



THE SECURITIES ACT (RIGHTS, OPTIONS AND CONVERTIBLE SECURITIES) EXEMPTION NOTICE 1987

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

NOTICE

1. Title and commencement—(1) This notice may be cited as the Securities Act (Rights, Options and Convertible Securities) Exemption Notice 1987.

(2) Except as provided in subclause (3) of this clause, this notice shall come into force on the day after the date of its notification in the *Gazette*.

(3) Clauses 4 and 5 of this notice shall come into force on the 1st day of March 1988.

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

“The Act” means the Securities Act 1978:

“The Regulations” means the Securities Regulations 1983:

“Share warrant” means a share warrant within the meaning of section 93 of the Companies Act 1955.

(2) Any term or expression which is not defined in this notice, but which is defined in the Act or the Regulations, shall have the meaning given to it by the Act or the Regulations.

3. Offers and allotments made pursuant to options, share warrants, convertible notes and preference shares exempt from certain provisions of Securities Act 1978—(1) Subject to subclause (2) of this clause, every person is exempted from compliance with the provisions of sections 33 (1), 37, and 37A of the Act in respect of any offer of equity securities which are, or are to be, allotted pursuant to the terms of, or the exercise by any person of a right conferred by, any option, share warrant, convertible note or preference share which has previously been allotted.

(2) The exemption granted by subclause (1) of this clause is subject to the conditions that—

(a) The option, share warrant, convertible note or preference share has been offered and allotted under and in accordance with the

terms of a registered prospectus complying with the Act and the Regulations; and

- (b) The registered holder of the option, share warrant, convertible note or preference share has been given, before allotment of the equity securities and before the exercise of any right conferred by the option, share warrant, convertible note or preference share, a copy of an audited consolidated balance sheet as at the end of, and an audited consolidated profit and loss account for, the most recently completed accounting period of the issuing group, which give a true and fair view of the state of affairs and results thereof, in the case of any company, in accordance with the provisions relating to group accounts contained in the Companies Act 1955 and in the case of any other body corporate, in accordance with the provisions of any enactment to which that body corporate is subject; and
- (c) The date of allotment of securities made pursuant to the terms of, or the exercise of any right conferred by, the option, share warrant, convertible note or preference share, is not more than 9 months after the date of the balance sheet referred to in paragraph (b) of this subclause.

(3) Nothing in this clause shall apply in respect of any offer made before the 1st day of March 1988 of equity securities which are, or are to be, allotted pursuant to the terms of, or the exercise by any person of a right conferred by, any option, share warrant, convertible note or preference share which has been allotted before the date on which this notice comes into force.

4. Offers and allotments made pursuant to rights issue exempt from certain provisions of Securities Act 1978—Every person is exempted from compliance with the provisions of section 37A (1) (a) to (d) of the Act in respect of any allotment of securities to any subscriber for those securities in whose favour an offer of those securities (being an offer of securities to which regulation 4 (1) (a) of the Regulations applies) has been renounced.

5. Revocation—The Securities Act (Rights, Options and Convertible Securities) Exemption Notice 1984* is hereby revoked.

Dated at Wellington this 10th day of August 1987.

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

[L.S.]

C. I. PATTERSON,
Chairman.

EXPLANATORY NOTE

This note is not part of the notice, but is intended to indicate its general effect.

Clause 3 is in similar terms to clause 3 of the Securities Act (Rights, Options and Convertible Securities) Exemption Notice 1984. It exempts issuers from compliance with sections 33 (1), 37, and 37A of the Securities Act 1978 in respect of offers and allotments of equity securities which are made pursuant to previously allotted options, share warrants, convertible notes or preference shares. The exemption granted by clause 3 of the Securities Act (Rights, Options and Convertible Securities) Exemption Notice 1984 is unconditional whereas the exemption granted by *clause 3* is subject to the conditions that—

- (a) The option, share warrant, convertible note or preference share has been offered and allotted under and in accordance with a registered prospectus complying with the Securities Act 1978 and the Securities Regulations 1983:
- (b) The holder of the option, share warrant, convertible note or preference share has, before allotment and the exercise of any right conferred by the option, share warrant, convertible note or preference share, been given a copy of an audited consolidated balance sheet as at the end of, and an audited consolidated profit and loss account for, the most recently completed accounting period of the issuing group, which give a true and fair view of the state of affairs and results thereof, in the case of any company, in accordance with the provisions relating to group accounts contained in the Companies Act 1955, and in the case of any other body corporate, in accordance with any enactment to which it is subject:
- (c) The date of allotment is not more than 9 months after the date of that balance sheet.

Clause 3 does not apply in the case of offers made before 1 March 1988 of equity securities which are, or are to be allotted, pursuant to the terms of, or the exercise by any person of a right conferred by any option, share warrant, convertible note or preference share which has been allotted before the date on which the notice comes into force. The Securities Act (Rights, Options and Convertible Securities) Exemption Notice 1984 will continue to apply in such cases.

Clause 4 is in the same terms as clause 4 of the Securities Act (Rights, Options and Convertible Securities) Exemption Notice 1984. It exempts issuers from compliance with the provisions of section 37A (1) (a) to (d) of the Securities Act 1978 in respect of allotments of securities to subscribers of the securities in whose favour an offer of those securities (being an offer to which regulation 4 (1) (a) of the Securities Regulations 1983 applies) has been renounced. *Clause 4* comes into force on 1 March 1988.

Clause 5 revokes the Securities Act (Rights, Options and Convertible Securities) Exemption Notice 1984 with effect from 1 March 1988.

Issued under the authority of the Regulations Act 1936.
Date of notification in *Gazette*: 13 August 1987.
This notice is administered in the Securities Commission.