

NZ RegCo

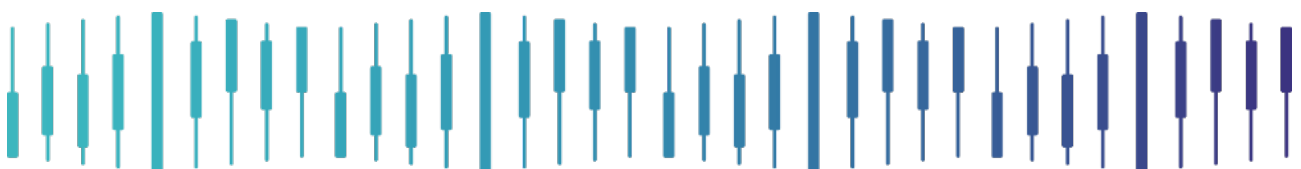
NZ'S LISTED
MARKET REGULATOR

11.03.2022

NZ RegCo Decision

Insurance Australia Group Limited (**IAG**)

Application for Waivers from NZX Listing Rules 3.1.1(b),
3.6, and 3.14.1



Background

1. The information on which these decisions are based is set out in Appendix One to these decisions. The waivers will not apply if that information is not, or ceases to be, full and accurate in all material respects.
2. The NZX Listing Rules (**Rules**) to which these decisions relate are set out in Appendix Two.
3. Capitalised terms that are not defined in these decisions have the meanings given to them in the Rules.

Waiver from Rule 3.1.1(b)

Decision

4. Subject to the conditions set out in paragraph 5 below, and on the basis that the information provided by IAG is complete and accurate in all material respects, NZX Regulation Limited (**NZ RegCo**) grants IAG a waiver from Rule 3.1.1(b) in relation to the Notes to the extent that this Rule prohibits disclosure of Material Information to the ASX before that Material Information is disclosed to NZX.
5. The waiver in paragraph 4 above is provided on the conditions that:
 - a. IAG must release Material Information through MAP at the same time as, or promptly and without delay after, release to the ASX and at least 10 minutes before public release in any other jurisdiction; and
 - b. IAG continue to be subject to the ASX listing rules in relation to continuous disclosure.

Reasons

6. In coming to the decision to provide the waiver set out in paragraph 4 above, NZ RegCo has considered that:
 - a. Both the ASX and NZX require that IAG disclose Material Information to it first, and as it will not be possible for IAG to comply with both obligations, IAG's primary responsibility is to the ASX, with which it has equity listed;
 - b. there will be no material disadvantage to holders of the Notes as the Material Information will be released to the NZX either at the same time as it is released to the ASX, or shortly thereafter;
 - c. IAG is still subject to continuous disclosure obligations under Rule 3.1, which requires IAG to disclose any Material Information; and
 - d. there is precedent for this decision.

Waiver from Rule 3.6

Decision

7. Subject to the conditions set out in paragraph 8 below, and on the basis that the information provided by IAG is complete and accurate in all material respects, NZ RegCo grants IAG a waiver from Rule 3.6 in relation to the Notes to the extent that this Rule requires IAG to prepare and deliver annual reports complying with the NZX Listing Rules.
8. The waiver in paragraph 7 above is provided on the conditions that:

- a. IAG prepares an annual report in accordance with the ASX listing rules (**Annual Report**);
- b. IAG provides the Annual Report to NZX for release at the same time as, or promptly and without delay after, it is provided to the ASX;
- c. the Annual Report includes a statement that IAG has been granted a waiver from Rule 3.6 and any other specific waivers to the NZX Listing Rules granted to IAG; and
- d. IAG remains incorporated in Australia and subject to ASX periodic reporting requirements.

Reasons

9. In coming to the decision to provide the waiver set out in paragraph 7 above, NZ RegCo has considered that:
 - a. NZ RegCo is satisfied that the level of disclosure in the Annual Report as required by the ASX listing rules, and the conditions of the waiver, ensure that the latest Annual Report will be easily accessible to investors;
 - b. IAG is still subject to continuous disclosure obligations under Rule 3.1, which require IAG to disclose any Material Information; and
 - c. there is precedent for this decision.

Waiver from Rule 3.14.1 in the event of Conversion due to a Non-Viability Trigger Event

Decision

10. Subject to the condition set out in paragraph 11 below, and on the basis that the information provided by IAG is complete and accurate in all material respects, NZ RegCo grants IAG a waiver from Rule 3.14.1 in relation to the Notes to the extent that, in the event of Conversion due to a Non-Viability Trigger Event (each as defined in Appendix One to these decisions), IAG will not be required to give notice for the purposes of this Rule in relation to the Conversion at least five Business Days before the Conversion occurs.
11. The waiver in paragraph 10 above is provided on the condition that the notice required by Rule 3.14.1 must be given by IAG as soon as practicable and, in any event, before the NZX Debt Market opens for trading on the Business Day after Conversion occurs.

Reasons

12. In coming to the decision to provide the waiver set out in paragraph 10 above, NZ RegCo has considered that:
 - a. IAG has submitted, and NZ RegCo has no reason not to accept, that if Conversion is required on account of a Non-Viability Trigger Event, it will be unable to provide five Business Days' notice as required by Rule 3.14.1, given that APRA standards require Conversion to occur immediately;
 - b. IAG has already disclosed to holders of the Notes that, upon the occurrence of a Non-Viability Trigger Event, the market will not be given advance notice;
 - c. If a Non-Viability Trigger Event occurs, the terms of the relevant Governing Document require IAG to give notice to holders of the Notes as soon as practicable that Conversion has occurred; and
 - d. there is precedent for this decision.

Confidentiality

13. IAG has requested these decisions be kept confidential until the quotation of the new series of unsecured subordinated convertible notes (**IAGFCs**) is announced to the market.
14. In accordance with Rule 9.7.2(a), NZ RegCo grants IAG's request.

Appendix One

1. IAG is a primary listed Issuer under the Rules.
2. IAG is incorporated in Australia and it is subject to the Corporations Act 2001.
3. IAG is a licensed non-operating holding company in Australia for the purposes of the Insurance Act 1973. As a licensed non-operating holding company, IAG is subject to prudential supervision from the Australian Prudential Regulation Authority (**APRA**).
4. IAG currently has a series of unsecured subordinated convertible notes quoted on NZX (**IAGFBs**). The IAGFBs are recognised as regulatory Tier 2 capital by APRA under its capital prudential standards that apply to insurance companies. In addition, IAG may have other series of unsecured subordinated convertible notes quoted on NZX from time to time, which may also be recognised as regulatory Tier 2 capital by APRA (together with the IAGFBs and IAGFCs, the **Notes**). One of the conditions for the Notes being recognised as regulatory Tier 2 capital is that the terms of the Notes provide that the Notes immediately convert into ordinary shares in IAG on the occurrence of a non-viability trigger event (**Conversion**).
5. A non-viability trigger event will occur if APRA determines that IAG would be non-viable without a conversion or a write-off of other regulatory capital instruments of IAG, or a public sector injection of capital or equivalent capital support (**Non-Viability Trigger Event**).
6. IAG also has further debt and equity securities quoted on the ASX. The ASX listing rules relevantly impose the following obligations on IAG:
 - a. IAG must prepare an annual report; and
 - b. IAG must disclose material information to ASX before releasing that material information to the public or any other party (including NZX).

Appendix Two

Rule 3.1.1 Disclosure of Material Information

3.1.1 Once an Issuer becomes Aware of any Material Information relating to it, the Issuer must:

- (a) promptly and without delay release that Material Information through MAP, and
- (b) not disclose any Material Information to the public, any other stock exchange (except as provided for in Rule 3.26.2(d)) or any other party without first releasing that Material Information through MAP.

Rule 3.6 Preparation and delivery of Annual Reports

3.6.1 Each Issuer of Quoted Equity Securities or Quoted Debt Securities must within three months after the end of each financial year:

- (a) prepare an annual report, which must contain all information required by all applicable laws and these Rules, and
- (b) deliver, subject to Rule 3.6.2, the annual report to:
 - (i) NZX by release through MAP (including by URL link to the annual report on an Issuer's website) before or at the same time as it is made available to Quoted Financial Product holders, and
 - (ii) each Quoted Financial Product holder in accordance with Rule 3.6.3

3.6.2 An Issuer that comes within the State-Owned Enterprises Act 1986 is not required to issue an annual report to its Quoted Financial Product holders or NZX until that report has been provided to the Minister responsible for the State Enterprise in accordance with the requirements of the State-Owned Enterprise Act 1986 and laid by the Minister responsible for that State Enterprise before the House of Representatives in accordance with the State-Owned Enterprise Act 1986 or published in the Gazette under section 17(2A) of the State-Owned Enterprise Act 1986, whichever is the earlier.

3.6.3 Annual reports must be made available to Quoted Financial Product holders by:

- (a) sending to Quoted Financial Product holders:
 - (i) a hard copy of the annual report, or
 - (ii) a notice under 209(3) of the Companies Act 1993, or
- (b) complying with regulations 61B to 61F of the FMC Regulations.

For the purposes of this Rule 3.6.3, sections 209 to 209C of the Companies Act 1993 and regulations 61B to 61F of the FMC Regulations will be deemed to be modified so that:

- (c) "shareholders" are members of the relevant Class of Quoted Financial Product holders of that Issuer,
- (d) "company" includes all Issuers, whatever their structure,
- (e) "board of a company" includes the Manager of a Managed Investment Scheme,

- (f) "annual report" means an annual report as required by Rule 3.6.1,
- (g) references to "working days after it is prepared" and "working days after the annual report for the period is prepared" are, for an Issuer that is a State Enterprise complying with regulations 61B to 61F of the FMC Regulations, interpreted as "working days after the annual report has been provided to the Minister responsible for the State Enterprise in accordance with the requirements of the State-Owned Enterprise Act 1986 and laid by that Minister responsible for that State Enterprise before the House of Representatives in accordance with the State-Owned Enterprise Act 1986 or published in the Gazette under section 17(2A) of the State-Owned Enterprises Act 1986, whichever is the earlier."

Rule 3.14.1 Distributions, conversion and calls

3.14.1 An Issuer must release through MAP, at least 5 Business Days before the Record Date, the details of a proposal to:

- (a) Pay or distribute a benefit on Quoted Financial Products,
- (b) Proceed with a Conversion of Quoted Financial Products, or a Conversion of any Financial Products into Quoted Financial Products, or
- (c) Make a call on a Quoted Financial Product,

In the form prescribed by NZX from time to time.