



SECURITIES ACT (COMMERCIAL BILL DEALERS) EXEMPTION NOTICE 1997

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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 (Commercial Bill Dealers) 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:

“Bank” means a registered bank within the meaning of section 2 of the Reserve Bank of New Zealand Act 1989:

“Bill of exchange” means a bill of exchange within the meaning of section 3 of the Bills of Exchange Act 1908:

“Regulations” means the Securities Regulations 1983:

“Second Schedule” means the Second Schedule of the Regulations:

“Specified debt security” means a debt security that is—

(a) A promissory note which is endorsed (without negating or limiting liability), but not made, by a bank; or

(b) A bill of exchange which is drawn, accepted, or endorsed (without negating or limiting liability) by a bank; or

(c) Any negotiable or transferable debt security, not being a promissory note or a bill of exchange, in respect of which a bank is directly or indirectly liable otherwise than as the original allotter.

(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 banks—(1) Every bank, and every person acting on its behalf, are exempted from—

(a) Sections 33 (2), 37, 51, 52, and 54 of the Act; and

(b) Regulation 14 (1) of the Regulations—
in respect of any specified debt securities offered by the bank to the public for subscription.

(2) Every bank, and every person acting on its behalf, are exempted from Schedule 3D of the Regulations to the extent that that schedule requires an investment statement relating to specified debt securities that have not been originally allotted by the bank to contain information about the original allotter of those securities.

4. Exemption for persons other than banks—Every person (not being a bank) who allots or is an issuer of specified debt securities, and every person acting on its behalf, is exempted from sections 33 (2), 37, and 37A of the Act in respect of those securities.

5. Exemption relating to advertisements—(1) Every bank which, and every other person who, distributes an investment statement or other advertisement to the public containing an offer of specified debt securities made by that bank are exempted from regulation 17 of the Regulations in respect of the distribution of that advertisement.

(2) The exemption granted by subclause (1) is subject to the condition that a certificate that complies with subclause (3) has been completed in respect of the advertisement at the time that the advertisement is distributed to the public.

(3) A certificate for the purposes of subclause (2) must be in the form set out in the Fourth Schedule of the Regulations and must be signed by 2 persons being—

- (i) Directors of the bank; or
- (ii) Executive officers of the bank authorised by the directors of the bank to sign such certificates; or
- (iii) A director and an executive officer of the bank who is authorised by the directors of the bank to sign such certificates.

(4) The exemption granted by subclause (1) is, in the case of a bank, subject to the condition that the certificate is held by the bank for at least 12 months from the date of the last distribution of the advertisement to which it relates.

(5) Nothing in subclauses (1) to (4) limits or affects regulation 17 (3) of the Regulations; and, for the purposes of this subclause, a reference in regulation 17 (3) of the Regulations to the term “issuer” shall be read and construed as a reference to the bank.

6. Exemption relating to acceptance and endorsement of specified debt securities—(1) Every bank or other person who is the issuer of specified debt securities, and every person acting on its behalf, are exempted from regulations 11 and 23A (d) of the Regulations to the extent that those regulations apply to any acceptance or endorsement of those securities.

(2) Every bank, and every person acting on its behalf, are exempted from clause 10 of Schedule 3D of the Regulations to the extent that that clause requires an investment statement relating to specified debt securities to contain information about any acceptance or endorsement of those securities.

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.

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 (Commercial Bill Dealers) Exemption Notice 1995. The 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.

The notice exempts, subject to conditions, registered banks from the trust deed and prospectus requirements, and certain other requirements, of the Securities Act 1978 and the Securities Regulations 1983 in respect of any debt security which is—

- (a) A promissory note which is endorsed (without negating or limiting liability) but not made by that registered bank; or
- (b) A bill of exchange which is drawn, accepted, or endorsed (without negating or limiting liability) by that registered bank; or
- (c) A negotiable or transferable debt security, not being a promissory note or a bill of exchange, in respect of which that registered bank is directly or indirectly liable otherwise than as the original allotter.

The notice also exempts persons, other than registered banks, who issue or allot securities of the kind referred to in paragraphs (a), (b), and (c) above from the trust deed, prospectus, and investment statement requirements of the Securities Act 1978.

The notice is drafted on the basis that, where an exemption is given from a specified provision, it is not necessary to refer to other provisions that will not apply as a consequence of that exemption. For example, the exemption from section 37 of the Securities Act 1978 (the requirement to register a prospectus) means that sections 34, 37A (1) (c) and (d), and 39 to 44 of that Act will not apply.

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.