



**SECURITIES ACT (TCNZ FINANCE LIMITED) EXEMPTION
NOTICE 1998**

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

ANALYSIS

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NOTICE

1. Title, commencement, and expiry—(1) This notice may be cited as the Securities Act (TCNZ Finance Limited) Exemption Notice 1998.

(2) This notice comes into force on 1 April 1998.

(3) This notice expires on the close of 31 March 2003.

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

“Act” means the Securities Act 1978:

“Company” means TCNZ Finance Limited:

“Consolidated group” means the group comprising—

(a) The company; and

(b) Telecom; and

(c) The consolidation subsidiaries of Telecom:

“Consolidation subsidiaries” means those subsidiaries and other associated entities of Telecom from time to time (other than the company) whose assets, liabilities, revenues, and expenses would, in accordance with generally accepted accounting practice, applicable financial reporting standards, and legal requirements, ordinarily be combined with the assets, liabilities, revenues, and expenses of Telecom for general financial reporting purposes; and “consolidation subsidiary” means any of the consolidation subsidiaries:

“Guaranteeing consolidation subsidiary”, in relation to specified debt securities, means a consolidation subsidiary that—

(a) Is unconditionally liable (whether or not jointly or severally with the company or any other person) to repay the securities; or

(b) Is liable to repay the securities subject only to the condition that the company or any other person has failed to do so:

“Guaranteeing group”, in relation to specified debt securities, means the group comprising—

- (a) The company; and
- (b) Telecom; and
- (c) Every guaranteeing consolidation subsidiary:

“Non-guaranteeing consolidation subsidiary” means a consolidation subsidiary which is not a guaranteeing consolidation subsidiary:

“Regulations” means the Securities Regulations 1983:

“Specified debt securities” means debt securities of which the company is the issuer and which are guaranteed only by Telecom and 1 or more consolidation subsidiaries:

“Telecom” means Telecom Corporation of New Zealand Limited.

(2) For the purposes of clause 3 (3), an amount is significant in comparison to another amount specified in clause 3 (3) if the first amount is 5% or more of the other amount.

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

3. Exemption—(1) The company, and every person acting on its behalf, are exempted from section 54B (1) of the Act to the extent that provision requires the company to provide, at the request of a holder of specified debt securities,—

- (a) The financial statements referred to in regulation 23A (d) of the Regulations; and
- (b) All documents that are required by any enactment or rule of law to be incorporated in, attached to, or accompany those financial statements.

(2) The exemption granted by subclause (1) is subject to the condition that the company must, on receipt of a request from a holder of specified debt securities for the financial statements referred to in regulation 23A (d) of the Regulations, send or cause to be sent to the security holder—

- (a) A copy of the most recent annual or half-yearly consolidated financial statements of the consolidated group; and
- (b) All documents that are required by any enactment or rule of law to be incorporated in, attached to, or accompany those financial statements; and
- (c) A statement to the effect that the financial statements being provided to the security holder are the annual or half-yearly consolidated financial statements of the consolidated group rather than those required by regulation 23A (d) of the Regulations, and a description or list of the members of the guaranteeing group as at the date of the statement of financial position forming part of those financial statements; and
- (d) A statement of the aggregate amount of the net tangible assets of the non-guaranteeing consolidation subsidiaries at the date of the statement of financial position referred to in paragraph (c), and a statement to the effect that that aggregate amount is less than 5% of the amount of the net tangible assets of the consolidated group at that date; and
- (e) A statement of the aggregate net earnings after taxation and extraordinary items, and before the deduction of any minority interests, of the non-guaranteeing consolidation subsidiaries for

their most recently completed accounting period, and a statement to the effect that that aggregate amount is less than 5% of the amount of the net earnings after taxation and extraordinary items, and before the deduction of any minority interests, of the consolidated group for that period; and

- (f) A statement to the effect that the directors of the company are of the opinion that, at the date of the statement of financial position referred to in paragraph (c), the financial statements referred to in paragraph (a) provide a reasonable basis to assess the financial position of the guaranteeing group in relation to the specified debt securities.

(3) The exemption granted by subclause (1) is subject to the further condition that, at the date of the statement of financial position forming part of the financial statements sent to a security holder in accordance with subclause (2) (a) and at any later date on which the company sends, or causes to be sent, to a holder of specified debt securities the information referred to in subclause (2),—

- (a) The aggregate amount of the net tangible assets of all the non-guaranteeing consolidation subsidiaries is not significant in comparison to the amount of the net tangible assets of the consolidated group; and

- (b) The aggregate amount of net earnings after taxation and extraordinary items, and before the deduction of any minority interests, of all the non-guaranteeing consolidation subsidiaries for their most recently completed accounting period is not significant in comparison to the amount of the net earnings after taxation and extraordinary items, and before the deduction of any minority interests, of the consolidated group for that period.

Dated at Wellington this 30th day of March 1998.

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

[L.S.]

E. H. ABERNETHY,
Chairman.

EXPLANATORY NOTE

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

This notice comes into force on 1 April 1998 and expires on 31 March 2003.

The notice exempts TCNZ Finance Limited from the requirement under regulation 23A (d) of the Securities Regulations 1983 to provide financial statements of a guarantor or guaranteeing group at the request of a holder of certain debt securities issued by the company. The debt securities are those guaranteed by Telecom New Zealand Limited and 1 or more of the members of the Telecom New Zealand Limited group.

The exemption is subject to a number of conditions. The principal ones are—

- (a) That consolidated financial statements for the Telecom Corporation of New Zealand Limited group are provided at the request of holders of the debt securities; and
- (b) That the aggregate amount of net tangible assets of all non-guaranteeing subsidiaries of the consolidated group does not exceed 5% of the net tangible assets of the group; and
- (c) That the aggregate amount of the net earnings of all non-guaranteeing subsidiaries of the consolidated group does not exceed 5% of the aggregate net earnings of the group; and
- (d) That the consolidated financial statements are accompanied by a statement to the effect that the directors of TCNZ Finance Limited are of the opinion that those financial statements will provide a reasonable basis to assess the financial position of the guaranteeing group in relation to the debt securities.

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

Date of notification in *Gazette*: 31 March 1998.

This notice is administered in the Securities Commission.