



ANALYSIS

Title
1. Short Title

2. Criminal liability for misstatement in advertisement or registered prospectus

1994, No. 158

An Act to amend the Securities Act 1978

[15 December 1994

BE IT ENACTED by the Parliament of New Zealand as follows:

1. Short Title—This Act may be cited as the Securities Amendment Act (No. 2) 1994, and shall be read together with and deemed part of the Securities Act 1978 (hereinafter referred to as the principal Act).

2. Criminal liability for misstatement in advertisement or registered prospectus—(1) The principal Act is hereby amended by repealing section 58 (as substituted by section 30 of the Securities Amendment Act 1982), and substituting the following section:

“58. (1) Subject to subsection (2) of this section, where an advertisement that includes any untrue statement is distributed,—

“(a) The issuer of the securities referred to in the advertisement, if an individual; or

“(b) If the issuer of the securities is a body, every director thereof at the time the advertisement is distributed—

commits an offence.

“(2) No person shall be convicted of an offence under subsection (1) of this section if the person proves either that the statement was immaterial or that he or she had reasonable grounds to believe, and did, up to the time of the distribution of the advertisement, believe that the statement was true.

“(3) Subject to subsection (4) of this section, where a registered prospectus that includes an untrue statement is distributed, every person who signed the prospectus, or on whose behalf the registered prospectus was signed for the purposes of section 41 (b) of this Act, commits an offence.

“(4) No person shall be convicted of an offence under subsection (3) of this section if the person proves either that the statement was immaterial or that he or she had reasonable grounds to believe, and did, up to the time of the distribution of the prospectus, believe that the statement was true.

“(5) Every person who commits an offence against this section is liable,—

“(a) On conviction on indictment, to imprisonment for a term not exceeding 5 years or to a fine not exceeding \$25,000; or

“(b) On summary conviction, to imprisonment for a term not exceeding 3 months or to a fine not exceeding \$15,000.”

(2) Any proceedings for an offence against section 58 of the principal Act (as in force before the commencement of this section) commenced but not completed before the commencement of this section, shall be heard and determined in accordance with section 58 of the principal Act (as enacted by subsection (1) of this section).

(3) Section 30 of the Securities Amendment Act 1982 is hereby consequentially repealed.

This Act is administered in the Department of Justice.
