



**THE SECURITIES ACT (CREDIT UNIONS) EXEMPTION NOTICE
1995, AMENDMENT NO. 2**

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 (Credit Unions) Exemption Notice 1995, Amendment No. 2, and shall be read together with and deemed part of the Securities Act (Credit Unions) Exemption Notice 1995* (hereinafter referred to as the principal notice).

(2) Except as provided in subclauses (3) and (4) of this clause, this notice shall come into force on the day after the date of its notification in the *Gazette*.

(3) Clauses 2 (1) and 4 of this notice shall come into force on the 1st day of January 1997.

(4) Subclauses (2) and (3) of clause 2 of this notice shall come into force on the 28th day after the date of the notification of this notice in the *Gazette*.

2. Credit unions exempt from certain provisions of the Securities Act 1978 and regulation 10 of the Securities Regulations 1983—

(1) Clause 3 (2) (a) of the principal notice is hereby amended by omitting the words “an auditor” in the first place where they appear, and substituting the words “a member of the New Zealand Society of Accountants who holds a certificate of public practice and who is”.

(2) Clause 3 of the principal notice is hereby amended by revoking subclauses (3) and (4) (as amended by clause 2 of the Securities Act (Credit Unions) Exemption Notice 1995, Amendment No. 1), and substituting the following subclauses:

“(3) Subject to subclauses (4) and (4A) of this clause, every credit union, and every person acting on its behalf, is exempted from compliance with the provisions of sections 37A (1) (a) to (d) and 38 (a) and (b) of the Act and regulation 10 of the Regulations in respect of any offer of debt securities of which the credit union is the issuer.

“(4) The exemption granted by subclause (3) of this clause is subject to the following terms and conditions:

“(a) That the credit union provides, free of charge at the request of any person made at any time, a copy of the most recent registered prospectus that relates to the debt securities; and

“(b) That every authorised advertisement distributed by or on behalf of the credit union contains a statement to the effect that copies of the registered prospectus referred to in paragraph (a) of this subclause are available, free of charge, upon request; and

“(c) That at the date of allotment, the registered prospectus is not known by the credit union, or any director of the credit union, to be false or misleading in a material particular by reason of failing to refer, or give proper emphasis to adverse circumstances (whether or not the registered prospectus became so misleading as a result of circumstances occurring after the date of the registered prospectus).

“(4A) The exemption granted by subclause (3) of this clause is subject, in the case of Te Teko District Family Credit Union, to the additional condition that no allotment of any such debt securities is made to a subscriber who is not, and who has not previously been, the holder of debt securities issued by the credit union, unless the subscriber has, before subscribing for the securities, been given or sent a copy of the most recent registered prospectus relating to the offer of the securities.”

(3) Clause 2 of the Securities Act (Credit Unions) Exemption Notice 1995, Amendment No. 1 is hereby consequentially revoked.

(4) Clause 3 of the principal notice is hereby amended by adding, the following subclause:

“(5) Every credit union, and every person acting on its behalf, is exempted from compliance with the provisions of section 37A (1) (f) of the Act in respect of any offer of debt securities of which the credit union is the issuer.”

3. Credit unions exempt from clauses 1 (3) and 11 of Second Schedule to the Securities Regulations 1983—The principal notice is hereby amended by inserting, after clause 4, the following clause:

“4A. Every credit union, and every person acting on its behalf, is exempted from compliance with the provisions of clauses 1 (3) and 11 of the Second Schedule in respect of any offer of debt securities of which the credit union is the issuer.”

4. Credit unions exempt from clause 36 (1) of Second Schedule to Securities Regulations 1983—Clause 6 (2) (a) of the principal notice is hereby amended by omitting and substituting the words “an auditor” in the first place where they appear, and substituting the words “a member of the New Zealand Society of Accountants who holds a certificate of public practice and who is”.

Dated at Wellington this 30th day of May 1996.

The Common Seal of the Securities Commission was hereunto 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 amends the Securities Act (Credit Unions) Exemption Notice 1995.

Except for *clause 2 (1), (2) and (3)* and *clause 4*, the notice comes into force on the day after the date of its notification in the *Gazette*.

Clause 2 (1) and *clause 4* come into force on 1 January 1997.

Clause 2 (2) and (3), which relate to a particular credit union, come into force on the 28th day after the date of the notification of the notice in the *Gazette*.

Clause 2 (1) amends *clause 3 (2) (a)* of the principal notice. The effect of the amendment is to require, as a condition of the exemption from the trustee and trust deed requirements of the Securities Act 1978, that the accounting records of credit unions are audited at least every 6 months by a member of the New Zealand Society of Accountants who holds a certificate of public practice and who is qualified for appointment as an auditor of a credit union.

Clause 2 (2) adds, in the case of a particular credit union (the Te Teko District Family Credit Union), a further condition to the exemption contained in *clause 3 (3)* of the principal notice. The effect of the condition is that the credit union will be prevented from accepting subscriptions for debt securities from persons who have not previously subscribed for such securities unless those persons have been given a current registered prospectus before subscribing for the securities.

Clause 2 (3) is consequential.

Clause 2 (4) exempts credit unions from *section 37A (1) (f)* of the Securities Act 1978 in respect of offers of debt securities.

Section 37A (1) (f) prohibits the allotment of securities if the total amount of securities allotted under a registered prospectus would exceed the amount stated in the prospectus as the maximum amount to be allotted.

Clause 3 exempts credit unions from *clauses 1 (3) and 11* of the Second Schedule to the Securities Regulations 1983 in the case of offers of debt securities.

Clause 1 (3) of the Second Schedule requires the registered prospectus to state the maximum amount of securities being offered.

Clause 11 of the Second Schedule requires the registered prospectus to state particulars of the issue expenses.

Clause 4 amends *clause 6 (2) (a)* of the principal notice in terms similar to the amendment to *clause 3 (2) (a)* made by *clause 2 (1)* of this notice. The effect of the amendment is that the auditor's report must be given by a member of the New Zealand Society of Accountants who holds a certificate of public practice and who is qualified for appointment as an auditor of a credit union.

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

Date of notification in *Gazette*: 6 June 1996.

This notice is administered in the Securities Commission.