



FINANCIAL MARKETS AUTHORITY
TE MANA TATAI HOKOHOKO - NEW ZEALAND

Securities Act (Kingdom Resources Trust) Exemption Notice 2012

Pursuant to section 70B 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).

Contents

	Page
1 Title	1
2 Commencement	1
3 Expiry	1
4 Interpretation	1
5 Exemptions for debt securities	2
6 Conditions	2
7 Information document	3

Notice

- 1 Title**
This notice is the Securities Act (Kingdom Resources Trust) Exemption Notice 2012.
- 2 Commencement**
This notice comes into force on 1 December 2012.
- 3 Expiry**
This notice expires on the close of 30 November 2013.
- 4 Interpretation**
 - (1) In this notice, unless the context otherwise requires,—
Act means the Securities Act 1978
excluded security means a debt security that—
 - (a) is exempted under section 5(1) to (4) or section 6(1) of the Act; or

Securities Act
(Kingdom Resources Trust)
Exemption Notice 2012

(b) is exempted from the application of sections 37 and 37A of the Act by virtue of an exemption notice granted under section 5(5) or 70B of the Act (other than this notice or the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003); or

(c) has not been offered in an offer of securities to the public

Regulations means the Securities Regulations 2009

trust means The Kingdom Resources Trust, a trust incorporated under the Charitable Trusts Act 1957 on 29 March 1988.

- (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 for debt securities

The trust and every person acting on its behalf are exempted from sections 33(2), 37, and 37A of the Act and regulation 30 of the Regulations in respect of any debt securities issued by the trust.

6 Conditions

- (1) The exemptions in clause 5 are subject to the conditions that—
- (a) every subscriber for a debt security issued by the trust must receive, before subscribing for the security, an information document relating to the security that contains the information set out in clause 7; and
 - (b) at the time of the offer of a debt security to be issued by the trust, the aggregate amount of all the principal sums outstanding must not exceed \$2,000,000; and
 - (c) the trust must not allot a debt security if, at the time of the completion of the allotment, the aggregate amount of the last 12 months' principal sums outstanding would exceed \$1,500,000; and
 - (d) no interest is payable in respect of a debt security issued by the trust.
- (2) In subclause (1)(b), the **aggregate amount of all the principal sums outstanding** is the amount that is owing by the trust, or any associated person of the trust, in respect of all debt securities (not being excluded securities) that were allotted, at any time, by the trust or by any associated person of the trust.

- (3) In subclause (1)(c), the **aggregate amount of the last 12 months' principal sums outstanding** is the amount that is owing by the trust, or any associated person of the trust, in respect of all debt securities (not being excluded securities) that were allotted, during the 12-month period ending immediately after the proposed allotment, by the trust or by any associated person of the trust.

7 Information document

The information document referred to in clause 6(1)(a) must contain the following:

- (a) a prominent statement at the front of the document in the following form:

"Important Notice

"Prospective depositors are advised that The Kingdom Resources Trust, in making this offer of securities, is not subject to the normal requirements to have a registered prospectus and an investment statement under the Securities Act 1978.

"This is because an exemption has been granted to The Kingdom Resources Trust from those requirements. The Financial Markets Authority has not examined or approved this particular offer. The risks associated with this offer may not be as fully disclosed in this document as they would be in an investment statement and registered prospectus.

"This exemption was granted on the basis that persons depositing funds with The Kingdom Resources Trust will not earn interest on their deposit, but instead wish to support the charitable purposes of The Kingdom Resources Trust. The particular purposes of The Kingdom Resources Trust are discussed in this document.

"If earning interest is important to you, you should consider seeking investment advice."; and

- (b) the information required by clauses 2, 9, 10, 11, and 12 of Schedule 13 of the Regulations; and
- (c) a description of the charitable purposes for which the money paid by subscribers will be used; and
- (d) the terms and conditions of the offer of the security; and

Securities Act
(Kingdom Resources Trust)
Exemption Notice 2012

- (e) any other information that is material to the offer of the security; and
- (f) a statement that it is a term of the offer of the debt securities that, on the request of the offeree, the trust must send, or cause to be sent, without fee and within 5 working days of receiving the request, to that offeree a copy of the most recent audited financial statements of the trust that comply with the Financial Reporting Act 1993.

Dated at Auckland this 21st day of November 2012



Sue Brown
Head of Primary Regulatory Operations
Financial Markets Authority

Statement of reasons

This notice, which comes into force on 1 December 2012 and expires on the close of 30 November 2013, replaces the Securities Act (Kingdom Resources Trust) Exemption Notice 2009 (the 2009 notice).

The notice exempts, subject to conditions, The Kingdom Resources Trust (the trust) from the trustee and trust deed, prospectus, and investment statement requirements of the Securities Act 1978 and the advertisement certificate requirements of the Securities Regulations 1983 in respect of any debt securities of which the trust is the issuer.

The exemptions and the conditions on which they are granted are similar to those contained in the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003 (the class notice) and continue the provisions of the 2009 notice without substantive change.

The Financial Markets Authority (FMA), after satisfying itself as to the matters set out in section 70B(2) of the Securities Act 1978, considers that it is appropriate to grant the exemptions because—

Securities Act
(Kingdom Resources Trust)
Exemption Notice 2012

- the trust is a charitable trust that provides interest-free loans and budget advice to persons on low incomes in Canterbury. It receives funds from the public in exchange for debt securities on which it does not pay interest. The exemptions are consistent with the broader policy of the class notice in respect of debt securities issued for charitable purposes and also with previous exemptions granted to the trust:
- the \$2 million total financial cap on outstanding debt securities is the same as the total cap in the class notice. The \$1.5 million financial cap on debt securities that may be issued in a 12-month period is higher than the \$500,000 12-month cap in the class notice. This is to enable the trust to continue with its activities on a sufficient scale to achieve its charitable purposes:
- the prohibition on paying interest on deposits means it is clear that the subscriber's purpose is to support the charitable purposes of the trust rather than invest for a commercial return. The conditions of exemption require the trust to draw attention to its charitable nature and emphasise that if earning interest is important to depositors they should seek investment advice:
- the expiry date of the class notice has been extended to 30 November 2013 to allow time for completion of a joint review with the Reserve Bank of New Zealand of the application of securities law and prudential requirements for charitable and religious organisations. In the circumstances that this notice reflects the policy of the class notice, it is appropriate for the exemptions under the notice to be extended for a similar period to enable it to be reviewed at the same time:
- given the requirement that debt securities issued by the trust are interest free such that the securities are only attractive to persons seeking to support the charitable objectives of the trust, the financial caps on the amount the trust may raise by issuing debt securities, and the warning information required to be provided to subscribers on limited disclosure provided on the investment and the need for investment advice if earning interest is important to them, FMA considers that the exemption will not cause significant detriment to subscribers and that the exemption is not broader than is reasonably necessary to address the matters that gave rise to the exemption.

