



**SECURITIES ACT (SHORT FORM PROSPECTUS) 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 (Short Form Prospectus) 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:

“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:

“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. Exemption for debt securities offered to existing security holders**—(1) Every issuer, and every person acting on its behalf, are exempted from regulation 4 (1) (c) and (d) of the Regulations in respect of any debt securities (not being convertible securities or other securities that may be converted into equity securities) offered 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) 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, every registered prospectus given or sent to any person under the Act.

**4. Exemption for equity securities offered to existing security holders**—(1) Every issuer, and every person acting on its behalf, are exempted from regulation 4 (1) (c) of the Regulations in respect of any equity securities offered by the issuer to—

- (a) Persons who, at the time when the 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) applies has been renounced.

(2) The exemption granted by subclause (1) 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, every registered prospectus given or sent to any person under the Act.

**5. Exemption for convertible securities offered to existing security holders**—(1) Every issuer, and every person acting on its behalf, are exempted from regulation 4 (1) (c) and (d) of the Regulations in respect of any convertible securities offered by the issuer to—

- (a) Persons who, at the time when the 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) applies has been renounced.

(2) The exemption granted by subclause (1) 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, every registered prospectus given or sent to any person under the Act.

(3) The exemption granted by subclause (1) is subject, in the case of convertible securities guaranteed by guaranteeing subsidiaries of the issuer, to the further conditions—

- (a) That the registered prospectus is, or the group financial statements are, accompanied by group financial statements that relate to the borrowing group; and
- (b) That the registered prospectus contains, or is accompanied by, a statement identifying by name—
  - (i) The companies that are members of the borrowing group; and
  - (ii) The companies that are members of the issuing group but that are not members of the borrowing group.

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 (Short Form Prospectus) Exemption Notice 1996. 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.

Clause 3 of the notice applies to debt securities (other than debt securities that are convertible into equity securities) offered 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 equity securities offered 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 convertible securities offered 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.

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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.