



NZX Regulation Decision

Bank of New Zealand (“BNZ”)

Application for a waiver from NZX Debt Market Listing Rule
5.2.3

26 July 2017



Waiver from Rule 5.2.3

Decision

1. Subject to the conditions in paragraph 2 below, and on the basis that the information provided by BNZ is complete and accurate in all material respects, NZXR grants BNZ a waiver from Rule 5.2.3 in respect of each New Series of Future Notes, for a period of six months from the date of their initial Quotation, to the extent that this Rule would otherwise require each New Series of Future Notes to meet the Spread Requirements.
2. The waiver in paragraph 1 above is provided on the conditions that:
 - a. BNZ clearly and prominently discloses the waiver and its implications in the Offering Document for each New Series of Future Notes and any other Offering Document relating to the offer of those Future Notes made during the period of the waiver;
 - b. BNZ discloses liquidity as a risk in the Offering Document for each New Series of Future Notes; and
 - c. BNZ 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 in each New Series of Future Notes, and/or the percentage of those Future Notes 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 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. BNZ may meet the Spread Requirements at the time of Quotation. However, as each New Series of Future Notes will be offered through NZX Participants, without a public pool, BNZ will only know how those Future Notes will be allocated following the bookbuild for that New Series, BNZ will not be in a position to confirm, as at the launch date for the offer of those Future Notes, that the Spread Requirements will be met at the time of Quotation;
 - b. Debt Securities are not generally subject to the same degree of trading activity as Equity Securities;
 - c. the conditions, contained in paragraph 2 above, require BNZ to provide access to information about this waiver and its implications to prospective investors as part of the Offer of a New Series of Future Notes, as well as to those wishing to trade in those Future Notes for the period of this waiver. Investors can take this information into account when making their investment decision;



- d. the waiver is granted for a period of six months from the initial date of Quotation in relation to each New Series of Future Notes. This gives NZXR the opportunity to reconsider the spread of those Future Notes in six months' after the date of initial Quotation if BNZ considers a waiver is still required; and
- e. there is precedent for this decision.

Confidentiality

- 7. BNZ has requested that this application, and any decision made in relation to it, be kept confidential until such time as an Offer of Future Notes is announced to the market.
- 8. In accordance with Footnote 1 to Rule 1.11.2 NZXR grants BNZ's request.



Appendix One

1. Bank of New Zealand (**BNZ**) is a Listed Issuer with securities Quoted on the NZX Debt Market (**Debt Market**). These include the BNZ100 notes which mature on 18 June 2020, and the BNZ110 notes which mature on 15 June 2023 (together, the **Quoted Notes**).
2. BNZ has an existing debt issuance programme under which it may from time to time offer medium term notes (**Notes**) to retail investors in New Zealand and certain institutional investors.
3. BNZ may from time to time make further offers of Notes that are of the same class as the Quoted Notes under the exclusion for quoted financial products in clause 19 of schedule 1 to the Financial Markets Conduct Act 2013 (**QFP exclusion**). This may involve an offer under the QFP exclusion for:
 - a. the issue of a new series of Notes (**New Series**); or
 - b. a tap issue of a series of Quoted Notes or a New Series, (**Future Notes**).
4. BNZ will release a terms sheet prior to the offer of each New Series of Future Notes (**Offer**), setting out the main terms of the Future Notes (**Offering Document**).
5. In accordance with NZX Regulation's (**NZXR**) Ruling on NZX Debt Market Listing Rule (**Rule**) 5.2.3 issued on 29 September 2015 (the **Ruling**), each New Series of Future Notes 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 are maintained (**Spread Requirements**).
6. The Offers will be structured so that 100% of each New Series of Future Notes are reserved for clients of the joint lead managers and co-managers (as applicable) of the Offers, primary market participants, and other approved financial intermediaries. There will be no public pool for the Offers. BNZ has therefore indicated that it is uncertain whether each New Series of Future Notes will satisfy the Spread Requirements of Rule 5.2.3 when the New Series is initially Quoted on the Debt Market.



Appendix Two

NZX Debt Market Listing Rule 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.

