



NZX Regulation Decision

Transpower New Zealand Limited ("TRP")
Application for a waiver from NZX Debt Market
Listing Rule 5.2.3

5 February 2018



Waiver from NZX Debt Market 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 TRP is complete and accurate in all material respects, NZXR grants TRP a waiver from Rule 5.2.3 in respect of the Bonds for a period of six months from Quotation Date to the extent that this Rule requires the Bonds to meet the Spread Requirements.
2. The waiver in paragraph 1 above is provided on the conditions that:
 - a) TRP clearly and prominently discloses this waiver and its implications in the Pricing Supplement for the Bonds and any other Offer Document relating to an offer of Bonds made during the period of this waiver;
 - b) TRP clearly and prominently discloses this waiver, its conditions, and their implications in any half-year report, and annual report for the period the waiver is relied on;
 - c) TRP discloses liquidity as a risk in the Pricing Supplement for the Bonds; and
 - d) TRP notifies NZXR as soon as practicable if there is a material reduction to the total number of Members of the Public holding at least a Minimum Holding of the Bonds, and/or the percentage of Bonds 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 Rule to which this decision relates is set out in Appendix Two to this decision.
5. Capitalised terms that are not defined in the 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) TRP has advised that it expects the spread of the Bonds will increase to meet the requirements of Rule 5.2.3 over time. TRP may meet the Spread Requirements at Quotation. As the Bonds are being offered through market participants, without a public pool, and TRP will only know how the Bonds will be allocated following the Bookbuild, TRP has advised that it is not in a position to confirm as at the date of this waiver that the spread requirements will be met at Quotation;
 - b) Debt Securities are generally not subject to the same degree of trading activity as Equity Securities;



- c) the conditions contained in paragraphs 2(a), 2(b) and 2(c) require TRP to provide access to information about this waiver and its implications to prospective investors as part of the Offer, as well as those wishing to trade in the Bonds for the period of this waiver. Investors can take this information into account when making their investment decision;
- d) the condition contained in paragraph 2(d) requires TRP to provide information that will allow NZXR to monitor any material reduction in the spread of the Bonds over the period of this waiver;
- e) the waiver is granted for six months. This gives NZXR the opportunity to reconsider the spread of the Bonds in six months' time if TRP considers a waiver is still required; and
- f) there is precedent for this decision.

Confidentiality

- 7. TRP has requested that the application for a waiver from Rule 5.2.3 and NZXR's decision be kept confidential until the Pricing Supplement, and the form of notice to be provided by TRP under clause 20(1)(a) of schedule 8 of the Financial Markets Conduct Regulation 2014, has been released.
- 8. In accordance with Footnote 1 to Rule 1.11.2 NZXR grants TRP's request.



Appendix One

1. Transpower New Zealand Limited (**TRP**) is a Listed Issuer with bonds quoted on the NZX Debt Market (**Debt Market**).
2. TRP intends to make an offer of unsecured, unsubordinated, fixed rate bonds (**Bonds**) to be quoted on the Debt Market (**Offer**). The Offer will be made under the exclusion set out in Schedule 1, Clause 19 of the Financial Markets Conduct Act 2013.
3. The Offer will open on or about 26 February 2018 and close on or about 28 February 2018. The lead manager for the Offer will conduct a bookbuild on or about 28 February 2018 in order to determine the Bonds' margin (**Bookbuild**), which will be used to determine the Bonds' interest rate. TRP intends to Quote the Bonds on the Debt Market on or about 7 March 2018 (**Quotation Date**).
4. The Bonds will mature on or about 6 March 2025.
5. TRP will publish a pricing supplement on or prior to the date the Offer opens setting out the main terms of the Bonds (**Pricing Supplement**).
6. In accordance with NZX Regulation's (**NZXR**) Ruling on NZDX Listing Rule (**Rule**) 5.2.3 issued on 29 September 2015 (**the Ruling**), the Bonds 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 (**Spread Requirements**). In accordance with the Ruling, these requirements must be maintained.
7. The Offer is structured so that all of the Bonds are reserved for clients of the lead manager of the Offer, as well as primary market participants and other approved financial intermediaries. There is no public pool for the Offer. TRP has sought a waiver from Rule 5.2.3 as it is uncertain whether the Bonds will satisfy the Spread Requirements when the Bonds are initially Quoted on the Debt Market. However, TRP anticipates that there will be strong investor demand for the Bonds over time, which will lead to an increase in the spread of the Bonds over time.



Appendix Two

Rule 5.2.3

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.

