



Securities Act (Union Medical Benefits Society Limited) 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.

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Notice

- Title**
This notice is the Securities Act (Union Medical Benefits Society Limited) Exemption Notice 2012.
- Commencement**
This notice comes into force on 27 November 2012.
- Expiry**
This notice expires on the close of 30 October 2017.
- Interpretation**
(1) In this notice, unless the context otherwise requires, —
Act means the Securities Act 1978
Regulations means the Securities Regulations 2009
society means Union Medical Benefits Society Limited, a society registered under the Industrial and Provident Societies Act 1908

specified participatory security means a share issued by the society for which the total amount payable (whether on issue or otherwise) does not exceed \$2.

- (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

The society and every person acting on its behalf are exempted, in respect of any specified participatory security offered or allotted in connection with the provision of health insurance by the society to its members, from—

- (a) sections 33(3), 37, 37A, 38A, and 51 to 54B of the Act; and
- (b) the Regulations, except regulation 23.

6 Conditions of exemption

The exemptions in clause 5 are subject to the condition that -

- (a) no member of the society is allotted more than 1 specified participatory security; and
- (b) the society's rules provide that a copy of the society's most recent audited financial statements are available, on request and free of charge, to every member of the society.

Dated at Wellington this 26th day of November 2012.



Sue Brown
Head of Primary Regulatory Operations
Financial Markets Authority

Statement of Reasons

This notice, which grants an exemption on substantially the same terms as the Securities Act (Union Medical Benefits Society Limited) Exemption Notice 2002, comes into force on 27 November 2012 and expires on close of 30 October 2017. The notice exempts, subject to conditions, Union Medical

Securities Act (Union Medical Benefits Society Limited)
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Benefits Society Limited (the society) and persons acting on its behalf from sections 33(3), 37, 37A, 38A, and 51 to 54B of the Act and the Securities Regulations 2009 (except regulation 23).

The exemptions are conditional upon members being allotted no more than 1 specified security (in the sum of \$2); and that rules of the society provide for members to obtain the most recent financial statements of the society free of charge on request.

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

- Ownership of shares is a legal requirement incidental to the health insurance services provided by the society. No person may hold more than one share, and these shares are valued at \$2.00 each. This sum of \$2.00 is refunded when a person ceases to be a policy holder. In these circumstances, the costs of complying with the usual securities law requirements relating to statutory supervisors, disclosure documents, requirements relating to expert's statements in advertisements, securities register, accounting records, and securities certificates would be disproportionate to any benefit received by people seeking health insurance from the society, and the exemptions will not cause any significant detriment to these members of the public.
- Importantly there is no exemption from regulation 23 of the Securities Regulations 2009 which prohibits advertising likely to deceive, mislead or confuse members of the public, and the society must provide audited financial statements to members free of charge on request. Accordingly members should not be misled about the nature or value of the shares, and members are able to access information to assess the society's financial situation.
- As the exemptions are restricted to shares allotted in these circumstances they are not broader than reasonably necessary to address the matters that gave rise to the exemptions.

