



Securities Act (Group Investment Index Funds) Exemption Amendment Notice 2007

Pursuant to the Securities Act 1978, the Securities Commission gives the following notice (to which is appended a statement of reasons of the Securities Commission).

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Notice

- 1 Title**
This notice is the Securities Act (Group Investment Index Funds) Exemption Amendment Notice 2007.
- 2 Commencement**
This notice comes into force on the day after the date of its notification in the *Gazette*.
- 3 Principal notice amended**
This notice amends the Securities Act (Group Investment Index Funds) Exemption Notice 2002.

4 Expiry

Clause 3 is amended by omitting “2007” and substituting “2012”.

5 Interpretation

The definition of **fund** in clause 4(1) is revoked and the following definition substituted:

“**fund** means a Group Investment Fund established under section 29 of the Trustee Companies Act 1967, or under section 63 of the Public Trust Act 2001, that is—

“(a) a passive index fund in that it is required under the terms of its trust deed or the terms of the offer of specified participatory securities to hold securities as near as practically possible to the securities’ proportions in an index; and

“(b) named in Schedule 2”.

6 Deed of participation and written authorisation

Clause 6(a) is amended by omitting “the Schedule” and substituting “Schedule 1”.

7 Clause 10 revoked

Clause 10 is revoked.

8 New Schedule 2 added

The Schedule 2 set out in the Schedule of this notice is added.

cl 8

**Schedule
New Schedule 2 added**

cl 4(1)

**Schedule 2
Group investment funds**

AMP Investments’ Tracker Fund, Group Investment Fund number 98 established by New Zealand Guardian Trust Company Limited

Schedule 2—*continued*

AMP Investments' World Index Fund, Group Investment Fund number 97 established by New Zealand Guardian Trust Company Limited

NZGT 30 Fund, Group Investment Fund number 59 established by New Zealand Guardian Trust Company Limited

NZX 10 Fund, Group Investment Fund number 2291 established by New Zealand Guardian Trust Company Limited

NZX 50 Portfolio Index Fund, Group Investment Fund number 2293 established by New Zealand Guardian Trust Company Limited

NZX Australian 20 Leaders Index Fund, Group Investment Fund number 41 established by Trustees Executors Limited

NZX Australian MidCap Index Fund, Group Investment Fund number 2292 established by New Zealand Guardian Trust Company Limited

NZX MidCap Index Fund, Group Investment Fund number 80 established by Trustees Executors Limited

Dated at Wellington this 25th day of September 2007.

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

[Seal]

C A N Beyer,
Member.

Statement of reasons

This notice, which comes into force on the day after the date of its notification in the *Gazette*, amends the Securities Act (Group Investment Index Funds) Exemption Notice 2002 (the **principal notice**) by—

- extending its term by 5 years; and

- amending the definition of fund to require group investment funds to which the principal notice applies to be specified in a Schedule to the principal notice (rather than being the subject of a ruling from the Inland Revenue Department); and
- revoking a spent transitional provision.

The Securities Commission considers that it is appropriate to renew and amend the principal notice because—

- the principal notice recognises that passive funds, by their nature, do not involve active investment strategies. As such, where these funds are established by a trustee company further supervision is not needed:
- recent changes to tax law make it likely that in future passive funds may elect to be “portfolio investment entities”, and may not seek a ruling from the Inland Revenue Department. This necessitates a change to the criteria used to define fund for the principal notice:
- the use of a schedule of funds allows funds that currently have an Inland Revenue Department ruling to continue to rely on the principal notice, so long as they remain passive funds, and will allow future applications to be considered on a case by case basis.

Issued under the authority of the Acts and Regulations Publication Act 1989.
Date of notification in *Gazette*: 27 September 2007.
This notice is administered by the Securities Commission.
