

## Financial Markets Conduct (CBL Corporation Limited and CBLNZ Limited) Exemption Notice 2015

Pursuant to section 556 of the Financial Markets Conduct Act 2013, the Financial Markets Authority, being satisfied of the matters set out in section 557 of that Act, gives the following notice.

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### Notice

#### 1 Title

This notice is the Financial Markets Conduct (CBL Corporation Limited and CBLNZ Limited) Exemption Notice 2015.

#### 2 Commencement

This notice comes into force on 4 September 2015.

#### 3 Revocation

This notice is revoked on the close of 3 December 2015.

#### 4 Interpretation

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

**Act** means the Financial Markets Conduct Act 2013

**CBL** means CBL Corporation Limited

**CBL Group** means CBL and, —

(a) all of its subsidiaries at the date of the PDS; and

(b) Assetinsure Holdings Pty Limited.

**offer** means the regulated offer of specified financial products



**P+1** means CBL's accounting period that will immediately follow CBL's most recently completed accounting period before the date of the PDS

**P+2** means CBL's accounting period that will immediately follow P+1

**PDS** means the product disclosure statement for the offer

**Regulations** means the Financial Markets Conduct Regulations 2014

**specified financial products** means fully paid ordinary shares in CBL

**table 2** means the table headed "Capitalisation table" required to be included in the PDS by clause 36 of Schedule of the Regulations.

- (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 Exemptions from clause 36(2)(c), clause 37 and clause 38(2)(d) of Schedule 3 of the Regulations relating to the content requirements of the PDS**

CBL and CBLNZ are exempted, in relation to the offer, from the requirement that the PDS contains the information, statements and other matters specified in the following clauses:—

- (a) clause 36(2)(c) of Schedule 3 of the Regulations;
- (b) clause 37 of Schedule 3 of the Regulations; and
- (c) clause 38(2)(d) of Schedule 3 of the Regulations.

## **6 Conditions of exemptions in clause 5**

- (1) The exemptions in clause 5 are subject to the condition that the PDS contains the following statements under table 2,—
- (a) a statement in the following form: "Implied market capitalisation is the value of all of the issuer's equity securities, as implied by the price of the ordinary shares being offered. It tells you what CBL is proposing that CBL's equity is worth"; and
  - (b) a clear and concise statement to the effect that the PDS does not contain the usually required:
    - (i) indicative total value of CBL immediately after the issue or sale of the specified financial products; and
    - (ii) implied enterprise value/operating profit for CBL each of P+1 and P+2; and
  - (c) a clear and concise statement as to why the financial information referred to in subclause (b) has not been included in the PDS and why the directors of CBL consider the inclusion of that information would be potentially misleading to investors; and
  - (d) a statement from the directors of CBL that, in their opinion, not including the financial information referred to in subclause (b) will not have a material adverse effect on investors.
- (2) The exemptions in clause 5 are subject to the further condition that the PDS contains the following information in the financial information section,—



- (a) details of the minimum required and actual amount of regulatory capital held by each of the regulated underwriting entities in the CBL Group; and
- (b) details of the CBL Group's investment portfolio; and
- (c) details relating to CBL Group's external debt facilities.

Dated at Wellington this 18<sup>th</sup> day of September 2015.



Simone Robbers  
Director of Primary Markets and Investor Resources  
Financial Markets Authority

### Statement of reasons

This notice comes into force on 4 September 2015 and is revoked on 3 December 2015.

This notice exempts CBL Corporation Limited (**CBL**) and CBLNZ Limited (**CBLNZ**) from clause 36(2)(c), clause 37 and clause 38(2) of Schedule 3 of the of the Financial Markets Conduct Regulations 2014 (**Regulations**) in relation to certain specific content requirements of the PDS for the offer of equity securities in CBL (**offer**).

The Financial Markets Authority (**FMA**), after satisfying itself as to the matters set out in section 557 of the Financial Markets Conduct Act 2013 (**Act**), considers that it is appropriate to grant the exemption because—

- The exemptions remove the requirement for the PDS for the offer to include certain information regarding the “indicative enterprise value” of CBL. While CBL can technically comply with these requirements, due to the nature of CBL Group (and the role of debt and cash in its operations) this information is not meaningful for investors and is potentially misleading:
- If CBL was required to include information regarding “indicative enterprise value” in the PDS, this information would need to be surrounded by a large amount of highly technical commentary that would provide limited value to investors:
- The conditions of the exemption require the PDS for the offer to contain the following alternative useful information regarding CBL's capital structure:—
  - details of the minimum required and actual amount of regulatory capital held by each of the regulated underwriting entities in the CBL Group; and
  - details of the CBL Group's investment portfolio; and
  - details relating to CBL Group's external debt facilities.
- The conditions of the exemption also require the directors of CBL to make various statements in the PDS for the offer, including a statement of why the financial information usually required is not provided in the PDS, why the directors consider the inclusion of that financial information would be potentially misleading to investors, and that in their opinion not including that financial

information will not have a material adverse effect on investors:

- As such, the FMA is satisfied that the granting of the exemption is desirable in order to promote one of the purposes of the Act, specifically to provide for timely, accurate and understandable information to be provided to persons to assist them to make decisions relating to the financial products:
- The exemption only provides relief from the requirement to provide certain information that is not relevant for CBL, and imposes conditions that require the provision of alternative, more meaningful, financial information for CBL. In these circumstances, FMA considers that the exemption is not broader than reasonably necessary to address the matters that gave rise to the exemption.

