



Securities Act (Building Societies) 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 (Building Societies) 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 (Building Societies) Exemption Notice 2002.

4 Expiry

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

5 Interpretation

- (1) Clause 4(1) is amended by inserting the following definition in its appropriate alphabetical order:

“**rights prospectus** means a registered prospectus issued by a designated building society that relates only to an offer of specified participatory securities made by the society to persons who already hold specified participatory securities or preference shares of the society, whether or not the offer is renounceable in favour of any other person”.

- (2) Clause 4(2)(b) is amended by omitting “clauses 7 and 8” and substituting “the definition of rights prospectus and clauses 7 to 8A”.

6 Exemption for specified participatory securities defined in clause 4(2)(b)

- (1) The heading to clause 7 is amended by omitting “**Exemption**” and substituting “**Exemptions**”.

- (2) Clause 7(1) is amended by omitting “clause 8” and substituting “clauses 8 and 8A”.

- (3) Clause 7 is amended by adding the following subclause:

“(3) Every designated building society and every person acting on its behalf are exempted from sections 33(3) and 53 to 53F of the Act and regulations 3(3) and 7A(1) of the Regulations in respect of specified participatory securities offered under a rights prospectus.”

7 Conditions of exemption under clause 7(2)

Clause 8(a) is amended by inserting “society” after “designated building”.

8 New clause 8A inserted

The following clause is inserted after clause 8:

“8A Conditions of exemption under clause 7(3)

The exemption in clause 7(3) is subject to the conditions—

- “(a) that the designated building society complies with sections 53 to 53F of the Act as if the specified participatory securities were equity securities; and
- “(b) that a copy of the most recent annual financial statements of the designated building society laid before the designated building society at its annual general meeting in accordance with section 91(2) of the Building Societies Act 1965, and a copy of all reports required by that Act to be annexed or attached to those financial statements,—
 - “(i) have previously been given or sent to the persons who were, at the time those financial statements were given or sent, holders of specified participatory securities or preference shares of the designated building society; or
 - “(ii) are attached to every rights prospectus given or sent to any person under the Act; and
- “(c) that all of the following matters are stated or contained in every rights prospectus:
 - “(i) the matters specified in clauses 1, 9, 19(1), and 21 of Schedule 1 of the Regulations as if the specified participatory securities were equity securities;
 - “(ii) the date of the statement of financial position included in the financial statements referred to in paragraph (b):
 - “(iii) the place or places where copies of the financial statements and reports referred to in paragraph (b) can be obtained free of charge by any person to whom an offer of specified participatory securities is made:
 - “(iv) a statement by the directors of the designated building society as to whether, after due inquiry by them in relation to the period between the date referred to in subparagraph (ii) and the specified

date, there have, in their opinion, arisen any circumstances that materially adversely affect—

“(A) the trading or profitability of the designated building society; or

“(B) the value of its assets; or

“(C) the ability of the designated building society to pay its liabilities due within the next 12 months; and

“(d) that every investment statement that relates to the specified participatory securities contains all of the information, statements, and other matters specified in Schedule 3D of the Regulations that are applicable as if the specified participatory securities were equity securities.”

9 Schedule amended

- (1) The Schedule is amended by omitting the item relating to Ashburton Building Society and substituting the following item: “Canterbury Building Society”.
- (2) The Schedule is amended by omitting the item relating to SMC Building Society.

10 Revocation

The Securities Act (Canterbury Building Society) Exemption Notice 2004 (SR 2004/244) is revoked.

Dated at Wellington this 18th day of September 2007.

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

[Seal]

J Diplock,
Chairperson.

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 (Building Societies) Exemption Notice 2002 (the **principal notice**); and
- revokes the Securities Act (Canterbury Building Society) Exemption Notice 2004.

The main effect of the amendments to the principal notice is to exempt, subject to conditions, a designated building society from sections 33(3) and 53 to 53F of the Securities Act 1978 and regulations 3(3) and 7A(1) of the Securities Regulations 1983 in respect of a registered prospectus that relates only to an offer of certain building society shares to members who already hold shares of the designated building society. The notice also—

- extends the expiry of the principal notice for 5 years; and
- amends the list of designated building societies named in the Schedule of the principal notice.

The Securities Commission considers that the amendments and revocation are appropriate because—

- it considers that the principal notice is based on sound policy and continues to be relied on by a number of building societies;
- building society shares are participatory securities in terms of the Securities Act 1978. However, the Commission recognises that some of those building society shares have the characteristics of equity securities. The principal notice allows a prospectus in respect of building society shares that have such characteristics to contain the information usually required in a prospectus for equity securities. The amendment to the principal notice extends the effect of the exemption to allow a prospectus or investment statement relating to a rights issue in respect of building society shares to contain similar disclosures to those required to be contained in a short form prospectus or investment statement for equity securities;
- the Commission considers this exemption should be available to all designated building societies rather than requiring each individual building society to seek an individual exemption:

- the Securities Act (Canterbury Building Society) Exemption Notice 2004 is no longer required, given the incorporation of the amendments into the principal notice:
- the amendments to the Schedule of the principal notice reflect changes to the relevant designated building societies that have occurred since the notice was given.

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

Date of notification in *Gazette*: 20 September 2007.

This notice is administered by the Securities Commission.
