



**THE INSIDER TRADING (APPROVED PROCEDURE FOR
COMPANY OFFICERS) NOTICE 1993**

PURSUANT to section 8 (1) (c) of the Securities Amendment Act 1988, the Securities Commission gives the following notice.

NOTICE

1. Title and commencement—(1) This notice may be cited as the Insider Trading (Approved Procedure for Company Officers) Notice 1993.

(2) This notice shall come into force on the day after the date of its notification in the *Gazette*.

2. Interpretation—(1) In this notice “the Act” means the Securities Amendment Act 1988.

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

3. Approval of procedures for selling or buying securities in public issuers by directors, company secretaries, and employees—The procedures for selling or buying securities of a public issuer by a director, company secretary, or employee of the public issuer set out in the Schedule to this notice are hereby approved in relation to public issuers generally.

4. Revocation—The Insider Trading (Approved Procedure for Company Officers) Notice 1991* is hereby revoked.

*S.R. 1991/51
Gazette, 1991, page 1051

SCHEDULE

PROCEDURES FOR SELLING OR BUYING SECURITIES IN PUBLIC ISSUERS BY
DIRECTORS, COMPANY SECRETARIES, AND EMPLOYEES*Procedure 1*

1. Before selling or buying the securities of the public issuer of which he or she is a director, company secretary, or employee, the director, company secretary, or employee must give written notice to the public issuer of his or her intention to sell or buy the securities, which notice must be signed and dated and include—

- (a) The name and address of the director, company secretary, or employee; and
- (b) The office or position held by that person in the public issuer; and
- (c) The class and number of securities that are the subject of the proposed transaction; and
- (d) A statement describing the type of transaction; and
- (e) A statement as to whether it is intended that the transaction will take place on a stock exchange, and if not, details of the transaction; and
- (f) The likely date of the transaction; and
- (g) A statement that the decision to sell or buy the securities has not been made on the basis of inside information; and
- (h) In the case of a purchase of securities, a statement that the director, company secretary, or employee does not intend to sell the securities within 6 months of purchase; and
- (i) A statement that the director, company secretary, or employee believes the transaction will be at a fair value; and
- (j) A request that the public issuer consent to the sale or purchase of the securities.

2. On receiving the notice, the public issuer, acting through its board of directors or by an officer of the public issuer or of any wholly-owned subsidiary of the public issuer, being a subsidiary incorporated in New Zealand, appointed by and acting on behalf of the board of the public issuer, must consider the request contained in the notice and, if reasonably satisfied as to the truth of the statements required by paragraphs (g), (h), and (i) of clause 1 of this Procedure, may consent in writing to the proposed transaction. The securities must not be sold or purchased unless—

- (a) The public issuer has consented to the transaction in accordance with this clause; and
- (b) Arrangements exist to ensure that copies of every consent given in accordance with this clause are distributed—
 - (i) To the directors of the public issuer; or
 - (ii) Where an officer of the wholly owned subsidiary of the public issuer acted on behalf of the board of the public issuer in consenting to the transaction, being a public issuer incorporated outside New Zealand, and the board of the public issuer has authorised the directors of that subsidiary to receive copies of such consent, to the directors of that subsidiary—
before the board meeting next after the consent is given.

SCHEDULE—*continued*PROCEDURES FOR SELLING OR BUYING SECURITIES IN PUBLIC ISSUERS BY DIRECTORS, COMPANY SECRETARIES, AND EMPLOYEES—*continued**Procedure I—continued*

3. The securities must be sold or purchased—
- (a) Not later than 15 trading days after the consent of the public issuer is given; and
 - (b) After the announcement to the New Zealand Stock Exchange, in accordance with the applicable listing requirements of the Exchange, of the results of the public issuer for—
 - (i) The most recently completed accounting period of the public issuer; or
 - (ii) The most recently completed half-yearly accounting period of the public issuer—
whichever occurred last; and
 - (c) Before the expiry of—
 - (i) Five months after the end of the most recently completed accounting period of the public issuer; or
 - (ii) Four months after the end of the most recently completed half-yearly accounting period of the public issuer—
as the case may be.

Procedure II

1. This Procedure applies in respect only of the following types of transactions:

- (a) The selling or buying of securities of the public issuer pursuant to—
 - (i) Any compromise or arrangement sanctioned by the High Court under section 205 of the Companies Act 1955 including any order made under section 207 of that Act; or
 - (ii) Any reorganisation or reconstruction of the public issuer otherwise approved by the High Court; or
 - (iii) Any reorganisation or reconstruction of the public issuer that involves all the securities of the same class:
- (b) The selling or buying of rights to subscribe for securities of the public issuer (being rights listed and quoted on the New Zealand Stock Exchange and offered to all security holders of the same class by means of a current registered prospectus) during the period stated in that prospectus as the period during which such rights may be sold or purchased:
- (c) The buying of securities of the public issuer by way of the exercise of rights to subscribe for any such securities, being rights referred to in paragraph (b) of this clause:
- (d) The selling of securities of the public issuer where—
 - (i) The proceeds are to be used solely to buy rights to subscribe for securities of the public issuer that are offered to all security holders of the same class by means of a current registered prospectus; and
 - (ii) The sale occurs during the offer period stated in that prospectus:
- (e) The selling of securities of the public issuer as the result of the acceptance of an offer to buy the securities made by means of an

SCHEDULE—*continued*PROCEDURES FOR SELLING OR BUYING SECURITIES IN PUBLIC ISSUERS BY DIRECTORS, COMPANY SECRETARIES, AND EMPLOYEES—*continued**Procedure II—continued*

announcement to the New Zealand Stock Exchange or a stock exchange in any other country on which the securities are listed, being an offer that—

- (i) Was made in accordance with the rules of the New Zealand Stock Exchange or that other stock exchange, as the case may be; and
 - (ii) Remained open for acceptance for a period of not less than 21 trading days:
- (f) The acquisition of securities of the public issuer pursuant to a bonus issue of securities to all security holders of the same class:
 - (g) The buying of securities of the public issuer pursuant to an allotment made under a dividend reinvestment plan of the public issuer where the dividend reinvestment plan is available to all security holders of the same class.

2. Before selling or buying the securities of the public issuer of which he or she is a director, company secretary, or employee, in a transaction to which this Procedure applies, the director, company secretary, or employee must give written notice to the public issuer of his or her intention to sell or buy the securities, which notice must be signed and dated and include—

- (a) The name and address of the director, company secretary, or employee; and
- (b) The office or position held by that person in the public issuer; and
- (c) The class and number of securities that are the subject of the proposed transaction; and
- (d) A statement describing the type of transaction; and
- (e) A statement as to whether it is intended that the transaction will take place on a stock exchange, and, if not, details of the transaction; and
- (f) The likely date of the transaction; and
- (g) A statement that the decision to sell or buy the securities has not been made on the basis of inside information.

Dated at Wellington this 6th day of April 1993.

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

[L.S.]

P. D. McKENZIE,
Chairman.

EXPLANATORY NOTE

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

This notice replaces the Insider Trading (Approved Procedure for Company Officers) Notice 1991. In the notice the Securities Commission approves two procedures for dealing in the securities of public issuers by directors, company secretaries, and employees. The notice comes into force on the day after the date of its notification in the *Gazette*.

Section 7 of the Securities Amendment Act 1988 imposes liability on an insider who, in possession of inside information about the public issuer, deals in securities of the public issuer. Under section 8 of the Act a director, company secretary, or employee of a public issuer is not liable under section 7 if—

- (a) The securities are sold or purchased in that person's own name or in the name, or on behalf, of that person's spouse or child; and
- (b) In selling or buying the securities that person complies with a procedure operated by the public issuer for ensuring that no director, company secretary or employee uses inside information in selling or buying securities of the public issuer for personal gain; and
- (c) The procedure is approved by the Securities Commission by notice in the *Gazette* in relation to—
 - (i) Public issuers generally; or
 - (ii) Public issuers generally other than any specified public issuer; or
 - (iii) Any specified public issuer; and
- (d) The Securities Commission has not withdrawn that approval.

This notice approves, in relation to public issuers generally, the procedures set out in the Schedule to the notice for dealing in the securities of public issuers by directors, company secretaries, and employees.

Procedure I is substantially the same as the procedure approved by the Insider Trading (Approved Procedure for Company Officers) Notice 1991. It differs, however, in two respects.

The first relates to the giving of consent to the transaction. Under that notice the consent of the public issuer to the sale or purchase of the securities may be given by the board of directors of the public issuer or by an officer appointed by and acting on behalf of the board. Under the new procedure such consent will also be able to be given by an officer of any wholly-owned subsidiary of the public issuer, being a subsidiary that is incorporated in New Zealand, appointed by and acting on behalf of the board of the public issuer and copies of the consent may, if the public issuer is incorporated outside New Zealand, be given to the board of the subsidiary.

The second relates to the period when the transaction must take place. Under the Insider Trading (Approved Procedure for Company Officers) Notice 1991, the securities must be sold or purchased not later than 15 trading days after the consent of the public issuer is given and not later than 60 days after the results for the most recently completed accounting period or half-yearly accounting period, as the case may be, have been announced to the New Zealand Stock Exchange. Under the new procedure the sale or purchase must take place—

- (a) Not later than 15 trading days after the consent of the public issuer is given; and
- (b) After the results for the most recently completed accounting period or half-yearly accounting period of the public issuer, as the case may be, have been announced to the New Zealand Stock Exchange; and
- (c) Before the expiry of 5 months after the end of the most recently completed accounting period of the public issuer or 4 months after the end of the most recently completed half-yearly accounting period of the public issuer, as the case may be.

Procedure II is new. It applies only in relation to certain types of transactions. These are—

- (a) The selling or buying of securities of the public issuer pursuant to—
 - (i) Any compromise or arrangement sanctioned by the High Court under section 205 of the Companies Act 1955; or
 - (ii) Any reorganisation or reconstruction of the public issuer otherwise approved by the High Court; or
 - (iii) Any reorganisation or reconstruction of the public issuer that involves all the securities of the same class;
- (b) The selling or buying of rights to subscribe for securities where the rights are quoted on the New Zealand Stock Exchange, were offered to all security holders of the same class by means of a current prospectus, and the sale or purchase takes place during the period stated in the prospectus as the period for rights trading;
- (c) The buying of securities by way of the exercise of rights to subscribe for securities, being rights referred to in paragraph (b);
- (d) The sale of securities for the purpose of buying rights to subscribe for securities where the rights were offered to all security holders of the same class by means of a

current prospectus and the sale takes place during the offer period stated in the prospectus:

- (e) The sale of securities as a result of the acceptance of an offer made on the New Zealand Stock Exchange or any other stock exchange on which the securities are listed that was made in accordance with the rules of the New Zealand Stock Exchange or other exchange and that remained open for acceptance for not less than 21 trading days:
- (f) The acquisition of securities under a bonus issue to all security holders of the same class:
- (g) The buying of securities under a dividend reinvestment plan that is available to all security holders of the same class.

Accordingly, a director, company secretary, or employee of a public issuer who has inside information about the public issuer and who sells or buys securities of the public issuer in his or her own name, or in the name or on behalf of his or her spouse or child, and who, in doing so, complies with Procedure I or, if it is applicable, Procedure II, is not liable in proceedings against him or her under section 7 of the Act as an insider.

Issued under the authority of the Acts and Regulations Publication Act 1989.
Date of notification in *Gazette*: 15 April 1993.
This notice is administered in the Securities Commission.