



# Securities Act (Industrial and Provident Societies) Exemption Notice 2002

Pursuant to the Securities Act 1978, the Securities Commission gives the following notice.

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**Schedule**  
**Industrial and provident societies to which this notice applies**

## Notice

- 1 Title**  
This notice is the Securities Act (Industrial and Provident Societies) Exemption Notice 2002.
- 2 Commencement**  
This notice comes into force on the day after the date of its notification in the *Gazette*.
- 3 Expiry**  
This notice expires on the close of 30 November 2007.
- 4 Interpretation**
  - (1) In this notice, unless the context otherwise requires,—

**Act** means the Securities Act 1978

**member** means a person who is a member of a society and who is the holder of a specified participatory security in accordance with the rules of the society

**Regulations** means the Securities Regulations 1983

**society** means a society registered under the Industrial and Provident Societies Act 1908 that is named in the Schedule

**specified debt securities** means amounts owing by a society to a member that are—

- (a) credited to the account of the member and that are calculated by reference to purchases of goods or services made by the member; or
- (b) credited to the account of the member from the earnings of the society where the total amount to be credited to all members has been determined by the members of the society in general meeting

**specified participatory securities** means shares issued by a society under the Industrial and Provident Societies Act 1908.

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

## 5 Exemptions

- (1) A society and every person acting on its behalf are exempted from—
  - (a) section 33(3) of the Act in respect of specified participatory securities; and
  - (b) section 37A(1)(c) of the Act in respect of specified participatory securities and specified debt securities; and
  - (c) section 37A(2) of the Act in respect of specified participatory securities; and
  - (d) section 54 of the Act in respect of specified participatory securities and specified debt securities; and
  - (e) regulation 3(3) of the Regulations in respect of specified participatory securities; and
  - (f) clauses 5 to 11, 15 to 32, and 34 to 36 of the Second Schedule of the Regulations in respect of specified debt securities.

- (2) However, the exemption from clause 34 of the Second Schedule of the Regulations does not apply to a first offer to the public of a class of specified debt securities of the society.

**6 Condition that securities allotted only to members**

The exemptions in clause 5 are subject to the condition that the securities are allotted only to persons who are, or after allotment will be, members of the society.

**7 Condition about payments on account of participatory securities**

The exemption in clause 5(1)(a) is subject to the further condition that the society does not require a member to pay money to the society on account of specified participatory securities (other than specified participatory securities forming part of the member's original application) that have been, or are to be, allotted to the member unless—

- (a) the members of the society have agreed at a general meeting to the requirement to make the payments; and
- (b) adequate provision has been made for members who object to making the payments to withdraw from the society and to be paid, within 6 months of notifying the society of their intention to withdraw, the amounts they are entitled to be paid as holders of specified participatory securities or that are payable to them or that are credited to their accounts.

**8 Condition that directors' statement must be attached to investment statement**

- (1) The exemptions in clause 5(1)(b), (e), and (f) are subject to the further condition that every copy of the investment statement that is sent or made available more than 9 months after the date of the most recent statement of financial position of the society registered under the Financial Reporting Act 1993 has attached to it (or contained in it) a statement—
- (a) that is dated 9 months after the date of that statement of financial position; and
  - (b) that is signed by each of the directors of the society (or his or her agent who has been authorised in writing).
- (2) The statement must contain the following matters:

- (a) particulars of any material matters relating to the offer of securities other than—
  - (i) matters set out elsewhere in the investment statement, registered prospectus, or most recent financial statements; and
  - (ii) contracts entered into in the ordinary course of business; and
- (b) a statement as to whether, after due inquiry by them in relation to the period between the date of the society's most recent statement of financial position and the date of the directors' statement referred to in this clause, there have, in their opinion, arisen any circumstances that materially adversely affect—
  - (i) the trading or profitability of the society; or
  - (ii) the value of the assets of the society; or
  - (iii) the ability of the society to pay its liabilities due within the next 12 months.

## **9 Condition about financial statements**

The exemptions in clause 5(1)(b) and (c) are subject to the further condition that a copy of the most recent audited financial statements of the society, being financial statements that comply with the Financial Reporting Act 1993, is attached to, or contained in, every copy of the registered prospectus sent to a person under section 54B of the Act.

## **10 Condition about statement of shareholding in lieu of certificate evidencing securities**

- (1) The exemption in clause 5(1)(d) is subject to the further condition that the society sends to each member annually, and at any time on request, a written statement that sets out—
  - (a) the class or classes of securities held by that member; and
  - (b) the number of securities in each class held by that member.
- (2) However, this condition does not require a society to send an annual statement to a member if the total number of securities in each class held by the member has not changed since the most recent of the following dates:
  - (a) the date on which this notice comes into force:

- (b) the date on which a written statement was sent to the member under this clause:
- (c) the date on which a certificate was sent to the member under section 54 of the Act.

## 11 Condition about information in prospectus

The exemption from clause 5(1)(e) is subject to the further condition that the registered prospectus contains the information specified in clauses 1 to 3, 10, 21, 39, and (in the case of the first offer to the public of a class of participatory securities) clause 40 of the First Schedule of the Regulations, in all respects as if the specified participatory securities were equity securities.

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cl 4(1)

### Schedule Industrial and provident societies to which this notice applies

Ashburton Trading Society Limited.  
Ashburton/Lyndhurst Irrigation Society Limited.  
Combined Rural Traders Society Limited.  
Composite Retail Society Limited.  
Farmlands Trading Society Limited.  
GreenFields Society Limited.  
Independent Timber Merchants Society Limited.  
Landbase Trading Society Limited.  
Rural Couriers Society Limited.

Dated at Wellington this 11th day of December 2002.

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

[L.S.]

J. Diplock,  
Chairperson.

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### Explanatory note

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

This notice, which comes into force on the day after the date of its notification in the *Gazette* and expires on 30 November 2007, replaces the Securities Act (Industrial and Provident Societies) Exemption Notice 1997.

The exemptions granted by the notice apply only in respect of securities allotted to members of the society.

The notice entitles industrial and provident societies to use an ever-green short-form prospectus.

The notice also exempts, subject to conditions, industrial and provident societies from—

- the statutory supervisor and deed of participation requirements (section 33(3)); and
- the requirement that the amount payable on subscription for participatory securities is at least 10% of the nominal amount of the security (section 37A(2)); and
- the obligation to issue certificates evidencing securities (section 54).

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

Date of notification in *Gazette*: 12 December 2002.

This notice is administered in the Securities Commission.

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