

FINANCIAL MARKETS CONDUCT BILL
SUBMISSION ON EXPOSURE DRAFT
THE NEW ZEALAND SHAREHOLDERS ASSOCIATION INC

Clause Number	Clause heading	Submission
Part 1	Preliminary provisions	
Clause 6	Interpretation	Definition of "Security" - the term "investment" is not defined. Could include land transactions?
Part 2	Misleading or deceptive conduct or false or misleading representations	
		No comment
Part 3 and schedules 1 and 2	Disclosure offers of financial products	
Schedule 1, Clause 3(3)(b)(ii)		This clause covers minimum amounts payable, or total amount including prepayments. It should have an additional section which covers the situation when investments may (but not necessarily will) be called in varying amounts, and could result in a total liability exceeding \$500,000.
Schedule 1, Clause 35		Meaning of "large" for the purposes of clause 3(2)(c) – should be the "total net assets". Add the word "net" in clause 35.
Part 4 and schedule 3	Governance of financial products	
Clause 89(1)		There is no definition for a "licensed supervisor".
Part 5	Dealing in financial products on markets	
Clause 212(1)(a)(i)		What does "commonly invest" mean? Open to interpretation.
Clause 214(1)(b)		This could capture beneficiaries of a trust. Intended? Compare Schedule 1, clause 5(2)(c).
Part 6	Licensing and other regulation of market services	
		No comment
Part 7	Enforcement and liability	
Clause 466		This could mean that a director could rely on advice of

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		accountant say and not be liable. Possibly saved by the words "reasonable reliance" so if can't reasonably rely on the external advisor then not protected?
	Regulations and exemptions	
Schedule 1		There does not appear to be any provision to allow for regulation to increase the thresholds in Schedule 1.
Part 9 and schedule 4	Miscellaneous provisions	