

Reprint
as at 1 December 2016



Securities Act (Venture Capital Schemes) Exemption Amendment Notice 2012

(SR 2012/146)

Securities Act (Venture Capital Schemes) Exemption Amendment Notice 2012: revoked, on 1 December 2016, pursuant to Schedule 1 clause 26 of the Financial Markets Conduct Regulations 2014 (LI 2014/326).

Pursuant to sections 70B and 70D of the Securities Act 1978, the Financial Markets Authority gives the following notice (to which is appended a statement of reasons of the Financial Markets Authority).

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Notice

1 Title

This notice is the Securities Act (Venture Capital Schemes) Exemption Amendment Notice 2012.

2 Commencement

This notice comes into force on 15 June 2012.

3 Principal notice

This notice amends the Securities Act (Venture Capital Schemes) Exemption Notice 2008 (the **principal notice**).

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.

4 Schedule amended

In the Schedule, insert in its appropriate alphabetical order “Powerhouse Ventures Limited”.

Dated at Wellington this 12th day of June 2012.

Sue Brown,
Head of Primary Regulatory Operations.

Statement of reasons

This notice, which comes into force on 15 June 2012, amends the Securities Act (Venture Capital Schemes) Exemption Notice 2008 (the **principal notice**) to insert the name of Powerhouse Ventures Limited into the Schedule.

The Financial Markets Authority (**FMA**), after satisfying itself of the matters set out in section 70B(2) of the Securities Act 1978 (the **Act**), considers it appropriate to amend the principal notice because—

- the principal notice applies to offers of equity and participatory securities made in accordance with venture capital schemes administered under an approved code of practice by designated scheme administrators:
- the costs of fund-raising that is fully compliant with the Act are often prohibitive to small to medium start-up or expanding businesses seeking limited funds, or with limited existing resources with which to undertake the fund-raising process. However, in considering what relief from securities law requirements may be appropriate, it is recognised that investment in businesses of this nature is high-risk. Further, the entrepreneurs running the businesses are often enthusiastic and convincing about the prospects for success but may be less informative about the risks of investment:
- the principal notice addresses the cost difficulties faced by these businesses in raising funds by providing substantial exemptions from the usual requirements of the Act, but on conditions that alert investors to the risks of investing in businesses of this nature. The principal notice does this by allowing the businesses to raise funds with substantial exemptions from the usual securities law requirements but under the supervision of an independent scheme administrator:
- applications for designation as a scheme administrator are considered by FMA on a case-by-case basis, but in assessing any application FMA takes account of a number of criteria it has published, namely—

- the applicant has a close relationship with a local or central government organisation responsible for national or regional economic development, or another non-profit organisation with a key objective of national or regional economic, business, or investment development:
- the applicant has economic, business, or investment development as its key objective, and making a profit is not its key objective:
- the applicant understands and has experience in overseeing compliance with legislative regimes:
- the applicant has adequate resources, experience, and infrastructure to administer a scheme, including adequate processes for vetting investors and businesses, reviewing information provided by businesses about investment opportunities, and introducing investors and businesses:
- the applicant understands the obligations and potential liability a scheme administrator assumes in administering a scheme, is likely to be a responsible scheme administrator, and has access to adequate financial resources or insurance to cover potential liability:
- the applicant has provisions in place to ensure its continuity throughout the offer and allotment of any securities by businesses it has registered, or there are provisions in place for a responsible handover of the administration of previous allotments:
- FMA is satisfied, after considering the circumstances of Powerhouse Ventures Limited in relation to each of these criteria, that Powerhouse Ventures Limited is an appropriate entity to be designated as a scheme administrator:
- accordingly, FMA considers that amending the principal notice to designate Powerhouse Ventures Limited as a scheme administrator will not cause significant detriment to subscribers for securities offered under venture capital schemes:
- further, having identified Powerhouse Ventures Limited as an appropriate organisation to administer a venture capital scheme, and in the circumstances that securities offered through the scheme it administers must be offered in accordance with the conditions of the principal notice and the relevant approved code of practice, FMA considers that the extent of the exemption is not broader than is reasonably necessary to address the matters that gave rise to the exemption.

Reprints notes

1 *General*

This is a reprint of the Securities Act (Venture Capital Schemes) Exemption Amendment Notice 2012 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*

Financial Markets Conduct Regulations 2014 (LI 2014/326): Schedule 1 clause 26