



Securities Act (Short Form Prospectus) Exemption Amendment Notice 2005

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

- (1) This notice is the Securities Act (Short Form Prospectus) Exemption Amendment Notice 2005.
- (2) In this notice, the Securities Act (Short Form Prospectus) Exemption Notice 2002¹ is called “the principal notice”.

¹ SR 2002/301

2 Commencement

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

3 New clause 11 added

The principal notice is amended by adding the following clause:

“11 Exemption from section 34(2)(a) of Act

Every issuer and every person acting on its behalf are exempted from section 34(2)(a) of the Act in respect of any registered prospectus—

“(a) that is distributed by or on behalf of that issuer; and

- “(b) in respect of which the requirements of either of the following sets of provisions are satisfied:
- “(i) all of regulation 4 of the Regulations; or
 - “(ii) the combined effect of regulation 4 of the Regulations and clauses 5 and 6 or clauses 7 and 8 or clauses 9 and 10 of this notice.”

Dated at Wellington this 18th day of October 2005.

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

[L.S.]

J. Diplock,
Chairperson.

Statement of reasons

This notice, which comes into force on the day after the date of its notification in the *Gazette*, amends the Securities Act (Short Form Prospectus) Exemption Notice 2002 (“the principal notice”). The amendment adds an exemption to the principal notice, exempting issuers from section 34(2)(a) of the Securities Act 1978 (the requirement that a registered prospectus must not be distributed unless it is accompanied by financial statements registered under the Financial Reporting Act 1993) in respect of a registered prospectus that complies with either—

- regulation 4 of the Securities Regulations 1983; or
- the combined effect of regulation 4 of the Securities Regulations 1983 and an exemption and condition of the principal notice.

The Securities Commission considers that the amendment is appropriate for the following reasons:

- regulation 4 of the Securities Regulations 1983 allows issuers to make rights offers to existing security holders using a short form prospectus. This reduces costs for issuers:
- the short form prospectus can, under regulation 4, omit financial statements of the issuer if these have already been sent to security holders. However, section 34(2)(a) of the Securities

Act 1978 conflicts with this, requiring financial statements to accompany every prospectus:

- the exemption relieves issuers using short form prospectuses from the requirements of section 34(2)(a), allowing the purpose of the short form prospectus to be achieved:
 - shareholders' entitlement to receive a copy of the most recent financial statements on request remains unchanged.
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Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*: 20 October 2005.

This notice is administered by the Securities Commission.
