

### Summary

This Practice Note:

- explains when issuers may use the Quoted Financial Product exemption (**QFP Exemption**) to issue securities; and
- describes the key documents that must be submitted to NZX Regulation (**NZXR**) when making an offer of securities under the QFP regime.

### Relevant Listing Rules (Rule):

- Main Board and Debt Market: 1.6, 5.1, 5.2, 6.1.1, 6.2.1(e), Section 7
- NZAX: 1.6, 5.1.2, 6.1.1(c), Section 7

### What is the QFP Exemption?

The QFP Exemption is a prescribed exemption under clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 (**FMC Act**). It allows issuers with securities quoted on NZX's markets to make further offers of the same class of security, without meeting the full disclosure requirements in Part 3 of the FMC Act. The concept of "same class" extends to options underlying securities and, in the case of debt securities, other debt securities with a different redemption date and/or interest rate. The QFP Exemption is available for offers of equity, debt and managed investment products.

Issuers are exempted from Part 3 of the FMC Act because Material Information relating to the relevant issuer and securities is publicly available to prospective investors. This is because listed issuers are subject to ongoing continuous disclosure and financial reporting obligations.

### What documentation must be submitted to NZXR?

Issuers must submit the following information to NZXR before making an offer under the QFP Exemption:

#### *Offering Document*

It is standard for issuers making an offer of securities under the QFP Exemption to release a document setting out the terms and conditions of the offer (**Offering Document**). The Offering Document must contain the information required by the Rules.

NZXR will review the Offering Document, and may request that the Offering Document be amended, or that further information be included to address NZXR's requirements. NZXR's formal approval of the Offering Document is required before it is circulated to the market.

#### *Cleansing Notice*

Issuers are required to release a cleansing notice to the market within the 24 hour period before the offer is made (**Cleansing Notice**). The Cleansing Notice requires the issuer to confirm whether it is in compliance with its ongoing continuous disclosure obligations and financial reporting obligations. The



issuer providing the notice must also provide any Material Information that would otherwise be subject to an exception from disclosure under the Rules.

NZXR is not required to approve Cleansing Notices under the Listing Rules. It is standard practice, however, to provide this for NZXR for review. This reflects NZX's power to request additional documents or information as part of an application for quotation. This allows NZXR to confirm that it has no comments before the Cleansing Notice is publicly released. NZXR requires at least 24 hours to review Cleansing Notices.

#### *Application for Quotation*

The QFP Exemption requires the issuer to take any necessary steps to ensure that new securities are quoted immediately after being issued. This may require the issuer to apply for quotation of those securities, if the new securities are not already quoted.

Clause 19 requires that where an offer is by way of sale, the financial products must be quoted at the time of offer. It is intended that this clause will be amended to ensure that it better reflects market practice. In the interim, issuers who are making an offer by way of sale should apply for quotation prior to the offer opening.

Please refer to [Practice Note 13/2017 Application for Quotation Form](#) for further information.

#### *Debt Instrument Sheet (Debt securities only)*

Issuers making an offer of debt securities will be requested to complete a short form debt instrument sheet, providing summary details on the offer and the securities. This must be completed and provided to NZXR at least five business days before quotation, to allow NZX to establish the debt security in NZX's internal system and prepare NZX's quotation notice.