

PROPOSED RECOMMENDATION FOR AMENDMENTS
TO
SECURITIES REGULATIONS 1983
AS NOTIFIED IN GAZETTE ON 27 MARCH 1997

Attachments:

- Copy of Gazette Notice
- Copy of Proposed Amendments to Securities Regulations 1983
- Explanatory Memorandum

Securities Commission
12th Floor
Reserve Bank Building
2 The Terrace
WELLINGTON

March 1997

[GAZETTE NOTICE]

SECURITIES ACT 1978

**PROPOSED RECOMMENDATION FOR REGULATIONS TO AMEND SECURITIES
REGULATIONS 1983**

Pursuant to section 70(3) of the Securities Act 1978, the Securities Commission gives notice of its intention to recommend that regulations be made amending the Securities Regulations 1983. The proposed regulations will:

- (a) make the amendments to the Securities Regulations 1983 that are necessary to give effect to the Securities Amendment Act 1996 - including setting out the prescription for prospectuses for offers of interests in unit trusts, life insurance policies and superannuation schemes as well setting out the prescription for the new "investment statement"; and
- (b) update the financial reporting terminology in the Securities Regulations 1983.

A copy of the proposed recommendation may be inspected at the offices of the Commission (12th floor, Reserve Bank Building, 2 The Terrace, Wellington) during normal office hours.

Dated at Wellington this day of March 1997

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

Chairman

SECURITIES AMENDMENT REGULATIONS 1997

Governor-General

ORDER IN COUNCIL

At Wellington this [] day of [] 1997

Present:

in Council

PURSUANT to section 70(1) of the Securities Act 1978, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, and in accordance with a recommendation of the Securities Commission, makes the following regulations.

REGULATIONS

1 Title and commencement - (1) These regulations may be cited as the Securities Amendment Regulations 1997, and are part of the Securities Regulations 1983 ("the principal regulations").

(2) These regulations come into force on 1 October 1997.

Interpretation

2 Interpretation - (1) Regulation 2(1) of the principal regulations is amended by inserting, in their appropriate alphabetical order, the following definitions:

“‘Address’ means, in relation to a person, -

“(a) An address (not being a box number) in New Zealand at which the person may be contacted; and

“(b) In the case of an individual, the city, town, or district (whether in New Zealand or elsewhere) in which the principal residence of the individual is situated; and

“(c) In the case of any person other than an individual, the address of the person’s principal place of business in New Zealand (if any) or, if the person does not have a place of business in New Zealand, the address of the person’s principal place of business outside New Zealand (if this address is different from the address given under paragraph (a)):

“‘Administration manager’ -

“(a) In relation to a superannuation scheme, has the same meaning as in the Superannuation Schemes Act 1989; and

“(b) In relation to a unit trust, means the person (if any) to whom the unit trustee or manager has contracted some or all of the administration of the trust:

“‘Associated persons’ or ‘persons associated with each other’ are -

“(a) Persons who are relatives within the meaning of the Income Tax Act 1994; or

“(b) Persons who are partners to whom the Partnership Act 1908 applies; or

“(c) Bodies corporate that consist substantially of the same members or shareholders or that are under the control of the same persons; or

“(d) A body corporate and a person who has the power, directly or indirectly, to exercise, or control the exercise of, the rights to vote attached to 25 percent or more of the voting securities of the body corporate; or

“(e) A body corporate and a person who is a director of the body corporate:

“‘Call building society share’ has the meaning set out in regulation 2B(2):

“‘Call debt security’ has the meaning set out in regulation 2B(1):

“‘Custodian’ does not include a bare trustee:

“‘Investment manager’ -

“(a) In relation to a superannuation scheme, has the same meaning as in the Superannuation Schemes Act 1989; and

“(b) In relation to a unit trust, means the person (if any) to whom the unit trustee or manager has contracted the investment of some or all of the funds of the trust:

“‘Non-current liability’ means any liability other than a current liability, a contingent liability, or deferred taxation:

“‘Qualified audit report’ includes an audit report which is not qualified but which refers to a fundamental uncertainty (as defined in the most recent auditing standard issued by the Institute of Chartered Accountants of New Zealand that defines the term):

“‘Remuneration’ includes-

“(a) Salary, wages, allowances, gratuities, and other payments, whether in the form of bonuses or otherwise, in return for services; and

“(b) Benefits and other emoluments (whether in money or not) in return for services:

“‘Returns’; in relation to a security, includes payments of any kind, whether in the nature of capital, income, benefits, or otherwise:

“‘Small employer superannuation scheme’ has the meaning set out in regulation 2C:

“‘Term life insurance policy’ has the meaning set out in regulation 2A:

“‘Voting securities’ has the same meaning as in the Securities Amendment Act 1988.”

(2) Regulation 2(1) of the principal regulations is amended -

(a) By revoking the definition of the term “deferred taxation”, and substituting the following definition:

“‘Deferred taxation’ means income tax attributable to differences between -

(a) The net surplus or deficit for the period (but before charging or crediting any amounts in respect of either current or deferred income tax); and

(b) The amount upon which current income tax will be assessed; being differences which result from the inclusion of items of revenue and expense in computations of the amount upon which current income tax will be assessed in periods different from those in which they are dealt with in the statement of financial performance:”; and

(b) By revoking the definition of the term “equity method of accounting”, and substituting the following definition:

“‘Equity method of accounting’ means a method of accounting relating to the investment by a body in another body carried out in accordance with generally accepted accounting practice:”; and

(c) By omitting from the definition of the term “monetary assets” the words “income yet to mature”, and substituting the words “interest not yet earned”; and

(d) By revoking the definition of the term “scheme”, and substituting the following definition:

“‘Scheme’ means-

“(a) In relation to a participatory security, the arrangement or scheme to which the security relates; and

“(b) In relation to an interest in a superannuation scheme, that superannuation scheme; and

“(c) In relation to a unit in a unit trust, that unit trust:”.

(3) Regulation 2(1) of the principal regulations is amended by revoking the definitions of the terms “debt security”, “equity security”, “issuer”, “latest balance sheet set out in the registered prospectus”, “participatory security”, and “term liability”.

(4) Regulation 2 of the principal regulations is amended by adding the following subclause:

“(6) Where, pursuant to clause 22(2) of the First Schedule or clause 15(2) of the Second Schedule or clause 20(2) of the Third Schedule to these regulations, a registered prospectus does not contain a statement of financial position, statement of financial performance, or statement of cash flows, but refers to financial statements registered under the Financial Reporting Act 1993, any reference in these regulations to a statement of

financial position or statement of financial performance or statement of cash flows shall be read as a reference to those financial statements.”

3 New regulations inserted – The principal regulations are amended by inserting, after regulation 2, the following regulations:

“2A. Exemption for term life insurance policies – (1) For the purposes of the Act, “term life insurance policy” means a life insurance policy–

“(a) Under which an amount (other than an amount not exceeding the sum of the premiums paid to the issuer) is payable only if during the term of the policy the life insured dies or becomes ill or disabled; and

“(b) The policy is for a specified term which is less than the life expectancy of the life insured (measured in accordance with generally accepted actuarial practice) at the time the policy is issued.

“(2) It is declared that a term life insurance policy is not a life insurance policy or a security for the purposes of the Act.

“2B. Meaning of “call debt security” and “call building society share” – (1) For the purposes of section 5(2D)(a) of the Act, “call debt security” means a debt security under which –

“(a) The security holder has a right to demand repayment of the principal sum in full at any time; and

“(b) The issuer has an obligation to repay the principal sum in full not later than 1 working day after such a demand is made; and

“(c) The rate of interest payable or any other benefit provided does not alter, and no fee or other amount is payable, as a result of such a demand being made.

“(2) For the purposes of section 5(2D)(b) of the Act, “call building society share” means a share issued by a building society under which –

“(a) The shareholder has a right to demand repayment of the value of the share in full at any time; and

“(b) The building society has an obligation to repay the value of the share in full not later than 1 working day after such a demand is made; and

“(c) The rate of dividend or interest payable or any other benefit provided does not alter, and no fee or other amount is payable, as a result of such a demand being made.

“2C. Meaning of “small employer superannuation scheme” - For the purposes of section 5(2E) of the Act, “small employer superannuation scheme” means at any time, a superannuation scheme -

“(a) Entry to which is conditional upon employment with one or more specified employers; and

“(b) To which contributions totalling, not less than the total amount at that time of the costs of administration, have been made (or would have been required to be made were it not that the assets of the scheme exceeded the accrued benefits payable from the scheme) by or on behalf of one or more employers, in addition to any contributions made by members; and

“(c) That was in existence on the day before the commencement of this regulation; and

“(d) Whose total assets (measured in accordance with generally accepted accounting practice) were less than \$5 million at the end of the financial year to which the most recent annual financial statements for the scheme relate.”

Prospectuses

4 **Matters to be contained in full registered prospectus** - Regulation 3 of the principal regulations is amended by adding the following subclauses:

“(4) Every registered prospectus that relates to an offer of units in a unit trust shall contain all of the information, statements, certificates, and other matters specified in Schedule 3A that are applicable.

“(5) Every registered prospectus that relates to an offer of life insurance policies shall contain all of the information, statements, certificates, and other matters specified in Schedule 3B that are applicable.

“(6) Every registered prospectus that relates to an offer of interests in a superannuation scheme shall contain all of the information, statements, certificates, and other matters specified in Schedule 3C that are applicable.”

5 Short form prospectus - (1) Regulation 4(1) of the principal regulations is amended by revoking subparagraph (ii) of paragraph (c), and substituting the following subparagraph:

“(ii) Are attached to every registered prospectus given or sent to any person under the Act; and”.

(2) Regulation 4(3) of the principal regulations is amended by omitting the words “section 37A(1)(e)”, and substituting the words “section 37A(1)(c)”.

(3) Regulation 4 of the principal regulations is amended -

(a) By omitting from subclauses (2)(e), (2)(f), and (3) the words “balance sheet” in each place where they occur, and substituting in each case the words “statement of financial position”; and

(b) By omitting from subclause (2)(e) the words “profit and loss statement” in both places where they occur, and substituting in each case the words “statement of financial performance”.

6 Further provisions relating to content of registered prospectuses - (1) Regulation 5(2) of the principal regulations is amended by omitting the proviso.

(2) Regulation 5(4) of the principal regulations is amended by omitting the words “profit forecast” and “forecast”, and substituting in each case the words “prospective financial information”.

(3) Regulation 5(6) of the principal regulations is amended by omitting the words “or Third Schedule”, and substituting the words “Third Schedule, Schedule 3A, Schedule 3B, or Schedule 3C”.

7 Documents to be attached to prospectus delivered for registration - (1)

Regulation 7(1)(a) of the principal regulations is amended by inserting, after the words “or clause 15 of the Third Schedule”, the words “or clause 12 of Schedule 3A, or clause 9 of Schedule 3B, or clause 9 of Schedule 3C”.

(2) Regulation 7(1)(b) of the principal regulations is amended by inserting, after the words “or clause 38 of the Third Schedule”, the words “or clause 16 of Schedule 3A, or clause 12 of Schedule 3B, or clause 12 of Schedule 3C”.

(3) Regulation 7(1)(c) of the principal regulations is amended by adding the word “and”.

(4) Regulation 7(1) of the principal regulations is amended by adding the following paragraphs:

“(d) In the case of a prospectus to which Schedule 3B applies, specimen copies of life insurance policies to which the prospectus relates; and

“(e) In the case of a prospectus to which Schedule 3C applies, a copy of the trust deed for the superannuation scheme to which the prospectus relates (incorporating or together with all amendments thereto) except that -

“(i) The copy of the trust deed need not include any provision of the trust deed that is information about an identifiable security holder or prospective investor; and

“(ii) This paragraph (e) shall not apply in respect of such a prospectus if a copy of the trust deed (incorporating or together with all amendments thereto) has already been registered by, or filed with, the Registrar.”

Investment Statements

8 **New Part inserted** - The principal regulations are amended by inserting, after Part I, the following Part:

“PART 1A

“INVESTMENT STATEMENTS

“**7A. Matters to be contained in investment statement** - (1) Every investment statement must contain, in a succinct manner, all of the information, statements, and other matters specified in Schedule 3D that are applicable to the securities to which the investment statement relates.

“(2) An investment statement may state that additional information about a matter specified in Schedule 3D is set out in the registered prospectus (or, in the case of a registered bank, disclosure statement) for the securities to which the investment statement relates.

“(3) Where a matter specified in Schedule 3D is not applicable to the securities to which an investment statement relates, the investment statement need not refer to that matter and, in particular, need not say that the matter is not applicable.

“(4) All information, statements, and other matters required to be contained in an investment statement by one or more clauses under an italicised question in Schedule 3D must be set out together in the investment statement under that question.

“(5) Nothing in this regulation limits the information, statements, or other matters that may be contained in an investment statement.”

Advertisements

9 Application forms - Regulation 10 of the principal regulations is amended by omitting the words “that refers to a registered prospectus”, and substituting the words “(other than an investment statement)”.

10 Assets - Regulation 12 of the principal regulations is amended by omitting the words “balance sheet” in each place where they occur, and substituting in each case the words “statement of financial position”.

11 Prospective financial information - The principal regulations are amended by revoking regulation 15, and substituting the following regulation:

“15. (1) Where there is a registered prospectus or disclosure statement for securities to which an advertisement relates, the advertisement shall not contain prospective financial information unless the advertisement refers to the registered prospectus or disclosure statement and either -

“(a) The prospective financial information is also contained in the registered prospectus or disclosure statement; or

“(b) In the case of an advertisement that contains prospective financial information which is personal to a person to whom the advertisement is distributed, the principal assumptions and method of calculation in accordance with which the information is calculated are set out in the registered prospectus or disclosure statement.

“(2) Where there is no registered prospectus or disclosure statement for securities to which an advertisement relates, the advertisement shall not contain prospective financial information unless it also contains a statement of the principal assumptions and method of calculation in accordance with which the information is calculated.”

12 Restrictions on distribution of certain advertisements - (1) Regulation 17(3)(a)(i) of the principal regulations is amended by omitting the word “business”.

(2) Regulation 17(3)(a) of the principal regulations is amended -

(a) By revoking subparagraph (vi), and substituting the following subparagraph:

“(vi) A description, or the amounts or rates, of the fees and charges payable by a subscriber for the securities; and”; and

(b) By revoking subparagraph (viii), and substituting the following subparagraph:

“(viii) The information specified in section 38 or section 38AA of the Act.”.

(3) Regulation 17 of the principal regulations is amended by adding the following paragraph:

“(c) In respect of any advertisement, if the only difference between the advertisement and another advertisement in respect of which a certificate that complies with subclause (2) of this regulation has been completed is that the advertisement contains prospective financial information personal to a person to whom the advertisement is distributed calculated in accordance with assumptions and a method of calculation stated in both advertisements.”

13 Listing securities on stock exchange - Regulation 23(4) of the principal regulations is amended by inserting, after the words “registered prospectus”, the words “(other than a registered prospectus that contains an offer of life insurance policies or interests in a superannuation scheme)”.

Request Disclosure

14 New Part inserted - The principal regulations are amended by inserting, after Part III, the following Part:

“PART IIIA

“REQUEST DISCLOSURE

“23A. Information to be disclosed by issuers on request - The documents, information, and other matters that may be requested by a security holder from an issuer under section 54B of the Act are as follows:

“(a) A copy of the most recent annual report of the issuer (or, where the issuer is a manager or superannuation trustee, the scheme) sent, or required to be sent, by the issuer

to persons entitled by any enactment or rule of law to receive an annual report of the issuer or scheme:

“(b) A copy of the most recent financial statements of the issuer (or, where the issuer is a manager or superannuation trustee, the scheme) required to be registered under the Financial Reporting Act 1993, together with all documents that are required to be registered with those financial statements:

“(c) A copy of any deed of trust or deed of participation relating to the securities held by the security holder (incorporating or together with all amendments to that deed), except that the copy of the deed of trust or deed of participation need not include information about any identifiable security holder or prospective investor:

“(d) A copy of any guarantee of payment of any moneys owing in respect of the securities held by the security holder, and the most recent annual or half yearly financial statements of the guarantor (or, at the option of the issuer, where a guarantor is a member of a guaranteeing group, the most recent annual or half yearly consolidated financial statements of the group) together with all documents that are required by any enactment or rule of law to be incorporated in, attached to, or accompany those financial statements:

“(e) A copy of the most recent prospectus relating to securities of the kind held by the security holder, together with copies of any documents registered under the Act for the purpose of extending the period during which allotments may be made under that prospectus:

“(f) A copy of the most recent investment statement relating to securities of the kind held by the security holder:

“(g) Where prospective financial information about returns on the securities held by the security holder was contained in any prospectus, disclosure statement, or advertisement, a comparison (where practicable, in the same form and for the same period as the prospective financial information) of the actual returns against the prospective returns:

“(h) Where prospective financial information about the issuer (or, where the issuer is a manager or superannuation trustee, the scheme) was contained in any prospectus, disclosure statement, or advertisement, a comparison (where practicable, in the same form and for the same period as the prospective financial information) of the actual results against the prospective financial information.”

Miscellaneous

15 Prescribed rate of interest - The principal regulations are amended by inserting, after regulation 27, the following regulation:

“27A The rate of interest payable under sections 37(6), 37A(7), 38F(13) and 44(7) of the Act is 10% per annum.”

Matters required in registered prospectus for equity securities

16 Directorate and advisers - Clause 5(1) of the First Schedule of the principal regulations is amended by omitting the word “residential”.

17 Summary of financial statements - (1) Clause 8 of the First Schedule of the principal regulations is amended by omitting from subclauses (3)(a) and (5) the words “balance sheet” in each place where they occur, and substituting in each case the words “statement of financial position”.

(2) Clause 8(3)(a) of the First Schedule of the principal regulations is amended -

(a) By revoking subparagraph (i), and substituting the following subparagraph:

“(i) Total operating revenues:”; and

(b) By revoking subparagraph (iii); and

(c) By omitting from subparagraphs (iv), (vi), (viii), and (xiii) the words “profit or loss”, and substituting in each case the words “surplus or deficit”; and

(d) By omitting from subparagraph (ix) the words “profits or losses”, and substituting the words “surpluses or deficits”.

(3) Clause 8(3)(b)(iv) of the First Schedule of the principal regulations is amended by omitting the words “shareholders’ funds”, and substituting the word “equity”.

(4) Clause 8(6) of the First Schedule of the principal regulations is amended -

(a) By omitting from paragraph (a) the words “abnormal items or”; and

(b) By inserting after paragraph (a) the following paragraph:

“(aa) A description of the nature of any item that is of such incidence and size, or of such nature, that its disclosure is necessary to explain the performance of the group;”.

18 Provisions relating to initial flotations - (1) Clause 10(1)(c) of the First Schedule of the principal regulations is amended by omitting the words “forecast statement of changes in the financial position”, and substituting the words “prospective statement of cash flows”.

(2) Clauses 10(2) and 10(3) of the First Schedule of the principal regulations are amended by omitting the words “forecast statement”, and substituting in each case the words “prospective statement of cash flows”.

19 Acquisition of business or subsidiary - Clause 11 of the First Schedule of the principal regulations is amended by omitting from subclauses (1)(a), (1)(b), (3)(a), and (3)(g) the words “balance sheet” in each place where they occur, and substituting in each case the words “statement of financial position”.

20 Restrictions on issuing group - Clause 20(1) of the First Schedule of the principal regulations is amended by omitting the words “distribute profits”, and substituting the words “make a distribution”.

21 Application - Clause 22 of the First Schedule of the principal regulations is amended -

(a) By inserting, before the words “Clauses 23 to 38”, the expression “(1)”; and

(b) By adding the following subclause:

“(2) Clauses 23(1), 34(1), and 36(a) of this Schedule do not apply if-

“(a) The latest financial statements for the issuer that have been registered under the Financial Reporting Act 1993 contain or are accompanied by financial statements for the issuing group containing the information required to be contained in the registered prospectus by clauses 23 to 38 of this Schedule; and

“(b) The registered prospectus refers to those financial statements of the issuing group and states the most recent accounting period covered by those statements.”

22 Statement of financial position - Clause 23 of the First Schedule of the principal regulations is amended -

(a) By omitting the heading "Balance sheets", and substituting the heading "Statements of financial position"; and

(b) By omitting the words "balance sheet" in each place where they occur, and substituting in each case the words "statement of financial position"; and

(c) By omitting from subclause (2) the words "section 37A(1)(e)", and substituting the words "section 37A(1)(c)".

23 Equity - Clause 24 of the First Schedule of the principal regulations is amended -

(a) By omitting the heading "Capital and reserves", and substituting the heading "Equity"; and

(b) By omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position"; and

(c) By omitting from paragraphs (a) and (c) the words "shareholders' funds", and substituting in each case the word "equity".

24 Minority interests - The First Schedule of the principal regulations is amended by revoking clause 25, and substituting the following clause:

"25. Each statement of financial position required by clause 23, or notes to that statement of financial position which are set out in the registered prospectus, must state, as part of the aggregate amount of equity required to be stated by clause 24, the amount of equity attributable to equity securities that -

"(a) Have been issued by subsidiaries of the issuer; and

"(b) Are not held by members of the group."

25 Deferred taxation - Clause 26 of the First Schedule of the principal regulations is amended by omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position".

26 Term liabilities - Clause 27 of the First Schedule of the principal regulations is amended -

(a) By omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position"; and

(b) By omitting the words "term liabilities" in each place where they occur, and substituting in each case the words "non-current liabilities".

27 Current liabilities - Clause 28 of the First Schedule of the principal regulations is amended -

(a) By omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position"; and

(b) By omitting the words "trade accounts payable", and substituting the words "trade creditors".

28 Commitments and contingent liabilities - Clause 29 of the First Schedule of the principal regulations is amended by omitting the words "balance sheet" in each place where they occur, and substituting in each case the words "statement of financial position".

29 Fixed assets - (1) Clause 30 of the First Schedule of the principal regulations is amended by omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position".

(2) Clause 30(b) of the First Schedule of the principal regulations is amended -

(a) By inserting, after the words "bases of valuation", the words ", the name and qualification of the valuer and date of valuation, if any,"; and

(b) By revoking subparagraph (i), and substituting the following paragraph:

"(i) Land:"; and

(c) By revoking subparagraph (ii), and substituting the following subparagraph:

"(ii) Buildings."

30 Investments - Clause 31 of the First Schedule of the principal regulations is amended by omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position".

31 Current assets - Clause 32 of the First Schedule of the principal regulations is amended -

(a) By omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position"; and

(b) By revoking subparagraph (iii) of paragraph (b), and substituting the following subparagraph:

“(iii) The amount of trade receivables (showing as separate deductions from those receivables any provisions for interest not yet earned and doubtful debts);” and

(c) By omitting from paragraph (c) the words “accounts receivable”, and substituting the words “trade receivables”.

32 Intangible and other assets - Clause 33 of the First Schedule of the principal regulations is amended by omitting the words “balance sheet” in both places where they occur, and substituting in each case the words “statement of financial position”.

33 Profit and loss statement - Clause 34 of the First Schedule of the principal regulations is amended -

(a) By omitting the words “profit and loss statement” in each place where they occur, and substituting in each case the words “statement of financial performance”; and

(b) By omitting the words “balance sheet” in each place where they occur, and substituting in each case the words “statement of financial position”.

34 Contents of profit and loss statement - Clause 35 of the First Schedule of the principal regulations is amended -

(a) By omitting the words “profit and loss statement” in each place where they occur, and substituting in each case the words “statement of financial performance”; and

(b) By omitting from paragraph (a) the words “sales or other gross operating revenues”, and substituting the words “total operating revenues”; and

(c) By revoking paragraph (b), and substituting the following paragraph:

“(b) The amount of investment revenue from -

“(i) Associated bodies corporate (other than surpluses or deficits that result from using the equity method of accounting); and

“(ii) All other sources;” and

(d) By revoking paragraph (h), and substituting the following paragraph:

“(h) A description of the nature of any item that is of such incidence and size, or of such nature, that its disclosure is necessary to explain the performance of the group.”; and

(e) By omitting from paragraphs (j), (k), (l) and (n) the words “profit or loss”, and substituting in each case the words “surplus or deficit”; and

(f) By omitting from paragraph (o) the words “profits or losses”, and substituting the words “surpluses or deficits”.

35 Statement of cash flows - Clause 36 of the First Schedule of the principal regulations is amended by omitting the words “profit and loss statement” in both places where they occur, and substituting in each case the words “statement of financial performance”.

36 Other information - Clause 37 of the First Schedule of the principal regulations is amended -

(a) By omitting from paragraph (a) the words “profit and loss statement”, and substituting the words “statement of financial performance”; and

(b) By omitting from paragraphs (b) and (d) the words “balance sheet”, and substituting in each case the words “statement of financial position”.

37 Special provisions relating to financial institutions - Clause 38 of the First Schedule of the principal regulations is amended by omitting the words “balance sheet” in both places where they occur, and substituting in each case the words “statement of financial position”.

38 Other material matters - Clause 40 of the First Schedule of the principal regulations is amended by inserting, after the words “registered prospectus”, the words “or in the financial statements referred to in the registered prospectus pursuant to clause 22(2)”.

39 Directors’ statement - Clause 41 of the First Schedule of the principal regulations is amended by omitting the words “balance sheet set out”, and substituting the words “statement of financial position contained or referred to”.

40 Auditors’ report - (1) Clause 42 of the First Schedule of the principal regulations is amended by revoking subclause (2), and substituting the following subclause:

“(2) Where the registered prospectus contains prospective financial information, the auditor’s report shall contain a statement in the following form:

‘In our opinion, the prospective financial information, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the issuer set out at pp of this prospectus and is presented on a basis consistent with the accounting policies normally adopted by the company (group).’”

(2) Clause 42 of the First Schedule of the principal regulations is amended by adding the following subclause:

“(3) Where financial statements are referred to in the registered prospectus pursuant to clause 22(2), a report under this clause need not contain information of the kinds referred to in paragraphs (a) to (f) of subclause (1) to the extent that that information is contained in a report by a qualified auditor that is registered under the Financial Reporting Act 1993.”

Matters required in registered prospectus for debt securities

41 Guarantors - Clause 4 of the Second Schedule of the principal regulations is amended by omitting from subclauses (2)(d) and (3) the words “balance sheet” in each place where they occur, and substituting in each case the words “statement of financial position”.

42 Directorate and advisers - Clause 5(1) of the Second Schedule of the principal regulations is amended by omitting the word “residential”.

43 Summary of financial statements - (1) Clause 7 of the Second Schedule of the principal regulations is amended by omitting from subclause (3)(a) the words “balance sheet” in each place where they occur, and substituting in each case the words “statement of financial position”.

(2) Clause 7(3)(a) of the Second Schedule of the principal regulations is amended -

(a) By revoking subparagraph (i), and substituting the following subparagraph:

“(i) Total operating revenues:”; and

(b) By revoking subparagraph (iii); and

(c) By omitting from subparagraphs (iv), (vi), (viii), (ix), and (xi) the words “profit or loss”, and substituting in each case the words “surplus or deficit”.

(3) Clause 7(3)(b)(iv) of the Second Schedule of the principal regulations is amended by omitting the words "shareholders' funds", and substituting the word "equity".

(4) Clause 7(5) of the Second Schedule of the principal regulations is amended -

(a) By omitting from paragraph (a) the words "abnormal items or"; and

(b) By inserting after paragraph (a) the following paragraph:

"(aa) A description of the nature of any item that is of such incidence and size, or of such nature, that its disclosure is necessary to explain the performance of the group;"

44 Acquisition of business or subsidiary - Clause 8 of the Second Schedule of the principal regulations is amended by omitting from subclauses (1)(a), (1)(b), (3)(a), and (3)(g) the words "balance sheet" in each place where they occur, and substituting in each case the words "statement of financial position".

45 Ranking of securities - Clause 12 of the Second Schedule of the principal regulations is amended by omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position".

46 Other terms of offer and securities - Clause 14 of the Second Schedule of the principal regulations is amended -

(a) By omitting the words "All terms of the offer", and substituting the words "(1) Subject to subclause (2), all terms of the offer"; and

(b) By adding the following subclause:

"(2) If the registered prospectus contains -

(a) A statement to the effect that the interest rate or rates that may be earned by holding the securities being offered will be those set by the issuer at any particular time or from time to time, as the case may be; and

(b) A statement of the method by which the interest rate or rates may be ascertained -

the registered prospectus need not state the rate or rates of interest that may be earned by holding the securities."

47 Application - Clause 15 of the Second Schedule of the principal regulations is amended -

- (a) By inserting, before the words "Clauses 16 to 32", the expression "(1)"; and
- (b) By adding the following subclause:

"(2) Clauses 16(1), 27(1), and 29(a) do not apply if-

"(a) The latest financial statements for the issuer that have been registered under the Financial Reporting Act 1993 contain or are accompanied by financial statements for the borrowing group containing the information required to be contained in the registered prospectus by clauses 16 to 31; and

"(b) The registered prospectus refers to those financial statements of the borrowing group and states the most recent accounting period covered by those statements."

48 Statement of financial position - Clause 16 of the Second Schedule of the principal regulations is amended -

- (a) By omitting the heading "Balance sheets", and substituting the heading "Statements of financial position"; and
- (b) By omitting the words "balance sheet" in each place where they occur, and substituting in each case the words "statement of financial position"; and
- (c) By omitting from subclause (2) the words "section 37A(1)(e)", and substituting the words "section 37A(1)(c)".

49 Equity - Clause 17 of the Second Schedule of the principal regulations is amended -

- (a) By omitting the heading "Capital and reserves", and substituting the heading "Equity"; and
- (b) By omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position"; and
- (c) By omitting from paragraphs (a) and (c) the words "shareholders' funds", and substituting in each case the word "equity".

50 Minority interests - The Second Schedule of the principal regulations is amended by revoking clause 18, and substituting the following clause:

“18 Each statement of financial position required by clause 16, or notes to that statement of financial position which are set out in the registered prospectus, must state, as part of the aggregate amount of equity required to be stated by clause 17, the amount of equity attributable to equity securities that -

“(a) Have been issued by subsidiaries of the issuer; and

“(b) Are not held by members of the group.”

51 Deferred taxation - Clause 19 of the Second Schedule of the principal regulations is amended by omitting the words “balance sheet” in both places where they occur, and substituting in each case the words “statement of financial position”.

52 Term liabilities - Clause 20 of the Second Schedule of the principal regulations is amended -

(a) By omitting the words “balance sheet” in both places where they occur, and substituting in each case the words “statement of financial position”; and

(b) By omitting the words “term liabilities” in each place where they occur, and substituting in each case the words “non-current liabilities”.

53 Current liabilities - Clause 21 of the Second Schedule of the principal regulations is amended -

(a) By omitting the words “balance sheet” in both places where they occur, and substituting in each case the words “statement of financial position”; and

(b) By omitting the words “trade accounts payable”, and substituting the words “trade creditors”.

54 Commitments and contingent liabilities - Clause 22 of the Second Schedule of the principal regulations is amended by omitting the words “balance sheet” in each place where they occur, and substituting in each case the words “statement of financial position”.

55 Fixed assets - (1) Clause 23 of the Second Schedule of the principal regulations is amended by omitting the words “balance sheet” in both places where they occur, and substituting in each case the words “statement of financial position”.

(2) Clause 23(b) of the Second Schedule of the principal regulations is amended -

(a) By inserting, after the words "bases of valuation", the words ", the name and qualification of the valuer and date of valuation, if any,"; and

(b) By revoking subparagraph (i), and substituting the following paragraph:

"(i) Land:"; and

(c) By revoking subparagraph (ii), and substituting the following subparagraph:

"(ii) Buildings:".

56 Investments - Clause 24 of the Second Schedule of the principal regulations is amended by omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position".

57 Current assets - Clause 25 of the Second Schedule of the principal regulations is amended -

(a) By omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position"; and

(b) By revoking subparagraph (iii) of paragraph (b), and substituting the following subparagraph:

"(iii) The amount of trade receivables (showing as separate deductions from those receivables any provisions for interest not yet earned and doubtful debts):"; and

(c) By omitting from paragraph (c) the words "accounts receivable", and substituting the words "trade receivables".

58 Intangible and other assets - Clause 26 of the Second Schedule of the principal regulations is amended by omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position".

59 Profit and loss statement - Clause 27 of the Second Schedule of the principal regulations is amended -

(a) By omitting the words "profit and loss statement" in each place where they occur, and substituting in each case the words "statement of financial performance"; and

(b) By omitting the words “balance sheet” in each place where they occur, and substituting in each case the words “statement of financial position”.

60 Contents of profit and loss statement - Clause 28 of the Second Schedule of the principal regulations is amended -

(a) By omitting the words “profit and loss statement” in each place where they occur, and substituting in each case the words “statement of financial performance”; and

(b) By omitting from paragraph (a) the words “sales or other gross operating revenues”, and substituting the words “total operating revenues”; and

(c) By omitting from paragraph (b) the word “income”, and substituting the word “revenue”; and

(d) By omitting from paragraphs (h), (k), (l), (m), (o) and (p) the words “profit or loss”, and substituting in each case the words “surplus or deficit”; and

(e) By revoking paragraph (i), and substituting the following paragraph:

“(i) A description of the nature of any item that is of such incidence and size, or of such nature, that its disclosure is necessary to explain the performance of the group:”.

61 Statement of cash flows - Clause 29 of the Second Schedule of the principal regulations is amended by omitting the words “profit and loss statement” in both places where they occur, and substituting in each case the words “statement of financial performance”.

62 Other information - Clause 30 of the Second Schedule of the principal regulations is amended -

(a) By omitting from paragraph (a) the words “profit and loss statement”, and substituting the words “statement of financial performance”; and

(b) By omitting from paragraphs (b) and (d) the words “balance sheet”, and substituting in each case the words “statement of financial position”.

63 Special provisions relating to financial institutions - Clause 31 of the Second Schedule of the principal regulations is amended by omitting the words “balance sheet” in both places where they occur, and substituting in each case the words “statement of financial position”.

64 Equity method of accounting - The Second Schedule of the principal regulations is amended by revoking clause 32, and substituting the following clause:

“32 The statements of financial position and financial performance and notes and statements referred to in clauses 16 to 31 must not include any amounts derived by using the equity method of accounting.”

65 Other material matters - Clause 34 of the Second Schedule of the principal regulations is amended by inserting, after the words “registered prospectus”, the words “or in the financial statements referred to in the registered prospectus pursuant to clause 15(2),”.

66 Directors’ statement - Clause 35 of the Second Schedule of the principal regulations is amended by omitting the words “balance sheet set out”, and substituting the words “statement of financial position contained or referred to”.

67 Auditors’ report - (1) Clause 36 of the Second Schedule of the principal regulations is amended by revoking subclause (2), and substituting the following subclause:

“(2) Where the registered prospectus contains prospective financial information, the auditor’s report must contain a statement in the following form:

‘In our opinion, the prospective financial information, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the issuer set out at pp of this prospectus and is presented on a basis consistent with the accounting policies normally adopted by the company (group).’”

(2) Clause 36 of the Second Schedule of the principal regulations is amended by adding the following subclause:

“(3) Where financial statements are referred to in a registered prospectus pursuant to clause 15(2), a report under this clause need not contain information of the kinds referred to in paragraphs (a) to (f) of subclause (1) to the extent that that information is contained in a report by a qualified auditor that is registered under the Financial Reporting Act 1993.”

Matters required in registered prospectus for participatory securities

68 Managers and advisers - Clause 2(1) of the Third Schedule of the principal regulations is amended by omitting the word “residential”.

69 Summary of financial statements - (1) Clause 6 of the Third Schedule of the principal regulations is amended by omitting from subclauses (3)(a) and (5) the words "balance sheet" in each place where they occur, and substituting in each case the words "statement of financial position".

(2) Clause 6(3)(a) of the Third Schedule of the principal regulations is amended -

(a) By revoking subparagraph (i), and substituting the following subparagraph:

"(i) Total operating revenues:"; and

(b) By revoking subparagraph (iv); and

(c) By omitting from subparagraphs (v), (vii), (ix), and (x) the words "profit or loss", and substituting in each case the words "surplus or deficit".

(3) Clause 6(3)(b)(iv) of the Third Schedule of the principal regulations is amended by omitting the words "shareholders' funds", and substituting the word "equity".

(4) Clause 6(6) of the Third Schedule of the principal regulations is amended -

(a) By omitting from paragraph (a) the words "abnormal items or"; and

(b) By inserting after paragraph (a) the following paragraph:

"(aa) A description of the nature of any item that is of such incidence and size, or of such nature, that its disclosure is necessary to explain the performance of the group;"

70 Plans, prospects, and forecasts - (1) Clause 7(4) of the Third Schedule of the principal regulations is amended -

(a) By omitting from paragraph (b) the words "forecast financial statements", and substituting the words "prospective financial information"; and

(b) By inserting, after the words "the expected" in paragraph (b)(ii), the words "rate of".

(2) Clause 7 of the Third Schedule of the principal regulations is amended by revoking subclause (5), and substituting the following subclause:

"(5) A prospective statement of cash flows relating to the scheme for the year commencing on the date of the latest statement of financial position contained or referred

to in the registered prospectus, or where there is no such statement of financial position, the year commencing on the specified date.”

(3) Clause 7(6) of the Third Schedule of the principal regulations is amended by omitting the words “forecast statement” in both places where they occur, and substituting the words “prospective statement of cash flows”.

71 Guarantors - Clause 9 of the Third Schedule of the principal regulations is amended by omitting from subclauses (1)(d) and (2) the words “balance sheet” in each place where they occur, and substituting in each case the words “statement of financial position”.

72 Acquisition of business or subsidiary - Clause 10 of the Third Schedule of the principal regulations is amended by omitting from subclauses (1)(a), (1)(b), and (3)(a) the words “balance sheet”, and substituting in each case the words “statement of financial position”.

73 Application - Clause 20 of the Third Schedule of the principal regulations is amended -

(a) By inserting, before the words “Clauses 21 to 34”, the expression “(1)”; and

(b) By adding the following subclause:

“(2) Clauses 21(1), 31(1), and 33(a) do not apply if-

“(a) The latest financial statements for the scheme that have been registered under the Financial Reporting Act 1993 contain or are accompanied by financial statements for the scheme containing the information required to be contained in the registered prospectus by clauses 21 to 34; and

“(b) The registered prospectus refers to those financial statements of the scheme and states the most recent accounting period covered by those statements.”

74 Statement of financial position - Clause 21 of the Third Schedule of the principal regulations is amended -

(a) By omitting the heading “Balance sheets”, and substituting the heading “Statements of financial position”; and

(b) By omitting the words “balance sheet” in each place where they occur, and substituting in each case the words “statement of financial position”; and

(c) By omitting from subclause (2) the words "section 37A(1)(e)", and substituting the words "section 37A(1)(c)".

75 Participants' funds - (1) Clause 22 of the Third Schedule of the principal regulations is amended by omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position".

(2) Clause 22(b)(i) is amended by omitting the words "rights to profits", and substituting the words "rights to surpluses".

76 Deferred taxation - Clause 23 of the Third Schedule of the principal regulations is amended by omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position".

77 Term liabilities - Clause 24 of the Third Schedule of the principal regulations is amended -

(a) By omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position"; and

(b) By omitting the words "term liabilities" in each place where they occur, and substituting in each case the words "non-current liabilities".

78 Current liabilities - Clause 25 of the Third Schedule of the principal regulations is amended -

(a) By omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position"; and

(b) By omitting from paragraph (b)(i) the words "trade accounts payable", and substituting the words "trade creditors"; and

(c) By revoking subparagraph (iv) of paragraph (b), and substituting the following paragraph:

"(iv) The total of distributions payable:".

79 Commitments and contingent liabilities - Clause 26 of the Third Schedule of the principal regulations is amended by omitting the words "balance sheet" in each place where they occur, and substituting in each case the words "statement of financial position".

80 Fixed assets - (1) Clause 27 of the Third Schedule of the principal regulations is amended by omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position".

(2) Clause 27(b) of the Third Schedule of the principal regulations is amended -

(a) By inserting, after the words "bases of valuation", the words ", the name and qualification of the valuer and date of valuation, if any,"; and

(b) By revoking subparagraph (i), and substituting the following paragraph:

"(i) Land:"; and

(c) By revoking subparagraph (ii), and substituting the following subparagraph:

"(ii) Buildings:".

81 Investments - Clause 28 of the Third Schedule of the principal regulations is amended by omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position".

82 Current assets - Clause 29 of the Third Schedule of the principal regulations is amended -

(a) By omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position"; and

(b) By revoking subparagraph (iii) of paragraph (b), and substituting the following subparagraph:

"(iii) The amount of trade receivables (showing as separate deductions from those receivables any provisions for interest not yet earned and doubtful debts):"; and

(c) By omitting from paragraph (c) the words "accounts receivable", and substituting the words "trade receivables".

83 Intangible and other assets - Clause 30 of the Third Schedule of the principal regulations is amended by omitting the words "balance sheet" in both places where they occur, and substituting in each case the words "statement of financial position".

84 Profit and loss statement - Clause 31 of the Third Schedule of the principal regulations is amended -

(a) By omitting the words "profit and loss statement" in each place where they occur, and substituting in each case the words "statement of financial performance"; and

(b) By omitting the words "balance sheet" in each place where they occur, and substituting in each case the words "statement of financial position".

85 Contents of profit and loss statement - (1) Clause 32 of the Third Schedule of the principal regulations is amended -

(a) By omitting the words "profit and loss statement" in each place where they occur, and substituting in each case the words "statement of financial performance"; and

(b) By omitting from paragraph (a) the words "sales or other gross operating revenue", and substituting the words "total operating revenues"; and

(c) By omitting from paragraph (b) the word "income", and substituting the word "revenue"; and

(d) By revoking paragraph (h), and substituting the following paragraph:

"(h) A description of the nature of any item that is of such incidence and size, or of such nature, that its disclosure is necessary to explain the performance of the group."; and

(e) By omitting from paragraphs (j), (k), (l), and (n) the words "profit or loss", and substituting in each case the words "surplus or deficit".

86 Statement of cash flows - Clause 33 of the Third Schedule of the principal regulations is amended by omitting the words "profit and loss statement" in both places where they occur, and substituting in each case the words "statement of financial performance".

87 Other information - Clause 34 of the Third Schedule of the principal regulations is amended -

(a) By omitting from paragraph (a) the words "profit and loss statement", and substituting the words "statement of financial performance"; and

(b) By omitting from paragraphs (b) and (d) the words "balance sheet", and substituting in each case the words "statement of financial position".

88 Other material matters - Clause 36 of the Third Schedule of the principal regulations is amended by inserting, after the words "registered prospectus", the words "or in the financial statements referred to in the registered prospectus pursuant to clause 20(2),".

89 Manager's statement - Clause 37 of the Third Schedule of the principal regulations is amended by omitting the words "balance sheet", and substituting the words "statement of financial position".

90 Auditors' report - (1) Clause 38 of the Third Schedule of the principal regulations is amended by revoking subclause (2), and substituting the following subclause:

"(2) Where the registered prospectus contains prospective financial information, the auditor's report must contain a statement in the following form:

'In our opinion, the prospective financial information, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the issuer set out at pp of this prospectus and is presented on a basis consistent with the accounting policies normally adopted by the company (group).'"

(2) Clause 38 of the Third Schedule of the principal regulations is amended by adding the following subclause:

"(3) Where financial statements are referred to in a registered prospectus pursuant to clause 20(2), a report under this clause need not contain information of the kinds referred to in paragraphs (a) to (f) of subclause (1) to the extent that that information is contained in a report by a qualified auditor that is registered under the Financial Reporting Act 1993."

Other provisions

91 New Schedules inserted - The principal regulations are amended by inserting, after the Third Schedule, Schedules 3A, 3B, 3C, and 3D set out in the Schedule to these regulations.

92 Amendments to Fifth Schedule - Clause 3(1) of the Fifth Schedule to the principal regulations is amended by omitting the words "accounts and balance sheet", and substituting the words "financial statements".

93 Amendments to Sixth Schedule - Clause 7 of the Sixth Schedule to the principal regulations is amended by omitting the word "profits" in both places where it occurs, and substituting in each case the word "surpluses".

94 Amendments to Seventh Schedule - Clause 4(1)(a) of the Seventh Schedule to the principal regulations is amended by omitting the words "accounts and balance sheet", and substituting the words "financial statements".

95 Transitional provision - Notwithstanding the commencement of these regulations, by virtue of section 2 of the Securities Amendment Act 1996, an offer of securities (within the meaning of section 2D of the Act (as inserted by section 4 of the Securities Amendment Act 1996)) that is made within 6 months after the commencement of these regulations, may be made in accordance with either -

- (a) The principal regulations as amended by these regulations; or
- (b) The principal regulations as in force immediately before the commencement of these regulations -

and the principal regulations as amended by these regulations, or the principal regulations as in force immediately before the commencement of these regulations, as the case may be, shall apply in respect of any offer so made.

Regulation 91

SCHEDULE

NEW SCHEDULES TO PRINCIPAL REGULATIONS

"SCHEDULE 3A

Regulation 3(4)

MATTERS REQUIRED IN REGISTERED PROSPECTUS

FOR A UNIT TRUST

1. Description of unit trust
2. Managers, promoters, auditors, and advisers
3. Unit trustee
4. Description of unit trust and its development
5. Unit holder liability
6. Summary of financial statements
7. Minimum subscription
8. Guarantors
9. Interested persons
10. Acquisition of business or equity securities
11. Options and units paid up otherwise than in cash
12. Material contracts
13. Pending proceedings
14. Issue expenses
15. Other terms of offer and units
16. Financial statements and auditor's report
17. Inspection and obtaining copies of documents
18. Other material matters
19. Manager's statement
20. Unit trustee's statement

**MATTERS REQUIRED IN REGISTERED PROSPECTUS
FOR A UNIT TRUST**

1. Description of unit trust

- (1) The name of the unit trust.
- (2) The year and place of establishment of the unit trust
- (3) The duration of the unit trust.
- (4) A brief description of the units being offered.
- (5) A statement as to whether there is any maximum number or amount of units in the unit trust; and if so, the number or amount
- (6) The price or other consideration to be paid or provided for the units, if this a fixed amount. If the price or other consideration is not a fixed amount, a description of the manner by which that amount is fixed.
- (7) The amount, or maximum amount, of the fees payable, or deductions that will be made, (if any) for purchasing or selling units and the time or times at which they will be payable or made.
- (8) If the offer of units is made only during a particular period, the opening and closing dates of the offer.

2. Managers, promoters, auditors, and advisers

- (1) The name and address of the manager of the unit trust, and the name and address of every director of the manager.
- (2) The statute or other authority under which the manager is incorporated, and the date and country of incorporation.
- (3) If the manager is a subsidiary, the name of its ultimate holding company.
- (4) The names of all other unit trusts managed by the manager.
- (5) The name of every promoter (if any) of the unit trust.

(6) The name of any administration manager or investment manager of the unit trust.

(7) If the manager or any such administration manager, investment manager, or promoter, or (where the manager or any such administration manager, investment manager, or promoter is a body corporate or unincorporate) director of that manager or promoter, has, during the 5 years preceding the specified date, been -

(a) Adjudged bankrupt or insolvent; or

(b) Convicted of any crime involving dishonesty within the meaning of section 2(1) of the Crimes Act 1961; or

(c) Prohibited from acting as a director of a company; or

(d) Placed in statutory management or receivership; -

a statement to that effect including the name and any alternative or former name or names, of that manager, promoter, or director concerned.

(8) The names of any registrar, custodian, and auditors of the unit trust; and of any solicitors and other professional advisers (other than employees of the manager or of any associated person) involved in the preparation of the prospectus.

(9) The names, addresses, and qualifications of any experts named in the prospectus.

(10) A statement whether or not the unit trustee and any custodians are independent of the manager of the unit trust and of any promoter, administration manager and investment manager and, if not, a description of the relationship between the unit trustee or custodian and the manager, promoter, administration manager or investment manager.

3. Unit trustee

(1) The name and address of the unit trustee of the unit trust and, where the unit trustee is a body corporate, of every director of the trustee.

(2) Where the unit trustee is a body corporate, the statute or other authority under which the unit trustee was incorporated, and the date and country of incorporation.

(3) If the unit trustee is a subsidiary, the name and country of incorporation of its ultimate holding company.

(4) A description of the extent, if any, to which the unit trustee is indemnified by the unit trust.

(5) A statement as to whether or not the unit trustee guarantees the repayment of the units or the payment of any earnings on the units.

4. Description of unit trust and its development

(1) The date of the trust deed for the unit trust, and the dates of all amendments to the deed (or, if the deed and some or all of the amendments to it have been consolidated, the date of the consolidation and the dates of all amendments since the consolidation).

(2) A summary of the principal terms of the trust deed for the unit trust (including any amendments).

(3) A description of any restrictions on investment of the funds of the unit trust, to the extent not included in the summary under subclause (2).

(4) A brief description of the investment and other material activities of, and any material developments relating to, the unit trust during the 5 years preceding the specified date.

(5) A description of the investment objectives and policy for the unit trust, and of the means by which changes can be made to those objectives and that policy.

(6) A description of the investment performance of the unit trust during each of the 5 years preceding the specified date; and, where any performance data is set out in the prospectus, the basis on which such data has been calculated.

(7) A description of the policy regarding distributions from the unit trust.

(8) A statement of any undertakings to unitholders about return of capital.

5. Unit holder liability

A statement as to whether any liabilities (including contingent liabilities) may be incurred by unitholders in relation to the unit trust (other than in respect of the purchase price of units) and, if so, whether there are any limitations on those liabilities.

6. Summary of financial statements

(1) A financial statement in summary form (and, where practicable, in tabular form) in respect of the unit trust for-

- (a) The accounting period referred to in clause 16(1); and
- (b) Subject to subclause (6), the 4 consecutive accounting periods preceding that period, if any -

which states -

- (c) In respect of each such period the following amounts:
 - (i) Total investment revenues:
 - (ii) Net gains or losses on investments distinguishing between realised and unrealised:
 - (iii) Other revenues:
 - (iv) Investment expenses:
 - (v) Management expenses:
 - (vi) Total interest expense:
 - (vii) Other expenses:
 - (viii) The net surplus or deficit before taxation and extraordinary items:
 - (ix) The total provided for, or credited by way of, taxation:
 - (x) If the equity method of accounting has been used, surpluses or deficits that have resulted from using that method:
 - (xi) The net surplus or deficit before extraordinary items:
 - (xii) The total of extraordinary items (net of taxation):
 - (xiii) The net surplus or deficit after extraordinary items:
 - (xiv) Distributions or appropriations of net surplus or deficit:
 - (xv) Other distributions (specify); and
- (d) As at the end of each such period the following amounts:

- (i) Total assets:
- (ii) Total tangible assets:
- (iii) Total liabilities:
- (iv) Total unit holders' funds.

(2) The amounts in the financial statement required by subclause (1) shall be amounts that appear in financial statements that comply with, and have been registered under, the Financial Reporting Act 1993, or, where no such statements have been registered, amounts that would have appeared in such statements if they had been registered.

(3) In respect of the amounts stated in the financial statement required by subclause (1), -

(a) A description of the nature of any item that is of such incidence and size, or of such a nature, that its disclosure is necessary to explain the performance of the unit trust:

(b) A description (and where practicable, quantification) of the effect on those amounts of any material changes in the activities of the unit trust, and of any material changes in the accounting policies used, that occurred during the periods to which the amounts relate.

(4) A statement as to whether or not the amounts stated in the financial statement required by subclause (1) have been taken from audited financial statements.

(5) If the amounts stated in the financial statement required by subclause (1) have been taken from audited financial statements but the audit report was qualified, a statement to this effect explaining what the qualification was.

(6) A financial statement in summary form is not required under subclause (1)(b) to include amounts in respect of any accounting period that ended more than 2 years before the date on which this clause comes into force.

7. Minimum subscription

For the purposes of section 37(2) of the Act, the minimum amount that, in the opinion of the manager, must be raised by the issue of the securities in order to provide the sums (or, if any part thereof is to be defrayed in any other manner, the balance of the sums) required to be provided in respect of each of the following matters:

(a) The purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the offer:

(b) Any preliminary expenses and commission payable in whole or in part out of the proceeds of the offer:

(c) Working capital:

(d) The repayment of any money borrowed in respect of any of the foregoing matters.

8. Guarantors

(1) Where the prospectus or an advertisement relating to the unit trust states or implies that a person guarantees the payment of any money payable from the unit trust, the following matters in respect of each such person:

(a) The name of the person:

(b) A description, and (where practicable) quantification, of the liability of the person in respect of that money:

(c) A statement whether the liability of the person is secured by a mortgage or other charge and, if so, the nature and amount of the charge:

(d) Subject to subclause (2), the amount of the net tangible assets of the person as shown in the most recent audited statement of financial position thereof, together with a statement of any qualifications in the audit report in respect of the statement of financial position:

(e) Whether there are any contingent liabilities that could materially affect those net tangible assets:

(f) Whether the financial statements of the person are available for inspection and, if so, where.

(2) Where there is no audited statement of financial position of the person dated within 18 months of the specified date,-

(a) The figure given for the amount of that person's net tangible assets in the prospectus shall be that as at a date stated in the prospectus (being a date not earlier than 6 months before the specified date); and

(b) The prospectus shall include a statement to the effect that the figure for that person's net tangible assets has not been taken from an audited statement of financial position.

9. Interested persons

(1) Where the unit trustee, manager, or any administration manager, investment manager, custodian or promoter of the unit trust (or any associated person of the unit trustee, manager, or of any administration manager, investment manager, custodian or promoter) is entitled to remuneration for services, or to recover expenses, in respect of the unit trust, particulars of -

(a) The nature of the services or expenses; and

(b) Where remuneration or expense recovery is from the unit trust, whether or not the amount of remuneration or expenses is limited and, if so, the limits.

(2) Where the unit trustee, manager, or any administration manager, investment manager, custodian or promoter of the unit trust (or any associated person of the unit trustee, manager, or of any administration manager, investment manager, custodian or promoter) has, or has had at any time during the 5 years preceding the specified date, a material interest, whether direct or indirect, in the unit trust or in any contract or arrangement entered into on behalf of or in respect of the unit trust (being an interest material to either or both of that person and the unit trust), particulars of that interest

(3) Without limiting subclause (2), if more than 10 percent of the value of the assets of the unit trust (calculated in accordance with generally accepted accounting practice) was, at any time during the 2 years preceding the specified date, represented directly or indirectly by any securities of which the unit trustee, manager, or any administration manager, investment manager, custodian or promoter of the unit trust (or any associated person of the unit trustee, manager, or of any administration manager, investment manager, custodian or promoter) is the issuer, a description of all such securities.

10. Acquisition of business or equity securities

(1) This clause shall not apply in respect of -

(a) Any business or equity securities if the consideration paid or payable, or proposed to be paid, for the acquisition of the business or equity securities is not more than one-fifth of the amount of the total tangible assets shown in the financial statements referred to in clause 16(1); or

(b) Any equity securities that are listed on a stock exchange.

(2) If a business or equity securities have been acquired for the purposes of the unit trust at any time in the 2 years preceding the specified date, the following information:

(a) A description of the activities of-

(i) That business; or

(ii) The business carried on by the issuer of those equity securities, -

in the course of the period that began 5 years before the specified date and ended on the date on which the business, or equity securities, were acquired:

(b) In respect of that business or the issuer of those equity securities, the matters specified in clause 8 (other than subclauses (3)(b)(v) and (5)) of the First Schedule in respect of the 5 accounting periods preceding the specified date.

(3) If -

(a) A business or equity securities have been acquired for the purposes of the unit trust at any time in the period between the last day of the accounting period referred to in clause 16(1) and the specified date; or

(b) The prospectus contains a statement to the effect that it is intended that a business or equity securities will be acquired for the purposes of the unit trust -

the following information:

(c) The amount of the consideration paid or payable, or proposed to be paid, for the business or equity securities:

(d) A description of that business, or of the business carried on by the issuer of those equity securities, in the course of the 5 years before the specified date:

(e) In respect of that business or the issuer of those equity securities, the matters, specified in clause 8 (other than subclauses (3)(b)(v) and (5)) of the First Schedule in respect of the 5 accounting periods preceding the specified date, and the matters specified in clauses 23 to 38 of that Schedule.

11. Options and units paid up otherwise than in cash

- (1) If options to subscribe for units have been or are to be issued, a description of the options.
- (2) If units have been or are to be issued for a consideration other than cash, a statement of the number of units, the non-cash consideration, and the extent to which the units are, or are to be, so paid up.

12. **Material contracts**

In relation to every material contract entered into in respect of the unit trust at any time in the 2 years preceding the specified date (not being a contract entered into in the ordinary course of business of the unit trust), -

- (a) Its date; and
- (b) The names of the parties to it; and
- (c) Its general nature.

13. **Pending proceedings**

A brief description of any legal proceedings or arbitrations that -

- (a) Are pending at the specified date; and
- (b) May have a material adverse effect on the unit trust.

14. **Issue expenses**

Particulars of any issue expenses, including-

- (a) Their amount or estimated amount; and
- (b) In respect of any commission payable-
 - (i) The rate of commission; and
 - (ii) The persons or classes of persons to whom the commission is payable.

15. **Other terms of offer and units**

All terms of the offer, and all terms of the units being offered, not elsewhere set out in the prospectus, other than-

- (a) Any terms implied by law; or
- (b) Any terms set out in a document that -
 - (i) Is registered with a public official; and
 - (ii) Is available for public inspection; and
 - (iii) Is referred to in the prospectus.

16. Financial statements and auditor's report

- (1) A reference to the latest financial statements for the unit trust that comply with, and have been registered under, the Financial Reporting Act 1993, the accounting period covered by those statements, and the date of registration.
- (2) The date of the auditor's report on those financial statements, and a statement whether or not the report was qualified in any respect and, if so, explaining what the qualification was.
- (3) If the issuer so wishes -
 - (a) The latest financial statements referred to in subclause (1) and the auditor's report on those statements; and
 - (b) Financial statements for the unit trust prepared as at a later date (not being more than 9 months after the balance date of the financial statements referred to in subclause (1) of this clause) as if they required registration under the Financial Reporting Act 1993, except that they need not be audited.
- (4) A copy of a report by a qualified auditor, signed by him or her (either in his or her own name or that of his or her firm), stating whether the amounts stated pursuant to clauses 6(1), 6(2), 10(2), and 10(3) have been taken from audited financial statements and whether or not the amounts have been correctly taken.
- (5) Where the registered prospectus contains prospective financial information the auditor's report must contain a statement in the following form:

“In our opinion the prospective financial information, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the manager [set out at pp...of this prospectus] and is presented on a basis consistent with the accounting policies normally adopted in respect of the unit trust”

17. **Inspection and obtaining copies of documents**

(1) The times and places where copies of the following documents may be inspected by a holder of units in the unit trust who so requests during the currency of the prospectus:

- (a) The trust deed for the unit trust and any amendments thereto:
- (b) The financial statements for the unit trust referred to in clause 16(1):
- (c) Any material contract referred to in the prospectus:
- (d) The latest annual report for the unit trust.

(2) The procedure by which a holder of units in the unit trust can obtain a copy of any of the documents referred to in subclause (1), and the fee payable for obtaining such a copy (except that no fee may be charged for a copy of the documents referred to in subclause (1)(b) and (d)).

18. **Other material matters**

Any material matters relating to the unit trust (other than matters elsewhere set out in the registered prospectus, contracts entered into in the ordinary course of business of the unit trust, and information contained in the financial statements referred to in clause 16(1)).

19. **Manager's statement**

A statement by the directors of the manager as to whether, in their opinion, after due enquiry by them, -

(a) The value of the unit trust's assets relative to its liabilities (including contingent liabilities):

(b) The ability of the unit trust to pay its debts as they become due in the normal course of business -

has materially and adversely changed during the period between the balance date of the latest financial statements referred to in the prospectus and the specified date.

20. Unit Trustee's statement

A statement by the unit trustee stating, in respect of the accounting period referred to in clause 16(1), whether or not, in the unit trustee's opinion, the manager has managed the unit trust during that period in accordance with the provisions of the trust deed and of the offer of units.

“SCHEDULE 3B**Regulation 3(5)****MATTERS REQUIRED IN REGISTERED PROSPECTUS
FOR LIFE INSURANCE POLICIES**

1. Description of company
2. Description of policies
3. Limitations on liability or returns
4. Directors, promoters, auditors, and advisers
5. Summary of financial statements
6. Guarantors
7. Interested persons
8. Acquisition of business or equity securities
9. Material contracts
10. Pending proceedings
11. Other terms of offer and policies
12. Financial statements and actuarial and audit reports
13. Inspection and obtaining copies of documents
14. Other material matters
15. Directors' statement

MATTERS REQUIRED IN REGISTERED PROSPECTUS
FOR LIFE INSURANCE POLICIES

1. Description of company

- (1) The name of the life insurance company, and the address of its registered office (or, if it does not have a registered office, its address) in New Zealand.
- (2) Where the life insurance company is a body corporate -
 - (a) The statute or other authority by or under which the company is incorporated; and
 - (b) The date and country of incorporation; and
 - (c) The date of registration in New Zealand (if that date is different from the date of incorporation); and
 - (d) The registered number (if any); and
 - (e) The place (if any) in New Zealand where a public file relating to the incorporation or registration of the company is kept.
- (3) A brief description of the principal activities of the life insurance company and, to the extent not included in the foregoing, of the insurance and investment activities of, and of any material development relating to, the company during the 5 years preceding the specified date.

2. Description of policies

- (1) A brief description of the types of life insurance policies to which the prospectus relates.
- (2) In respect of each such policy, a description of the principal terms set out in the specimen policy document for the policy.

3. Limitations on liability or returns

- (1) Where the returns to holders of any of the life insurance policies to which the prospectus relates are in any circumstances calculated by reference to the returns on a particular group of assets, a statement to this effect and a brief description of the circumstances and of that group of assets.
 - (2) Where the liability of the life insurance company to satisfy its obligations under any of the life insurance policies to which the prospectus relates (as distinct from calculating the returns on the policies) is limited in whole or in part to a particular group of assets (a "fund") (whether the fund or the limitation is created by statute, by contract, or otherwise), a statement to this effect and a description of each such fund.
 - (3) Where -
 - (a) All the assets of the life insurance company are liable to satisfy the obligations under some of the life insurance policies to which the prospectus relates; and
 - (b) Only the assets of one or more funds are liable to satisfy all or a part of the company's obligations under others of those policies-
- references in subclauses (5) and (6), and in clauses 5, 7, 8, 12, 13, and 15 to financial statements, actuarial reports, audit reports or assets or liabilities of, or acquisitions by, the company shall be read as references to financial statements, actuarial reports, audit reports or assets or liabilities of, or acquisitions by, each of the company and each such fund.
- (4) Where the liability of the life insurance company to satisfy its obligations under each of the life insurance policies to which the prospectus relates is limited in whole or in part to the assets of one or more funds, references in subclauses (5) and (6), and in clause 5, 7, 8, 12, 13, and 15 to financial statements, actuarial reports, audit reports or assets or liabilities of, or acquisitions by, the company shall be read as references to financial statements, actuarial reports, audit reports or assets or liabilities of, or acquisitions by, each such fund.
 - (5) Where any liabilities of the life insurance company rank in point of security ahead of its liabilities under any of the life insurance policies to which the prospectus relates, a statement to this effect and a description of those liabilities that rank ahead.
 - (6) Where the use of any assets of the life insurance company or of a fund to satisfy the obligations of the life insurance company under any of the life insurance policies to which the prospectus relates is limited or restricted in any way, a statement to this effect and a description of the limitation or restriction.

4. **Directors, promoters, auditors, and advisers**

- (1) The name and address of every director of the life insurance company.
- (2) In respect of every such director who is an employee of the company, or of any associated person of the company, the position held by him or her.
- (3) The name of every promoter of any of the life insurance policies.
- (4) If any director of the life insurance company or any promoter has been, during the 5 years preceding the specified date, been:
 - (a) Adjudged bankrupt:
 - (b) Convicted of any crime involving dishonesty within the meaning of section 2(1) of the Crimes Act 1961:
 - (c) Prohibited from acting as a director of a company:
 - (d) Placed in statutory management or receivership; -

a statement, to that effect including the name and any alternative or former name or names of the director concerned.

- (5) The names of any auditors; and of any solicitors and other professional advisers (other than employees of the life insurance company or of any associated person) and actuaries involved in the preparation of the prospectus.
- (6) The names, addresses, and qualifications of any experts named in the prospectus.

5. **Summary of financial statements**

- (1) A financial statement in summary form (and, where practicable, in tabular form) in respect of the life insurance company for -
 - (a) The accounting period referred to in clause 12(1); and
 - (b) Subject to subclause (6), the 4 consecutive accounting periods preceding that period, if any -

which states -

- (c) In respect of each such period the following amounts:
- (i) Premium revenue:
 - (ii) Total investment revenues:
 - (iii) Reinsurance revenues:
 - (iv) Net gains or losses on investments distinguishing between realised and unrealised:
 - (v) Other revenues:
 - (vi) Increase or decrease in policy liabilities:
 - (vii) Policy claims expense:
 - (viii) Policy acquisition expenses:
 - (ix) Reinsurance expenses:
 - (x) Policy maintenance expenses:
 - (xi) Investment management expenses:
 - (xii) Total interest expense:
 - (xiii) Other expenses:
 - (xiv) The net surplus (or deficit) before taxation and extraordinary items:
 - (xv) The total amount provided for, or credited by way of, taxation:
 - (xvi) If the equity method of accounting has been used, surpluses or deficits that have resulted from using that method:
 - (xvii) The net surplus (or deficit) before extraordinary items:
 - (xviii) The total of extraordinary items (net of taxation):
 - (xix) The net surplus (or deficit) after extraordinary items:

- (xx) The amount allocated to policyholders:
 - (xxi) Distributions or appropriations of net surplus or deficit:
 - (xxii) Other distributions (specify); and
- (d) As at the end of each such period the following amounts:
- (i) Total assets:
 - (ii) Total tangible assets:
 - (iii) Total liabilities (including total policy liabilities):
 - (iv) Total policy liabilities:
 - (v) Total equity, showing separately retained earnings and prudential reserves,
- (2) The amounts in the financial statement required by subclause (1) shall be amounts that appear in financial statements that comply with, and have been registered under, the Financial Reporting Act 1993 or, where no such statements have been registered, amounts that would have appeared in such statements if they had been registered.
- (3) In respect of the amounts stated in the financial statement required by subclause (1),-
- (a) A description of the nature of any item that is of such incidence and size, or of such a nature, that its disclosure is necessary to explain the performance of the company:
 - (b) A description (and where practicable, quantification) of the effect on those amounts of any material changes in the activities of the company, and of any material changes in the accounting policies used, that occurred during the periods to which the amounts relate.
- (4) A statement as to whether or not the amounts stated in the financial statement required by subclause (1) have been taken from audited financial statements.
- (5) If the amounts stated in the financial statement required by subclause (1) have been taken from audited financial statements but the audit report was qualified, a statement to this effect explaining what the qualification was.

(6) A financial statement in summary form is not required under subclause (1)(b) to include amounts in respect of any accounting period that ended more than 2 years before the date on which this clause comes into force.

6. Guarantors

(1) Where the prospectus or an advertisement relating to any of the life insurance policies to which the prospectus relates states or implies that a person (other than the life insurance company) guarantees the payment of any money payable under any of the policies, the following matters in respect of each such person:

(a) The name of the person:

(b) A description, and (where practicable) quantification, of the liability of the person in respect of that money.

(c) A statement whether the liability of the person is secured by a mortgage or other charge and, if so, the nature and amount of the charge:

(d) Subject to subclause (2), the amount of the net tangible assets of the person as shown in the most recent audited statement of financial position thereof, together with a statement of any qualifications in the audit report in respect of the statement of financial position:

(e) Whether there are any contingent liabilities that could materially affect those net tangible assets:

(f) Whether the financial statements of the person are available for inspection and, if so, where.

(2) Where there is no audited statement of financial position of the person dated within 18 months of the specified date -

(a) The figure given for the amount of that person's net tangible assets in the prospectus shall be that as at a date stated in the prospectus (being a date not earlier than 6 months before the specified date); and

(b) The prospectus shall include a statement to the effect that the figure for that person's net tangible assets has not been taken from an audited statement of financial position.

7. Interested persons

(1) Where any associated person of the life insurance company, any promoter of any of the life insurance policies to which the prospectus relates, or any associated person of such a promoter is entitled to remuneration for services, or to recover expenses, in respect of any of those policies, particulars of-

(a) The nature of the services or expenses; and

(b) Whether or not the amount of remuneration or expenses is limited and, if so, the limits.

(2) Where any associated person of the life insurance company, any promoter of any of the life insurance policies to which the prospectus relates, or any associated person of such a promoter has, or has had at any time during the 5 years preceding the specified date, a material interest, whether direct or indirect, in any contract or arrangement entered into on behalf of or in respect of the company that relates to, or affects the assets liable to satisfy the obligations under, any of those policies (being an interest material to either or both of that person and the company), particulars of that interest.

(3) Without limiting subclause (2), if more than 10 percent of the value of the assets of the life insurance company (calculated in accordance with generally accepted accounting practice) was, at any time during the 2 years preceding the specified date, represented directly or indirectly by any securities of which any associated person of the life insurance company, any promoter of any of the life insurance policies to which the prospectus relates, or any associated person of such a promoter is the issuer, a description of all such securities.

8. Acquisition of business or equity securities

(1) This clause shall not apply in respect of -

(a) Any business or equity securities if the consideration paid or payable, or proposed to be paid, for the acquisition of the business or equity securities is not more than one-fifth of the amount of the total tangible assets shown in the financial statements referred to in clause 12(1); or

(b) Any equity securities that are listed on a stock exchange.

(2) If a business or equity securities have been acquired by the life insurance company at any time in the 2 years preceding the specified date, the following information:

(a) A description of the activities of-

- (i) That business; or
- (ii) The business carried on by the issuer of those equity securities, -

in the course of the period that began 5 years before the specified date and ended on the date on which the business, or equity securities, were acquired:

(b) In respect of that business or the issuer of those equity securities, the matters specified in clause 8 (other than subclauses (3)(b)(v) and (5)) of the First Schedule in respect of the 5 accounting periods preceding the specified date.

(3) If-

(a) A business or equity securities have been acquired by the life insurance company at any time in the period between the last day of the accounting period referred to in clause 12(1) and the specified date; or

(b) The prospectus contains a statement to the effect that it is intended that a business or equity securities will be acquired by the company,-

the following information:

(c) The amount of the consideration paid or payable, or proposed to be paid, for the business or equity securities:

(d) A description of that business, or of the business carried on by the issuer of those equity securities, in the course of the 5 years before the specified date:

(e) In respect of that business or the issuer of those equity securities, the matters specified in clause 8 (other than subclauses (3)(b)(v) and (5)) of the First Schedule in respect of the 5 accounting periods preceding the specified date, and the matters specified in clauses 23 to 38 of that Schedule.

9. Material contracts

In relation to every material contract entered into by the life insurance company at any time in the 2 years preceding the specified date, not being a contract entered into in the ordinary course of business of the company,-

- (a) Its date; and
- (b) The names of the parties to it; and

- (c) Its general nature.

10. Pending proceedings

A brief description of any legal proceedings or arbitrations that-

- (a) Are pending at the specified date; and
- (b) May have a material adverse effect on the life insurance company or one or more of its funds whose assets are available to meet liabilities in respect of life insurance policies offered in the prospectus.

11. Other terms of offer and policies

All terms of the offer, and all terms of the life insurance policies being offered, not elsewhere set out in the prospectus, other than -

- (a) Any term that relates to any amounts payable by or to an identifiable person; or
- (b) Any terms implied by law; or
- (c) Any terms set out in a document that -
 - (i) Is registered with a public official; and
 - (ii) Is available for public inspection; and
 - (iii) Is referred to in the prospectus.

12. Financial statements and actuarial and audit reports

- (1) A reference to the latest financial statements for the life insurance company that comply with, and have been registered under, the Financial Reporting Act 1993, the accounting period covered by those statements, and the date of registration.
- (2) The date of the auditor's report on those financial statements, and a statement whether or not the report was qualified in any respect and, if so, what the qualification was.
- (3) If the issuer so wishes -

(a) The latest financial statements referred to in subclause (1) together with the auditor's report on those statements; and

(b) Financial statements for the life insurance company prepared as at a later date (not being more than 9 months after the balance date of the financial statements referred to in subclause (1)) as if they required registration under the Financial Reporting Act 1993, except that they need not be audited.

(4) The date of the latest actuarial report in respect of the life insurance company that has been deposited with the Secretary of Commerce under the Life Insurance Act 1908, and the period to which the report relates.

(5) A copy of a report by a qualified auditor, signed by him or her (either in his or her own name or that of his or her firm), stating whether the amounts stated pursuant to clauses 5(2), 5(3), 8(2), and 8(3) have been taken from audited financial statements and whether or not the amounts have been correctly taken.

(6) Where the registered prospectus contains a prospective financial information, the auditor's report must contain a statement in the following form:

"In our opinion the prospective financial information, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the issuer [set out at pp... of this prospectus] and is presented on a basis consistent with the accounting policies normally adopted by the issuer."

13. Inspection and obtaining copies of documents

(1) The times and places where copies of the following documents may be inspected by the holder of a life insurance policy who so requests during the currency of that policy:

(a) A specimen policy document for any of the life insurance policies to which the prospectus relates:

(b) The financial statements and actuarial report referred to in clause 12:

(c) Any material contract referred to in the prospectus:

(d) The latest annual report of the life insurance company.

(2) The procedure by which a copy of any of the documents referred to in subclause (1) can be obtained, and the fee payable for obtaining such a copy (except that no fee may be charged for a copy of any of the documents referred to in subclause (1)(b) and (d)).

14. Other material matters

Any material matters relating to the life insurance company, any of the separate funds referred to under clause 3, or any of the policies to which the prospectus relates (other than matters elsewhere set out in the registered prospectus, contracts entered into in the ordinary course of business of the company and any information included in the financial statements referred to in clause 12).

15. Directors' statement

A statement by the directors of the life insurance company as to whether, in their opinion after due enquiry by them, -

(a) The value of the company's assets relative to its liabilities (including contingent liabilities);

(b) The ability of the company to pay its debts as they become due in the normal course of business -

has materially and adversely changed during the period between the balance date of the latest financial statements referred to in the prospectus and the specified date.

"SCHEDULE 3C**Regulation 3(6)****MATTERS REQUIRED IN REGISTERED PROSPECTUS****FOR A SUPERANNUATION SCHEME**

1. Description of scheme
2. Superannuation trustees
3. Managers, promoters, auditors, and advisers
4. Description of scheme and its development
5. Summary of financial statements
6. Guarantors
7. Interested persons
8. Acquisition of business or equity securities
9. Material contracts
10. Pending proceedings
11. Other terms of offer and scheme
12. Financial statements and actuarial and audit reports
13. Inspection and obtaining copies of documents
14. Other material matters
15. Superannuation trustees' statement

**MATTERS REQUIRED IN REGISTERED PROSPECTUS
FOR A SUPERANNUATION SCHEME**

1. Description of scheme

- (1) The name of the scheme.
- (2) A brief description of the kind of scheme being offered.
- (3) The year and place of establishment of the scheme.

2. Superannuation trustees

- (1) The name and address of every superannuation trustee of the scheme; and, where a superannuation trustee is a body corporate or unincorporate, of every director thereof.
- (2) Where such a superannuation trustee is a body corporate, the statute or other authority under which the superannuation trustee is incorporated, and the date and country of incorporation.
- (3) If such a superannuation trustee is a subsidiary, the name and country of incorporation of its ultimate holding company.
- (4) If any such superannuation trustee, or director of a superannuation trustee, has, during the 5 years preceding the specified date, been:
 - (a) Adjudged bankrupt or insolvent:
 - (b) Convicted of any crime involving dishonesty within the meaning of section 2(1) of the Crimes Act 1961:
 - (c) Prohibited from acting as a director of a company:
 - (d) Placed in statutory management or receivership;

a statement to that effect including the name and any alternative or former name or names of the superannuation trustee or director concerned.

- (5) A description of the extent, if any, to which the superannuation trustees are indemnified by the scheme.

(6) A statement whether or not each superannuation trustee is independent of every administration manager, investment manager, and promoter of the scheme and, if not, a description of the relationship between the superannuation trustee and manager or promoter.

3. Managers, promoters, auditors, and advisers

(1) The name and address of every administration manager and investment manager (if any) of the scheme.

(2) The name of every promoter (if any) of the scheme.

(3) If any administration manager or investment manager or any promoter, or any director of such a manager or promoter, has, during the 5 years preceding the specified date, been:

(a) Adjudged bankrupt or insolvent:

(b) Convicted of any crime involving dishonesty within the meaning of section 2(1) of the Crimes Act 1961:

(c) Prohibited from acting as a director of a company:

(d) Put into statutory management or receivership; -

a statement to that effect including the name and any alternative or former name or names of the manager, promoter, or director concerned.

(4) The names of any registrar, custodian and auditors of the scheme; and of any solicitors and other professional advisers (other than employees of the superannuation trustee or an administration manager or investment manager for the scheme or of any person associated with the superannuation trustee or such a manager) and actuaries involved in the preparation of the prospectus.

(5) The names, addresses, and qualifications of any experts named in the prospectus.

4. Description of scheme and its development

(1) The date of the trust deed for the scheme, and the dates of all amendments to the deed (or, if the deed and some or all of the amendments to it have been consolidated, the date of the consolidation and the dates of all amendments since the consolidation).

(2) A summary of the principal terms of the trust deed for the scheme (including any amendments).

(3) A description of the following, to the extent not included in the summary under subclause (2):

(a) Any conditions of entry of members to the scheme, and termination of membership of the scheme:

(b) Any restrictions on investment of the assets of the scheme:

(c) The rights and obligations of employers, if any, in regard to the scheme.

(3) A brief description of the investment and other activities of, and any material developments relating to, the scheme during the 5 years preceding the specified date.

(4) A statement as to whether any liabilities (including contingent liabilities) may be incurred by members in relation to the scheme (other than in respect of contributions payable under the scheme) and, if so, whether there are any limitations on those liabilities.

(5) A description of the investment objectives and policy for the scheme (or, where the scheme has more than one fund, for each fund of the scheme), and of the means by which changes can be made to those objectives and that policy.

(6) A description of the investment performance of the scheme (or, where the scheme has more than one fund, of each fund of the scheme) during each of the 5 years preceding the specified date; and the basis upon which the performance information has been calculated.

5. Summary of financial statements

(1) A financial statement in summary form (and, where practicable, in tabular form) in respect of the scheme for-

(a) The accounting period referred to in clause 12(1); and

(b) Subject to subclause (6), the 4 consecutive accounting periods preceding that period, if any -

which states -

(c) In respect of each such period the following amounts:

- (i) Contributions distinguishing between those made by members and those made by employers or other sponsors:
 - (ii) Total investment revenues:
 - (iii) Net gains or losses on investments distinguishing between realised and unrealised:
 - (iv) Other revenues:
 - (v) Benefits paid:
 - (vi) Investment expenses:
 - (vii) Management expenses, including those related to general administration and trustees' remuneration:
 - (viii) Total interest expense:
 - (ix) Other expenses:
 - (x) Operating result/change in net assets before taxation and extraordinary items:
 - (xi) The total provided for, or credited by way of, taxation:
 - (xii) If the equity method of accounting has been used, surpluses or deficits that have resulted from using that method:
 - (xiii) Operating result/change in net assets before extraordinary items:
 - (xiv) The total of extraordinary items (net of taxation):
 - (xv) Operating result/change in net assets after extraordinary items:
 - (xvi) Allocation to members' accounts:
 - (xvii) Transfers to reserves:
 - (xviii) Other distributions (specify); and
- (d) As at the end of each such period the following amounts:

- (i) Total assets:
- (ii) Total tangible assets:
- (iii) Liabilities other than liabilities for accrued benefits:
- (iv) Net assets available to pay benefits:
- (v) Liabilities for accrued benefits (taken from the latest actuarial valuation of such liabilities available at the end of the period concerned) and the date as at which those liabilities were calculated.

(2) The amounts in the financial statement required by subclause (1) shall be amounts that appear in financial statements that comply with, and have been registered under, the Financial Reporting Act 1993 or, where no such statements have been registered, amounts that would have appeared in such statements if they had been registered.

(3) In respect of the amounts stated in the financial statement required by subclause (1), -

(a) A description of the nature of any item that is of such incidence and size, or of such a nature, that its disclosure is necessary to explain the performance of the scheme:

(b) A description (and where practicable, quantification) of the effect on those amounts of any material changes in the activities of the scheme that occurred, and of any material changes in the accounting policies used, during the periods to which the amounts relate.

(4) A statement as to whether or not the amounts stated in the financial statement required by subclause (1) have been taken from audited financial statements.

(5) If the amounts stated in the financial statement required by subclause (1) have been taken from audited financial statements but the audit report was qualified, a statement to this effect explaining what the qualification was.

(6) A financial statement in summary form is not required under subclause (1)(b) to include amounts in respect of any accounting period that ended more than 2 years before the date on which this clause comes into force.

6. Guarantors

(1) Where the prospectus or an advertisement relating to the scheme states or implies that a person guarantees the payment of any money payable from the scheme, the following matters in respect of each such person:

(a) The name of the person:

(b) A description, and (where practicable) quantification, of the liability of the person in respect of that money:

(c) A statement whether the liability of the person is secured by a mortgage or other charge and, if so, the nature and amount of the charge:

(d) Subject to subclause (2), the amount of the net tangible assets of the person as shown in the most recent audited statement of financial position of the person, together with a statement of any qualifications in the audit report in respect of the statement of financial position:

(e) Whether there are any contingent liabilities that could materially affect those net tangible assets:

(f) Whether the financial statements of the person are available for inspection and, if so, where.

(2) Where there is no audited statement of financial position of the person dated within 18 months of the specified date, -

(a) The figure given for the amount of that person's net tangible assets in the prospectus shall be that as at a date stated in the prospectus (being a date not earlier than 6 months before the specified date); and

(b) The prospectus shall include a statement to the effect that the figure for that person's net tangible assets has not been taken from an audited statement of financial position.

7. Interested persons

(1) Where a superannuation trustee or any administration manager, investment manager, custodian or promoter of the scheme (or any associated person of the superannuation trustee or of any such manager, custodian or promoter) is entitled to remuneration for services, or to recover expenses, in respect of the scheme, particulars of-

(a) The nature of the services or expenses; and

(b) Where recovery of the remuneration or expenses is from the scheme, whether or not the amount of remuneration or expenses is limited and, if so, the limits.

(2) Where a superannuation trustee or any administration manager, investment manager, custodian, or promoter of the scheme (or any associated person of the superannuation trustee or of any such manager, custodian, or promoter) has, or has had at any time during the 5 years preceding the specified date, a material interest, whether direct or indirect, in the scheme or in any contract or arrangement entered into on behalf or in respect of the scheme (being an interest material to either or both of that person and the scheme), a description of that interest.

(3) Without limiting subclause (2), if more than 10 percent of the value of the assets of the scheme (calculated in accordance with generally accepted accounting practice) was, at any time during the 2 years preceding the specified date, represented directly or indirectly by any securities of which the superannuation trustee or any administration manager, investment manager, custodian or promoter of the scheme (or any associated person of the superannuation trustee or of any such manager, custodian or promoter) is the issuer, a description of all such securities.

8. Acquisition of business or equity securities

(1) This clause shall not apply in respect of-

(a) Any business or equity securities if the consideration paid or payable, or proposed to be paid, for the acquisition of the business or equity securities is not more than one-fifth of the amount of the total tangible assets shown in the financial statements referred to in clause 12(1); or

(b) Any equity securities that are listed on a stock exchange.

(2) If a business or equity securities have been acquired for the purposes of the scheme at any time in the 2 years preceding the specified date, the following information:

(a) A description of the activities of-

(i) That business; or

(ii) The business carried on by the issuer of those equity securities, -

in the course of the period that began 5 years before the specified date and ended on the date on which the business, or equity securities, were acquired:

(b) In respect of that business or the issuer of those equity securities, the matters specified in clause 8 (other than subclauses (3)(b)(v) and (5)) of the First Schedule in respect of the 5 accounting periods preceding the specified date.

(3) If -

(a) A business or equity securities have been acquired for the purposes of the scheme at any time in the period between the last day of the accounting period referred to in clause 12(1) and the specified date; or

(b) The prospectus contains a statement to the effect that it is intended that a business or equity securities will be acquired for the purposes of the scheme -

the following information:

(c) The amount of the consideration paid or payable, or proposed to be paid, for the business or equity securities:

(d) A description of that business, or of the business carried on by the issuer of those equity securities, in the course of the 5 years before the specified date:

(e) In respect of that business or the issuer of those equity securities, the matters specified in clause 8 (other than subclauses (3)(b)(v) and (5)) of the First Schedule in respect of the 5 accounting periods preceding the specified date, and the matters specified in clauses 23 to 38 of that Schedule.

9. Material contracts

In relation to every material contract entered into in respect of the scheme at any time in the 2 years preceding the specified date (not being a contract entered into in the ordinary course of business of the scheme),-

(a) Its date; and

(b) The names of the parties to it; and

(c) Its general nature.

10. Pending proceedings

A brief description of any legal proceedings or arbitrations that-

- (a) Are pending at the specified date; and
- (b) May have a material adverse effect on the scheme.

11. Other terms of offer and scheme

All terms of the offer, and all terms of the scheme being offered, not elsewhere set out in the prospectus, other than -

- (a) Any term that relates to any amounts payable by or to an identifiable person; or
- (b) Any terms implied by law; or
- (c) Any terms set out in a document that -
 - (i) Is registered with a public official; and
 - (ii) Is available for public inspection; and
 - (iii) Is referred to in the prospectus.

12. Financial statements and actuarial and audit reports

(1) A reference to the latest financial statements for the scheme that comply with, and have been registered under, the Financial Reporting Act 1993, the accounting period covered by those statements, and the date of registration and -

(a) The date of the auditor's report on those financial statements (except where those financial statements are not required to be audited because of section 13(2) of the Superannuation Schemes Act 1989), and a statement whether or not the auditors' report was qualified in any respect and, if so, what the qualification was;

(b) Where those financial statements are not required to be audited because of section 13(2) of the Superannuation Schemes Act 1989, the date of the auditor's report on the latest financial statements of the administration manager for the scheme, and a statement whether or not the auditor's report was qualified in any respect which relates to the financial statements of the scheme, and, if so, what the qualification was.

(2) If the issuer so wishes -

(a) The latest financial statements referred to in subclause (1) together with a copy of the auditor's report on those statements (except where those statements are not required to be audited because of section 13(2) of the Superannuation Schemes Act 1989); and

(b) Financial statements for the scheme prepared as at a later date (not being more than 9 months after the balance date of the financial statements referred to in subclause (1)) as if they required registration under the Financial Reporting Act 1993, except that they need not be audited.

(3) The date of the latest actuarial report (if any) for the scheme that has been sent to the Government Actuary under the Superannuation Schemes Act 1989, and the period or date to which that report relates.

(4) A copy of a report by a qualified auditor, signed by him or her (either in his or her own name or that of his or her firm), stating whether the amounts stated pursuant to clauses 5(1), 5(2), 8(2), and 8(3) have been taken from audited financial statements and whether or not the amounts have been correctly taken.

(5) Where the registered prospectus contains prospective financial information, the auditor's report shall contain a statement in the following form:

"In our opinion the prospective financial information, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the superannuation trustee [set out at pp... of this prospectus] and is presented on a basis consistent with the accounting policies normally adopted in respect of the scheme".

13. Inspection and obtaining copies of documents

(1) The times and places where copies of the following documents may be inspected by a member of the scheme who so requests during the currency of the prospectus:

(a) The trust deed for the scheme and any amendments thereto:

(b) The financial statements referred to in clause 12:

(c) The actuarial report referred to in clause 12(4) (if any):

(d) Any material contract referred to in the prospectus:

(e) The latest annual report for the scheme prepared in accordance with the Superannuation Schemes Act 1989.

(2) The procedure by which a member of the scheme can obtain a copy of any of the documents referred to in subclause (1), and the fee payable for obtaining such a copy (except that no fee may be charged for a copy of any of the documents referred to in subclause (1)(b) and (e)).

14. Other material matters

Any material matters relating to the scheme (other than matters elsewhere set out in the registered prospectus, contracts entered into in the ordinary course of business of the scheme, and any information included in the financial statements referred to in clause 12).

15. Superannuation trustees' statement

A statement by the superannuation trustees (or, where a superannuation trustee is a body corporate or unincorporate, by the directors of that body) as to whether, in their opinion, after due enquiry by them, -

(a) The value of the scheme's assets relative to its liabilities (including contingent liabilities):

(b) The ability of the scheme to pay its debts as they become due in the normal course of business -

has materially and adversely changed during the period between the balance date of the latest financial statements referred to in the prospectus and the specified date."

"SCHEDULE 3D

Regulation 7A

MATTERS REQUIRED IN INVESTMENT STATEMENTS

1. Information at front of investment statement
2. Description of securities
3. Names and addresses
4. Activities
5. Moneys payable by subscribers
6. Cooling-off period
7. Types of charges
8. Amount of charges
9. Returns
10. Guarantee of securities
11. Risks
12. Consequences of insolvency
13. Alteration of securities
14. Early termination
15. Right to sell a security
16. Enquiries about the securities
17. Complaints about the securities
18. Prospectus
19. Annual information
20. On request information

MATTERS REQUIRED IN INVESTMENT STATEMENTS

IMPORTANT INFORMATION FOR INVESTORS

1. **Information at front of investment statement** – (1) Except as provided in subclauses (2) and (3), a statement in the following form (to be set out at the front of the investment statement):

“IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

Page

What sort of investment is this?

Who is involved in providing it for me?

How much do I pay?

What are the charges?

What returns will I get?

What are my risks?

Can the investment be altered?

How do I cash in my investment?

Who do I contact with enquiries about my investment?

Is there anyone to whom I can complain if I have problems with the investment?

What other information can I obtain about this investment?

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

Choosing an investment adviser

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you

- whether the adviser gives advice only about particular types of investments; and
- whether the advice is limited to the investments offered by only one financial organisation; and
- whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within 5 working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition -

- if an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- if an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.”

(2) If the investment statement -

- (a) Contains only the information required by this Schedule; and
- (b) States the questions set out in italics in the statement in subclause (1); and
- (c) Sets out those questions in the same order as in that statement; and
- (d) Complies with regulation 7A(4) -

the investment statement need not include either the questions in italics, or the words “When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:”, in the statement in subclause (1).

(3) If the investment statement relates to securities for which a prospectus is not required, the paragraph in the statement in subclause (1) referring to a prospectus must be omitted.

(5) If, as a result of subclauses (2) and (3), no information is required to be included in the investment statement under the heading "Choosing an investment", that heading must be omitted.

(4) If the investment statement relates to interests in a small employer superannuation scheme (as defined in regulation 2C) for which no prospectus has been prepared, a statement in the following form must be included at the end of the statement required by subclause (1):

"WARNING - RESTRICTED DISCLOSURE

The law requires that a prospectus must be supplied on request to people considering whether to join a superannuation scheme or invest their money elsewhere.

However, some small superannuation schemes have been exempted from this requirement on the condition that this exemption is drawn to the attention of prospective members.

You should be aware that in choosing to become a member of this superannuation scheme you may be doing so on the basis of more limited information than is generally available to investors making important decisions about investments."

WHAT SORT OF INVESTMENT IS THIS?

2. Description of securities

A brief description of the securities being offered.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

3. Names and addresses

(1) Where the securities being offered are equity securities or life insurance policies, the following information in respect of the securities:

- (a) The name and address of the issuer.
- (b) The names and addresses of any promoters.

(2) Where the securities being offered are debt securities, the following information in respect of the securities:

- (a) The name and address of the issuer:
- (b) The names and addresses of any promoters:
- (c) The name and address of any trustee.

(3) Where the securities being offered are participatory securities, the following information in respect of the securities:

- (a) The name of the participatory scheme:
- (b) The name and address of the manager:
- (c) The name and address of the statutory supervisor (if any):
- (d) The names and addresses of any promoters.

(4) Where the securities being offered are units in a unit trust, the following information in respect of the securities:

- (a) The name of the unit trust:
- (b) The name and address of the manager and the administration manager (if any):
- (c) The name and address of the unit trustee:
- (d) The names and addresses of any promoters.

(5) Where the securities being offered are interests in a superannuation scheme, the following information in respect of the securities:

- (a) The name of the scheme:
- (b) The names and addresses of the superannuation trustees of the scheme:
- (c) The name and address of the administration manager (if any):
- (d) The names and addresses of any promoters.

4. Activities

A brief description of-

(a) Where there is a scheme, the nature of the scheme and how long the scheme has been in operation:

(b) In any other case, the principal activities carried on by the issuer and an indication of how long the issuer has been carrying on those activities.

HOW MUCH DO I PAY?

5. Moneys payable by subscribers

(1) The following information relating to the moneys payable by a subscriber to the issuer or any associated person in respect of the securities:

(a) A description of the sums payable; and whether or not the subscriber is obliged to make such payments:

(b) The person to whom, and place at which, payments are to be or may be made:

(c) If the subscriber is obliged to make payments on specified dates or at a specified frequency, the payment dates or frequency and the consequences of failing to make such payments.

(2) If the moneys, or the minimum or maximum sum of moneys, referred to in subclause (1) can, at the date of the investment statement, be expressed as a dollar amount (or as a percentage of another dollar amount identified with reference to the security), a statement of the dollar amount (or of the percentage and a description of the other dollar amount).

(3) If the moneys, or the minimum or maximum sum of moneys, referred to in subclause (1) cannot, at the date of the investment statement, be expressed as a dollar amount (or as a percentage of another dollar amount identified with reference to the security) a statement describing any procedure for calculating the amounts of those moneys during the period the investment statement is current.

6. Cooling-off period

If there is a cooling-off period in respect of the securities, a statement of the terms on which a subscriber may cancel the securities.

WHAT ARE THE CHARGES?

7. Types of charges

(1) A statement as to which of the following types of charges are or may be payable to the issuer or a promoter, or an associated person of the issuer or promoter or (if there is a scheme) the scheme, by a subscriber (whether directly or indirectly, including by deduction):

- (a) Entry charges:
- (b) Trustee, administration, or management charges:
- (c) Expenses or overhead charges:
- (d) Charges or expenses relating to goods or services that the subscriber is obliged to obtain:
- (e) Early termination charges:
- (f) Switching or sale charges (including the difference between any buying and selling prices for the securities):
- (g) Alteration charges:
- (h) Other charges.

(2) A statement as to which of the types of charges specified in subclause (1) are or may be payable by the issuer or, if there is a scheme, from the scheme, being charges that will or may affect the amount of the returns to subscribers.

(3) A brief description of any practices of the issuer or any associated person in relation to charges that will or may affect the amount of the returns to subscribers.

(4) A brief description of the rights of the issuer or any other person to change any of the charges applicable to the securities.

8. Amount of charges

(1) If a charge, or the minimum or maximum amount of a charge, referred to in clause 7(1) can, at the date of the investment statement, be expressed as a dollar amount (or as a

percentage of another dollar amount), a statement of the dollar amount (or of the percentage and a description of the other dollar amount).

(2) If a charge, or the minimum or maximum amount of a charge, referred to in clause 7(1) cannot, at the date of the investment statement, be expressed as a dollar amount (or as a percentage of another dollar amount), a statement describing how the charge will be calculated and what procedure is available to the subscriber to ascertain the amount at the time of, and following, the subscription.

WHAT RETURNS WILL I GET?

9. Returns

(1) The following information about the returns to subscribers from the securities:

(a) A brief description of the nature of the returns:

(b) A brief description of the key factors that determine the returns:

(c) A statement whether or not an amount of returns, quantifiable at the date of preparation of the investment statement and legally enforceable by subscribers, has been promised and, if so, the amount or a description of how that amount can be calculated:

(d) A statement as to which of the following (if any) will or is likely to affect the returns (in addition to any of the charges referred to in clause 7):

(i) Taxes or duties:

(ii) Reserves or retentions.

(2) The dates on which, or frequency with which, the returns from the securities will be due and paid or, if there are no such dates or frequency or the dates or frequency are unknown, a statement to that effect.

(3) If payment of all or any of the returns from the securities will or may be withheld until a particular date or for a particular period, a statement to that effect and a brief description of the circumstances that may produce this result.

(4) The name of the person legally liable to pay the returns.

10. Guarantee of securities

If the investment statement states that there is a guarantor of the securities (other than, where the issuer is not a manager, the issuer) the following information:

- (a) The name of the guarantor:
- (b) The nature and amount of the guarantee:
- (c) Whether or not the guarantee is subject to conditions and, if so, the principal conditions:
- (d) Whether or not the guarantee is secured by a mortgage or other charge and, if so, the nature and amount of the charge:
- (e) If the guarantor and the issuer are associated persons, a statement to that effect and the nature of the relationship.

WHAT ARE MY RISKS?

11. Risks

- (1) A brief description of the principal risks of -
 - (a) The money paid by a subscriber not being recovered in full by the subscriber:
 - (b) A subscriber not receiving the returns referred to in clause 9:
 - (c) A subscriber being obliged to pay more money in respect of a security than that disclosed in clause 5 or clause 12.
- (2) If it is reasonably foreseeable that, on termination of any security at any time, a subscriber will have received, in total, less than the amount paid to the issuer or an associated person for the security, a statement to this effect and a brief description of the circumstances that may produce this result.

12. Consequences of insolvency

- (1) A statement whether or not subscribers will or may be liable to pay money to any person as a result of the insolvency of the issuer (or, if there is a scheme, the scheme) and, if so, a brief description of the liability.

(2) A brief description of any claims on the assets of the issuer (or, if there is a scheme, the scheme) that will or may rank ahead of claims of subscribers in the event of the issuer or scheme being put into liquidation or wound up.

(3) A brief description of any claims on the assets of the issuer (or, if there is a scheme, the scheme) that will or may rank equally with the claims of subscribers in the event of the issuer or scheme being put into liquidation or wound up.

CAN THE INVESTMENT BE ALTERED?

13. Alteration of securities

(1) A brief description of any right of a subscriber, the issuer, or any other person to -

(a) Alter the amount of moneys payable by a subscriber, including a brief description of any continuing obligation of the subscriber to pay that amount; or

(b) Otherwise change the terms of any security.

(2) If any charges are payable by a subscriber on any such alteration, a reference to the information given under clause 7(1)(g).

HOW DO I CASH IN MY INVESTMENT?

14. Early termination

(1) A brief description of any right of the issuer, a subscriber, or any other person to terminate, cancel, surrender, or otherwise make or obtain payment of the returns from the securities, other than as described in clause 9.

(2) If any charges are payable by a subscriber on any such payment, a reference to the information given under clause 7(1)(f).

15. Right to sell a security

(1) A statement as to whether or not a subscriber is entitled to sell his or her interest in a security to another person and, if so, whether in the opinion of the issuer there is an established market for such sales.

(2) If any charges are payable by a subscriber on any such sale, a reference to the information given under clause 7(1)(f).

WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

16. Enquiries about the securities

The names or descriptions of officers, employees, or agents of the issuer to whom enquiries about the securities can be made, and the addresses and business telephone numbers of those people.

IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

17. Complaints about the securities

(1) The names or descriptions of officers, employees, or agents of the issuer to whom complaints about the securities can be made, and the addresses and business telephone numbers of those people.

(2) If complaints about the securities can be made to a trustee or statutory supervisor, or an industry body, a statement to this effect and the addresses and business telephone numbers of those people.

(3) A statement whether complaints about the securities can be made to an ombudsman and, if so, the address and business telephone number of the ombudsman.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

18. Prospectus* and financial statements

A statement -

(a) To the effect that other information about the securities or the issuer (or, if there is a scheme, the scheme), or both, is contained or referred to in a prospectus* and in financial statements of or relating to the issuer or scheme; and

(b) Describing where a copy of the prospectus* and of the most recent financial statements of or relating to the issuer (or, if there is a scheme, the scheme) can be obtained, free of charge; and

(c) To the effect that the prospectus*, and financial statements and other documents of or relating to the issuer (or, if there is a scheme, the scheme), are filed on a

public register at the Companies Office of the Ministry of Commerce and available for public inspection.

* *If no prospectus is required for the securities, references to the prospectus should be disregarded. If the securities are debt securities issued by a registered bank, substitute "disclosure statement" for "prospectus" where appropriate.*

19. Annual information

A statement of the type of information (if any) that is required to be, or otherwise will be, given annually to subscribers by the issuer.

20. On request information

A statement -

- (a) Describing the type of information that is required to be, or otherwise will be, available on request from the issuer; and
- (b) Explaining how such a request should be made; and
- (c) Whether any charge may be made for such information and the amount of the charge.

[]

Clerk of the Executive Council

EXPLANATORY NOTE

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations, which come into force on 1 October 1997, make the amendments to the Securities Regulations 1983 that are necessary to give effect to the Securities Amendment Act 1996.

Most of the amendments closely follow the recommendations of the Working Group on Improved Product and Investment Adviser Disclosure set out in the December 1995 Report of that Working Group.

In addition, these regulations update the financial reporting terminology used in the Securities Regulations 1983.

**MEMORANDUM TO ACCOMPANY COPY OF PROPOSED AMENDMENTS TO
SECURITIES REGULATIONS 1983 AS NOTIFIED IN THE GAZETTE
ON 27 MARCH 1997**

Introduction

This memorandum briefly summarises:

- (a) the background to, and the reasons for, the Commission's proposed recommendation for amendments to the Securities Regulations 1983 as notified in the Gazette (pursuant to section 70(3) Securities Act 1978) on 27 March 1997; and
- (b) the principal respects in which the final draft of the amendments, for the purposes of the proposed recommendation, differ from the draft amendments which were included with the Commission's consultative letter of 1 November 1996.

Background

The legislative package giving effect to the recommendations of the Working Group on Improved Investment Product and Investment Adviser Disclosure ("the Working Group") is due to come into force on 1 October 1997 or such earlier date as may be appointed by the Governor General by Order in Council.

In order to give effect to the new legislation, the Securities Regulations 1983 ("the Regulations") must be amended. In particular, new schedules setting out the prescription for prospectuses in relation to offers of interests in unit trusts, life insurance policies and superannuation schemes will be required, as will a further schedule setting out the prescription for the new "investment statement".

On 1 November 1996, the Commission released a consultative paper which contained a draft of the necessary amendments to the Securities Regulations 1983 ("the consultative draft"). The consultative draft essentially re-stated, and to some extent fine-tuned, the proposed draft of the necessary amendments which had been prepared by the Working Group and which was incorporated in the Working Group's final report of 21 December 1995.

Principal Changes

The Commission received various submissions in response to its consultative paper of 1 November 1996 and, as a result of those submissions, has made certain changes to the consultative draft for the purposes of its proposed recommendation. The list below summarises the principal changes in this regard:

1. Regulation 2 - definition of "address"

Paragraph (a) of the definition of "address" has been amended so as to require a contact address in New Zealand rather than a "*principal place of business*" - in response to submissions that individuals (eg trustees of employer-sponsored superannuation schemes)

may not have a principal place of business.

2. **Regulation 2 - definition of "administration manager" and "investment manager"**

Definitions of these terms have been included in order to clarify their scope. The proposed definitions are consistent with the corresponding definitions in the Superannuation Schemes Act 1989.

3. **Regulation 2 - definition of "custodian"**

The scope of this term has been limited by excluding from its ambit a person acting as a bare trustee

4. **Regulation 2A - definition of "term life insurance policy"**

- Paragraph (a) - the words "*to the issuer*" have been inserted after the words "*the premiums paid*" - to make it clear that the exemption does not extend to include policies where the premium is paid, or credited as paid, by the issuer;
- paragraph (b) - the first line has been amended to read "*The policy is for a specified term which is less than the life expectancy of the life insured ...*" (rather than "*The term of the policy is less than the life expectancy of the life insured ...*") - in response to submissions that it is implicit that the policy must be for a fixed term and that this should be made clear;
- paragraph (b) - in response to several submissions, the term "*life expectancy*" has been clarified by reference to "*generally accepted actuarial practice*".

5. **Regulation 2C - definition of "small employer superannuation scheme"**

- Paragraph (a) has been clarified to read "*entry to which is conditional upon employment with one or more specified employers ...*" (rather than "*membership of which is conditional on employment*");
- paragraph (b) has been modified so as to include, within the exemption, those schemes where the employer meets the costs of administration. This change has been made in response to submissions that this provides a benefit which is not insignificant or nominal and that such schemes should not be excluded from the ambit of the exemption;
- the condition in the consultative and Working Group drafts which would have imposed an annual limit of 25 new members has been removed altogether.

6. **Regulation 7A - matters to be contained in investment statement.**

Regulation 7A has been expanded in order to provide more guidance for issuers preparing

investment statements.

7. **Regulation 9 (existing regulation 10) - application forms**

Regulation 10 has been further amended by omitting the words "*that refers to a registered prospectus*" - on the basis that section 38 will, once the Securities Amendment Act 1996 comes into force, require an advertisement to refer to an investment statement (rather than to a registered prospectus) and so the reference to the registered prospectus will become obsolete.

8. **Regulation 11 (new regulation 15) - prospective financial information**

This provision prohibits an advertisement from containing prospective financial information unless the prospective financial information (or the principal assumptions and method of calculation on which it is based) is also set out in a registered prospectus. As small employer superannuation schemes will not be required to have a prospectus, this provision (as it was previously worded in the consultative draft) would have prohibited such schemes from giving prospective financial information to investors. Accordingly, regulation 15 has been amended so as to allow a small employer scheme to give prospective financial information in an advertisement, provided that the principal assumptions and method of calculation are set out in the advertisement.

9. **Regulation 12 (new regulation 23A) - request disclosure**

- **annual report**

In response to submissions that the term "*annual report*" requires further clarification, the following words have been added to the end of Regulation 23A(a);

"... sent, or required to be sent, by the issuer to persons entitled by any enactment or rule of law to receive an annual report of the issuer or the scheme;"

- **trust deed/deed of participation**

Regulation 23A(c) has been amended to make it clear that a person may not request information which is specific to another identifiable investor.

- **financial information about guarantors**

Regulation 23A(d) has been amended so as to require the financial statements of each guarantor or, at the option of the issuer, consolidated financial statements for the guaranteeing group. In addition, rather than requiring "*the most recent financial statements*" of the guarantor, regulation 23A(d) has been amended to require "*the most recent annual or half yearly financial statements*" so as to make

it clear that issuers are not required to provide, for example, management accounts.

- **prospective financial information**

Paragraphs (g) and (h) have been amended so as to make it clear that the requirement to provide a comparison applies only where the prospective financial information was contained in a prospectus, disclosure statement or advertisement. In addition, and consistent with paragraph (h), paragraph (g) has been amended so as to make it clear that an issuer is only required to provide comparisons of actual returns against prospective returns.

10. **Second Schedule - prospectuses for debt securities**

Clause 14 has been amended slightly so as to incorporate the provisions of the Securities Act (Interest Rate Disclosure) Exemption Notice 1985 (1985/28) (and that exemption notice can, accordingly, be revoked once the amendments to the regulations come into force).

11. **Schedule 3A - prospectuses for unit trusts**

- a. **Clause 1(7)** - the words "*and the time or times at which they will payable or made*" have been added to the end of this clause.
- b. **Clause 4(2)** - previously this clause, and clause 4(2) of Schedule 3C, contained lists of specific matters to be addressed. These lists have been transferred to a separate subclause (3) and are now limited to matters which are not already provided for in the prescription for the investment statement (see Schedule 3D).
- c. **Clause 6(1)(c)** - in response to submissions, two further subclauses have been inserted as follows:

(x) "*If the equity method of accounting has been used, surpluses or deficits that have resulted from using that method*" - so as to allow for equity accounted surpluses/deficits to be disclosed;

(xv) "*Other distributions (specify)*" - to cater for capital returns and to permit total returns to be calculated.

Schedules 3B and 3C have been amended likewise.

d. **Clause 9(3)** - two changes:

- the words "*value... (calculated in accordance with generally accepted accounting practice)*" have replaced the words "*market value*".