



Securities Act (Colville Equities Limited) Exemption Notice 2004

Pursuant to the Securities Act 1978, the Securities Commission gives the following notice (to which is appended a statement of reasons of the Securities Commission).

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Notice

1 Title

This notice is the Securities Act (Colville Equities Limited) Exemption Notice 2004.

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 31 December 2004.

4 Interpretation

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

Act means the Securities Act 1978

Colville means Colville Equities Limited

NZX means New Zealand Exchange Limited

Regulations means the Securities Regulations 1983

specified securities means ordinary shares and options in Colville offered to the public by Colville.

- (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 from clause 10(1)(c) of First Schedule of Regulations

Colville and every person acting on its behalf are exempted from clause 10(1)(c) of the First Schedule of the Regulations in respect of the specified securities.

6 Conditions of exemption in clause 5

- (1) The exemption in clause 5 is subject to the condition that—
- (a) the specified securities are quoted, or approved for quotation, on a securities market operated by NZX; or
 - (b) application has been made to NZX for quotation of the specified securities and, at the time of the offer of the specified securities, Colville has complied with all the requirements of NZX relating to the application with which it must comply at that time.
- (2) The exemption in clause 5 is subject to the further condition that the registered prospectus relating to the offer of the specified securities contains, in the place where the prospective statement of cash flows required by clause 10(1)(c) of the First Schedule of the Regulations would otherwise have been set out,—
- (a) a statement of Colville's reasons for not providing the prospective statement of cash flows required by clause 10(1)(c); and
 - (b) a statement to the effect that investors should regard investment in Colville as high risk.

Dated at Wellington this 27th day of April 2004.

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

[L.S.]

F. R. S. Clouston,
Member.

Statement of reasons

This notice comes into force on the day after the date of its notification in the *Gazette* and expires on 31 December 2004. It exempts Colville Equities Limited (**Colville**) and every person acting on its behalf, subject to conditions, from clause 10(1)(c) of the First Schedule of the Securities Regulations 1983 in respect of an offer to the public of ordinary shares and options in Colville.

The Securities Commission considers that it is appropriate to grant the exemption because—

- Colville is an investment company, and its business is therefore more akin to that of a unit trust investing in market instruments than a traditional company. The company has not yet determined the precise make-up of its investment portfolio. For this reason, the provision of prospective financial information by Colville would be highly speculative and may be of little relevance to potential investors; and
- the condition that the prospectus contains a statement of Colville's reasons for not providing the prospective statement of cash flows, and an acknowledgment that the investment is high risk, requires that potential investors are informed that certain information is not included and why, and that their attention is drawn to the nature of the investment; and
- the directors must still give a general description of their plans under clause 10(1)(a) of the First Schedule of the Securities Regulations; and
- the exemption is consistent with previous Commission exemptions in similar circumstances.

**Securities Act (Colville Equities Limited)
Exemption Notice 2004**

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Issued under the authority of the Acts and Regulations Publication Act 1989.
Date of notification in *Gazette*: 29 April 2004.
This notice is administered by the Securities Commission.
