



**SECURITIES ACT (MERRILL LYNCH CMA INTERNATIONAL
FINANCIAL SERVICE) EXEMPTION NOTICE 1999**

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

ANALYSIS

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NOTICE

1. Title, commencement, and expiry—(1) This notice may be cited as the Securities Act (Merrill Lynch CMA International Financial Service) Exemption Notice 1999.

(2) This notice comes into force on the day after the date of its notification in the *Gazette*.

(3) This notice expires on the close of 30 September 2004.

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

“Act” means the Securities Act 1978:

“CMA service” means the Merrill Lynch CMA International Financial Service that is provided to clients of MLNZ and under which credit balances in a client’s securities account will be automatically deposited with MLIB or in an ISA, or both (as selected by the client):

“ISA” means an insured savings account established at a bank or savings association located in the United States of America:

“MLNZ” means Merrill Lynch (New Zealand) Limited:

“MLIB” means Merrill Lynch International Bank Limited:

“MLPFS” means Merrill Lynch, Pierce, Fenner & Smith Incorporated:

“Regulations” means the Securities Regulations 1983:

“Securities account” means an account made available to a client of MLNZ that enables the client to buy and sell securities on a cash or credit basis:

“Specified country” means—

- (a) In relation to MLIB, the United Kingdom; and

(b) In relation to each bank or savings association at which an ISA is established, the United States of America:

“Specified issuer” means MLIB and each bank or savings association at which an ISA is established:

“Specified securities” means debt securities issued by a specified issuer as part of the CMA service.

(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—(1) MLNZ, MLPFS, every specified issuer, and every person acting on their behalf are exempted from sections 33 (2), 33 (3), 37, 37A, 38A, and 51 to 54B of the Act and the Regulations (except regulation 8) in respect of any specified securities issued or offered by any of them.

(2) The exemption granted by subclause (1) is subject to the condition that the offer documents contain, or are accompanied by a document that contains, statements to the effect that—

(a) Allotments of the specified securities will be made in the manner prescribed by or under the law of the specified country concerned; and

(b) A specified issuer is not subject in all respects to New Zealand law; and

(c) A contract in respect of specified securities may not be enforceable in New Zealand courts; and

(d) The law applying in New Zealand to the regulation of securities and the rights and remedies available to holders of securities may differ from the law applying to the regulation of the specified securities and to the rights and remedies available to holders of those securities; and

(e) Investors should satisfy themselves as to the tax implications of investing in specified securities; and

(f) Investing in specified securities may carry with it a currency exchange risk; and

(g) The financial reporting requirements applying in New Zealand and those applying to the specified issuer may be different, and the financial statements of the specified issuer may not be compatible in all respects with financial statements prepared in accordance with New Zealand law; and

(h) No disclosure documents relating to the specified securities have been registered in New Zealand under New Zealand law.

(3) The exemption granted by subclause (1) is subject to the further conditions that—

(a) At the same time as offers of the specified securities are made or are open for acceptance in New Zealand, offers of debt securities issued by a specified issuer as part of the Merrill Lynch CMA International Financial Service are also made or are open for acceptance in the specified country concerned in accordance with the law of that specified country; and

(b) At the time an offer of the specified securities is made or is open for acceptance in New Zealand, the specified issuer making the offer is subject to prudential supervision by the central bank, or to

equivalent prudential supervision by a governmental regulatory authority, of the specified country concerned.

Dated at Wellington this 22nd day of September 1999.

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

[L.S.]

E. H. ABERNETHY,
Chairman.

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*, exempts, on certain conditions, Merrill Lynch (New Zealand) Limited and others from various provisions of the Securities Act 1978 and Securities Regulations 1983 in respect of debt securities issued as part of the Merrill Lynch CMA International Financial Service.

This notice expires on 30 September 2004.

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

Date of notification in *Gazette*: 23 September 1999.

This notice is administered in the Securities Commission.