



Securities Act (Crown Wholesale Debt Securities) 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).

Contents

1	Title	6	Conditions of exemption in clause 5
2	Commencement	7	Exemption from clause 5(1)(b) of Schedule 3D of Regulations
3	Expiry		
4	Interpretation	8	Conditions of exemption in clause 7
5	Exemption from regulation 7A(1) of Regulations		

Notice

1 Title

This notice is the Securities Act (Crown Wholesale Debt Securities) 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 August 2009.

4 Interpretation

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

Act means the Securities Act 1978

offeror means any offeror of specified securities other than the Crown

Regulations means the Securities Regulations 1983

specified securities means any debt securities—

- (a) to which section 6(2) of the Act applies; and
 - (b) in relation to which the only original allotter is the Crown; and
 - (c) whose terms specify that the obligation to repay principal or interest, or both, is the sole responsibility of the Crown.
- (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 regulation 7A(1) of Regulations

The Crown, every offeror, and every person acting on behalf of either or both of them are exempted from regulation 7A(1) of the Regulations to the extent that that regulation requires an investment statement relating to the specified securities to contain information about any offeror who is an issuer of those securities.

6 Conditions of exemption in clause 5

The exemption in clause 5 is subject to the conditions that—

- (a) a subscriber for specified securities receives, before subscribing for the securities, the name and address of the offeror of the securities; and
- (b) the investment statement for the specified securities contains—
 - (i) a statement to the effect that the name and address of the offeror are to be provided to each prospective subscriber before he or she subscribes for the securities; and
 - (ii) a description of the effect of the exemption in clause 5; and
 - (iii) a statement to the effect that the offeror is an issuer of the securities and has obligations as an issuer under the Act and the Regulations.

7 Exemption from clause 5(1)(b) of Schedule 3D of Regulations

The Crown, every offeror, and every person acting on behalf of either or both of them are exempted from clause 5(1)(b) of

Schedule 3D of the Regulations in respect of any specified securities.

8 Conditions of exemption in clause 7

The exemption in clause 7 is subject to the conditions that—

- (a) a subscriber for specified securities receives, before subscribing for the securities, details of the person to whom, and the place at which, payments for the securities are to be or may be made; and
- (b) the investment statement for the specified securities contains a statement to the effect that details of the person to whom, and the place at which, payments for the securities are to be or may be made, are to be provided to each prospective subscriber before he or she subscribes for the securities.

Dated at Wellington this 24th day of August 2004.

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

[L.S.]

J. Diplock,
Chairperson.

Statement of reasons

This notice comes into force on the day after the date of its notification in the *Gazette* and expires on 31 August 2009. It exempts the Crown and certain other offerors of specified debt securities, subject to conditions, from regulation 7A(1) and clause 5(1)(b) of Schedule 3D of the Securities Regulations 1983. These provisions relate to the content of investment statements.

The effect of the exemptions is that—

- investment statements for the offers of the debt securities to the public will contain information about the Crown as the issuer of the securities, but will not be required to also contain information about the wholesale investors who are offerors of the securities; and

- before subscription for the debt securities, investors will be provided with information about the name and contact details of the offeror, and details about where and to whom payments are to be made. The investment statement will contain a statement to the effect that this information will be provided to investors prior to subscription.

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

- where Part II of the Securities Act 1978 applies to an offer of previously allotted securities to the public, both the person offering the securities and the original allotter of the securities have a responsibility for the offer as issuers. In this case, the more relevant information for disclosure to investors is about the Crown. Information about the wholesale investors (being the persons offering the securities) as issuers may not be useful to the retail investors and may also be confusing. The conditions of the exemption from regulation 7A(1) of the Securities Regulations 1983 require potential investors to be advised that the offerors remain legally responsible as issuers:
- the investment statements for the offers of debt securities to the public made by the wholesale investors are prepared by the Crown. The exemptions in this notice recognise that certain information relating to the wholesale investors is not available to the Crown at the time the investment statement is prepared. The exemptions enable information to be given to investors in a form other than the investment statement, so long as it is given prior to subscription.

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

Date of notification in *Gazette*: 26 August 2004.

This notice is administered by the Securities Commission.
