

**Reprint  
as at 1 December 2013**



**Securities Act (Charitable and  
Religious Purposes) Exemption  
Notice 2003**

(SR 2003/66)

Securities Act (Charitable and Religious Purposes) Exemption Notice 2003:  
expired, on 1 December 2013, by clause 3.

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

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**Note**

Changes authorised by subpart 2 of Part 2 of the Legislation Act 2012 have been made  
in this reprint.

Note 4 at the end of this reprint provides a list of the amendments incorporated.

**This notice is administered by the Financial Markets Authority.**

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## Notice

- 1 Title**

This notice is the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003.
- 2 Commencement**

This notice comes into force on 1 April 2003.
- 3 Expiry**

This notice expires on the close of 30 November 2013.

Clause 3: amended, on 28 September 2012, by clause 3 of the Securities Act (Extension of Term, Amendment, and Transitional Provision) Exemption Notice 2012 (SR 2012/294).
- 4 Interpretation**
  - (1) In this notice, unless the context otherwise requires,—

**Act** means the Securities Act 1978

**charitable organisation** means a body corporate or unincorporate that is organised and subsisting, or carrying on business, exclusively for charitable, educational, religious, or recreational purposes; and includes a trade or professional union or association and a chamber of commerce

**excluded security** means a debt security that—

    - (a) is exempted under section 5(1) to (4) or section 6(1) of the Act; or
    - (b) is exempted from the application of sections 37 and 37A of the Act by virtue of an exemption notice granted under section 5(5) or 70B of the Act (other than this notice or any corresponding previous notice); or
    - (c) has not been offered in an offer of securities to the public

**Regulations** means the Securities Regulations 2009

**religious organisation** means a charitable organisation that exists for religious purposes, whether or not it also exists for other purposes

**retirement village** means a complex that provides, or is intended to provide, residential accommodation and any of the following services for persons in their retirement:

- (a) management and administrative services:
- (b) gardening, repair, and maintenance services:
- (c) hospital, nursing, or medical services, including accommodation:
- (d) emergency and security services:
- (e) shops and other services for the provision of goods to the person:
- (f) laundry services:
- (g) the provision of meals:
- (h) services or facilities for the recreation or entertainment of the person:
- (i) other services or facilities for the care or benefit of the person

**school board of trustees** has the same meaning as in section 7(1)(d) of the Crown Entities Act 2004.

- (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.

Clause 4(1) **charitable organisation**: substituted, on 23 May 2003, by clause 3 of the Securities Act (Charitable and Religious Purposes) Exemption Amendment Notice 2003 (SR 2003/109).

Clause 4(1) **excluded security** paragraph (b): amended, on 28 September 2012, by clause 3 of the Securities Act (Extension of Term, Amendment, and Transitional Provision) Exemption Notice 2012 (SR 2012/294).

Clause 4(1) **Regulations**: amended, on 28 September 2012, by clause 3 of the Securities Act (Extension of Term, Amendment, and Transitional Provision) Exemption Notice 2012 (SR 2012/294).

Clause 4(1) **school board of trustees**: added, on 13 April 2007, by clause 4 of the Securities Act (Charitable and Religious Purposes) Exemption Amendment Notice 2007 (SR 2007/94).

## 5 Exemption for debt securities

- (1) Subject to subclause (2), every charitable organisation and every person acting on its behalf are exempted from sections

33(2), 37, and 37A of the Act and regulation 30 of the Regulations in respect of any debt securities.

- (2) The exemption in subclause (1) from section 33(2) of the Act does not apply in respect of an issuer that offers debt securities for allotment to school boards of trustees on the basis of an approval granted by the Ministers of Education and Finance under the Crown Entities Act 2004 that is conditional upon the charitable organisation complying with section 33(2) of the Act or otherwise having a trust deed and trustee under the Act.

Clause 5: substituted, on 13 April 2007, by clause 5 of the Securities Act (Charitable and Religious Purposes) Exemption Amendment Notice 2007 (SR 2007/94).

Clause 5(1): amended, on 28 September 2012, by clause 3 of the Securities Act (Extension of Term, Amendment, and Transitional Provision) Exemption Notice 2012 (SR 2012/294).

**6 Condition of exemption for debt securities issued by religious organisations exclusively for religious purposes**

The exemption in clause 5 is subject, in the case of debt securities issued by a religious organisation exclusively for religious purposes, to the condition that every subscriber for the security must receive, before subscribing for the security, an information document relating to the security that contains the information set out in clause 8.

**7 Conditions of exemption for debt securities issued for other charitable purposes**

The exemption in clause 5 is subject, in the case of debt securities other than securities issued by a religious organisation exclusively for religious purposes, to the conditions that—

- (a) every subscriber for the security must receive, before subscribing for the security, an information document relating to the security that contains the information set out in clause 8; and
- (b) at the time of the offer of those debt securities, the aggregate amount of the principal sums owing under outstanding debt securities (not being excluded securities or debt securities issued by a religious organisation exclusively for religious purposes) allotted by that organ-

- isation, and by any associated person of that organisation, must not exceed \$2,000,000; and
- (c) in the case of all issuers other than those named in the Schedule, no allotment of the debt securities is made if the aggregate amount of the principal sums that would be owing under outstanding debt securities (not being excluded securities or debt securities issued by a religious organisation exclusively for religious purposes) allotted by that organisation, and by any associated person of that organisation, during the 12-month period ending immediately after the proposed allotment would exceed \$500,000.

## 8 Information document

The information document referred to in clauses 6 and 7 must contain the following:

- (a) a prominent statement at the front of the document in the following form:

### “Important Notice

Prospective investors are advised that [*name of specified body*], in making this offer of securities, is not subject to the normal requirements to have a registered prospectus and an investment statement under the Securities Act 1978. This is because a general exemption from those requirements has been granted to all charitable organisations. The Financial Markets Authority has not examined or approved this particular offer.

Accordingly, the risks associated with this investment may not be as fully disclosed in this document as they would be in an investment statement and registered prospectus.

The general exemption was granted on the basis that prospective investors in charitable organisations are not necessarily seeking a commercial return, but instead wish to support the [*charitable/religious*] purposes of the charitable organisation. The particular [*charitable/religious*] purposes of [*name of specified body*] are discussed in this document.

If the return sought is important to you, you should consider seeking investment advice.”; and

- (b) the information required by clauses 2, 9, 10, 11, and 12 of Schedule 13 of the Regulations; and
- (c) a description of the charitable or religious purposes for which the money paid by subscribers will be used; and
- (d) the terms and conditions of the offer of the security; and
- (e) any other information that is material to the offer of the security; and
- (f) a statement that it is a term of the offer of the debt securities that, on the request of the offeree, the charitable organisation must send, or cause to be sent, without fee and within 5 working days of receiving the request, to that offeree a copy of the most recent audited financial statements of the organisation that comply with the Financial Reporting Act 1993.

Clause 8(a): amended, on 28 September 2012, by clause 3 of the Securities Act (Extension of Term, Amendment, and Transitional Provision) Exemption Notice 2012 (SR 2012/294).

Clause 8(b): amended, on 28 September 2012, by clause 3 of the Securities Act (Extension of Term, Amendment, and Transitional Provision) Exemption Notice 2012 (SR 2012/294).

## **9 Exemption for participatory securities**

- (1) Every charitable organisation and every person acting on its behalf are exempted from sections 33(3), 37, and 37A of the Act and regulation 30 of the Regulations in respect of any participatory securities of which that organisation is the issuer if, by the terms of the constitution, rules, or other document or instrument constituting or defining the constitution of that organisation or scheme, or governing the conduct of its affairs,—
  - (a) the holders of those securities do not have any interest or right to participate in any capital, assets, earnings, royalties, or other property of that organisation or scheme other than the rights listed in subclause (2); and
  - (b) the liability of the holders of those securities to make any payments to, or on behalf of, that organisation or scheme is limited to the amount of the fees or subscriptions that may be approved by a majority of the holders

of participatory securities of that organisation or scheme in general meeting.

- (2) The rights listed for the purpose of subclause (1)(a) are all or any of the following:
- (a) a right to share pro rata with all other holders of participatory securities in a distribution of any capital, assets, earnings, royalties, or other property of that organisation or scheme on a liquidation or winding up of that organisation;
  - (b) a right to use or enjoy any assets or other property of that organisation or scheme;
  - (c) a right to vote at any meeting of the holders of participatory securities.

Clause 9(1): amended, on 28 September 2012, by clause 3 of the Securities Act (Extension of Term, Amendment, and Transitional Provision) Exemption Notice 2012 (SR 2012/294).

## **10 Exemptions do not apply to retirement villages**

Nothing in this notice applies to—

- (a) a debt security that secures the security holder's right to repayment of any sum that is—
  - (i) paid for the security holder's right to accommodation and services in respect of a retirement village to which the debt security relates; and
  - (ii) that is repayable to the security holder as a result of the termination of that right to accommodation and services;
- (b) a participatory security that confers on the security holder the right to accommodation and services in respect of a retirement village to which the participatory security relates.

## **11 Securities Act (Charitable and Other Purposes) Exemption Notice 1997 amended**

*Amendment(s) incorporated in the notice(s).*

**12 Securities Act (Religious Organisations) Exemption  
Notice 1997 amended**

*Amendment(s) incorporated in the notice(s).*

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**Schedule**

cl 7(c)

**Charitable organisations excluded from  
financial cap in clause 7(c)**

**Manawatu Golf Club Incorporated**

Schedule Canterbury Development Corporation Limited: revoked, on 21 September 2007, by clause 3 of the Securities Act (Extension of Term, Amendment, and Revocation of Certain Exemptions) Exemption Notice 2007 (SR 2007/277).

Schedule Manawatu Golf Club Incorporated: added, on 19 June 2009, by clause 4 of the Securities Act (Charitable and Religious Purposes) Exemption Amendment Notice 2009 (SR 2009/171).

Schedule Ruapehu Alpine Lifts Limited: revoked, on 21 September 2007, by clause 3 of the Securities Act (Extension of Term, Amendment, and Revocation of Certain Exemptions) Exemption Notice 2007 (SR 2007/277).

Dated at Wellington this 26th day of March 2003.

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

[Seal]

J Diplock,  
Chairperson.

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Reprinted as at **Securities Act (Charitable and Religious  
1 December 2013 Purposes) Exemption Notice 2003**

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Issued under the authority of the Acts and Regulations Publication Act 1989.  
Date of notification in *Gazette*: 27 March 2003.

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## Reprints notes

### 1 *General*

This is a reprint of the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003 that incorporates all the amendments to that notice as at the date of the last amendment to it.

### 2 *Legal status*

Reprints are presumed to correctly state, as at the date of the reprint, the law enacted by the principal enactment and by any amendments to that enactment. Section 18 of the Legislation Act 2012 provides that this reprint, published in electronic form, will have the status of an official version once issued by the Chief Parliamentary Counsel under section 17(1) of that Act.

### 3 *Editorial and format changes*

Editorial and format changes to reprints are made using the powers under sections 24 to 26 of the Legislation Act 2012. See also <http://www.pco.parliament.govt.nz/editorial-conventions/>.

### 4 *Amendments incorporated in this reprint*

Securities Act (Extension of Term, Amendment, and Transitional Provision) Exemption Notice 2012 (SR 2012/294): clause 3

Securities Act (Charitable and Religious Purposes) Exemption Amendment Notice 2009 (SR 2009/171)

Securities Act (Extension of Term, Amendment, and Revocation of Certain Exemptions) Exemption Notice 2007 (SR 2007/277): clause 3

Securities Act (Charitable and Religious Purposes) Exemption Amendment Notice 2007 (SR 2007/94)

Securities Act (Charitable and Religious Purposes) Exemption Amendment Notice 2003 (SR 2003/109)

Securities Act (Charitable and Religious Purposes) Exemption Notice 2003 (SR 2003/66): clause 3

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