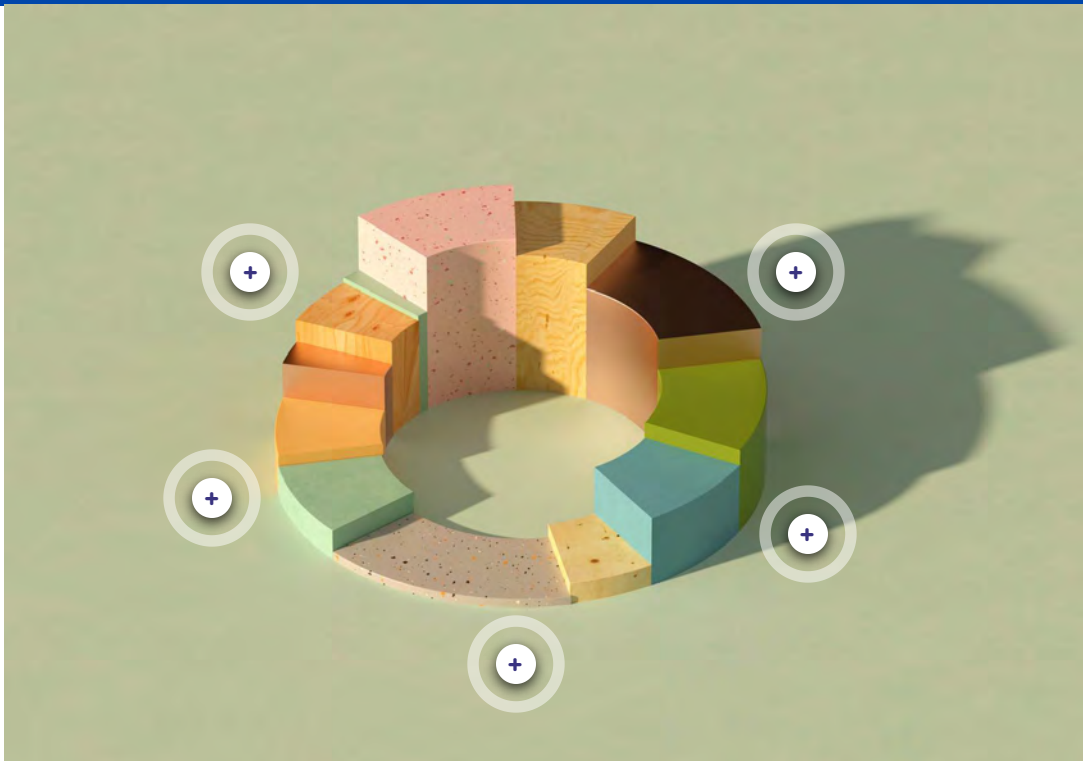
CONTINUE



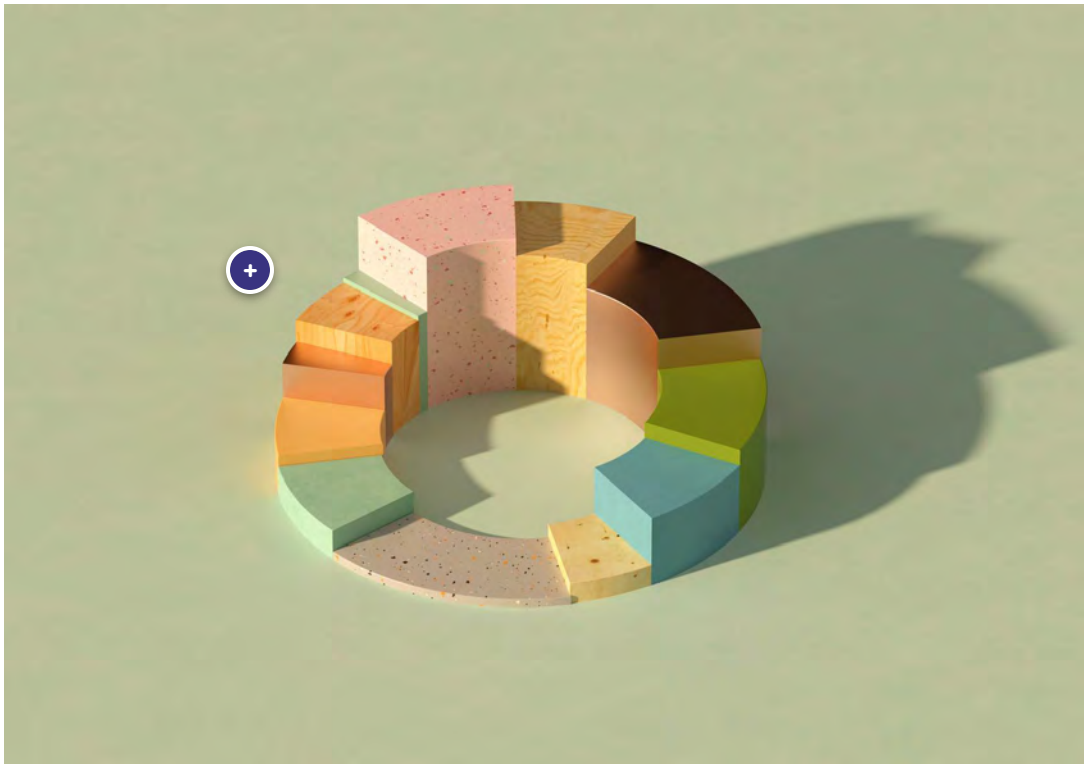


Disclosure Obligations When Offering Dividend Reinvestment Plans – Rule 4.8

*Click on each plus icon to view more.*







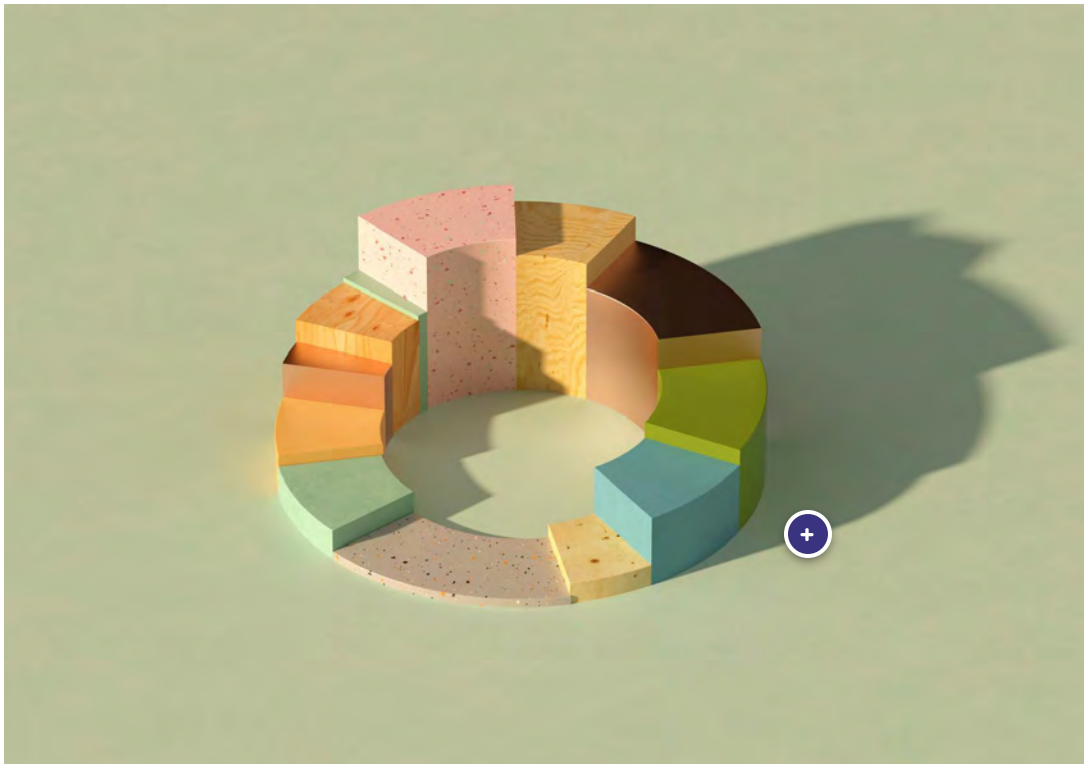
Issuers can choose to offer a dividend reinvestment plan (DRP) where participating equity security holders receive equity securities of the issuer in lieu of cash dividends.



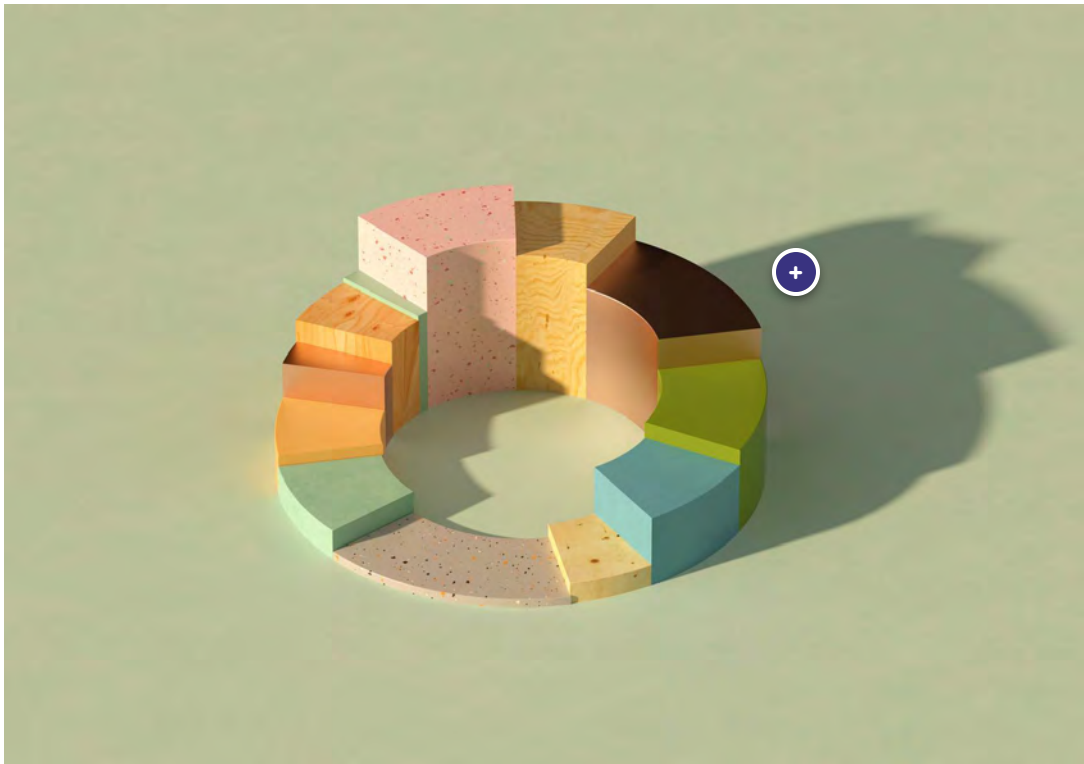
Under the Rules, an issuer can issue securities under a DRP if, when taken up in full, it would not affect the proportionate voting or distribution rights of each holder of equity securities.



If offering a DRP, the last date for a holder of equity securities to elect to participate in the DRP must be at least one business day after the record date for the dividend payment.



Securities issued under a DRP must be allotted on the same day that dividends are paid to holders of equity securities that do not participate in the issuance.



There are further requirements for operating a DRP set out in the Financial Markets Conduct Act 2013, which contains an exclusion to allow a DRP to be offered without requiring a product disclosure statement or other form of disclosure that requires disclosure of all material information to be provided.

**CONTINUE**



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## Substantial Product Holdings and Director and Officer Disclosure

*Click on each arrow to view more.*

Directors, senior managers and people who have a substantial holding (being a relevant interest in 5% or more of quoted voting products) in a listed issuer are required to disclose certain changes to their ownership in the issuer. These disclosure obligations promote an informed market and deter insider conduct, market manipulation, and secret dealings in potential takeover bids.



While NZX publishes this disclosure, the FMA is the primary regulator of these requirements and the obligations are set out in the Financial Markets Conduct Act and Regulations.

Template forms for these disclosures are available on MAP, which should be read together with the Financial Markets Conduct Regulations for further detail as to the information that must be disclosed.

CONTINUE

## Part 6: Further Information Is Available

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### Other Information to Assist Issuers

NZX has published a Guidance Note on capital raising which contains further specific detail that supplements the information in this training module, including:

1

Key considerations when selecting an offer structure;

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2

Information in relation to external advice for issuers;

3

NZX's requirements when an issuer is planning and undertaking a capital raise; and

4

While NZ RegCo expects waivers to be rare, the Guidance Note includes an overview of the waiver process in relation to the capital raising Rules.

NZ RegCo has also published Practice Notes which outline the features, timing requirements and considerations for different offer structures along with process and operational requirements.



**Guidance Notes and Practice Notes are available -**

**<https://www.nzx.com/regulation/nzx-rules-guidance/nzx-mo-announcements>**

CONTINUE

## Conclusion

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Well done! You have completed  
the NZX Issuer Training Modules –  
Issuing Securities and Raising Capital

**Let's start the test.**

[GO TO TEST](#)