

Securities Act (Pegasus Health Membership Limited and Pegasus Health Nurse Membership Limited) Exemption Notice 2013

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).

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Notice

- 1 Title**
This notice is the Securities Act (Pegasus Health Membership Limited and Pegasus Health Nurse Membership Limited) Exemption Notice 2013.
- 2 Commencement**
This notice comes into force on 12 November 2013.
- 3 Revocation**
This notice is revoked on the close of 30 November 2016.
- 4 Interpretation**
(1) In this notice, unless the context otherwise requires,—
Act means the Securities Act 1978

company means either Pegasus Health Membership Limited or Pegasus Health Nurse Membership Limited

nominee means the person appointed by the companies from time to time to hold specified equity securities on trust for transacting shareholders

offer document means the combined investment statement and prospectus to be prepared and registered by a company in relation to an offer of specified equity securities

Regulations means the Securities Regulations 2009

specified equity securities means ordinary shares of which a company is the issuer

transacting shareholder means, in relation to a company, any person who would be a transacting shareholder under section 4 of the Co-operative Companies Act 1996 if that company was a co-operative company under that Act.

- (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

Each of the companies, and every person acting on behalf of the companies, are exempted in respect of any specified equity securities from –

- (a) section 37A(1)(c) of the Act; and
- (b) clauses 5, 9, 10, 12, 16, 19, 22 to 24, and 26 to 28 of Schedule 1 of the Regulations.

6 Condition that securities allotted only to nominee or transacting shareholders

The exemptions in clause 5 are subject to the condition that the specified equity securities are allotted only to the nominee or persons who are, or immediately after allotment will be, transacting shareholders of the relevant company.

7 Condition that directors' statement must be attached to offer document

- (1) The exemptions in clause 5 are subject to the further condition that every copy of the offer document that is distributed to a transacting shareholder by or on behalf of the relevant company more than 9 months after the date of the most recent statement of financial position of the relevant company registered under the Financial Reporting Act 1993 has attached to it, or contained in it, a directors' statement that—
- (a) complies with subclause (2); and

- (b) is signed by each director of the relevant company (or his or her agent who has been authorised in writing).
- (2) The directors' statement must contain the following matters:
- (a) particulars of any material matters relating to the offer of the specified equity securities, other than—
 - (i) matters set out elsewhere in the offer document, or the most recent financial statements of the relevant company; and
 - (ii) contracts entered into in the ordinary course of business of the company; and
 - (b) a statement by the directors of the relevant company as to whether, in their opinion, after due enquiry by them, any of the following has materially and adversely changed during the period between the date of the relevant company's most recent statement of financial position and the date of the directors' statement referred to in this clause:
 - (i) the trading or profitability of the relevant company or the group;
 - (ii) the value of the assets of the relevant company or the group;
 - (iii) the ability of the relevant company to pay its liabilities due within the next 12 months.

8 Condition about sale arrangements

The exemptions in clause 5 are subject to the further condition that the offer document must contain a description of:

- (a) the arrangements under which a person who holds a specified equity security can sell the specified equity security (before and after they cease to be a transacting shareholder), including the method by which the price or consideration for the specified equity security will be determined; and
- (b) any circumstances under which a person who holds a specified equity security may not be able to sell the specified equity security (before and after they cease to be a transacting shareholder).

9 Condition that financial statements must be attached to offer document

The exemption in clause 5(a) is subject to the further condition that it is a term of the offer of the specified equity securities that:

- (a) a copy of the most recent audited consolidated financial statements of the relevant company, being financial statements that comply with, and have been registered under, the Financial Reporting Act 1993, together with the

audit report in respect of those financial statements, will be attached to, or contained in, every copy of the offer document that is sent to a transacting shareholder; and

- (b) a copy of the interim consolidated financial statements for the most recently completed financial half year of the relevant company that comply with the Financial Reporting Act 1993 are attached to, or are contained in, every copy of the offer document that is sent to a transacting shareholder if the specified equity securities are offered more than 9 months after the date of the most recent audited consolidated financial statements of the relevant company.

Dated at Wellington this 11th day of November 2013.



Simone Robbers
Head of Primary Regulatory Operations
Financial Markets Authority

Statement of reasons

This notice exempts Pegasus Health Membership Limited and Pegasus Health Nurse Membership Limited (**Companies**) in respect of ordinary shares offered by the Companies to any person eligible to become a member of either of the Companies in accordance with the respective constitutions and membership agreements of the Companies. The Companies are exempt from section 37A(1)(c) of the Securities Act 1978 (**Act**) and from clauses 5, 9, 10, 12, 16, 19, 22 to 24, and 26 to 28 of Schedule 1 of the Securities Regulations 2009 (**Regulations**), subject to conditions.

The Financial Markets Authority (**FMA**), after satisfying itself of the matters set out in section 70B(2) of the Act, considers it appropriate to grant the exemptions set out in this notice for the following reasons—

- The Companies are not registered as cooperative companies but operate in a similar manner to a cooperative company, with each of them operating solely as a non-trading membership organisation. Shareholders and prospective shareholders (other than the person appointed by the Companies from time to time to hold securities on trust for prospective shareholders) are participants in the primary healthcare industry in the Canterbury region and are familiar with both the industry and the Companies:

- The exemptions enable the Companies to reduce compliance costs by registering a short form prospectus and investment statement. The conditions to which those exemptions are subject are intended to ensure that prospective shareholders receive up to date information about the securities, in a manner that takes into account the familiarity and access to information of these prospective shareholders:
- The exemptions only apply to ordinary shares offered by the Companies to a nominee (who holds such shares on trust for future members) and healthcare professionals using, or those who will be using, its services after the allotment of shares.

In light of the limited application of the exemption to the Companies, and the conditions requiring relevant financial information to be provided to subscribers, FMA considers the exemptions are not broader than reasonably necessary to address the matters that gave rise to the exemptions, and will not cause significant detriment to subscribers.
