



**THE SECURITIES ACT (SHORT FORM PROSPECTUS)
EXEMPTION NOTICE 1996**

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

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NOTICE

1. Title and commencement—(1) This notice may be cited as the Securities Act (Short Form Prospectus) Exemption Notice 1996.

(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, unless the context otherwise requires,—

“The Act” means the Securities Act 1978:

“Convertible securities” has the meaning given to it by regulation 4 (4) of the Regulations:

“Group financial statements” has the meaning given to it by section 9 of the Financial Reporting Act 1993:

“The Regulations” means the Securities Regulations 1983.

(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. Certain persons exempted from regulation 4 (1) (c) and (d) of the Securities Regulations 1983 in respect of offers of debt securities to existing security holders—(1) Subject to subclause (2) of this clause, every issuer and every person acting on its behalf are exempted from compliance with regulation 4 (1) (c) and (d) of the Regulations in respect of any offer of debt securities (not being convertible securities or other securities that may be converted into equity securities) made by the issuer to persons who, at the time when the offer is made, already hold equity securities, convertible securities, or debt securities of the issuer.

(2) The exemption granted by subclause (1) of this clause is subject to the condition that a copy of the audited group financial statements of the borrowing group as at the most recent balance date of the group or, where the issuer has been in existence for less than a year, as at its first balance date or any stated date that is not more than 4 months before the specified date, which comply with the provisions of the Financial Reporting Act 1993,—

- (a) Has previously been given or sent to the persons who were, at the time those group financial statements were given or sent, holders of the same class of securities as that held by the persons to whom the offer is made; or
- (b) Is attached to, or contained in, the registered prospectus given or sent to every person to whom the offer is made.

4. Certain persons exempted from compliance with regulation 4 (1) (c) of the Securities Regulations 1983 in respect of offers of equity securities to existing security holders—(1) Subject to subclause (2) of this clause, every issuer and every person acting on its behalf are exempted from compliance with regulation 4 (1) (c) of the Regulations in respect of any offer of equity securities made by the issuer, being an offer that is made to—

- (a) Persons who, at the time when an offer is made, are holders of equity securities or convertible securities of the issuer (whether or not the offer is renounceable in favour of any other person); or
- (b) Persons in whose favour an offer to which paragraph (a) of this subclause applies has been renounced.

(2) The exemption granted by subclause (1) of this clause is subject to the condition that a copy of the audited group financial statements of the issuing group as at the most recent balance date of the group or, where the issuer has been in existence for less than a year, as at its first balance date or any stated date that is not more than 4 months before the specified date, which comply with the provisions of the Financial Reporting Act 1993,—

- (a) Has previously been given or sent to the persons who were, at the time those group financial statements were given or sent, holders of the same class of securities as that held by the persons to whom the offer is made; or
- (b) Is attached to, or contained in, the registered prospectus given or sent to every person to whom the offer is made.

5. Certain persons exempted from compliance with regulation 4 (1) (c) and (d) of the Securities Regulations 1983 in respect of offers of convertible securities to existing security holders—(1) Subject to subclauses (2) and (3) of this clause, every issuer and every person acting on its behalf are exempted from compliance with regulation 4 (1) (c) and (d) of the Regulations in respect of any offer of convertible securities made by the issuer, being an offer that is made to—

- (a) Persons who, at the time when an offer is made, are holders of equity securities or convertible securities of the issuer (whether or not the offer is renounceable in favour of any other person); or
- (b) Persons in whose favour an offer to which paragraph (a) of this subclause applies has been renounced.

(2) The exemption granted by subclause (1) of this clause is subject to the condition that a copy of the audited group financial statements of the issuing group as at the most recent balance date of the group or, where the issuer has been in existence for less than a year, as at its first balance date or any stated date that is not more than 4 months before the specified date, which comply with the provisions of the Financial Reporting Act 1993,—

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 the day after the date of its notification in the *Gazette*, replaces the Securities Act (Short Form Prospectus) Exemption Notice 1989. The notice is essentially the same as that notice except that it updates accounting terminology used in that notice as a result of the enactment of the Financial Reporting Act 1993.

Clause 3 of the notice applies to offers of debt securities (other than debt securities that are convertible into equity securities) made to existing holders of equity securities, convertible securities, or debt securities. It will enable issuers to issue a short form prospectus on the basis of group financial statements of the borrowing group that comply with the Financial Reporting Act 1993 where the financial statements have previously been given to holders of the same class of security or are attached to, or contained in, the short form prospectus.

Clause 4 of the notice applies to offers of equity securities made to existing holders of equity securities or convertible securities. It will enable issuers to issue a short form prospectus on the basis of group financial statements of the issuing group that comply with the Financial Reporting Act 1993 where the financial statements have previously been given to holders of the same class of security or are attached to, or contained in, the short form prospectus.

Clause 5 applies to offers of convertible securities made to existing holders of equity securities or convertible securities. It will enable issuers to issue a short form prospectus on the basis of group financial statements of the issuing group that comply with the Financial Reporting Act 1993 where the financial statements have previously been given to holders of the same class of security or are attached to, or contained in, the short form prospectus. This exemption is subject to a further condition that if the convertible securities are guaranteed by guaranteeing members of the borrowing group, the short form prospectus or the financial statement of the issuing group must be accompanied by group financial statements of the borrowing group.

Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*: 10 October 1996.

This notice is administered in the Securities Commission.