



TAKEOVERS PANEL
TE PAE WHITIMANA

Takeovers Code (Vector Limited) Exemption Notice 2020

Pursuant to section 45 of the Takeovers Act 1993, the Takeovers Panel, being satisfied of the matters set out in section 45(6) of that Act, gives the following notice.

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Notice

1 Title

This notice is the Takeovers Code (Vector Limited) Exemption Notice 2020.

2 Revocation

The Takeovers Code (Vector Limited) Exemption Notice 2019 is revoked on the close of 18 August 2020.

3 Application

This notice applies to acts or omissions occurring on or after 19 August 2020.

4 Expiry

This notice expires on the close of 4 November 2031.

5 Interpretation

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

Act means the Takeovers Act 1993

Code means the Takeovers Code under the Act

Entrust means the trust established by deed of trust dated 27 August 1993 and previously named Auckland Energy Consumer Trust

trust deed means the Entrust deed of trust in force on 11 October 2019 (as altered or amended from time to time)

trustee means a person appointed as a trustee of Entrust in accordance with the trust deed.

- (2) In this notice, a reference to a person increasing voting control is a reference to the person becoming the holder or controller of an increased percentage of voting rights in Vector Limited.
- (3) Any term or expression that is defined in the Act or the Code and used, but not defined, in this notice has the same meaning as in the Act or the Code.

6 Exemptions from rule 6(1) of Code

- (1) Every person who becomes a trustee is exempted from rule 6(1) of the Code in respect of any increase in that person's voting control as a result of being appointed as a trustee.
- (2) Every person who is a trustee is exempted from rule 6(1) of the Code in respect of any increase in that person's voting control as a result of a reduction in the number of trustees.

7 Conditions of exemptions

The exemptions in clause 6 are subject to the conditions that—

- (a) the appointment of a trustee or a reduction in the number of trustees—
 - (i) is pursuant to the appointment process for trustees in the trust deed or is the result of an event beyond the control of the trustees; and
 - (ii) does not have the increase in voting control as a collateral purpose; and
- (b) within 5 working days of any application being made to the High Court for authorisation to amend the trust deed, the trustees notify the Panel of the proposed amendments.

Dated at Auckland this 3rd day of August 2020

[signed]

R A Coupe
Chair

Statement of Reasons

This notice applies to acts or omissions occurring on or after 19 August 2020 and expires on 4 November 2031.

This notice revokes the Takeovers Code (Vector Limited) Exemption Notice 2019 (the **2019 Notice**) and replaces it with a new notice that replicates the 2019 Notice except that the Takeovers Panel (the **Panel**) has clarified its statement of reasons.

References to voting control in this statement of reasons are references to the holding or control of voting rights in Vector Limited (**Vector**).

The Panel has granted exemptions from rule 6(1) of the Takeovers Code (the **Code**) to any person who increases their voting control in Vector as a result of—

- becoming a trustee of Entrust; or
- a reduction in the number of trustees of Entrust.

An appointment as a trustee will cause the person appointed to increase their voting control if they, together with the other trustees, hold or control voting rights in Vector as associates, under rule 6(2)(b) of the Code. A reduction in the number of trustees may cause the remaining trustees to increase their voting control of Vector under rule 6(2)(c) of the Code, by increasing the extent to which they share in the voting control of Vector with the other trustees.

The conditions of the exemptions are designed to ensure that the underlying purpose of the Code is still fulfilled. Accordingly, the exemptions apply only if—

- the appointment of a trustee or a reduction in the number of trustees is pursuant to the appointment process for trustees in the Entrust trust deed or is the result of an event beyond the control of the trustees, and does not have the increase in voting control as a collateral purpose; and
- within 5 working days of any application being made to the High Court for authorisation to amend the Entrust trust deed, the trustees notify the Panel of the proposed amendments.

The Panel considers that it is appropriate and consistent with the objectives of the Code to grant the exemptions because,—

- every trustee of Entrust who exercises control over the voting rights in Vector does so in their capacity as a trustee and is subject to the duties and obligations arising under the Entrust trust deed and at law;
- the exemption only applies if the appointment of a new trustee or a reduction in the number of trustees is in accordance with the Entrust trust deed, or is the result of an event outside the control of the trustees, and the costs of compliance with the Code for changes of trustees are not proportionate to the benefits resulting from it; and
- the shareholders of Vector would not be disadvantaged by not having the opportunity to vote on a trustee's appointment, or a reduction in the number of trustees, because changes of trustees do not increase the voting control of the trustees as a group, ensuring that shareholders are treated fairly and their right to decide for themselves the merits of any increase in voting control of the trustees as a group is not affected.

Date of Notification in the *Gazette*: 11 August 2020
