

# International Employee Share Schemes

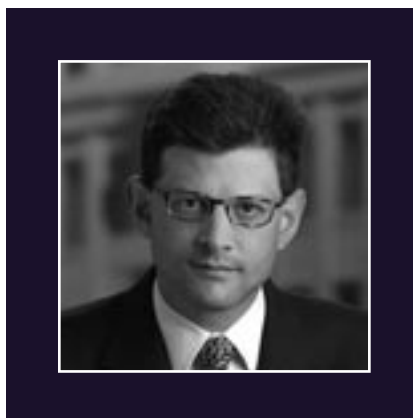
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## New Zealand law changes of relevance to international employee share schemes

A recent change to New Zealand securities laws implements certain exemptions that may assist companies that offer their global employee share schemes to New Zealand-based employees.



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Many multi-national companies have operations in New Zealand and extend their global employee share schemes to New Zealand-based employees. There have been some recent New Zealand law changes that may be of relevance to these companies.

### The basic New Zealand securities law position

Generally, the disclosure requirements of the New Zealand Securities Act 1978 apply to employee share offers. Under the Act, the offering company must produce a Prospectus and a key-features document (called an Investment Statement).

This basic position is modified by a class Exemption Notice applicable to issuers based in certain jurisdictions.\* Such issuers need not produce a Prospectus or Investment Statement so long as they meet certain conditions and filing requirements contained in the Exemption Notice.

### The new exemptions

Recent law changes have implemented additional exemptions that may apply to some global employee share schemes. Where they apply, the issuer is exempt from the need to produce a Prospectus and Investment Statement and need not make the filings required by the class exemption referred to above.

The new exemptions apply where the offer of securities is made only to "wealthy" or "experienced" investors. Broadly speaking:

- (a) A person will be "wealthy" if an independent chartered accountant certifies that the person has net assets of at least NZ\$2,000,000 (approximately US\$1.2 million) or had an annual gross income of at least NZ\$200,000 for the last 2 years;
- (b) A person will be "experienced" if an independent financial adviser is satisfied on reasonable grounds that the person is experienced in investing money or in the industry or business to which the security relates.

The new exemptions may assist the issuer of a global employee share scheme where the issuer is unwilling or unable to comply with the conditions of the class Exemption Notice. This may particularly arise where the issuer is not located in one of the qualifying jurisdictions for the purposes of the class Exemption Notice.

\* Australia, Canada, Denmark, Finland, France, Germany, The Netherlands, Norway, Singapore, South Africa, Sweden, Switzerland, United Kingdom, US.

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