

**Reprint
as at 1 November 2013**



**Securities Markets Act (Citigroup)
Exemption Amendment Notice
2008**

(SR 2008/366)

Securities Markets Act (Citigroup) Exemption Amendment Notice 2008:
expired, on 1 November 2013, pursuant to clause 3 of the Securities Markets
Act (Citigroup) Exemption Notice 2003 (SR 2003/364).

Pursuant to section 48B(1) of the Securities Markets Act 1988, the Securities Commission gives the following notice (to which is appended a statement of reasons of the Securities Commission).

Contents

	Page
1 Title	1
2 Commencement	2
3 Principal notice amended	2
4 Expiry	2
5 Exemption from sections 20 to 22 of Act	2
6 Conditions	2

Notice

- 1 Title**
This notice is the Securities Markets Act (Citigroup) Exemption Amendment Notice 2008.

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.

2 Commencement

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

3 Principal notice amended

This notice amends the Securities Markets Act (Citigroup) Exemption Notice 2003.

4 Expiry

Clause 3 is amended by omitting “31 October 2008” and substituting “31 October 2013”.

5 Exemption from sections 20 to 22 of Act

- (1) The heading to clause 5 is amended by omitting “20 to 22” and substituting “22 to 25”.
- (2) Clause 5 is amended by omitting “20 to 22” and substituting “22 to 25”.

6 Conditions

Clause 6(c) is amended by omitting “20 to 22” and substituting “22 to 25”.

Dated at Wellington this 2nd day of October 2008.

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

[Seal]

J Diplock,
Chairperson.

Statement of reasons

This notice, which comes into force on the day after the date of its notification in the *Gazette*, amends the Securities Markets Act (Citigroup) Exemption Notice 2003 (the **principal notice**).

This notice changes the expiry date of the principal notice from 31 October 2008 to 31 October 2013.

This notice also updates the references to sections of the Securities Markets Act 1988 that have changed because of amendments to that Act.

The Securities Commission considers that it is appropriate to amend the principal notice because—

- the Securities Markets Amendment Act 2006, which came into force on 29 February 2008, amended the substantial security holder regime in the Securities Markets Act 1988. To the extent relevant to this notice, the new regime is the same as the one in force before 29 February 2008. However, the amendments to the Securities Markets Act 1988 have meant that references to relevant sections in the principal notice need to be updated:
- the exemption in the principal notice should be extended because the reasons underlying its initial grant in 2003 remain applicable. Those reasons are that—
 - the contracts to which this exemption relates are equity swap financing transactions in which Citigroup entities act as intermediaries between an ultimate lender (the **counterparty**) and a client of a Citigroup entity. The transaction is not intended to allow the Citigroup entities to retain a beneficial interest in the securities, but rather requires them to transfer the securities between the parties at the beginning and end of the transaction:
 - the exemption applies only to a physically settled equity swap, where the client retains a relevant interest in the securities. This means that the client must comply with substantial security holder law:
 - the exemption does not apply if the client or the counterparty under the equity swap financing transaction is an associated person of a Citigroup entity. (This requirement does not prevent back-to-back agreements

between different Citigroup entities that are designed to facilitate the equity swap financing transaction, but does mean that the interlinked agreements must include agreements with an ultimate client, and an ultimate counterparty, who is not an associated person of a Citigroup entity):

- the conditions of the exemption mean that the Citigroup entity may exercise any right to vote attaching to the securities that are the subject of the equity swap financing transaction only by giving a proxy to the chairperson of the public issuer to exercise the vote as the chairperson thinks fit;
- the exemption includes an obligation on a Citigroup entity to inform the Commission if it believes that another party to a transaction should make disclosure under the Securities Markets Act 1988 as a result of the entering into of an equity swap financing transaction with the Citigroup entity.

Issued under the authority of the Acts and Regulations Publication Act 1989.
Date of notification in *Gazette*: 9 October 2008.

Reprints notes

1 *General*

This is a reprint of the Securities Markets Act (Citigroup) Exemption Amendment Notice 2008 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 Markets Act (Citigroup) Exemption Notice 2003 (SR 2003/364):
clause 3
