

**Reprint
as at 1 December 2016**



**Securities Act (Credit Unions) Exemption Notice 2010
(SR 2010/2)**

Securities Act (Credit Unions) Exemption Notice 2010: revoked, on the close of 30 November 2016,
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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Notice

1 Title

This notice is the Securities Act (Credit Unions) Exemption Notice 2010.

2 Commencement

This notice comes into force on 1 February 2010.

Note

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

3 Revocation

This notice is revoked on the close of 30 November 2016.

Clause 3: replaced, on 25 July 2014, by clause 3 of the Securities Act (Extension of Term) Exemption Notice 2014 (LI 2014/241).

4 Interpretation

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

1983 Regulations means the Securities Regulations 1983

2009 Regulations means the Securities Regulations 2009

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.

- (2) Any term or expression that is defined in the Act or the 2009 Regulations and used, but not defined, in this notice has the same meaning as in the Act or the 2009 Regulations.

5 Exemptions

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
- (b) *[Revoked]*
- (c) clauses 1(3) and 12 of Schedule 2 of the 2009 Regulations; and
- (d) sections 51 and 52 of the Act; and
- (e) section 54 of the Act; and
- (f) *[Revoked]*
- (g) regulation 40 of the 2009 Regulations in so far as that regulation deems clauses 1(2) and 3 of Schedule 15 of the 2009 Regulations to be contained in the trust deed relating to the debt securities.

Clause 5(b): revoked, on 1 January 2012, by clause 8.

Clause 5(f): revoked, on 1 January 2012, by clause 8.

6 Condition relating to certificates

The exemption in clause 5(e) is subject to the condition that the credit union must send, or cause 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 Conditions relating to trust deed

- (1) *[Revoked]*
- (2) The exemption in clause 5(g) is subject to the condition that the trust deed relating to the debt securities must contain—
 - (a) the subclause set out in Part 2 of the Schedule of these regulations in substitution for clause 1(2) of Schedule 15 of the 2009 Regulations; and
 - (b) the clause set out in Part 2 of the Schedule of these regulations in substitution for clause 3 of Schedule 15 of the 2009 Regulations.

Clause 7(1): revoked, on 1 January 2012, by clause 8.

8 Revocation

Clauses 5(b) and (f) and 7(1) and Part 1 of the Schedule of these regulations are revoked with effect from 31 December 2011.

Schedule
Conditions relating to trust deed

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Part 1

**New subclause and clause to be substituted in trust deed for clauses
1(2) and 3 of Schedule 5 of 1983 Regulations**

[Revoked]

Schedule Part 1: revoked, on 1 January 2012, by clause 8.

Part 2

**New subclause and clause to be substituted in trust deed for clauses
1(2) and 3 of Schedule 15 of 2009 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 22nd day of January 2010.

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

[Seal]

C A N Beyer,
Member.

Statement of reasons

Note: the following statement of reasons should be read in conjunction with the statement(s) of reasons appended to:

- Securities Act (Extension of Term) Exemption Notice 2014

This notice, which comes into force on 1 February 2010 and expires on 31 January 2015, renews the Securities Act (Credit Unions) Exemption Notice 2005 (the **2005 Notice**), which expires on 31 January 2010. The notice is virtually identical to the 2005 notice but takes account of the Securities Regulations 2009. It continues exemptions in respect of offers made in compliance with the Securities Regulations 1983 until 31 December 2011 and revokes those exemptions from that date.

The Securities Commission considers that it is appropriate to grant the exemptions because—

- the exemptions remain necessary and appropriate in the circumstances—there have not been any significant changes to securities law policy or prescriptive requirements relevant to the exemptions granted, including under the new Securities Regulations 2009. Accordingly, the reasons justifying the exemptions remain valid, namely—

- 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 and its equivalent, regulation 40 of the Securities Regulations 2009, tailors the terms of trust deeds so that they better fit the circumstances of credit unions:
- the new exemptions from the equivalent provisions of the Securities Regulations 2009 have the same effect as the existing exemptions granted in respect of the Securities Regulations 1983:
- offers of securities cannot continue to be made in compliance with the Securities Regulations 1983 after 31 December 2011. Accordingly, the exemptions granted in respect of offers made in compliance with those regulations will not be required after that date.

Note: the preceding statements of reasons should be read in conjunction with the statement(s) of reasons appended to:

- Securities Act (Extension of Term) Exemption Notice 2014

Issued under the authority of the Legislation Act 2012.
Date of notification in *Gazette*: 28 January 2010.

Reprints notes

1 *General*

This is a reprint of the Securities Act (Credit Unions) Exemption Notice 2010 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, has the status of an official version under section 17 of that Act. A printed version of the reprint produced directly from this official electronic version also has official status.

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) Exemption Notice 2014 (LI 2014/241): clause 3

Securities Act (Credit Unions) Exemption Notice 2010 (SR 2010/2): clauses 3, 8