



Insider Trading (Approved Procedures for Fonterra Officers) Notice 2001

Pursuant to section 8(1)(c) of the Securities Amendment Act 1988, the Securities Commission gives the following notice.

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Notice

1 Title

This notice is the Insider Trading (Approved Procedures for Fonterra Officers) Notice 2001.

2 Commencement

This notice comes into force on the day after the date of its notification in the *Gazette*.

3 Interpretation

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

Act means the Securities Amendment Act 1988

affected transaction means a transaction described in clause 1 of Part 1 of the Schedule

board has the same meaning as in Fonterra's constitution

director means a person occupying the position of director of Fonterra, by whatever name called

fair value range means a fair value range for a co-operative share in Fonterra advised by a valuer to the board that is not a special estimate

Fonterra means Fonterra Co-operative Group Limited

season means the period of 12 months beginning on 1 June in a year and ending on 31 May in the following year

special estimate means an estimated fair value range required by the board under clause 4.5 of Fonterra's constitution because the board has the opinion that the circumstances referred to in that clause have arisen

trade means sell, buy, redeem, or alienate in any other way.

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

4 Approval of procedures

- (1) The procedures outlined in the Schedule are approved by the Commission under section 8(1)(c) of the Act.
- (2) Generally, the procedures approved under subclause (1) are operated by Fonterra to ensure that a director, secretary, or employee of Fonterra with inside information about Fonterra does not use that information to gain personally from trading securities of Fonterra.

5 Reference to transaction

A reference in this notice to a transaction is to the substance and outcome of the transaction.

Schedule Approved procedures

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Part 1 First procedure

- 1 This procedure applies to a transaction that trades unquoted securities of Fonterra as part of the sale or purchase of a dairy farm, a dairy business, or dairy livestock.

Part 1—*continued*

- 2 A director, secretary, or employee of Fonterra must give written notice to Fonterra of his or her intention to trade securities in Fonterra by an affected transaction.
- 3 Notice under clause 2 must be given before the trade occurs.
- 4 The notice must be signed and dated and include the following things:
 - (a) the name and address of the director, secretary, or employee;
 - (b) the office or position held by that person in Fonterra;
 - (c) a statement describing the affected transaction, which must contain as much of the following information as is known or reasonably discoverable:
 - (i) the expected date or timing of the affected transaction;
 - (ii) the locality of the dairy farm, dairy business, or dairy livestock to be bought or sold;
 - (iii) an estimate of the class and number of unquoted securities that are to be traded by the transaction;
 - (d) a statement that the decision to trade the unquoted securities has not been made on the basis of inside information;
 - (e) a statement that the director, secretary, or employee believes that the unquoted securities will be traded at fair value;
 - (f) a request that Fonterra consent to the trade;
 - (g) a statement that the director, secretary, or employee is not aware of information that is material to Fonterra's decision on the request to consent to the trade and that has not been disclosed to Fonterra's board.
- 5 Fonterra must consider a request for consent in a notice under clause 4 and may consent to the trade if reasonably satisfied that the statements required by clause 4(d), (e), and (g) are true.
- 6 Fonterra may act under clause 5—
 - (a) through its board; or

Part 1—*continued*

- (b) by an officer of Fonterra or a wholly-owned subsidiary of Fonterra appointed by the board.
- 7 The unquoted securities must not be traded unless—
- (a) Fonterra consents to the affected transaction in writing; and
 - (b) arrangements exist to ensure that a copy of that consent is distributed to the directors of Fonterra before the next board meeting after the consent is given; and
 - (c) the trade of the securities takes place outside the following periods:
 - (i) the period commencing when the board requires a special estimate by a valuer and ending on the commencement of the day after the price for a co-operative share in Fonterra, based on that special estimate, is published;
 - (ii) in situations not covered by subparagraph (i), the period commencing when the board is advised of a fair value range or an estimated fair value range and ending on the commencement of the day after the price for a co-operative share in Fonterra, based on that fair value range or estimated fair value range, is published; and
 - (d) the affected transaction binds the director, secretary, or employee within 60 days of Fonterra's consent to the trade.

Part 2
Second procedure

- 8 This procedure applies to a transaction to trade securities of Fonterra that is a necessary part of 1 or more of the following transactions:
- (a) an amalgamation under Part XIII of the Companies Act 1993; or
 - (b) a compromise approved under Part XIV of the Companies Act 1993; or

Part 2—*continued*

- (c) an arrangement, amalgamation, or compromise approved by the Court under section 236 of the Companies Act 1993, including an order made under section 237 of that Act; or
 - (d) a reorganisation or reconstruction of Fonterra that involves all the securities of the same class; or
 - (e) the supply of milk to Fonterra by a director, secretary, or employee of Fonterra, if Fonterra is a party to the trade of securities.
- 9 A director, secretary, or employee of Fonterra must give written notice to Fonterra of his or her intention to trade securities in Fonterra.
- 10 Notice under clause 9 must be given before the trade occurs.
- 11 The notice must be signed and dated and include—
- (a) the name and address of the director, secretary, or employee; and
 - (b) the office or position held by that person in Fonterra; and
 - (c) the class and number of securities that will be traded; and
 - (d) a statement describing the transaction by which the trade will occur, which must be specific and include the expected date or timing of the transaction; and
 - (e) a statement that the decision to trade the securities was not made on the basis of inside information; and
 - (f) a statement that the director, secretary, or employee believes that the securities will be traded at fair value; and
 - (g) a request that Fonterra consent to the trade; and
 - (h) a statement that the director, secretary, or employee is not aware of information that is material to Fonterra's decision on the request to consent to the trade and that has not been disclosed to Fonterra's board.

Dated at Wellington this 19th day of December 2001.

The Common Seal of the Securities Commission was affixed in the presence of:

[L.S.]

J. Diplock,
Chairperson.

Explanatory note

This note is not part of the notice, but is intended to indicate its general effect.

This notice comes into force on the day after the date of its notification in the *Gazette*. The notice approves procedures operated by Fonterra by which a director, secretary, or employee of Fonterra may, in certain circumstances, apply for consent to trade securities in Fonterra, even though the director, secretary, or employee has inside information about Fonterra. The procedures are designed by Fonterra to ensure that the insider does not use inside information to gain personally from the trade.

Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*: 21 December 2001.

This notice is administered in the Securities Commission.
