



Securities Act (New Zealand Exchange Limited) Exemption Notice 2003

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

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Notice

1 Title

This notice is the Securities Act (New Zealand Exchange Limited) Exemption Notice 2003.

2 Commencement

This notice comes into force on its notification in the *Gazette*.

3 Expiry

This notice expires on 30 June 2004.

4 Interpretation

- (1) In this notice, unless the context otherwise requires,—
Act means the Securities Act 1978

new shares means the shares that will be offered as part of the offer

new IPO shares means the new shares other than the new shares that will be issued on the exercise of renounceable rights offered to existing NZX shareholders

NZSE means the New Zealand Stock Exchange established by section 3 of the Sharebrokers Amendment Act 1981

NZX means New Zealand Exchange Limited

NZX option plan means NZX's plan under which certain NZX employees may be allotted options to acquire shares in NZX

offer means a proposed offer by NZX that will comprise—

- (a) the issue to existing NZX shareholders of renounceable rights to new shares; and
- (b) the offer of new shares in NZX to the public

offer document means the combined prospectus and investment statement in relation to the offer that is, or will be, registered in or about June 2003

options means options that have been, or may be, issued under the NZX option plan

Regulations means the Securities Regulations 1983.

- (2) Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this notice has the same meaning as in the Act or the Regulations.

5 Exemption from regulation 23 of Regulations

NZX and every person acting on its behalf are exempted from regulation 23 of the Regulations in respect of the new shares.

6 Condition of exemption in clause 5

The exemption in clause 5 is subject to the condition that the offer document, where it refers to an application for listing NZX's shares on its market, must contain the following statement:

Application has been made to the Special Division of the Market Surveillance Panel of NZX for permission to list the Rights, the existing Shares and the Shares being offered. The listing requirements of NZX that can be complied with on or

before the date of this Offer Document have been duly complied with. However, the Special Division accepts no responsibility for any statement in this Offer Document.

7 Exemption from clause 1(4) of First Schedule of Regulations

NZX and every person acting on its behalf are exempted from clause 1(4) of the First Schedule of the Regulations in respect of the new IPO shares.

8 Condition of exemption in clause 7

The exemption in clause 7 is subject to the condition that the offer document must—

- (a) describe the procedure for fixing the subscription price of the new IPO shares, including the indicative price range of the new IPO shares; and
- (b) state whether NZX reserves the right to set a subscription price outside the indicative price range; and
- (c) describe the factors that may be taken into account in fixing the subscription price for the new IPO shares; and
- (d) state when the subscription price is expected to be fixed; and
- (e) state how an investor may ascertain the subscription price for the new IPO shares once fixed; and
- (f) describe how new IPO shares will be allocated.

9 Exemption from clause 8 of First Schedule of Regulations

NZX and every person acting on its behalf are exempted from clause 8 of the First Schedule of the Regulations in respect of the new shares.

10 Condition of exemption in clause 9

The exemption in clause 9 is subject to the condition that the offer document must—

- (a) contain the information specified in clause 8(1) to (3) of the First Schedule of the Regulations (but not the information specified in clause 8(3)(b)(v)) for each of the 5 consecutive accounting periods of NZSE before 31 December 2002 as if the term “New Zealand Stock

- Exchange” were substituted for the term “group” wherever it appears in clause 8(1) to (3); and
- (b) include the statements specified in clause 8(4) and (4A) of the First Schedule of the Regulations, to the extent that they apply to the information required by paragraph (a); and
 - (c) include, for each of the accounting periods referred to in paragraph (a), amounts showing the net tangible asset backing per NZX share on issue as at 31 December 2002, as if these were notional units of securities in NZSE; and
 - (d) contain the information required by clause 8(5) of the First Schedule of the Regulations, calculated as if the number of new shares on which the assumptions are based are calculated by reference to the maximum number of new shares that would be issued if the subscription price of the new IPO shares was at the high-point, the mid-point, and the low-point of the indicative price range stated in the offer document.

11 Exemption from clauses 13(a)(ii), 13(a)(iii), and 13(b)(ii) of First Schedule of Regulations

NZX and every person acting on its behalf are exempted from clauses 13(a)(ii), 13(a)(iii), and 13(b)(ii) of the First Schedule of the Regulations in respect of the new shares.

12 Conditions of exemption in clause 11

The exemption in clause 11 is subject to the condition that the offer document contains—

- (a) a description of the terms on which the options are to be issued; and
- (b) a description of the mechanism for determining the maximum number of options that may be issued under the NZX option plan; and
- (c) a description of the mechanism for determining the exercise price of the options.

13 Exemption from clauses 23 to 38 of First Schedule of Regulations

NZX and every person acting on its behalf are exempted from clauses 23 to 38 of the First Schedule of the Regulations in respect of the new shares.

14 Conditions of exemption in clause 13

The exemption in clause 13 is subject to the condition that the offer document contains or has attached—

- (a) audited financial statements for NZSE for the accounting period ended 31 December 2002 that meet the requirements of clauses 23 to 38 of the First Schedule of the Regulations; and
- (b) a statement of movements in members' funds for NZSE for the accounting period ended 31 December 2002; and
- (c) a description of the demutualisation of NZSE; and
- (d) a description of any difference in the accounting treatment of members' funds in NZSE (ie, before demutualisation) and the accounting treatment of shareholders' funds in NZX (ie, after demutualisation).

Dated at Wellington this 29th day of May 2003.

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

[L.S.]

J. Diplock,
Chairperson.

Explanatory note

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

This notice comes into force on its notification in the *Gazette* and expires on 30 June 2004.

The exemption is given to New Zealand Exchange Ltd (**NZX**, which was previously called NZSE Ltd, the successor to the New Zealand

Stock Exchange after the latter's demutualisation). It exempts NZX, subject to conditions, from regulation 23 of the Securities Regulations 1983 and clauses 1(4), 8, 13(a)(ii), 13(a)(iii), 13(b)(ii), and 23 to 38 of the First Schedule of the Regulations in relation to a public offer of shares in NZX. Because NZX was incorporated only on 31 December 2002, the conditions of the exemption require that NZX provide financial information about its predecessor the New Zealand Stock Exchange.

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

Date of notification in *Gazette*: 30 May 2003.

This notice is administered in the Securities Commission.
