



Summary

This Practice Note:

- describes the key actions for issuers undertaking a renounceable or non-renounceable rights issue;
- provides a link to the calculator issuers can use to test a timetable for a proposed rights offer.

Relevant Listing Rules:

- Main Board Listing Rules: 5.2.2, 7.10.1, 7.10.2, 7.10.3, 7.10.7, 7.10.8, 7.11.1, 7.12.2, 10.2.2 and Appendices 7 and 8
- AX Listing Rules: 5.2.1, 7.2.4, 7.9.1, 7.9.2, 7.9.8, 7.9.9, 7.10.1, 7.11.2 and Appendices 4 and 5 (together the **Listing Rules**)

The Listing Rules enable issuers to undertake different types of secondary capital raisings, including pro-rata rights issues. Rights issues can be renounceable (with the ability to sell rights allotted, often by providing rights trading on market) or non-renounceable (with no ability to sell rights allotted).

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 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 “cleansing notice” within the 24-hour period before the offer is made. Rights issues will still require a form of offer document to be prepared and approved by NZX Regulation (**NZXR**) under the Listing Rules.

The Listing Rules impose specific disclosure and timing requirements for rights issues. The key requirements are set out in Main Board Listing Rules 7.1 and 7.10, and NZAX Listing Rules 7.1 and 7.9.

NZXR has developed a timetable calculator (available [here](#)) to assist issuers with rights issue planning. This calculator can be used for renounceable rights issues (both with and without rights quotation), and non-renounceable rights issues. It assumes a rights issue undertaken on the shortest possible timetable.

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 to review the rights offer documents <input type="checkbox"/> Apply to NZXR for quotation of rights (if applicable) <input type="checkbox"/> Application must include drafts of offer document, Appendix notice, and cleansing notice <i>Main Board Rules 5.2.2, 7.10.7, Appendix 7</i> <i>NZAX Rules 5.2.1, 7.2.4, 7.9.8, Appendix 4</i>
Notification date Day X + six business days (being five business days before Ex Date)	<input type="checkbox"/> Release market announcement of upcoming rights issue and Appendix notice <i>Main Board Rules 7.10.7, 7.10.8, 7.12.2, Appendices 7 and 8</i> <i>NZAX Rules 7.9.8, 7.9.9, 7.11.2, Appendices 4 and 5</i>

Event	Action(s) required
Ex date Quotation date* Day X+11 business days <small>* only relevant for renounceable rights which are to be quoted</small>	<input type="checkbox"/> Cleansing notice released (in accordance with the requirements of the FMCA)* <input type="checkbox"/> Offer document released to market prior to commencement of rights trading * <i>Main Board Rule 7.10.7</i> <i>NZAX Rule 7.9.8</i>
Record date Day X+12 business days	No action required
Rights allotment date Day X+12 business days	No action required
Offer open date Day X+13 business days	No action required
Notice date No later than Day X+17 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>Main Board Rule 7.10.1</i> <i>NZAX Rule 7.9.1</i>
Cease quotation date* Day X+25 business days <small>* only relevant for renounceable rights which are to be quoted</small>	No action required <i>Main Board Rule 7.10.7(d)</i> <i>NZAX Rule 7.9.7(d)</i>
Offer closing date Day X+29 business days	No action required <i>Main Board Rule 7.10.2</i> <i>NZAX Rule 7.9.2</i>
Share allotment date No later than Day X+34 business days	<input type="checkbox"/> Allotment notice must be provided to NZX within one business day <i>Main Board Rule 7.11.1</i> <i>NZAX Rule 7.10.1</i>