

Financial Markets Conduct (APN News & Media Limited) Exemption Notice 2016

Pursuant to section 556 of the Financial Markets Conduct Act 2013, the Financial Markets Authority, being satisfied of the matters set out in section 557 of that Act gives the following notice.

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Notice

1 Title

This notice is the Financial Markets Conduct (APN News & Media Limited) Exemption Notice 2016.

2 Commencement

This notice comes into force on 11 May 2016.

3 Revocation

This notice is revoked on the close of 11 May 2017.

4 Interpretation

(1) In this notice, unless the context otherwise requires—

Act means the Financial Markets Conduct Act 2013

APN means APN News & Media Limited, a company incorporated in Australia with a primary listing on the Australian Securities Exchange

Corporations Act 2001 means the Corporations Act 2001 (Australia)

Demerger means the demerger of NZME and APN to be effected by way of an in-specie distribution of all shares in NZME by APN to its shareholders following a capital reduction in APN

Explanatory Memorandum means the explanatory memorandum prepared by APN and

containing the information prescribed by sub-clause 6(d)

Regulations means the Financial Markets Conduct Regulations 2014

NZME means Wilson & Horton Limited, a company incorporated in New Zealand which will own the NZME media and entertainment business and will change its name to NZME Limited prior to the Demerger

NZX means NZX Limited

NZX Main Board means the main board equity security market operated by NZX

specified securities means shares in NZME to be distributed to APN shareholders pursuant to the Demerger.

- (2) Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this notice has the same meaning as in the Act or the Regulations.

5 Exemption

APN and NZME are exempted in relation to the specified securities from Part 3 of the Act.

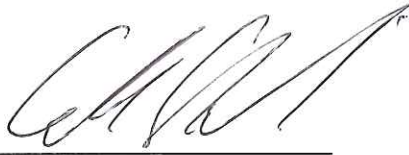
6 Conditions

The exemption in clause 5 is subject to the following conditions—

- (a) the only persons to whom the specified securities are offered in New Zealand are persons who, at the time of the offer, are shareholders of APN; and
- (b) prior to the transfer of the specified securities to any person to whom the offer is made in New Zealand, NZME has made an application for the specified securities to be quoted on the NZX Main Board in New Zealand and has complied with all requirements of NZX relating thereto with which it must comply at that time; and
- (c) the Explanatory Memorandum is distributed to APN shareholders together with the notice of meeting for the APN general meeting at which approval for the Demerger will be sought; and
- (d) the Explanatory Memorandum includes particulars of all matters that may be material to APN shareholders in making a decision on whether to approve the Demerger, including without limitation:
 - (i) a description of the rights attached to the specified securities; and
 - (ii) the purpose and effect of the Demerger; and
 - (iii) the steps necessary to bring the Demerger into effect; and
 - (iv) a statement as to why the directors of APN believe the Demerger is in the best interests of shareholders; and
 - (v) a summary of the impact of the Demerger, including any material advantages and disadvantages of the Demerger; and
 - (vi) a statement of the material differences (if any) between the rights of shareholders under the constitution of APN immediately prior to the implementation of the proposal and the rights of shareholders under the constitution of NZME immediately following the implementation of the proposal; and
 - (vii) all information prescribed by the Corporations Act 2001; and
 - (viii) particulars of any material taxation liabilities of APN shareholders caused by the

- change of shareholding resulting from the implementation of the demerger; and
- (e) NZX has approved the Explanatory Memorandum in writing; and
 - (f) APN is the offeror of the specified securities; and
 - (g) at the time of the offer, the only person who is a shareholder of NZME is APN or one of its subsidiaries; and
 - (h) the offer of the specified securities to persons in New Zealand is made in compliance with the laws of Australia and any code, rules, or other requirements relating to the offer of those securities that apply in Australia.

Dated at Wellington this *6th* day of *May* 2016.



Garth Stanish
Director of Capital Markets
Financial Markets Authority

Statement of reasons

This notice, which comes into force on 11 May 2016 and expires on 11 May 2017, exempts APN News & Media Limited (**APN**) and its subsidiary Wilson & Horton Limited (which will change its name to NZME Limited) (**NZME**), subject to conditions, from Part 3 of the Financial Markets Conduct Act 2013 (the **Act**) in relation to shares in NZME (the **specified securities**) to be offered by APN to its shareholders under a proposed demerger of NZME and APN (the **Demerger**).

The Financial Markets Authority (**FMA**), after satisfying itself as to the matters set out in section 557 of the Act, considers it appropriate to grant the exemptions because—

- the offer will only be made to existing shareholders of APN and therefore to persons who already have exposure to NZME and may be expected to be familiar with its assets and business. The offer effectively involves shareholders exchanging an indirect shareholding in NZME for a direct shareholding.
- shareholders must be invited to a meeting to vote whether to approve the Demerger, to allow it to proceed. It is a condition of the exemption that shareholders are provided with a document (in this case an Explanatory Memorandum) that contains all material information to enable them to make an informed decision in relation to the vote on the proposed Demerger. In addition, the Explanatory Memorandum must comply with the requirements of the Corporations Act 2001 (Australia) and must be approved by NZX for the purposes of NZME's application for listing and quotation.
- Part 3 of the Act and the Financial Markets Conduct Regulations 2014 (the **Regulations**) focus on providing information about the financial products being offered including the assets and business of the issuer. However, in these circumstances shareholders require information about the Demerger including its effects, in order to decide whether or not to approve it.

Accordingly, the nature of the information shareholders require to assess the offer is different from that prescribed by the Act and Regulations. It would be unduly onerous to require APN or NZME to prepare the disclosure documents required under Part 3 of the Act in addition to the Explanatory Memorandum.

- the exemption will allow APN's New Zealand shareholders to participate in the Demerger when the offer would not otherwise be extended to shareholders in this country due to the cost of compliance with the disclosure requirements of the Act and the Regulations.
- APN, NZME and others involved in the offer of the specified securities will remain subject to the fair dealing provisions in Part 2 of the Act and therefore APN's New Zealand shareholders will have protection against misleading or deceptive information being included in the Explanatory Memorandum.

In summary, the FMA is satisfied that the exemption is desirable in order to promote the purposes of the Act, specifically to provide for timely, accurate and understandable information to be provided to APN shareholders to assist them to make a confident and informed decision on the Demerger proposal. The exemptions will avoid unnecessary compliance costs caused by duplication of disclosure documents. In the circumstances that the exemption is limited to the offer of specified securities to existing APN shareholders made in the context of the Demerger, the exemptions are not broader than reasonably necessary to address the matters that gave rise to the exemptions.