



# NZX Regulation Decision

ANZ Bank New Zealand Limited (“ANB”)

Application for a waiver from NZX Debt Market Listing  
Rule 5.2.3

9 November 2018



## Waiver from Listing Rule 5.2.3

### Decision

1. Subject to the conditions set out in paragraph 2 below, and on the basis that the information provided by ANB is complete and accurate in all material respects, NZXR grants ANB a waiver from Rule 5.2.3, in respect of the ANBFAs from the date of this decision until the ANBFAs mature on 22 March 2019, to the extent that this Rule would otherwise require the ANBFAs be held by at least 100 Members of the Public holding at least 25% of the ANBFAs on issue.
2. The waiver in paragraph 1 above is provided on the conditions that:
  - a. ANB clearly and prominently discloses the waiver and its implications in every full-year disclosure statement for the period this waiver is relied upon; and
  - b. ANB ascertains whether the ANBFAs meet the Spread Requirements in three months from the date of this decision, and notifies NZXR within ten business days if there has been a material reduction to the total number of Members of the Public holding at least a Minimum Holding of the ANBFAs, and/or the percentage of ANBFAs held by Members of the Public holding at least a Minimum Holding.
3. The information on which this decision is based is set out in Appendix One to this decision. This waiver will not apply if that information is not or ceases to be full and accurate in all material respects.
4. The Rules to which this decision relates are set out in Appendix Two to this decision.
5. Capitalised terms which have not been defined in this decision have the meanings given to them in the Rules.

### Reasons

6. In coming to the decision to provide the waiver set out in paragraph 1 above, NZXR has considered that:
  - a. the policy behind Rule 5.2.3 is to ensure that a class of Securities has sufficient liquidity both at the time of Listing and Quotation and on an ongoing basis. The granting of this waiver will not offend the policy behind the Rule;
  - b. Debt Securities are generally not subject to the same degree of trading activity as Equity Securities;
  - c. NZXR is satisfied that sufficient liquidity can exist in a secondary market for Debt Securities with a smaller number of security holders. Further, ANB provides liquidity to the secondary market through its market-making activities;
  - d. initial investors in the ANBFAs received information about the risk of reduced liquidity in the ANBFAs, due to the reduced Spread Requirements, in the Limited Disclosure Document for the ANBFAs. Further, the condition contained in paragraph 2(a) above requires ANB to provide access to information about this waiver and its implications to both existing holders of the ANBFAs as well as those wishing to trade in the ANBFAs for the period of this waiver. Investors can take this information into account when making their investment decision;

- e. the condition contained in paragraph 2(b) above requires ANB to provide information that will allow NZXR to monitor any material reduction in the spread of the ANBFAs over the period of this waiver; and
- f. there is precedent for this decision.



## Appendix One

1. ANZ Bank New Zealand Limited (**ANB**) is a Listed Issuer with Debt Securities Quoted on the NZX Debt Market (**Debt Market**).
2. On 22 March 2016, ANB issued \$100 million unsecured, unsubordinated, floating rate bonds maturing on 22 March 2019, which were Quoted on the Debt Market under the ticker code ANBFA (**ANBFAs**).
3. In accordance with NZX Regulation's (**NZXR**) Ruling on Debt Market Listing Rule (**Rule**) 5.2.3 issued on 29 September 2015, the ANBFAs are required to be held by at least 100 Members of the Public holding at least 25% of the number of Securities of that Class issued, with each Member of the Public holding at least a Minimum Holding, and those requirements must be maintained (**Spread Requirements**).
4. ANB submitted that when the ANBFAs were initially quoted, ANB expected that they would satisfy the Spread Requirements. However, the number of holders of ANBFAs has fallen over time. ANB has indicated that there may be over 68 holders of the ANBFAs, but due to a lack of available information from fund managers, brokers and custodians, ANB has been unable to ascertain the actual number of holders. Therefore, ANB cannot confirm whether the ANBFAs satisfy the Spread Requirements.
5. Developments in the New Zealand debt market over recent years have led to Debt Securities being held by fewer registered holders (even though the number of beneficial owners may still be large). ANB does not have control over trading of its bonds in the secondary market, the number of holders of its bonds or the manner in which its bonds are held.
6. ANB is unable to ascertain if the Spread Requirements will be met on an ongoing basis as this is dependent on the actions of the current and potential investors in the ANBFAs.
7. For completeness, NZXR has previously granted ANB a waiver from Rule 5.2.3 in relation to the ANBFAs on 27 October 2017. NZXR is satisfied that the reasons for a waiver from Rule 5.2.3 have not changed in relation to the ANBFAs, and is granting the Waiver for the remainder of the term of the ANBFAs.



## Appendix Two

### Rule 5.2 Quotation of Securities

- 5.2.3 A Class of Securities will generally not be considered for Quotation on the NZSX or NZDX unless those Securities are held by at least 500 Members of the Public holding at least 25% of the number of Securities of that Class issued, with each Member of the Public holding at least a Minimum Holding, and those requirements are maintained, or NZX is otherwise satisfied that the Issuer will maintain a spread of Security holders which is sufficient to ensure that there is a sufficiently liquid market in the Class of Securities.

#### **Ruling on NZX Debt Market Listing Rule 5.2.3 – 29 September 2015**

For the purposes of Rule 5.2.3, a Class of Debt Securities will generally not be considered for Quotation on the NZDX unless those Securities are held by at least 100 Members of the Public holding at least 25% of the number of Securities of that Class issued, with each Member of the Public holding at least a Minimum Holding, and those requirements are maintained.

