

A BILL INTITULED

An Act to control the issue of invitations to the public to acquire interests in syndicates, and to regulate the management and administration of syndicates in respect of which such invitations are issued 5

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

1. Short Title and commencement—(1) This Act may be cited as the Syndicates Act 1972. 10

(2) This Act shall come into force on the 1st day of January (1973) 1974.

2. Interpretation—(1) In this (*section*) Act, unless the context otherwise requires,—

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“Bank” means any trading bank for the time being named in the First Schedule to the Reserve Bank of New Zealand Act 1964:

“Company” means a company within the meaning of the Companies Act 1955: 20

“Deed of syndicate”, in relation to any syndicate, means the deed providing for the terms on which interests in the syndicate are acquired, held, and disposed of, and includes every variation of that deed:

“District Registrar”, in relation to any syndicate, means the District Registrar of Companies, under the Companies Act 1955, in the district where the place of business of the syndicate is situated: 25

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“Expert” includes an accountant, engineer, valuer, and any other person whose profession or calling gives authority to a statement made by him: 30

New

“Expert” means any person whose profession or calling gives authority to a statement made by him, and includes an accountant, engineer, and valuer: 35

“Invitation” includes an offer, and also includes an advertisement calling attention to an offer or intended offer of any interest in a syndicate for subscription or purchase: 40

5 “Issued”, in relation to any prospectus or other invitation, or advertisement, includes published, circulated, distributed, or disseminated by newspaper, broadcasting, television, cinematograph, or any other means whatsoever; and references to the issue of any prospectus or other invitation, or advertisement have a corresponding meaning:

“Manager” includes any person who—

10 (a) Not being a member of a syndicate, participates in the management (*or administration*) of the syndicate; or

15 (b) Being a member of a syndicate, has any right or power to participate in the management (*or administration*) of the syndicate that is not also possessed or exercisable by every other member—but does not include any person by reason of his acting in a professional capacity in respect of a syndicate:

20 “Nominated company”, in relation to any trustee, means a company nominated by that trustee under section 20 of this Act:

25 “Operative date” in relation to any syndicate, means the date specified in the deed of syndicate in accordance with paragraph (g) of subsection (1) of section 18 of this Act:

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30 “Paid up capital intact”, in relation to any company, has the same meaning as it has in subsection (1) of section 414 of the Companies Act 1955:

35 “Place of business”, in relation to any syndicate, means the place of business specified in the deed of syndicate in accordance with paragraph (b) of subsection (1) of section 18 of this Act:

40 “Promoter” means any person who issues or causes to be issued any prospectus, but does not include any person by reason of his acting in a professional capacity for any other person who is a promoter:

“Prospectus” means any prospectus, notice, circular, advertisement, or other invitation to the public to subscribe for or purchase any interest in a syndicate:

“Registrar” means the Registrar of Companies under the Companies Act 1955, and includes the Deputy Registrar of Companies under that Act:

“Special resolution” means a resolution passed in accordance with section 40 of this Act:

“Statutory trustee”, in relation to any syndicate, means the trustee appointed in accordance with section 6 of this Act: 5

“Syndicate” means any partnership, special partnership, joint venture, or other unincorporated association of persons established (whether before or after the commencement of this Act) to undertake, with a view to profit or gain, any financial or business scheme, 10 venture, or enterprise:

“Trustee” includes any statutory or other trustee of a syndicate.

(2) Every reference in this Act to a syndicate, unless the context otherwise requires, includes a reference to a proposed 15 syndicate.

(3) For the purposes of this Act—

(a) A statement included in a prospectus shall be deemed to be untrue if it is misleading in the form and context in which it is included; and 20

(b) A statement shall be deemed to be included in a prospectus if it is contained in the prospectus or in any report or memorandum appearing on the face of the prospectus or by reference incorporated in or issued with the prospectus. 25

(4) *(Except as otherwise provided in this Act)* A reference in this Act to an invitation to the public to subscribe for or purchase any interest in a syndicate includes a reference to such an invitation to any section of the public, whether as clients of the person issuing or causing the invitation to 30 be issued or in any other manner.

(5) Subsection (4) of this section shall not be taken as requiring an invitation to subscribe for or purchase any interest in a syndicate to be treated as being to the public if it can properly be regarded, in all the circumstances, as not 35 being calculated to result directly or indirectly in the interest becoming available for subscription or purchase by any persons other than those receiving the invitation, or otherwise as being a domestic concern of the persons making and receiving it. 40

New

(6) For the purposes of section 8 or section 12A of this Act, the Secretary for Justice may, by notice in the *Gazette*, declare any person to be an approved surety, either generally
5 or in respect of a specified bond.

(7) The Secretary for Justice may at any time, by notice in the *Gazette*, revoke any approval given by him under subsection (5) of this section in relation to any person, but
10 the revocation shall not affect the obligations of that person under any bond in respect of which he is already a surety.

3. Exemptions from Act—(1) Nothing in this Act shall apply in respect of any syndicate of a class or description for the time being specified in the First Schedule to this Act.

15 (2) The Governor-General may from time to time, by Order in Council, amend the First Schedule to this Act by adding, omitting, or amending any class or description of syndicate.

20 (3) Nothing in Parts II and III of this Act shall apply to any syndicate in respect of which a prospectus has not been issued since the commencement of this Act.

PART I

PUBLIC INVITATIONS TO ACQUIRE INTERESTS IN SYNDICATES

4. Restrictions on invitations to public to participate in syndicates—(1) No person shall issue or cause to be issued
25 any prospectus in respect of a syndicate unless all the matters specified in subsection (2) of this section have been complied with.

30 (2) The matters referred to in subsection (1) of this section are as follows:

(a) A statutory trustee of the syndicate shall have been appointed in accordance with section 6 of this Act:

35 (b) A bond that complies with section 8 of this Act shall have been lodged with the statutory trustee of the syndicate, and an authenticated copy of the bond shall have been filed with the District Registrar:

- (c) The terms on which all interests in the syndicate are or will be acquired, held, and disposed of shall be provided for exclusively in a form of deed approved under section 9 of this Act by the Registrar:

- (d) The prospectus shall comply with section 10 of this Act. 5

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(3) Nothing in subsection (1) of this section shall prohibit a person from issuing or causing to be issued an invitation to the public to purchase any interest owned by him in a syndicate, without complying with subsection (2) of this section, if— 10

- (a) He has not within the previous 2 years sold, as a result of issuing or causing to be issued any invitation to the public, any other interest owned by him in that syndicate; and 15
- (b) That syndicate has been in existence for not less than 12 months.

(4) Any person who contravenes subsection (1) of this section commits an offence and is liable on summary conviction to a fine not exceeding \$5,000. 20

5. Restrictions on issue of forms of application to participate in syndicates—(1) No person shall issue or cause to be issued any form of application to subscribe for or purchase any interest in a syndicate unless the form is issued together with a prospectus that complies with section 10 of this Act, whose date of publication is a date within the period of 6 months preceding the date on which the form of application was issued. 25

(2) Subsection (1) of this section shall not apply if it is shown that the form of application was issued in respect of an interest in a syndicate that was not offered to the public. 30

(3) Any person who contravenes subsection (1) of this section commits an offence and is liable on summary conviction to a fine not exceeding \$5,000.

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5A. Public disposal of interests in special circumstances—Sections 4 and 5 of this Act shall not apply to any invitation to the public to purchase any interest in a syndicate or to the 35

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issue of any form of application to purchase any interest in a syndicate if—

- 5 (a) The person who owns the interest at the time when the invitation or form of application is issued has not within the previous 2 years sold, as a result of the issue of any invitation to the public or any form of application, any other interest owned by him in that syndicate; and
- 10 (b) The first-mentioned interest was acquired by the person referred to in paragraph (a) of this section or by any previous owner of that interest as a result of—
- 15 (i) The issue of an invitation to the public after the commencement of this Act to subscribe for or purchase that interest (either alone or together with any other interest or as part of any larger interest); or
- 20 (ii) The issue of any form of application after the commencement of this Act to subscribe for or purchase that interest (either alone or together with any other interest or as part of any larger interest).

6. Appointment of statutory trustee—(1) For the purpose of compliance with paragraph (a) of subsection (2) of section 4 of this Act, the person or persons who are to be the promoter or promoters of a syndicate shall appoint—

- (a) A trustee corporation within the meaning of the Trustee Act 1956; or
- 30 (b) A company or bank approved for that purpose by the Secretary for Justice, either generally or in respect of a particular syndicate—
- to be the statutory trustee of the syndicate.

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(2) The Secretary for Justice may at any time in writing
 35 revoke any approval given by him in respect of any such company or bank, but the revocation shall not affect any appointment of that company or bank as a statutory trustee before the date of the revocation, or the powers, duties, or obligations of the statutory trustee under or by virtue of that
 40 appointment.

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(3) Notice of any approval given by the Secretary for Justice under this section, and of the revocation of any such approval, shall be published in the *Gazette*.

(4) No statutory trustee of a syndicate shall, without the consent of the Supreme Court or a Judge of that Court, be discharged or retire from that position until the person or persons who are or are to be the promoter or promoters of the syndicate have appointed as the statutory trustee of the syndicate another trustee corporation, company, or bank that is eligible for appointment under subsection (1) of this section. 5 10

7. Trustee to hold subscriptions until syndicate established—(1) Where any prospectus is issued in respect of a proposed syndicate, all money that is subscribed (*before the deed of syndicate comes into effect*) in respect of the syndicate shall be held on trust by and in the name of the statutory trustee of the syndicate to be applied in accordance with this section. 15

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(2) If the deed of syndicate comes into effect before the operative date, the statutory trustee shall apply the money referred to in subsection (1) of this section in accordance with the terms of the deed. 20

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(2) If the deed of syndicate comes into effect, the statutory trustee shall— 25

- (a) If the syndicate is one to which Part III of this Act applies, pay the money referred to in subsection (1) of this section into such bank account of the syndicate, established under section 30 of this Act, as the manager or managers of the syndicate shall direct; or 30
- (b) In every other case, hold the money until the syndicate establishes a bank account and notifies the statutory trustee of that fact, and then pay the money into that bank account. 35

(3) If the deed does not come into effect (*before the operative date*), the statutory trustee shall—

- (a) Give notice in writing of that fact to every subscriber as soon as practicable; and 40
- (b) Request the directions of the subscriber as to the disposal of the money subscribed by him; and

(c) Hold the money referred to in subsection (1) of this section in trust for the respective subscribers pending their directions.

5 (4) If the statutory trustee receives any money in excess of the amount to be subscribed to the syndicate he shall, as soon as practicable after the deed of syndicate comes into effect, return that money to the persons by whom it was subscribed.

10 (5) Every person, other than the statutory trustee, who receives any money referred to in subsection (1) of this section shall forthwith pay it to the statutory trustee.

(6) Any person who—

15 (a) Being a statutory trustee of a syndicate, knowingly fails to comply with subsection (2), subsection (3), or subsection (4) of this section; or

(b) Fails to comply with subsection (5) of this section— commits an offence and is liable on summary conviction to a fine not exceeding \$5,000.

20 **8. Bond**—(1) For the purpose of compliance with paragraph (b) of subsection (2) of section 4 of this Act, a bond shall be in a form approved by the Registrar, with 1 or more approved sureties, to the statutory trustee of the syndicate in the sum of \$20,000 conditioned to secure the compliance of every promoter of the syndicate with his duties and obligations under this Act.

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(2) For the purpose of subsection (1) of this section, the expression “approved surety” means—

30 (a) Any person declared by the Secretary for Justice, by notice in the *Gazette*, to be an approved surety for the purpose of this section:

(b) Any person approved as a surety by the Secretary for Justice for the purpose of any specified bond.

35 (3) The sum named in a bond under this section shall not be deemed to be a penalty, but shall be liquidated damages, and shall accordingly be recoverable in full as a debt due by the surety or sureties to the statutory trustee, unless the surety or sureties prove performance of the condition upon which the the bond is defeasible.

40 (4) Every sum so recovered shall be held by the statutory trustee and the residue, after deduction of costs and other expenses, shall be applied by it in compensating all persons sustaining loss as a result of the breach by any promoter of

the condition of the bond; and the statutory trustee shall refund to the surety or sureties any balance left after payment of that compensation and any interest payable under subsection (7) of this section.

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(5) Where any claim is received by the statutory trustee from any person claiming compensation out of any sum recovered under a bond under this section, the statutory trustee shall cause a notice to be published in such newspaper or newspapers as it considers sufficient, calling on all persons desiring to claim compensation for any loss sustained as a result of a breach of the condition of the bond to establish their claims to the satisfaction of the statutory trustee (whether by judgment against any promoter or otherwise) within 6 months after the date of the first advertisement of the notice. The statutory trustee shall also serve a copy of the notice on every person who has subscribed for or purchased any interest in the syndicate.

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(6) The statutory trustee shall not apply any sum recovered under a bond in compensating any person until the statutory trustee has complied with subsection (5) of this section and the period of 6 months has expired.

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(5) Where any claim is received by the statutory trustee from any person claiming compensation out of any sum recoverable under a bond under this section, the statutory trustee shall cause a notice to be served on every person who has subscribed for or purchased or subsequently subscribes for any interest in the syndicate, informing him that if he wishes to claim compensation for any loss sustained as a result of a breach of the condition of the bond, he must lodge his claim with the statutory trustee within 6 months after the date of the service of the notice on him.

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(6) The statutory trustee shall not apply any sum recovered under a bond in compensating any person until the statutory trustee has complied with subsection 5 of this section, and a period of 6 months from the date of service of the last notice served under the said subsection (5) has expired.

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(7) Where any such claim is established to the satisfaction of the statutory trustee, there shall be payable to the claimant out of the money recovered under the bond interest on the amount of the claim so established from the date on which

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the claim is received by the statutory trustee until the expiration of the period of 6 months specified in subsection (6) of this section, at the rate for the time being payable in respect of judgments entered in the Supreme Court.

- 5 (8) Where several such claims are established to the satisfaction of the statutory trustee within the period of 6 months specified in subsection (6) of this section, and the balance
 10 of the money recovered under the bond is insufficient to pay all those claims in full and any interest payable under subsection (7) of this section, the statutory trustee shall apply that balance rateably among the several claimants in the proportions that their respective claims bear to the total of all claims.

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- 15 (9) Notwithstanding section 4 of this Act, no bond shall be required if every promoter of the syndicate is either—
 (a) A company (other than a private company within the meaning of the Companies Act 1955) that has a
 20 paid up capital intact of not less than \$30,000; or
 (b) A private company within the meaning of the Companies Act 1955 that has a paid up capital intact of not less than \$30,000 and is approved for the purpose of this section by the Secretary for Justice.

New

- 25 (9) For the purposes of this section, the expression “promoter” includes any person who was a party to the preparation of the prospectus, but does not include any person by reason of his acting in a professional capacity for any other person who is a promoter, manager, proposed manager, trustee, or
 30 proposed trustee of a syndicate.

9. Approval of form of deed—(1) For the purpose of compliance with paragraph (c) of subsection (2) of section 4 of this Act, the form of deed shall be lodged with the Registrar for his approval.

- 35 (2) A true copy of the form of deed shall also be filed with the Registrar.
 (3) Where the Registrar is satisfied that—

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- 40 (a) The promoters have appointed a statutory trustee of the syndicate in accordance with section 6 of this Act; and

New

(a) A statutory trustee of the syndicate has been appointed in accordance with section 6 of this Act; and

(b) *(Where required,)* A bond in accordance with section 8 of this Act has been lodged with the statutory trustee of the syndicate; and

(c) The form of deed complies with Part II of this Act, and does not contain any provision that is contrary to this Act—

but not otherwise, the Registrar shall approve the form of deed.

(4) The Registrar shall endorse his approval on the form of deed and on the copy, and shall return the original form of deed.

10. Prospectus—(1) Every prospectus shall be in writing.

(2) Every prospectus shall be dated and that date shall, unless the contrary is proved, be taken as the date of publication of the prospectus.

(3) Every prospectus shall set out the matters specified in the Second Schedule to this Act in respect of the syndicate to which it relates.

(4) A condition requiring or binding an applicant for an interest in a syndicate to waive compliance with the requirements of this section, or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus shall be void.

11. Certain advertisements deemed not to be prospectuses—

(1) An advertisement (including a notice, circular, or other document) issued by or on behalf of a promoter of a syndicate, offering or calling attention to an offer or intended offer of any interest in the syndicate to the public for subscription or purchase shall be deemed not to be a prospectus if it contains no information or matter other than all or any of the following matters:

(a) The nature of the interest offered or intended to be offered, the terms of the offer, and a brief description of any rights or privileges attached to the interest:

(b) The name of the syndicate and the total amount that has been or is to be subscribed or contributed by the members:

(c) A statement of the general nature of the objects for which the syndicate has been or is to be established:

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(d) The names, addresses, and occupations of the managers or proposed managers of the syndicate:

New

5 (d) The names, addresses, and occupations of the person or persons issuing the advertisement, and the managers or proposed managers and trustee or proposed trustee of the syndicate:

(e) Particulars of the opening and closing dates of the offer:
 10 (f) A coupon or coupons, to be filled in by any person who wishes to be sent a prospectus complying with section 10 of this Act in respect of the syndicate,—

and if it states that applications to subscribe for or purchase the interest will proceed only on one of the forms of
 15 application referred to in and issued with a printed copy of the prospectus, and also specifies the place at which forms of application and copies of the prospectus may be obtained.

(2) Nothing in this section shall limit or affect any liability that any person may incur under any rule of law or under
 20 any other provision of this Act.

12. Statements in prospectus—(1) No prospectus issued in respect of a syndicate shall include a statement purporting to be made by an expert unless—

25 (a) He has given and has not, before delivery of a copy of the prospectus for registration, withdrawn his written consent to the issue of the prospectus with the statement included in the form and context in which it is included; and

30 (b) A statement that he has given and has not withdrawn his consent as aforesaid appears in the prospectus; and

(c) A statement of his qualifications appears in the prospectus; and

35 (d) A statement appears in the prospectus as to whether or not he is or is intended to be a manager or employee of, or professional adviser to, the syndicate; and

40 (e) If the statement by the expert was made more than 12 months before the date of delivery of a copy of the prospectus for registration, a supplementary statement on the same matter made by the same or another expert less than 12 months before that date appears in the prospectus.

New

(1A) Where under subsection (1) of this section, a supplementary statement by an expert is required to appear in a prospectus—

- (a) The supplementary statement shall specifically affirm, deny, or qualify all assertions of fact contained in the original statement; and 5
- (b) If in the opinion of the expert making the supplementary statement, any opinions expressed in the original statement require further comment because of any such denial or qualification of any assertions of fact, or because of any other reason, the supplementary statement shall also contain such comment. 10

(2) No prospectus issued in respect of a syndicate shall include a statement to the effect that an undertaking has been or will be given by any person to the syndicate to purchase or take on lease at a future date any property owned or to be acquired or proposed to be acquired by the syndicate, or that any such undertaking has been or will be assigned to the syndicate, unless— 15

- (a) The person by whom the undertaking has been or is to be given has authorised the issue of the prospectus, and a statement appears in the prospectus that he has authorised its issue; and 20 25

Struck Out

- (b) If that person is not legally bound to give such undertaking, the statement is immediately followed by a further statement in the prospectus that he is not so bound. 30

New

- (b) In every case where the undertaking has already been or is to be assigned to the syndicate, the person by whom it has been or is to be so assigned has authorised the issue of the prospectus, and a statement appears in the prospectus that he has authorised its issue; and 35
- (c) In every case where the undertaking has already been given, and the person by whom it has been given is not bound by it, the statement is immediately followed by a further statement in the prospectus that he is not so bound; and 40

New

- (d) In every case where any such binding undertaking has already been given, but may subsequently cease for any reason to be binding, the statement is immediately followed by a further statement in the prospectus setting out the circumstances in which the undertaking will cease to be binding; and
- (e) In every case where the undertaking has not already been given, the statement is immediately followed by a further statement in the prospectus that the person by whom it is to be given is not bound to give it; and
- (f) In every case where any such assignment has not already been made, and the person by whom the undertaking is to be assigned is not bound to assign it, the statement is immediately followed by a further statement in the prospectus that the person who is to assign it is not so bound.

(3) If any prospectus is issued in contravention of sub-section (1), subsection (1A), or subsection (2) of this section, *(every promoter of the syndicate who is knowingly a party to the issue of)* every person who knowingly issues or causes to be issued the prospectus shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding \$5,000.

*New***12A. Bonds to be given in respect of certain undertakings—**

(1) No prospectus issued in respect of a syndicate shall include a statement to the effect that an undertaking has been given or assigned or will be assigned by any person to the syndicate to purchase or take on lease at a future date any property owned or to be acquired or proposed to be acquired by the syndicate unless a bond that complies with this section has been lodged with the statutory trustee of the syndicate and an authenticated copy of the bond has been filed with the District Registrar.

(2) Every bond shall be in a form approved by the Registrar, with 1 or more approved sureties, to the statutory trustee of the syndicate in a sum determined in accordance with subsection (3) of this section, conditioned to secure the performance of the undertaking by the person by whom it is given.

New

(3) The statutory trustee shall fix the sum of the bond at such amount as in its opinion will be sufficient to compensate all members of the syndicate with respect to all loss suffered by them as a result of any breach of the condition of the bond. 5

(4) No statutory trustee of a syndicate shall be liable to any person for fixing any particular amount as the sum of a bond under this section unless that person proves that, in fixing that amount as the sum of the bond, the statutory trustee acted in bad faith in respect of the members of the syndicate. 10

(5) The sum named in a bond under this section shall not be deemed to be a penalty, but shall be liquidated damages, and shall accordingly be recoverable in full as a debt due by the surety or sureties to the statutory trustee, unless the surety or sureties prove performance of the condition upon which the bond is defeasible. 15

(6) Every sum so recovered shall be held by the statutory trustee and the residue, after deduction of costs and other expenses, shall be applied by it in compensating all members of the syndicate sustaining loss as a result of the breach of the condition of the bond; and the statutory trustee shall refund to the surety or sureties any balance left after payment of that compensation. 20

(7) Where the balance of the money recovered under the bond after deduction of costs and other expenses is insufficient to compensate in full all members of the syndicate sustaining loss, the statutory trustee shall apply such balance rateably among such members in the proportions that their respective claims bear to the total of all claims. 25

(8) If any prospectus is issued in contravention of subsection (1) of this section, every person who knowingly issues or causes to be issued the prospectus shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding \$5,000. 30

(9) Nothing in this section shall apply to the issue of any prospectus that includes a statement that an undertaking has been given or will be assigned to the syndicate, if the prospectus also contains— 35

(a) A statement in accordance with paragraph (c) of subsection (2) of section 12 of this Act that the person who has given the undertaking is not bound by it; or 40

(b) A statement in accordance with paragraph (f) of subsection (2) of the said section 12 that the person who is to assign the undertaking is not bound to assign it. 45

- 13. Registration of prospectus**—(1) No prospectus shall be issued in respect of a syndicate unless, on or before the date of its publication, there has been delivered to the District Registrar for registration a copy of the prospectus signed by
- 5 every person who is to be a promoter of the syndicate and by every person who is named in the prospectus as a manager or proposed manager of the syndicate, or by his agent authorised in writing, and having endorsed on or attached to it—
- 10 (a) Any consent to the issue of the prospectus required by section 12 of this Act from any person as an expert; and
- (b) A copy of any contract required by clause 19 of the Second Schedule to this Act to be stated in the prospectus or, in the case of a contract not reduced to
- 15 writing, a memorandum giving full particulars of the contract.
- (2) The references in paragraph (b) of subsection (1) of this section to the copy of a contract required to be endorsed on or attached to a copy of the prospectus shall, in the case of a contract wholly or partly in a language other than English, be taken as references to a copy of a translation of the contract in English or a copy embodying a translation in English of the parts in the other language, as the case may be.
- 20 (3) Every prospectus shall, on the face of it,—
- (a) State that a copy has been delivered for registration as required by this section; and
- (b) Specify, or refer to statements included in the prospectus that specify, any documents required by this
- 30 section to be endorsed on or attached to the copy so delivered; and
- (c) Set out or refer to any statements required by section 12 of this Act to appear in the prospectus.
- (4) Where the District Registrar is satisfied that—
- 35 (a) The prospectus is dated; and
- (b) The copy of the prospectus is signed in the manner required by this section; and
- (c) It has endorsed on or attached to it the documents (if any) specified as aforesaid; and
- 40 (d) The statements (if any) required by section 12 of this Act appear in it and are set out or referred to on its face as aforesaid; and

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(e) The bond (if any) required under section 12A of this Act has been given in accordance with that section—

but not otherwise, he shall register the prospectus. 5

(5) If a prospectus is issued without a copy of it having been delivered under this section to the District Registrar or without the copy so delivered having endorsed on or attached to it the required documents, every (*promoter*) person who is knowingly a party to the issue of the prospectus shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding \$50 for every day from the date of the issue of the prospectus until a copy of the prospectus is so delivered with the required documents endorsed on or attached to it. 10
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14. Civil liability for mis-statements in prospectus—

(1) Subject to this section, the following persons shall be liable to pay compensation to all persons who subscribe for or purchase any interest in a syndicate on the faith of a prospectus for the loss or damage they may have sustained by reason of any untrue statement included in the prospectus: 20

- (a) Every person who is a manager of the syndicate at the time of the issue of the prospectus:
- (b) Every person who has authorised himself to be named and is named in the prospectus as a manager or as having agreed to become a manager either immediately or after an interval of time: 25
- (c) Every person who is a promoter of the syndicate:
- (d) Every person who has authorised the issue of the prospectus: 30

Provided that where, under section 12 of this Act, the consent of a person is required to the issue of a prospectus and he has given that consent, he shall not by reason of his having given it be liable under this subsection as a person who has authorised the issue of the prospectus except in respect of an untrue statement purporting to be made by him as an expert. 35

(2) No person shall be liable under subsection (1) of this section if he proves that—

- (a) Having consented to become a manager of the syndicate, he withdrew his consent before the issue of the prospectus, and that it was issued without his authority or consent; or 40

- (b) The prospectus was issued without his knowledge or consent, and that on becoming aware of its issue he forthwith gave reasonable public notice that it was issued without his knowledge or consent; or
- 5 (c) After the issue of the prospectus and before any interest referred to in it was subscribed for or purchased, he, on becoming aware of any untrue statement in the prospectus, withdrew his consent thereto and gave notice to the statutory trustee of the syndicate of
- 10 his withdrawal and of the reason for his withdrawal, and also gave reasonable public notice of the fact of his withdrawal; or
- (d) As regards every untrue statement not purporting to be made on the authority of an expert or of a public
- 15 official document or statement, he had reasonable ground to believe, and did up to the time of the subscription for or purchase of the interest, as the case may be, believe that the statement was true—
- and if he also proves that, as regards every untrue statement
- 20 purporting to be a statement by an expert or contained in what purports to be a copy of or extract from a report or valuation of an expert,—
- (e) It fairly represented the statement, or was a correct and fair copy of or extract from the report or valuation; and
- 25 (f) He had reasonable ground to believe and did up to the time of the issue of the prospectus believe that the person making the statement was competent to make it; and
- 30 (g) That person had given the consent required by section 12 of this Act to the issue of the prospectus—
- and that, as regards every untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement
- 35 or copy of or extract from the document:
- Provided that this subsection shall not apply in the case of a person liable, by reason of his having given any consent required of him by the said section 12, as a person who has
- 40 authorised the issue of the prospectus in respect of an untrue statement purporting to be made by him as an expert.
- (3) A person who, apart from this subsection, would under subsection (1) of this section be liable, by reason of his having given a consent required of him by section 12 of this Act, as

a person who has authorised the issue of a prospectus in respect of an untrue statement purporting to be made by him as an expert, shall not be so liable if he proves—

- (a) That, having given his consent under the said section 12 to the issue of the prospectus, he withdrew it in writing before delivery of a copy of the prospectus for registration; or 5
- (b) That, after delivery of a copy of the prospectus for registration and before any interest referred to therein was subscribed for or purchased, he withdrew his consent in writing and gave notice to the statutory trustee of the syndicate of his withdrawal and of the reason for his withdrawal, and also gave reasonable public notice of the fact of his withdrawal; or 10 15
- (c) That he was competent to make the statement and that he had reasonable ground to believe and did up to the time of the subscription for or purchase of the interest, as the case may be, believe that the statement was true. 20
- (4) Where—
- (a) A prospectus contains the name of a person as a manager of the syndicate, or as having agreed to become a manager of the syndicate, and he has not consented to become a manager, or has withdrawn his consent before the issue of the prospectus, and has not authorised or consented to the issue of the prospectus; or 25
- (b) The consent of a person is required under section 12 of this Act to the issue of the prospectus and he either has not given that consent or has withdrawn it before the issue of the prospectus,— 30

every person who is a promoter or manager of the syndicate, except any person without whose knowledge or consent the prospectus was issued, and any other person who authorised the issue of the prospectus shall be liable to indemnify the person named as aforesaid or whose consent was required as aforesaid, as the case may be, against all damages, costs, and expenses to which he may be made liable by reason of his name having been inserted in the prospectus or of the inclusion in the prospectus of a statement purporting to be made by him as an expert, as the case may be, or in defending himself against any action or legal proceeding brought against him in respect thereof: 35 40

Provided that a person shall not be deemed for the purposes of this subsection to have authorised the issue of a prospectus by reason only of his having given the consent required by section 12 of this Act to the inclusion in the prospectus of a

5 statement purporting to be made by him as an expert.

(5) For the purposes of this section the expression “promoter” includes any person who was a party to the preparation of the prospectus or of the portion of the prospectus containing the untrue statement, but does not include any person by
 10 reason of his acting in a professional capacity for any other
person who is a promoter, manager, proposed manager,
trustee, or proposed trustee of a syndicate.

15. Criminal liability for mis-statements in prospectus—

(1) Where a prospectus that is issued includes any untrue state-
 15 ment, any person who authorised the issue of the prospectus shall be guilty of an offence and shall be liable on conviction on indictment to imprisonment for a term not exceeding 2 years or to a fine not exceeding \$5,000, or to both, unless he
 20 proves either that the statement was immaterial or that he had reasonable grounds to believe and did, up to the time of the issue of the prospectus, believe that the statement was true.

(2) A person shall not be deemed for the purposes of this section to have authorised the issue of a prospectus by reason
 25 only of his having given the consent required by section 12 of this Act to the inclusion in the prospectus of a statement purporting to be made by him as an expert.

(3) This section is in addition to and not in derogation of section 250 of the Crimes Act 1961.

30 16. Limitation of liability for prospectus—(1) No person who contravenes subsection (1) of section 4 of this Act by reason of non-compliance with paragraph (d) of subsection (2) of that section, or who contravenes subsection (1) of section 5 of this Act, shall incur any liability for such contraven-
 35 tion if—

(a) As regards any matter not disclosed in a prospectus, he proves that he did not know of it, and could not by reasonable inquiries have known of it; or

40 (b) He proves that the contravention arose from an honest mistake of fact on his part; or

- (c) The contravention was in respect of matters which in the opinion of the Court dealing with the case were immaterial, or was otherwise such as ought, in the opinion of that Court, having regard to all the circumstances of the case, reasonably to be excused. 5
- (2) No trustee of a syndicate shall be liable for any omissions or mis-statements by any other person in a prospectus.
- (3) Nothing in this section shall limit or diminish any liability which any person may incur under any other rule of law. 10

17. Restrictions on door to door sales—(1) No person shall go from house to house issuing any prospectus.

(2) In this {subsection} section, the term “house” does not include an office used for business purposes, or any other premises used by the occupier wholly or partly for the purpose of carrying on any trade, business, profession, or calling. 15

(3) Every person who contravenes any provision of this section or who incites, causes, or procures any person to contravene any provision of this section, commits an offence and is liable on summary conviction to imprisonment for a term not exceeding 6 months or to a fine not exceeding \$1,000. 20

(4) Where a person convicted of an offence under this section is a company (whether a company within the meaning of the Companies Act 1955 or not), every director and every officer concerned in the management of the company shall be guilty of the same offence, unless he proves that the act constituting the offence took place without his knowledge or consent. 25

(5) Where any person is convicted of having issued a prospectus in contravention of the provisions of this section the Court before which he is convicted may order that any contract made as a result of the prospectus shall be void and, where it makes any such order, may give such consequential directions as it thinks proper for the repayment of any money or the retransfer of any interest. Where an order is made under this subsection (whether with or without consequential directions), an appeal against the order and the consequential directions, if any, shall lie to the Supreme Court. 30 35

PART II

DEED OF SYNDICATE

18. Contents of deed—(1) Every deed of syndicate shall specify—

- 5 (a) The name of the syndicate:
 (b) A place of business in New Zealand where the register of members may be inspected, and communications and notices may be addressed and served:
 (c) The duration (if ascertainable) of the syndicate:
 10 (d) The objects for which the syndicate is established:
 (e) The total amount that is to be subscribed to the syndicate (whether in cash or any other consideration):
- Struck Out*
-
- 15 (f) The amount that each member of the syndicate is to subscribe to the syndicate (whether in cash or any other consideration), and the extent of any further liability of that member to contribute any amounts to the syndicate:
-
- 20 (g) A date by which the amount referred to in paragraph (e) of this subsection is to be subscribed:
 (h) The manner in which profits, gains, and losses are to be apportioned between the members of the syndicate:
 (i) The consequences of the death or bankruptcy, or (in the case of a member that is a company) the liquidation, of a member of a syndicate in relation to his
 25 interest in the syndicate and in relation to the interests of the other members:
 (j) The limitations or restrictions (if any) on the right of a member of a syndicate to freely dispose of his
 30 interest in the syndicate, including any option that any person may have to acquire that interest:
 (k) Where there are any such limitations or restrictions, the formula that is to be used to value the interests of the members of the syndicate:
 35 (l) The indemnities (if any) that each member of the syndicate is required to give to any other members or to any managers of the syndicate:
 (m) The number of votes that each member of the syndicate shall have when any question is to be decided
 40 by a special resolution, or a poll is demanded on any question:

New

- (ma) The method of deciding, in the event of a disagreement, how a vote shall be exercised at a meeting of the syndicate when 2 or more members of the syndicate are jointly entitled to exercise that vote: 5
- (n) The maximum amounts that any manager or managers may expend on behalf of the syndicate without the express approval of a resolution of the members.
- (2) Every deed of syndicate shall contain a covenant on the part of every member of the syndicate requiring him, in the conduct of the affairs of the syndicate, to act in good faith for the benefit of the whole syndicate. 10
- 19. Appointment of managers—**(1) No deed of syndicate shall provide for the appointment of any member of the syndicate as its sole manager. 15
- (2) No deed of syndicate shall provide for the appointment of any manager or managers of the syndicate otherwise than in accordance with subsection (3) or subsection (4) of this section.
- (3) A deed of syndicate may provide for appointment of a manager or managers of the syndicate by the members in general meeting, in which case the deed shall also contain the following provisions: 20
- (a) That any such manager shall be appointed for a period specified in the deed (being a period not exceeding 3 years): 25
- (b) That the members may at any time, by a special resolution in general meeting, remove any such manager for misconduct, neglect, breach of duty (whether statutory or otherwise), or any other good cause: 30
- (c) That if for any reason there is a vacancy in the office of any such manager, the members of the syndicate at any general meeting may by resolution appoint another person to fill the vacancy for the remainder of the term of the manager vacating office: 35
- (d) That unless he sooner vacates office, any such manager shall continue to hold office, notwithstanding the expiry of his term of appointment, until his successor comes into office: 40
- (e) That the members of the syndicate shall from time to time, by a resolution in general meeting, determine the remuneration (if any) that is to be paid to any such manager.

(4) A deed of syndicate may contain a provision directly appointing any manager or managers of the syndicate, in which case the deed shall also contain the following provisions:

5 (a) That any such manager shall be appointed for a period specified in the deed (being a period not exceeding 3 years):

10 (b) That the members may at any time, by a special resolution in general meeting, remove any such manager for misconduct, neglect, breach of duty (whether statutory or otherwise), or any other good cause:

15 (c) That subsequent appointments of any manager or managers shall be made by the members of the syndicate in general meeting:

(d) Either a provision specifying the remuneration (if any) of every manager, or a provision that the members shall from time to time by a resolution in general meeting determine the remuneration (if any) that is to be paid to him.

20 (5) Nothing in subsection (3) or subsection (4) of this section shall prevent a manager from being reappointed.

(6) Nothing in this section shall apply to a special partnership.

25 **20. Trustees**—(1) Without prejudice to the requirements of this Act as to the appointment of a statutory trustee of a syndicate, a deed of syndicate may provide for the appointment of a trustee of the syndicate for any other purpose.

30 (2) Where a deed of syndicate provides for the appointment of a trustee other than a statutory trustee, it shall also provide that—

35 (a) The trustee shall be either a trustee corporation within the meaning of the Trustee Act 1956, or a company or bank approved for that purpose by the Secretary for Justice, either generally or in respect of a particular syndicate:

(b) The trustee may nominate another company in which shall be vested the property of the syndicate:

40 (c) No company shall be so nominated by the trustee unless the trustee is the registered holder or beneficial owner of all the shares in that company:

- (d) Upon the nomination of any such company by the trustee, the nominated company shall thenceforth be jointly and severally liable with the trustee for the due and faithful performance and observance by each of them of all the duties and obligations imposed on the trustee in relation to the syndicate by this Act and under any other rules of law. 5
- (3) Nothing in this Act shall prevent the appointment of the statutory trustee of a syndicate as a trustee of the syndicate for any other purpose. 10

21. Void provisions in deed—No deed of syndicate shall contain any provision that has the effect of—

- (a) Conferring any irrevocable power of attorney on any manager of the syndicate; or
- (b) Exempting any trustee or manager of the syndicate, or any director or employee of that trustee or manager, from liability for breach of trust where it or he fails to show the degree of care and diligence required of it or him in that capacity, having regard to the provisions of this Act *(or)* and the deed and the powers, authorities, *(or)* and discretions conferred thereby; or 15 20
- (c) Indemnifying any such trustee, manager, director, or employee from any such liability,—
- and a provision in a deed of syndicate shall be void to the extent that it has any such effect. 25

22. Registration of deed—(1) Every deed of syndicate shall come into effect when it is registered under this section, and not otherwise.

(2) No deed of syndicate shall be registered on or after the operative date specified in it. 30

(3) For the purpose of registration under this section, the deed of syndicate shall be lodged with the District Registrar.

(4) A true copy of the deed of syndicate shall also be filed with the District Registrar. 35

(5) Where the District Registrar is satisfied that—

- (a) The deed is in a form that has been approved by the Registrar under section 9 of this Act; and
- (b) The total amount that, under the deed, is to be subscribed to the syndicate has been so subscribed, and the deed specifies the amount that each member of the syndicate has subscribed to the syndicate (whether in cash or any other consideration); and 40

(c) The deed has been duly executed by all the subscribers;
and

(d) Where applicable, the deed has been duly stamped,—
but not otherwise, he shall register the deed.

5 (6) The District Registrar shall endorse on the deed the
fact that it has been registered, and shall return it.

23. Variation of deed—(1) Subject to this section, a deed
of syndicate that has been registered under section 22 of this
Act may from time to time be varied in accordance with law.

10 (2) Every such variation shall come into effect when it is
registered under this section, and not otherwise.

(3) No such variation shall be registered unless it is in a
form that has been approved under this section by the
Registrar.

15 (4) For the purpose of approval under this section, a form
of variation of a deed of syndicate shall be lodged with the
Registrar, and a true copy of the variation shall also be filed
with him.

(5) Where the Registrar is satisfied that, if the variation
20 were executed in the form in which it is submitted to him,
the deed of syndicate (as so varied) would comply with this
Part of this Act and would not contain any provision that
is contrary to this Act, but not otherwise, he shall—

(a) Approve the form of variation of the deed; and

25 (b) Endorse such approval on the form of variation, and
on the copy; and

(c) Return the approved form of variation.

(6) For the purpose of registration under this section, the
variation of deed of syndicate shall be lodged with the District
30 Registrar, and a true copy of the variation shall also be
filed with him.

(7) Where the District Registrar is satisfied that—

(a) The variation is in a form that has been approved by
the Registrar under this section; and

35 (b) In any case where the effect of the variation is to
increase the total amount that is to be subscribed to
the syndicate, that amount has been so subscribed;
and

(c) The variation has been executed by all the persons who
are required to execute it; and

40 (d) Where applicable, the variation has been duly
stamped,—

but not otherwise, he shall register the variation.

(8) The District Registrar shall endorse on the variation
45 the fact that it has been registered, and shall return it.

(9) No provision in a registered deed of syndicate that specifies any matter referred to in paragraphs (c) to (m) of subsection (1) of section 18 of this Act may be varied unless every *(party to the deed who is a)* member of the syndicate executes the variation. 5

New

23A. Endorsement of deed of syndicate to be proof of compliance—The endorsement by the District Registrar on a deed of syndicate or a variation of a deed of syndicate that it has been registered under section 22 or section 23 of this Act, as the case may be, shall be conclusive evidence that the requirements of this Act in respect of registration of the deed or variation, and of matters precedent and incidental to such registration, have been complied with. 10

PART III

15

MANAGEMENT AND ADMINISTRATION OF SYNDICATES

24. Application of this Part—(1) *(This)* Subject to subsection (3) of section 3 of this Act, this Part of this Act shall apply to every syndicate—

- (a) Whose deed of syndicate has appointed or provides for the appointment of any manager or managers; or 20
 - (b) Which has a manager or managers.
- (2) This Part shall apply notwithstanding any provision to the contrary in any deed of syndicate or in any other instrument. 25

Struck Out

(3) For the purposes of this section, a prospectus does not include an invitation referred to in subsection (3) of section 4 of this Act.

25. Duties of managers—(1) Every manager of a syndicate shall have the following duties: 30

- (a) To use his best endeavours and skill to ensure that the affairs of the syndicate are conducted in a proper and efficient manner:
- (b) To use due diligence and vigilance in the exercise and performance of his functions, powers, and duties as a manager: 35

- (c) To duly account to the members of the syndicate for all money that he receives on behalf of the syndicate:
- 5 (d) Not to pay out or invest or apply any money belonging to the syndicate for any purpose that is not directed by or authorised in the deed of syndicate:
- (e) To make available on demand to—
 - (i) Any member of the syndicate; or
 - 10 (ii) Any trustee of the syndicate or its nominated company—
 for the inspection of any such person the whole of the books and papers in the manager's possession or control that relate to the affairs of the syndicate:
- 15 (f) To make available on demand to any trustee of the syndicate or its nominated company such information as that trustee or nominated company requires with respect to all matters relating to the syndicate:
- (g) To supply to the members of the syndicate, in general meeting, such oral or written information relating to the affairs of the syndicate as any member has given him reasonable notice to supply:
- 20

New

25 (ga) Subject to section 35 of this Act, to summon together with every other manager of the syndicate, and in accordance with that section and section 36 of this Act, the annual general meetings of the syndicate:

30 (h) On the request in writing of not less than 3 members of the syndicate, or one-tenth of the members, whichever is the greater, to summon an extraordinary general meeting of the syndicate in accordance with section 36 of this Act.

35 (2) Every manager of a syndicate shall have the same liability for any acts and omissions by him in the exercise and performance of his functions, powers, and duties as manager as he would have if he exercised and performed those functions, powers, and duties as a trustee of the property of the syndicate, and shall be entitled to the same relief from such liability as he would be if he were such a trustee.

26. Powers of trustees—(1) Every trustee of a syndicate (other than a statutory trustee) may—

- (a) Refuse to act on any direction of any manager or managers of the syndicate **(not being a direction made by the direction or with the authority of all the members of the syndicate)** to acquire any property for the syndicate or to dispose of any property of the syndicate if, in the opinion of the trustee conveyed in writing to the manager or managers, the proposed acquisition or disposal is not in the interests of the members of the syndicate: **5**
- (b) Enforce in its own name any of the duties of a manager of the syndicate specified in paragraphs (c), (d), (e), and (f) of subsection (1) of section 25 of this Act: **10**
- (c) Whenever it thinks fit, summon an extraordinary general meeting of the syndicate in accordance with section 36 of this Act. **15**

Struck Out

(2) No trustee shall be liable to any manager or member of a syndicate for refusing under subsection (1) of this section to act on any direction given by any manager or managers of the syndicate. **20**

New

(2) Notwithstanding subsection (1) of this section, no trustee of a syndicate may refuse to act on any direction of a manager or managers of the syndicate if that manager or those managers make and deliver to the trustee a statutory declaration that the direction is made with the authority or on the instructions of all the members of the syndicate. **25**

(3) No trustee of a syndicate shall be liable to any manager or member of a syndicate for— **30**

(a) Refusing under subsection (1) of this section to act on any direction (other than a direction in respect of which a statutory declaration has been made and delivered to it in accordance with subsection (2) of this section) given by any manager or managers of the syndicate; or **35**

(b) Acting on any direction in respect of which a statutory declaration has been made and delivered to it in accordance with the said subsection (2). **40**

Struck Out

27. Duties of trustees—Every trustee of a syndicate (other than a statutory trustee) shall—

- 5 (a) Use due diligence and vigilance in the exercise and performance of its functions, powers, and duties and to ensure that obligations of every manager under this Act and the deed of syndicate are complied with:
- 10 (b) Cause to be kept, either by itself or by the manager or managers, proper books of account in respect of the syndicate.

New

27. Duties of trustees—Every trustee of a syndicate (other than a statutory trustee) shall have the following duties:

- 15 (a) To use due diligence and vigilance to ensure that every manager of the syndicate complies with the duties and obligations imposed on it by this Act and by the deed of syndicate:
- 20 (b) To carry out the other duties imposed on it by this Act and by the deed of syndicate with due diligence and vigilance:
- 25 (c) If the manager or managers of the syndicate fail to keep books of account in accordance with section 29 of this Act, to cause those books to be kept itself in accordance with that section.

28. Register of members—(1) Every syndicate shall cause to be kept a register of its members, stating the following matters:

- 30 (a) The name, address, and occupation of every person who is a member of the syndicate:
- (b) The date on which each person is entered on the register as a member:
- (c) The date on which each person ceases to be a member:
- 35 (d) The amount contributed to the syndicate by each member in respect of his interest.

(2) The register shall be kept at the place of business of the syndicate, by the secretary of the syndicate or, if there is no secretary, by the manager or managers, and shall be open to inspection at all reasonable times by any
40 member, trustee, or creditor of the syndicate, and by the Registrar and the District Registrar.

(3) If subsection (1) or subsection (2) of this section is not complied with in respect of a syndicate, every manager or member of the syndicate who knowingly causes or permits such non-compliance shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding \$50 for every day on which the offence has continued. 5

29. Accounts—(1) The manager or managers of every syndicate shall cause to be kept proper books of account, in which shall be kept full, true, and complete accounts of the affairs and transactions of the syndicate. 10

(2) The books of account shall be kept at the place of business of the syndicate, and shall be open to inspection at all reasonable times by any member or trustee of the syndicate, and by the Registrar and the District Registrar. 15

(3) If any manager of the syndicate fails to take all reasonable steps to secure compliance (*by the syndicate*) with the requirements of this section, or has by his own wilful act or omission been the cause of any default (*by the syndicate*) hereunder, he shall be guilty of an offence and shall in respect of each offence be liable on summary conviction to imprisonment for a term not exceeding 6 months or to a fine not exceeding \$1,000: 20

Provided that in any proceedings against a person in respect of an offence under this section consisting of a failure to take reasonable steps to secure compliance (*by the syndicate*) with the requirements of this section, it shall be a defence to prove that he had reasonable grounds to believe and did believe that a competent and reliable person was charged with the duty of seeing that those requirements were complied with and was in a position to discharge that duty. 25 30

30. Syndicate to have separate bank account—(1) The manager or managers of every syndicate shall establish an account or accounts to be kept in the name of the syndicate at such bank or banks as he or they may from time to time decide. 35

Struck Out

(2) All money that is received by any person on behalf of the syndicate shall be paid as soon as practicable into the bank account.

New

(2) Subject to section 7 of this Act, all money that is received by any person on behalf of the syndicate shall be paid as soon as practicable into a bank account of the syndicate.

(3) Any manager who fails to comply with subsection (1) of this section commits an offence and is liable on summary conviction to a fine not exceeding \$1,000.

(4) Any person who fails to comply with subsection (2) of this section commits an offence and is liable on summary conviction to imprisonment for a term not exceeding 6 months or to a fine not exceeding \$5,000.

31. Annual accounts and reports—(1) The manager or managers of every syndicate shall, before the second annual general meeting, cause a statement of the duly audited accounts of the syndicate since the date that the deed of syndicate came into effect to be prepared up to a date not more than 3 months earlier than the date of the meeting.

(2) The manager or managers of every syndicate shall, before every subsequent annual general meeting, cause a statement of the duly audited accounts of the syndicate since the date to which the last accounts were made up to be prepared up to a date not more than 3 months earlier than the date of the meeting.

(3) In every case, the manager or managers shall also cause to be prepared a report of the activities of the syndicate for the period concerned, and of the nature and condition of all property held by the syndicate.

(4) A copy of *(each document)* the statement of accounts and of the report shall be sent to each member and any trustee of the syndicate before the meeting, and the documents shall be laid before the meeting.

(5) The members of a syndicate by special resolution may extend the time in which the manager or managers must comply with any provision of this section.

(6) Every statement of accounts shall give a true and fair view of the state of affairs of the syndicate as at the end of the financial year to which it relates.

(7) A copy of the auditor's report required by section 35 of this Act shall be annexed to the statement of accounts prepared under this section and to every copy of that statement issued, circulated, or published.

(8) The statement of accounts, the report of the manager or managers, and the auditor's report shall be open to inspection at the meeting and at all reasonable times at the place of business of the syndicate by any member or trustee of the syndicate, and by the Registrar and the District Registrar. 5

(9) Every manager of a syndicate who fails to comply with any of the provisions of this section commits an offence and is liable on summary conviction to a fine not exceeding \$5,000.

32. Appointment and remuneration of auditors—(1) Every syndicate shall have an auditor or auditors, who shall be appointed either directly by a provision in the deed of syndicate or by a resolution of the members in general meeting. Where the auditors are to be appointed in general meeting, the first auditors shall be appointed at the first annual general meeting of the syndicate. 10 15

(2) Subject to subsection (4) of this section, the auditors shall hold office for such term as may be specified in the deed or as the members of the syndicate in general meeting may determine.

(3) The appointment of a partnership by the firm name to be the auditors of a syndicate shall be deemed to be the appointment of all the persons who are partners in the firm at the time of the appointment. 20

(4) The members of the syndicate may at any annual general meeting, or at any extraordinary general meeting called for that purpose, by resolution remove any auditor from office and appoint any other auditor to hold office in his place for such term as they shall determine. 25

(5) Twenty-eight days' notice shall be required for a resolution in general meeting removing any auditor of the syndicate from office. 30

(6) On receipt of notice of such an intended resolution, the manager or managers of the syndicate shall forthwith send a copy of the notice to the auditor who shall be entitled to attend the meeting and make representations on his own behalf. 35

(7) The fees and expenses of the auditors of a syndicate shall be fixed either by a provision in the deed of syndicate, or by the members of the syndicate in general meeting, or in such other manner as the members in general meeting may determine. 40

33. Disqualifications for appointment as auditor—(1) No person who, by virtue of section 165 of the Companies Act 1955, is not qualified for appointment as the auditor of a company shall be qualified for appointment as auditor of a
5 syndicate.

(2) Every unqualified person who acts as auditor of a syndicate commits an offence and is liable on summary conviction to a fine not exceeding \$1,000.

(3) If a syndicate appoints any unqualified person to be an
10 auditor the appointment shall be void, and every member of the syndicate who knowingly authorises or permits the appointment shall be liable on summary conviction to a fine not exceeding \$1,000 and to a further fine not exceeding \$50 for every day on which the unqualified person acts as auditor of
15 the syndicate.

34. Auditors' report—(1) The auditors shall make a report to the members of the syndicate on the accounts examined by them, and the report shall state—

(a) Whether they have obtained all the information and
20 explanations that they have required:

(b) Whether, in their opinion, proper books of accounts have been kept in respect of the syndicate, so far as appears from their examination of those books:

(c) Whether, in their opinion, according to the best of their
25 information and the explanations given to them and as shown by the books of the syndicate, the statement of accounts is properly drawn up so as to give a true and fair view of the state of the syndicate's affairs at the end of the financial year to which the
30 statement relates.

Struck Out

(d) Whether, in their opinion, according to the best of their
35 information and the explanations given to them, the statement of accounts gives the information required by this Act in the manner so required.

(2) The auditors' report shall be read before the syndicate in general meeting.

(3) Every auditor of a syndicate shall have a right of access at all times to the books and papers of the syndicate, and shall
40 be entitled to require from any trustee, manager, or employee of the syndicate such information as he thinks necessary for the performance of his duties.

(4) The auditors of a syndicate shall be entitled to attend any general meeting of the syndicate, and to receive all notices of and other communications relating to any general meeting which any member of the syndicate is entitled to receive, and to be heard at any general meeting that they attend on any part of the business of the meeting that concerns them as auditors. 5

(5) Every trustee, manager, or employee of a syndicate, who refuses or fails without lawful justification, the proof of which shall lie on him, to allow any auditor access to any such books or papers in his custody or power, or to give any such information possessed by him as and when required, or who otherwise hinders, obstructs, or delays an auditor in the performance of his duties or the exercise of his powers, commits an offence and is liable on summary conviction to a fine not exceeding \$1,000, and to a further fine not exceeding \$50 for every day on which the offence has continued. 10 15

35. Meetings—(1) Every syndicate shall in each year hold a general meeting of its members as its annual general meeting, in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it. 20

(2) The first annual general meeting shall be held within 28 days after the date on which the syndicate first becomes subject to this Part of this Act.

(3) Each subsequent annual general meeting shall be held not later than 15 months after the date of the preceding annual general meeting. 25

New

(3A) Notwithstanding subsections (1) and (3) of this section, the members of a syndicate may unanimously resolve in any year (except in respect of the first annual general meeting of the syndicate) not to hold an annual general meeting in that year. In such event, the next annual general meeting shall be held not later than 15 months after the date of the resolution unless, in the meantime, a further resolution is made under this subsection. 30 35

(4) Every general meeting of the members of a syndicate, other than an annual general meeting, shall be an extraordinary general meeting.

36. Notice of meetings—(1) A general meeting of a syndicate shall be called by not less than 14 clear days' notice in writing. 40

(2) The notice shall state the date, time, and place of the meeting and the proposed business of the meeting, and a copy of the notice shall be sent to every member of the syndicate, but an accidental omission to give such notice to any member shall not invalidate the proceedings of the meeting.

New

(2A) In every notice there shall also appear with reasonable prominence a statement that a member entitled to attend and vote at the meeting is also entitled to appoint a proxy, or where that is allowed, 1 or more proxies to attend and vote instead of him, and that a proxy need not be a member.

(2B) Every copy of the notice shall be sent in sufficient time to enable the member to whom it is sent to appoint a proxy if he desires to do so.

(3) Notice of every general meeting or adjourned general meeting shall be given in the same manner to every trustee and every manager of the syndicate.

37. Procedure at meetings—(1) At any general meeting of a syndicate, 3 members or one-third of the members of the syndicate (whichever is the larger number) present personally or by proxy shall be a quorum, except where there are only 2 members of the syndicate, in which case both members present personally or by proxy shall be a quorum.

(2) The members present shall elect one of their number to be chairman at the meeting.

(3) At any general meeting—

(a) Where any question is to be decided by a unanimous resolution, each member (*present personally or by proxy shall be entitled to*) shall have 1 vote:

(b) Where any question is to be decided by a special resolution, or a poll is demanded on any question, the number of votes that each member shall have shall be determined by the provisions in the deed of syndicate:

(c) In all other cases, each member (*present personally or by proxy*) shall have 1 vote, and the chairman shall also have a casting vote.

(4) Where 2 or more members are jointly entitled to exercise a vote or votes at any general meeting, the vote or votes may be exercised by any of them in the absence of the others.

(5) Every trustee and every manager of a syndicate shall be entitled to attend every meeting of the syndicate and to be heard on any matter that concerns him as trustee or manager.

38. Proxies—(1) Any member of a syndicate entitled to attend and vote at a meeting of the syndicate may appoint any other person (whether a member or not) (as) to be his proxy (to attend and vote in his place) at the meeting. 5

(2) Where 2 or more members of a syndicate who are jointly entitled to exercise a vote or votes at a meeting wish to appoint a proxy to attend and vote in their place at the meeting, they shall jointly appoint a person (whether one of themselves or not, and whether a member or not) as their proxy. 10

(3) Every proxy shall be appointed in writing. 15

Struck Out

(4) Every proxy shall have the same rights to attend and vote, and to speak at the meeting, as the member.

New

(4) Every proxy shall have the same rights as the member or members by whom he is appointed— 20

(a) To attend and speak at the meeting; and

(b) To vote on a poll—

but shall not be entitled to vote otherwise than on a poll.

(5) Nothing in this section shall authorise any member to appoint more than 1 person to be his proxy at the same meeting, but a person who is a member of the syndicate in more than 1 capacity may appoint separate persons to be his proxies for each capacity in which he is a member. 25

39. Polls—

Struck Out

(1) Any member of a syndicate present personally or by proxy at a general meeting, before or after any question has been put to the meeting, shall have the right to demand a poll on the question. 30

New

(1) Any member of a syndicate present personally or by proxy at a general meeting shall have the right, on or before the declaration of the result of a vote by voice or by a show of hands on any question put or to be put to the meeting, to demand a poll on the question. 40

(2) Subsection (1) of this section shall not apply to any question as to an election of a chairman of a meeting or as to an adjournment of a meeting.

(3) Every poll shall be taken in accordance with the 5 directions of the chairman.

(4) In the case of an equality of votes in a poll on any question, the question shall be deemed not to have been carried.

40. Special resolutions—A resolution shall be a special resolution when it has been passed by a majority of not less than 10 50 percent of the members of the syndicate representing not less than 75 percent of the total voting rights of all the members of the syndicate.

41. Resolutions agreed to unanimously—Notwithstanding 15 any other provision in this Act, where any question is to be determined by the members of a syndicate, a resolution in writing, signed or assented to by letter by every member of the syndicate, shall be as valid and effective as if it had been passed at a meeting of the syndicate duly convened and held.

42. Minutes—(1) Every syndicate shall cause minutes of 20 all proceedings of general meetings to be entered into books to be kept for that purpose at the place of business of the syndicate, and the books shall be open at all reasonable times for inspection by any member or trustee of the syndicate, 25 and by the Registrar and the District Registrar.

(2) Where there is more than one manager of a syndicate, the managers shall cause minutes of all proceedings at their meetings to be entered in books kept for that purpose at the 30 place of business of the syndicate, and the books shall be open at all reasonable times for inspection by any member or trustee of the syndicate.

(3) If subsection (1) of this section is not complied with in respect of a syndicate, every member of the syndicate who 35 knowingly causes or permits such non-compliance shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding \$500.

(4) If subsection (2) of this section is not complied with in respect of a syndicate, every manager of the syndicate 40 who knowingly causes or permits such non-compliance shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding \$500.

PART IV

MISCELLANEOUS PROVISIONS

43. Dissolution of syndicate—(1) On application by any member or trustee of a syndicate (other than a partnership or a special partnership), the Supreme Court or, subject to subsection (2) of this section, a Magistrate's Court, may declare a dissolution of the syndicate as if it were a partnership to which section 38 of the Partnership Act 1908 were applicable, the members of the syndicate were partners, the deed of syndicate were a partnership agreement or contract, and the interests in the syndicate were shares in a partnership, and the other provisions of that Act as to the dissolution of such a partnership shall apply to the syndicate accordingly. 5 10

(2) A Magistrate's Court shall have jurisdiction for the purposes of subsection (1) of this section in any case where the total assets of the syndicate do not exceed \$3,000. 15

44. Actions by and against syndicates—Every syndicate (other than a partnership or a special partnership) may sue and be sued, and any judgment may be enforced against it, as if it were a partnership trading under the name specified in the deed of syndicate. 20

Struck Out

45. Certain syndicates to have trustees—(1) This section shall apply where—

(a) A prospectus issued in respect of a syndicate includes a statement to the effect that an undertaking has been or will be given by any person to the syndicate to purchase at a future date any property owned or to be acquired or proposed to be acquired by the syndicate; and 25 30

(b) The undertaking is given; and

(c) The undertaking is binding on the person by whom it is given.

(2) Subject to subsection (4) of this section, if the person giving the undertaking is a company— 35

(a) The undertaking shall be deemed to be an invitation to the public to deposit money with the company; and

(b) The amount of the purchase price specified in the undertaking shall be deemed to be a deposit of money by the syndicate with the company— and subsections (7) to (11) of section 48A of the Companies 40

Struck Out

Act 1955 shall apply in respect of the deposit with the necessary modifications, except that no document issued in accordance with the said subsection (7) shall be treated as
 5 a debenture, nor shall the syndicate be treated as a debenture-holder, for any purposes other than those subsections of that section and sections 95A to 96 of that Act.

(3) Subject to subsection (4) of this section, in every other case (except where the person giving the undertaking is a
 10 person to whom, by virtue of section 3 of the Protection of Depositors Act 1968, that Act does not apply)—

(a) The undertaking shall be deemed to be an invitation to the public to deposit money with the person giving it; and

15 (b) The amount of the purchase price specified in the undertaking shall be deemed to be a deposit within the meaning of the Protection of Depositors Act 1968 by the syndicate with the person giving the undertaking—

20 and the provisions of that Act (other than sections 8 and 9) shall apply with the necessary modifications.

(4) Notwithstanding subsections (2) and (3) of this section, where the property in respect of which the undertaking is given is real property, the expression “the amount
 25 of the purchase price” shall for the purposes of those subsections mean the amount (if any) by which the actual purchase price specified in the undertaking exceeds two-thirds of the value of the property as stated in the prospectus issued in respect of the syndicate. If the actual
 30 purchase price specified in the prospectus does not exceed two-thirds of such value, this section shall not apply.

(5) For the purposes of this section, the purchase price specified in an undertaking includes all money that the person giving the undertaking guarantees as part of the
 35 undertaking that the syndicate will receive from the property between the time that the undertaking is given and the time that it is performed.

46. General provisions as to promoters, trustees, and managers—(1) No person who—

- 40 (a) Has been convicted of an offence against this Act; or
 (b) Whether before or after the commencement of this Act, has been convicted of any crime specified in

sections 250 to 257 or sections 263 to 281 of the Crimes Act 1961; or

(c) Is an undischarged bankrupt—
shall act without the leave of the Supreme Court as a promoter (*, trustee*) of a syndicate, or as a trustee or manager of a syndicate in respect of which a prospectus has been issued, or as a director or officer concerned in the management of any promoter, trustee, or manager of such a syndicate. 5

(2) Every person who contravenes subsection (1) of this section commits an offence and is liable on summary conviction to imprisonment for a term not exceeding 12 months or to a fine not exceeding \$1,000 or to both. 10

(3) Every promoter of a syndicate shall, in addition to his duties, obligations, and liabilities under this Act, have all the duties, obligations, and liabilities that a promoter of a company has at common law. 15

(4) Section 111 of the Insolvency Act 1967 is hereby consequentially amended by adding to subsection (1) the following paragraph:

“(d) Acting as a promoter, trustee, or manager of a syndicate to which subsection (1) of section 46 of the Syndicates Act 1972 applies.” 20

New

46A. Power of Court to grant relief in certain cases—If in any proceeding for negligence, default, breach of duty, or breach of trust against a promoter, manager, or trustee of a syndicate, it appears to the Court hearing the case that the person is or may be liable in respect of the negligence, default, breach of duty, or breach of trust, but that he has acted honestly and reasonably, and that having regard to all the circumstances of the case, including those connected with his appointment, he ought fairly to be excused for the negligence, default, breach of duty, or breach of trust, the Court may relieve him either wholly or partly from his liability, on such terms as the Court may think fit. 25 30 35

(2) Where any such person has reason to apprehend that any claim will or might be made against him in respect of any negligence, default, breach of duty, or breach of trust, he may apply to the Court for relief, and the Court on any such application shall have the same power to relieve him as under this section it would have had if it had been a Court before which proceedings against that person for negligence, default, breach of duty, or breach of trust had been brought. 40

New

(3) Where any case to which subsection (1) of this section applies is being tried by a Judge with a jury, the Judge may, after hearing the evidence, if he is satisfied that
 5 the defendant ought in pursuance of that subsection to be relieved wholly or partly from the liability sought to be enforced against him, withdraw the case wholly or partly from the jury and forthwith direct judgment to be entered for the defendant on such terms as to costs or otherwise as
 10 the Judge may think proper.

47. Registers—(1) Every District Registrar shall keep such registers as he considers necessary, in which shall be registered all documents required by this Act to be registered by him.
 15

New

(2) Any person may, on payment of such fee (if any) as may be prescribed, inspect during normal office hours any register kept by the District Registrar under subsection (1) of this section.

20 48. Power of officers to refuse to accept inaccurate documents—If the Registrar or a District Registrar is of the opinion that any document submitted to him under this Act—

- (a) Contains any matter contrary to law; or
 (b) Does not comply with this Act; or
 25 (c) Has not been duly completed; or
 (d) Contains any misdescription, error, alteration, or erasure—

he may, without prejudice to any other power or duty conferred or imposed on him under this Act, refuse to
 30 register or receive the document, and he may request either that the document be appropriately amended or completed and submitted to him again or that a fresh document be submitted in its place.

49. Appeals—(1) Any person who is aggrieved by—
 35 (a) The refusal of the Registrar to approve a form of deed of syndicate or form of variation of such a deed; or
 (b) The refusal of a District Registrar to register any deed of syndicate, prospectus, or variation of a deed of syndicate; or

(c) Any other refusal, act, or decision of the Registrar or a District Registrar under this Act—
 may within 14 days after being notified of such refusal, act, or decision, or within such further time as the Supreme Court may allow, appeal against the refusal, act, or decision to that Court. 5

(2) On hearing the appeal, the Supreme Court may confirm the refusal, act, or decision, or may give such directions or make such other determination as the Court thinks fit.

50. Service of documents—(1) Any notice or other document that is required or authorised by this Act to be served on any person may, without prejudice to any other method of service, be served by posting it by registered letter—

- (a) To his last known place of abode or business; or
- (b) In the case of a manager of a syndicate, to the place of business of the syndicate; or 15
- (c) In the case of a member of a syndicate in respect of which a register must be kept under section 28 of this Act, to the address of the member specified in the register. 20

(2) A notice or document so posted shall be deemed to have been served at the time when the registered letter would in the ordinary course of post be delivered.

51. Fees—(1) There shall be paid to the Registrar in respect of the matters mentioned in the Third Schedule to this Act the fees specified in the table contained in that Schedule. 25

(2) Where the Registrar or any other officer is empowered by this Act to do any act for which a fee is payable, he may refuse to do that act until the fee is paid. 30

(3) All fees paid to the Registrar under this Act shall be paid into the Public Account and shall form part of the Consolidated Revenue Account.

(4) The Governor-General may from time to time, by Order in Council, add to the table of fees contained in the Third Schedule to this Act or revoke or amend any item in that table. 35

52. Regulations—The Governor-General may from time to time, by Order in Council, make regulations for all or any of the following purposes:

- 5 (a) Fixing the maximum rates of remuneration that may be paid to any managers of a syndicate or class of syndicate under the provisions of any deed of syndicate:

New

10 (aa) Prescribing fees for the inspection of registers under subsection (2) of section 47 of this Act:

- (b) Providing for such other matters as are contemplated by or necessary for giving full effect to this Act and for its due administration.

15 **53. Amendments to other enactments**—(1) Section 2 of the Unit Trusts Act 1960 is hereby amended by inserting in the definition of the term “unit trust” in subsection (1), after the words “members of the public”, the words “and not as an association”.

20 (2) Part II of the First Schedule to the Summary Proceedings Act 1957 is hereby amended by inserting, after the item relating to the Summary Proceedings Act 1957, the following item:

“The Syndicates Act <u>1972</u> ”	15 (1)	Untrue statement in prospectus.”
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25 **54. Existing syndicates**—(1) The terms on which all interests are acquired, held, and disposed of in any syndicate in respect of which a prospectus has been issued before the commencement of this Act may, notwithstanding any provision to the contrary in any deed, instrument, or agreement,
30 be varied or supplemented by a deed made between all the members of the syndicate so as to enable a deed of syndicate in respect of that syndicate to be registered under this Act.

35 (2) On the registration of the deed of syndicate, this Act shall apply as if a prospectus had been issued in respect of the syndicate after the commencement of this Act.

(3) Nothing in this section shall affect the contractual rights of any other person against the members of a syndicate.



SCHEDULES

Section 3FIRST SCHEDULE

SYNDICATES EXEMPT FROM APPLICATION OF ACT

1. Every syndicate whose sole undertaking is the practice, conduct, or operation of any profession, occupation, or business that may in law only be practised, conducted, or operated by persons having or possessing specified qualifications.

New

2. Every registered society within the meaning of section 2 of the Friendly Societies Act 1909.

Section 10SECOND SCHEDULE

PARTICULARS TO BE INCLUDED IN PROSPECTUS

1. The date of the prospectus.
2. The name and address of every promoter of the syndicate and, where the promoter is a company, the name and address of every director of that company.
3. The amount (if any) paid or payable as a procurement or promoting fee, and the nature and value of any other benefits given or intended to be given to every promoter.
4. The name and address of every person by whom the preliminary expenses have been paid or are payable.
5. Where the syndicate is to meet the preliminary expenses, sufficient details of those expenses to enable a prospective investor to estimate their amount.
6. Such particulars as are sufficient to disclose the true nature and objects of the syndicate.
7. The operative date of the deed of syndicate.
8. The duration, if ascertainable, of the syndicate or, if the duration is not ascertainable, that fact.
9. The financial details of the undertaking, including any improvements to the property to be acquired.

Struck Out

10. Where any undertaking involves the raising of capital by way of mortgage, the name and address of every proposed mortgagee, the nature, term and rate of interest of every mortgage, any unusual terms, conditions or covenants, and the provision made to accumulate funds for the repayment of such mortgage or, if no provision is made, that fact.

New

10. Where any undertaking involves the raising of capital by way of mortgage, the nature, minimum term, maximum amount, and maximum rate of interest to be provided for in every such mortgage, and any unusual terms that are likely to be contained in any such mortgages, and the provision that is to be made to accumulate funds to repay such mortgages or, if no provision is to be made, that fact.

SECOND SCHEDULE—*continued*

11. The nature and price of any property to be purchased or acquired or proposed to be purchased or acquired, specifying separately the amount paid or payable for goodwill.

12. The name and address of the vendor of such property and, where the vendor is a company, the name and address of every director of that company.

13. Where such property is real or leasehold property, the address, legal description, and area; the number of buildings existing on or comprising such property; and the respective areas *(of those buildings)* of the usable parts of the buildings to be acquired by the syndicate (whether by purchase or lease).

14. Where any building is to be constructed on such property, a general description of that building; the estimated cost of demolishing any existing buildings on the site; the estimated cost of construction; and the name and address of the proposed builder (except where tenders are to be called for the work).

15. The name and address of every trustee of the syndicate; the amount paid or payable to him for his services; and where that trustee is a company, the name and address of every director of that company.

16. The total amount that shall be subscribed before the deed of syndicate shall become operative.

17. The name and address of every manager and proposed manager of the syndicate, and if any such person is a company the name and address of every director of that company.

18. Where any manager is to be appointed, details of his proposed remuneration.

19. The date of, parties to, and general nature of every material contract.

20. The times and places at which such contracts or copies thereof may be inspected.

21. The conditions on which members' interests in the syndicate may be transferred.

22. Where any undertaking consists of rights or interests in or arising out of an investment in property that ordinarily depreciates in value through use or effluxion of time, such particulars as are sufficient to disclose the true particulars of the provision made for the replacement of such property and the source or sources from which replacement is to be made or from which the cost of replacement is to be met.

23. The provision that is to be made for the payment of rates, taxes, maintenance, insurance, and other outgoings on the property to be purchased or acquired, or proposed to be purchased or acquired, and the persons by whom these are payable.

24. The provision that is to be made for reserves and the nature of them.

25. Where the value of any property to be purchased or acquired is calculated on the annual rental of that property, details and values of furnishings, or fittings or services to be provided and forming part of the annual rental.

26. The interest (direct or indirect) of every promoter or manager of the syndicate in any property to be purchased or acquired or proposed to be purchased or acquired by the syndicate.

SECOND SCHEDULE—*continued*

27. Short particulars of any transactions relating to any such property which was completed within the 2 preceding years (including the purchase price on any sale), and where the vendor was a company the name and address of every director of any such company.

28. The interest (direct or indirect) of every promoter or manager of the syndicate in any company or firm engaged or to be engaged on behalf of the syndicate to provide any goods or services.

29. Where any scheme, venture, or enterprise provides for an undertaking or option to be given to any person to purchase all or any of the property of the syndicate, the purchase price to be paid or, if no purchase price is fixed, details of how the (*property is to be valued*) purchase price is to be determined for the purposes of the sale; the period within which the option is to be exercised; the means whereby the proposed purchaser intends to finance the purchase; and the security, if any, for due performance.

New

29A. The current Government valuation of the real property that is to be purchased or acquired or is proposed to be purchased or acquired, the date of that valuation, and the cost of any improvements made to the land after that date, and details of such improvements and of any material alterations otherwise made to the land after the said date.

30. A valuation of the real and personal property that is to be purchased or acquired or is proposed to be purchased or acquired, (the valuation having been made on the basis of the property being vacant and available for use and letting), and a report on the value of proposed improvements, such valuation and report to have been given not more than 6 months before the date of issue of the prospectus in the case of real or leasehold property by a registered valuer and in any other case by an independent person who is competent to value such property; the valuer in either case being appointed by the statutory trustee of the syndicate.

31. Whether all necessary planning permissions and consents have been obtained and all planning requirements have been met and, if not, that fact.

32. Where planning permission or consent has been given on conditions, those conditions.

33. Where any licence or permit is required to carry on any undertaking, whether or not that licence or permit has been obtained.

Section 51

THIRD SCHEDULE

TABLE OF FEES TO BE PAID TO REGISTRAR OF COMPANIES

	\$
1. For approving the form of a deed of syndicate	10.00
2. For registering any document	2.00
3. For approving the form of a variation of a deed of syndicate	2.00