



**SECURITIES ACT (CHARITABLE AND OTHER PURPOSES)  
EXEMPTION NOTICE 1997**

PURSUANT to the Securities Act 1978, the Securities Commission gives the following notice.

**NOTICE**

**1. Title, commencement, and expiry**—(1) This notice may be cited as the Securities Act (Charitable and Other Purposes) Exemption Notice 1997.

(2) This notice comes into force on 1 October 1997.

(3) This notice expires on the close of 30 September 2002.

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

“Act” means the Securities Act 1978:

“Excluded security” means—

(a) A debt security not previously offered to the public for subscription:

(b) A debt security exempted from the application of Part II of the Act, or any provision contained in Part II of the Act, by virtue of—

(i) Section 5 (1) to (4) of the Act; or

(ii) A notice under section 5 (5) of the Act (other than this notice or any corresponding previous notice):

“Regulations” means the Securities Regulations 1983:

“Specified body” means a body corporate or unincorporate, organised and subsisting, or carrying on business, exclusively for charitable, educational, religious, or recreational purposes; and includes a trade or professional union or association and a chamber of commerce.

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

**3. Exemptions for debt securities**—(1) Every specified body, not being a specified body named in the Schedule, and every person acting on behalf of that specified body, are exempted from sections 33 (2), 37, and 37A of the Act and regulation 17 of the Regulations in respect of any debt securities of which that specified body is the issuer, if—

- (a) The aggregate amount of the principal sums owing under debt securities, not being excluded securities, allotted by that specified body during the period of 12 months ending on the day immediately preceding the date on which the offer of the debt securities is made does not exceed \$500,000; and
  - (b) At the time of the offer of those debt securities, the aggregate amount of the principal sums owing under debt securities, not being excluded securities, allotted by that specified body that are outstanding, does not exceed \$2,000,000.
- (2) Every specified body named in the Schedule of this notice, and every person acting on behalf of that specified body, are exempted from sections 33 (2), 37 (1), and 37A (1) of the Act and regulation 17 of the Regulations in respect of any debt securities of which that specified body is the issuer, if at the time of the offer of those debt securities, the aggregate amount of the principal sums owing under debt securities, not being excluded securities, allotted by that specified body that are outstanding, does not exceed \$2,000,000.

**4. Information to be provided before subscription**—The exemptions granted by clause 3 are subject to the condition that every subscriber for a debt security receives, before subscribing for the security, a document relating to the security containing the following information:

- (a) A statement in the following form (to be set out at the front of the document):

“NOTICE Prospective investors are advised that [*name of specified body*], in making this offer, relies on an exemption granted by the Securities Commission from the obligation to disclose under the Securities Act 1978 and the Securities Regulations 1983 information that is material to the making of an informed investment decision. This document may therefore not contain all the information normally required to be disclosed by the Securities Act 1978 and the Securities Regulations 1983 in an investment statement or registered prospectus. Accordingly the risks associated with this investment may not be as fully disclosed as if there were an investment statement and registered prospectus. Prospective investors should consider seeking professional advice.”:
- (b) The information required by clauses 2, 9, 10, 11, and 12 of Schedule 3D of the Regulations:
- (c) A description of the charitable or other purposes for which the money paid by subscribers will be used:
- (d) The terms and conditions of the offer of the security:
- (e) Any other information that is material to the offer of the security.

**5. Financial statements to be sent upon request**—The exemptions granted by clause 3 are subject to the condition that it is a term of each offer of the debt securities that, upon the request of the offeree, the specified body will send, or cause to be sent, without fee and within 5 working days of receiving the request, to that offeree a copy of the most recent audited financial statements of the specified body.

**6. Exemption for participatory securities**—Every specified body, and every person acting on behalf of a specified body, is exempted from sections 33 (3), 37, and 37A of the Act and regulation 17 of the Regulations in respect of any participatory securities of which that specified body is the issuer, if, by the terms of the constitution, rules, or other document or instrument constituting or defining the constitution of that specified body or scheme or governing the conduct of its affairs,—

- (a) The holders of those securities do not have any interest or right to participate in any capital, assets, earnings, royalties, or other property of that specified body or scheme other than all or any of the following:
- (i) A right to share pro rata with all other holders of participatory securities in a distribution of any capital, assets, earnings, royalties or other property of that specified body or scheme upon a liquidation or winding up of that body; or
  - (ii) A right to use or enjoy any assets or other property of that specified body or scheme; or
  - (iii) A right to vote at any meeting of the holders of participatory securities; and
- (b) The liability of the holders of those securities to make any payments to, or on behalf of, that specified body or scheme, is limited to the amount of such fees or subscriptions as may be approved by a majority of the holders of participatory securities of that body or scheme in general meeting.

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SCHEDULE

Canterbury Development Corporation Limited.  
Khandallah Tennis and Squash Club Incorporated.  
Ruapehu Alpine Lifts Limited.

Dated at Wellington this 29th day of September 1997.

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

[L.S.]

M. R. H. WEBB,  
Member.

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## EXPLANATORY NOTE

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

This notice, which comes into force on 1 October 1997 and expires on 30 September 2002, replaces the Securities Act (Charitable and Other Purposes) Exemption Notice 1989. This notice is required as a result of the coming into force, on 1 October 1997, of new disclosure and other requirements under the Securities Act 1978.

This notice exempts, subject to conditions, organisations established for charitable, educational, religious, or recreational purposes from the prospectus and investment statement requirements and various other requirements of the Securities Act 1978 and Securities Regulations 1983 in respect of debt securities and participatory securities offered by those organisations.

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Issued under the authority of the Acts and Regulations Publication Act 1989.  
Date of notification in *Gazette*: 30 September 1997.  
This notice is administered in the Securities Commission.