



NZX Regulation Decision

AFT Pharmaceuticals Limited (“AFT”)

Application for a waiver from NZX Main Board Listing Rule
5.2.3

17 December 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 AFT is complete and accurate in all material respects, NZXR grants AFT a waiver from Rule 5.2.3 in respect of its Shares from the date this waiver is granted until AFT transitions to the Revised NZX Listing Rules, to the extent that this Rule would otherwise require AFT to have at least 25% of its Shares held by Members of the Public holding at least a Minimum Holding.
2. The waiver in paragraph 1 above is provided on the conditions that:
 - a. NZXR receives an undertaking from the AF Trust that it will not increase its holding of Shares in AFT during the term of the waiver, otherwise than as a result of an allotment pursuant to an offer or issue of Shares that is made pro-rata to all AFT shareholders;
 - b. at least 10% of Shares are held by more than 500 Members of the Public, with each Member of the Public holding at least a Minimum Holding;
 - c. AFT clearly and prominently discloses this waiver, its conditions, and its implications in AFT's annual report, and in any Offer Documents relating to any offer of Shares undertaken by AFT, during the period of the waiver; and
 - d. AFT monitors and notifies NZXR as soon as practicable if there is any material reduction to the total number of Members of the Public holding at least a Minimum Holding of Shares and/or the percentage of Shares 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 purpose of Rule 5.2.3 is to promote a liquid market which is important to ensure efficient price setting and to enable shareholders to trade. Since granting the 2017 Waiver, the number of Members of the Public holding at least a minimum holding in Shares has increased;
 - b. the 2017 Waiver and its implications were disclosed in AFT's half year and annual reports for its 2018 financial year, and in all Offer Documents relating to the offer of Shares. As such, investors have continued to apply for and trade Shares on a fully informed basis as to the spread of AFT Shares;



- c. the condition in paragraph 2(c) above will provide access to information about this waiver and its implications for those wishing to trade in, or accept any offer of, Shares during the period of this waiver;
- d. the condition in paragraph 2(d) above will allow NZXR to monitor any material changes in AFT's spread of Shares, over the period of the waiver; and
- e. there is precedent for this decision.



Appendix One

1. AFT Pharmaceuticals Limited (**AFT**) is a Listed Issuer with ordinary shares Quoted on the NZX Main Board (**Shares**).
2. On 21 December 2015, as part of its initial public offering, NZX Regulation (**NZXR**) granted AFT a waiver from the requirements of NZX Main Board Listing Rule (**Rule**) 5.2.3 in respect of its Shares for a period of 12 months from Quotation.
3. NZXR granted AFT further waivers from Rule 5.2.3 in respect of its Shares on 21 December 2016 and 20 December 2017, each for a period of 12 months.
4. The Atkinson Family Trust (**AF Trust**) and funds managed by entities related to CRG, a US-based investment management firm (the **CRG Funds**), are the principal shareholders of AFT. As at 3 December 2018, the AF Trust and CRG Funds together hold 88.34% of Shares on issue.
5. As at 30 November 2018, there were 918 Members of the Public holding approximately 11.66% of Shares on issue.
6. From 1 January 2019, NZX Main Board Issuers can transition to the new set of listing rules (**Revised NZX Listing Rules**), under which spread requirements are no longer an ongoing obligation for Listed Issuers.
7. AFT has applied for a waiver from Rule 5.2.3 in respect of its Shares for the period from 20 December 2018 until the date AFT transitions to the Revised NZX Listing Rules, being no later than 30 June 2019.



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

