

**Reprint
as at 1 February 2010**



**Securities Act (Credit Unions)
Exemption Notice 2005**

(SR 2005/6)

Securities Act (Credit Unions) Exemption Notice 2005: expired, on 1 February 2010, by clause 3.

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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Note

Changes authorised by section 17C of the Acts and Regulations Publication Act 1989 have been made in this reprint.

A general outline of these changes is set out in the notes at the end of this reprint, together with other explanatory material about this reprint.

This notice is administered by the Securities Commission.

Notice

1 Title

This notice is the Securities Act (Credit Unions) Exemption Notice 2005.

2 Commencement

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

3 Expiry

This notice expires on the close of 31 January 2010.

4 Interpretation

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

Act means the Securities Act 1978

credit union means a credit union within the meaning of section 2 of the Friendly Societies and Credit Unions Act 1982

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

Every credit union and every person acting on its behalf are exempted, in respect of debt securities of which the credit union is the issuer, from—

- (a) section 37A(1)(d) of the Act and clauses 1(3) and 11 of Schedule 2 of the Regulations; and
- (b) sections 51 and 52 of the Act; and
- (c) section 54 of the Act; and
- (d) regulation 24 of the Regulations, in so far as that regulation deems clauses 1(2) and 3 of Schedule 5 of the Regulations to be contained in the trust deed relating to the debt securities.

6 Condition relating to certificates

The exemption in clause 5(c) is subject to the condition that the credit union sends, or causes to be sent, to each holder of debt

securities of which the credit union is the issuer, at any time on request and at least once every 6 months, a written statement that properly evidences the amount, nature, and ownership of all debt securities allotted by the credit union, whether before or after the date on which this notice comes into force, and held by the securities holder.

7 Condition relating to trust deed

The exemption in clause 5(d) is subject to the condition that the trust deed relating to the debt securities contains the following subclause and clause, in substitution for clause 1(2) and clause 3 of Schedule 5 of the Regulations:

- “(2) The trustee must exercise reasonable diligence to ascertain whether the assets of the borrowing group that are or may be available, whether by way of security or otherwise, are sufficient or likely to be sufficient for the credit union to meet its obligations to its members in accordance with—
- “(a) the rules of the credit union; and
 - “(b) the terms of the issue of the debt securities.

“3 Meetings

- “(1) At the request in writing of the trustee of not less than one-tenth of the number of members of the credit union, the issuer must summon a meeting of the members of the credit union for the purpose of—
- “(a) considering the financial statements of the issuer for its last preceding financial year; or
 - “(b) giving directions to the trustee in relation to the exercise of its powers.
- “(2) Every meeting summoned under subclause (1) must be summoned by sending by post a notice, specifying the time and place of the meeting, to every member of the credit union at his or her last known address not later than 14 days before the date of the proposed meeting. The meeting must be chaired by a person nominated by the trustee or by a person who is appointed to chair the meeting by the members of the credit union present at the meeting.”

Dated at Wellington this 25th day of January 2005.

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

[Seal]

C A N Beyer,
Member.

Statement of reasons

This notice, which comes into force on the day after the date of its notification in the *Gazette* and expires on 31 January 2010, renews the Securities Act (Credit Unions) Exemption Notice 2000 (SR 2000/9), which has expired. This notice is virtually identical to SR 2000/9, with only minor drafting changes.

The Securities Commission considers that it is appropriate to grant the exemptions contained in this notice because they are consistent with the policy of the previous exemptions granted to credit unions under SR 2000/9. There has been no change to the rationale for these exemptions. That rationale is—

- there is no maximum amount to be issued under any prospectus, as issues are continuous, and the imposition of an arbitrary maximum amount would not add to investor protection. Registered banks are already exempt from these requirements and it is consistent to grant a similar exemption for credit unions:
- credit unions are already required under the Friendly Societies and Credit Unions Act 1982 to maintain a register of members and to have it available for inspection. It is not necessary to duplicate these requirements under sections 51 and 52 of the Securities Act 1978 (the **Act**):

- the exemption from section 54 of the Act (requirement to issue certificates evidencing securities) is commonly available to continuous issuers. It relieves the compliance burden of sending an individual certificate for each deposit. The condition requires a statement to be issued to security holders every 6 months or on request:
- the exemption from regulation 24 of the Securities Regulations 1983 tailors the terms of trust deeds so that they better fit the circumstances of credit unions.

Issued under the authority of the Acts and Regulations Publication Act 1989.
Date of notification in *Gazette*: 27 January 2005.

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Notes**1 General**

This is a reprint of the Securities Act (Credit Unions) Exemption Notice 2005. The reprint incorporates all the amendments to the notice as at 1 February 2010, as specified in the list of amendments at the end of these notes.

Relevant provisions of any amending enactments that have yet to come into force or that contain relevant transitional or savings provisions are also included, after the principal enactment, in chronological order.

2 Status of reprints

Under section 16D of the Acts and Regulations Publication Act 1989, reprints are presumed to correctly state, as at the date of the reprint, the law enacted by the principal enactment and by the amendments to that enactment. This presumption applies even though editorial changes authorised by section 17C of the Acts and Regulations Publication Act 1989 have been made in the reprint.

This presumption may be rebutted by producing the official volumes of statutes or statutory regulations in which the principal enactment and its amendments are contained.

3 How reprints are prepared

A number of editorial conventions are followed in the preparation of reprints. For example, the enacting words are not included in Acts, and provisions that are repealed or revoked are omitted. For a detailed list of the editorial conventions,

see <http://www.pco.parliament.govt.nz/editorial-conventions/>
or Part 8 of the *Tables of New Zealand Acts and Ordinances
and Statutory Regulations and Deemed Regulations in Force*.

4 *Changes made under section 17C of the Acts and Regulations Publication Act 1989*

Section 17C of the Acts and Regulations Publication Act 1989 authorises the making of editorial changes in a reprint as set out in sections 17D and 17E of that Act so that, to the extent permitted, the format and style of the reprinted enactment is consistent with current legislative drafting practice. Changes that would alter the effect of the legislation are not permitted. A new format of legislation was introduced on 1 January 2000. Changes to legislative drafting style have also been made since 1997, and are ongoing. To the extent permitted by section 17C of the Acts and Regulations Publication Act 1989, all legislation reprinted after 1 January 2000 is in the new format for legislation and reflects current drafting practice at the time of the reprint.

In outline, the editorial changes made in reprints under the authority of section 17C of the Acts and Regulations Publication Act 1989 are set out below, and they have been applied, where relevant, in the preparation of this reprint:

- omission of unnecessary referential words (such as “of this section” and “of this Act”)
- typeface and type size (Times Roman, generally in 11.5 point)
- layout of provisions, including:
 - indentation
 - position of section headings (eg, the number and heading now appear above the section)
- format of definitions (eg, the defined term now appears in bold type, without quotation marks)
- format of dates (eg, a date formerly expressed as “the 1st day of January 1999” is now expressed as “1 January 1999”)
- position of the date of assent (it now appears on the front page of each Act)

- punctuation (eg, colons are not used after definitions)
- Parts numbered with roman numerals are replaced with arabic numerals, and all cross-references are changed accordingly
- case and appearance of letters and words, including:
 - format of headings (eg, headings where each word formerly appeared with an initial capital letter followed by small capital letters are amended so that the heading appears in bold, with only the first word (and any proper nouns) appearing with an initial capital letter)
 - small capital letters in section and subsection references are now capital letters
- schedules are renumbered (eg, Schedule 1 replaces First Schedule), and all cross-references are changed accordingly
- running heads (the information that appears at the top of each page)
- format of two-column schedules of consequential amendments, and schedules of repeals (eg, they are rearranged into alphabetical order, rather than chronological).

5 *List of amendments incorporated in this reprint
(most recent first)*

Securities Act (Credit Unions) Exemption Notice 2005 (SR 2005/6): clause 3
