



**SECURITIES ACT (EMPLOYEE SHARE PURCHASE SCHEMES)
EXEMPTION NOTICE 1997**

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 (Employee Share Purchase Schemes) Exemption Notice 1997.

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

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

“The Act” means the Securities Act 1978:

“Designated issuer” means a person named in the first column of Schedule 1:

“FRS-24” means the financial reporting standard known as Financial Reporting Standard No. 24—

(a) That has been approved under section 27 of the Financial Reporting Act 1993; and

(b) That comes into force on 1 July 1997:

“Listed company” means a company the equity securities of which are listed, or have been accepted for listing subject to completion of allotment procedures, on the official lists of the New Zealand Stock Exchange and in respect of which a right of quotation exists:

“The Regulations” means the Securities Regulations 1983:

“Specified unlisted company” means a company that is named or referred to in Schedule 2.

(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. Listed and specified unlisted companies exempt from certain provisions of the Securities Act 1978 and the Securities Regulations 1983—(1) Every listed company, every specified unlisted company, and every person acting on behalf of any or all of them are exempted from compliance with the provisions of—

- (a) Sections 37A (i) (e) and 37A (2) of the Act; and
- (b) Regulation 3 (1) of the Regulations in so far as that subclause requires a registered prospectus to contain the information, statements, certificates, and other matters specified in clauses 4 to 20, 22 to 38, and 40 to 42 of the First Schedule of the Regulations,—
 - in respect of any offer or allotment of equity securities of which the company is the issuer.
 - (2) That exemption is subject to the conditions that—
 - (a) The equity securities are both offered and allotted to a person who—
 - (i) Is an employee of the company or of any subsidiary of the company; or
 - (ii) Provides personal services (otherwise than as an employee) principally to the company or to a subsidiary of the company; and
 - (b) A copy of the most recent audited consolidated financial statements of the issuing group that comply with the Financial Reporting Act 1993—
 - (i) Has, before allotment of the equity securities, been given or sent to the person to whom the offer is made; or
 - (ii) Is attached to, or contained in, the registered prospectus given or sent to the person to whom the offer is made; and
 - (c) The registered prospectus states the place or places where copies of the items referred to in paragraph (b) can be obtained, free of charge, by any person to whom the offer is made.
 - (3) That exemption is subject to the further conditions, if the issuer is a specified unlisted company, that,—
 - (a) If the date of the offer is more than 9 months after the date of the most recent audited consolidated financial statements of the issuing group, a copy of the interim financial statements for the most recently completed financial half-year of the issuing group that comply with FRS-24, as if that financial reporting standard were in force,—
 - (i) Has, before allotment of the equity securities, been given or sent to the person to whom the offer is made; or
 - (ii) Is attached to, or contained in, the registered prospectus given or sent to the person to whom the offer is made; and
 - (b) The registered prospectus contains prominent statements that—
 - (i) The securities being offered are not quoted on the New Zealand Stock Exchange and subscribers may not be able to readily ascertain a market price for, or deal in, the securities; and
 - (ii) Describe any arrangements entered into by the company, or otherwise available, to facilitate dealing in the securities; and
 - (c) The holders of equity securities receive a copy of a statement containing a description of any circumstances—
 - (i) That have arisen during the period from the date of the issuing group's most recent audited consolidated financial statements and the date of the issuing group's interim financial

statements for the most recently completed financial half-year referred to in paragraph (a); and

- (ii) That materially affect the holders or their securities; and
- (d) Where, during the period from the date of the issuing group's most recent audited consolidated financial statements and the date of the issuing group's interim financial statements for the most recently completed financial half-year referred to in paragraph (a), the company or any person acting on its behalf—
 - (i) Is a party to, or will or may derive a material financial benefit from, any transaction relating to the offer of the equity securities; or
 - (ii) Has a material financial interest in another party to, or a person who will or may derive a material financial benefit from, any transaction relating to the offer of the equity securities; or
 - (iii) Is a trustee of another party to, or a person who will or may derive a material financial benefit from, any transaction relating to the offer of the equity securities; or
 - (iv) Is otherwise directly or indirectly materially interested in any transaction relating to the offer of the equity securities,—the holders of the equity securities are given a copy of a statement containing the following information:
 - (v) The names of the parties to the transaction and the date of the transaction; and
 - (vi) A brief description of the material terms of the transaction; and
 - (vii) The nature of the interest in the transaction; and
- (e) The registered prospectus states the place or places where copies of the items referred to in paragraph (a) can be obtained, free of charge, by any person to whom the offer is made.

4. Designated issuers exempt from certain provisions of the Securities Act 1978 and the Securities Regulations 1983—(1) Every designated issuer and every person acting on its behalf are exempted from compliance with the provisions of—

- (a) Sections 37A (1) (e) and 37A (2) of the Act; and
 - (b) Regulation 3 (1) of the Regulations in so far as that subclause requires a registered prospectus to contain the information, statements, certificates, and other matters specified in clauses 4 to 20, 22 to 38, and 40 to 42 of the First Schedule of the Regulations,—
- in respect of any offer or allotment of equity securities, or any option or right to acquire equity securities, in the company named or referred to opposite the name of the designated issuer in the second column of Schedule 1 made by the designated issuer.

(2) That exemption is subject to the conditions that—

- (a) The equity securities are, or the option or right to acquire the equity securities is, both offered and allotted to a person who—
 - (i) Is an employee of the company or of any subsidiary of the company; or
 - (ii) Provides personal services (otherwise than as an employee) principally to the company or to a subsidiary of the company; and
- (b) A copy of the most recent audited consolidated financial statements of the company that comply with the Financial Reporting Act 1993—

- (i) Has, before allotment of the equity securities or the option or right to acquire the security, been given or sent to the person to whom the offer is made; or
 - (ii) Is attached to, or contained in, the registered prospectus given or sent to the person to whom the offer is made; and
- (c) A copy of the most recent audited consolidated financial statements of the designated issuer that comply with the Financial Reporting Act 1993 is available at the request of any person to whom the offer is made; and
- (d) The registered prospectus states the place or places where copies of the items referred to in paragraphs (b) and (c) can be obtained, free of charge, by any person to whom the offer is made.
- (3) That exemption is subject to the further conditions, if the company named or referred to opposite the name of the designated issuer in the second column of Schedule 1 is a company other than a listed company, that,—
- (a) If the date of the offer is more than 9 months after the date of the most recent audited consolidated financial statements of the company, a copy of the consolidated interim financial statements for the most recent financial half-year of the company that comply with FRS-24, as if that financial reporting standard were in force,—
- (i) Has, before allotment of the equity securities or the option or right to acquire the equity securities, been given or sent to the person to whom the offer is made; or
 - (ii) Is attached to, or contained in, the registered prospectus given or sent to the person to whom the offer is made; and
- (b) The registered prospectus contains prominent statements that—
- (i) The securities being offered are not quoted on the New Zealand Stock Exchange and subscribers may not be able to readily ascertain a market price for, or deal in, the securities; and
 - (ii) Describe any arrangements entered into by the company, or otherwise available, to facilitate dealing in the securities; and
- (c) The holders of equity securities receive a copy of a statement containing a description of any circumstances—
- (i) That have arisen during the period from the date of the company's most recent audited consolidated financial statements and the date of the company's consolidated interim financial statements for the most recently completed financial half-year referred to in paragraph (a); and
 - (ii) That materially affect the holders or their securities; and
- (d) Where, during the period from the date of the company's most recent audited consolidated financial statements and the date of the company's consolidated interim financial statements for the most recently completed financial half-year referred to in paragraph (a), the company or any person acting on its behalf—
- (i) Is a party to, or will or may derive a material financial benefit from, any transaction relating to the offer of the equity securities; or
 - (ii) Has a material financial interest in another party to, or a person who will or may derive a material financial benefit from, any transaction relating to the offer of the equity securities; or
 - (iii) Is a trustee of another party to, or a person who will or may derive a material financial benefit from, any transaction relating to the offer of the equity securities; or

- (iv) Is otherwise directly or indirectly materially interested in any transaction relating to the offer of the equity securities,—the holders of the equity securities are given a copy of a statement containing the following information:
- (v) The names of the parties to the transaction and the date of the transaction; and
- (vi) A brief description of the material terms of the transaction; and
- (vii) The nature of the interest in the transaction; and
- (e) The registered prospectus states the place or places where copies of the items referred to in paragraph (a) can be obtained, free of charge, by any person to whom the offer is made.

5. Revocation—The Securities Act (Employee Share Purchase Schemes) Exemption Notice 1995* is revoked.

*S.R. 1995/108

SCHEDULES

Cls. 2, 4

SCHEDULE 1

The Trustees of the Fletcher Challenge Limited Employee Share Purchase Schemes	Fletcher Challenge Limited
The Trustees of the New Zealand Wool Services International Limited Employee Share Purchase Scheme	New Zealand Wool Services International Limited

Cl. 2

SCHEDULE 2

New Zealand Wool Services International Limited

Dated at Wellington this 19th day of March 1997.

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*, replaces the Securities Act (Employee Share Purchase Schemes) Exemption Notice 1995.

The principal difference between this notice and the Securities Act (Employee Share Purchase Schemes) Exemption Notice 1995 is that this notice also applies in respect of offers or allotments of—

- (a) Equity securities issued by unlisted companies named in Schedule 2; and
- (b) Equity securities (including options or rights to acquire equity securities) in the unlisted company named opposite a designated issuer in Schedule 1.

The effect of the notice is to continue to exempt, subject to conditions, from certain provisions of the Securities Act 1978 and the Securities Regulations 1983—

- (a) Companies whose equity securities are listed on the New Zealand Stock Exchange in respect of offers of equity securities made to employees of, and persons who provide personal services to, those companies or their subsidiaries; and
- (b) A designated issuer named in Schedule 1 in respect of offers of equity securities or options or rights to acquire equity securities in the listed company named opposite that designated issuer in Schedule 1 made to employees of, and persons who provide personal services to, that company or its subsidiaries.

The notice also exempts, subject to conditions, from the same provisions of the Act and the Regulations—

- (a) Unlisted companies named in Schedule 2 in respect of offers of equity securities made to employees of, and persons who provide personal services to, those companies or their subsidiaries; and
- (b) A designated issuer named in Schedule 1 in respect of offers of equity securities or options or rights to acquire equity securities in the unlisted company named opposite that designated issuer in Schedule 1 made to employees of, and persons who provide personal services to, that company or its subsidiaries.

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

Date of notification in *Gazette*: 21 March 1997.

This notice is administered in the Securities Commission.