



LISTED COMPANIES ASSOCIATION

06 August 2020

NZX Limited
Level 1, NZX Centre, 11 Cable Street, Wellington 6011

Attn: Joost van Amelsfort - Head of Market Supervision
Email: joost.vanamelsfort@nzx.com

Dear Joost

NZX Regulation – Review of Covid-19 class relief

Thank you for the opportunity to comment on the proposed changes to the Covid-19 Class Relief. There is generally strong support for the waivers and it was noted they have clearly worked well with many companies taking advantage of the opportunities to protect their businesses in this time of substantial volatility and uncertainty. It is understood over \$3 billion of capital has been raised.

Proposed changes are considered to be reasonable, subject to a few concerns as follows:

Board certification drew a number of comments. Certification as to how the purposes of the capital related to Covid-19 introduces elements of subjectivity and uncertainty as to whether the waiver is validly applied. This creates unfairness where some companies can readily show a direct connection but for others any connection is indirect or otherwise speculative, notwithstanding the certificate is given in good faith in the best interests of the company.

In the context of a publicly announced capital raise, certification as to the applicability of the waiver appears unnecessary. The public can hardly be unaware of Covid and the economic consequences; is there any need for the waiver itself to be constrained by Covid and its impacts? Given expectations of a protracted economic recovery, the success due to the flexibility and speed of capital raising under the waiver should be available to the market well beyond October 2020.

The timing of prior advice to NZXR at least five business days prior to launch of an offer raises the question of whether, if the decision has been made by the Board to proceed, to the point it is advising NZXR, the decision should be simultaneously reported to the market consistent with continuous disclosure requirements?

The cap of \$50,000 per holder should be supported by a minimum proportion of the capital raise being made available under a Share Purchase Plan, most likely with an earlier closing date for acceptances before the unsubscribed balance defaults to the placement. This prevents the retail holders being substantially eliminated by a very low capacity allocation (even to \$1 per holder) but the placement still technically complying with the waiver. Obviously, pro rata placements don't encounter this issue.

Rachel Dunne also provided her comments sent directly to you and we support her views.

Kind Regards
John Blair
