



December 2007

# Securities Commission Update

## Changes to Securities Law to come into force on 29 February 2008

The Minister of Commerce, the Hon Lianne Dalziel, announced yesterday that changes to securities law made when the Securities Legislation Bill was passed in October 2006 will come into force on **29 February 2008**.

As a quick reminder, the changes include:

### Changes to insider trading law

Under the new insider trading regime, liability for insider trading will no longer be limited to those who are connected or related to the issuer. A person becomes an insider by the fact of possessing inside information, whether or not that person is connected or related to the issuer. New penalties and exceptions will apply. Insider trading will be a criminal and civil matter.

### Introduction of a new market manipulation rule

Under the new legislation, "market manipulation" comprises behaviour or practices likely to give a false or misleading impression about the supply, demand, price or value of securities traded on a registered exchange. Practices such as "pump and dump" will be outlawed.

### New disclosure requirements for investment advisors

The Investment Advisors (Disclosure) Act 1996 is to be repealed and disclosure requirements for investment advisors and brokers will be set out in part 4 of the Securities Market Act 1998. Full disclosure must now be made up front rather than on request. The new rules will also regulate advertisements made by investment advisors and brokers.

### Changes to disclosure by substantial security holders

The basic features of the substantial security holder regime will remain the same. Important changes, however, include a person becoming a substantial security holder by having a relevant interest in 5% of the listed securities in any **class** (rather than 5% of the total number of voting securities of an issuer) and the obligation to disclose applying to holdings of listed voting securities only.

Some of the detail of these changes is to be provided in regulations which are currently being finalised (drafts have already circulated for consultation).

We have already provided our clients with a great deal of advice of the nature of these changes and have published various newsletters (available on our website at [www.minterellison.co.nz](http://www.minterellison.co.nz) under "Publications"). If you would like guidance or additional advice with respect to the changes, please get in touch with one of our Corporate Team at Minters.

## contacts

### Robert Falvey - Partner

T +64 9 353 9970

E robert.falvey@minterellison.co.nz

### Nick Hodson - Partner

T +64 9 353 9904

E nick.hodson@minterellison.co.nz

### Allan McRae - Partner

T +64 9 353 9887

E allan.mcrae@minterellison.co.nz

### Andrew Matthews - Partner

T +64 9 353 9847

E andrew.matthews@minterellison.co.nz

### Cathy Quinn - Partner

T +64 9 353 9951

E cathy.quinn@minterellison.co.nz

### Peter Rowe - Partner

T +64 9 353 9746

E peter.rowe@minterellison.co.nz

### Mark Stuart - Partner

T +64 9 353 9985

E mark.stuart@minterellison.co.nz

### Jeremy Muir - Senior Associate

T +64 9 353 9819

E jeremy.muir@minterellison.co.nz

### Jeremy Patston - Senior Associate

T +64 9 353 9989

E jeremy.patston@minterellison.co.nz

## international offices

**NZ** **Auckland** MINTER ELLISON RUDD WATTS \* LUMLEY CENTRE 88 SHORTLAND STREET AUCKLAND 1 NEW ZEALAND • TELEPHONE +64 9 353 9700  
**Wellington** MINTER ELLISON RUDD WATTS \* 125 THE TERRACE WELLINGTON NEW ZEALAND • TELEPHONE +64 4 498 5000

**AUSTRALIA**  
**Sydney** AURORA PLACE 88 PHILLIP STREET SYDNEY NSW 2000 • TELEPHONE +61 2 9921 8888  
**Melbourne** RIALTO TOWERS 525 COLLINS STREET MELBOURNE VIC 3000 • TELEPHONE +61 3 8608 2000  
**Canberra** 25 NATIONAL CIRCUIT FORREST, CANBERRA ACT 2603 • TELEPHONE +61 2 6225 3000  
**Brisbane** WATERFRONT PLACE 1 EAGLE STREET BRISBANE QLD 4000 • TELEPHONE +61 7 3119 6000  
**Gold Coast** \* 159 VARSITY PARADE VARSITY LAKES QLD 4227 • TELEPHONE +61 7 5553 9400  
**Perth** \* LEVEL 49, CENTRAL PARK 152-158 ST GEORGE'S TERRACE PERTH WA 6000 • TELEPHONE +61 8 9429 7444  
**Adelaide** \* 25 GRENFELL STREET ADELAIDE SA 5000 • TELEPHONE +61 8 8233 5555  
**Darwin** \* LEVEL 4, 66 SMITH STREET DARWIN NT 0800 AUSTRALIA • TELEPHONE +61 8 8901 5900

**UK** **London** 10 DOMINION STREET LONDON EC2M 2EE UNITED KINGDOM • TELEPHONE +44 20 7448 4800

**ASIA**  
**Hong Kong** 15TH FLOOR, HUTCHISON HOUSE 10 HARCOURT ROAD CENTRAL HONG KONG • TELEPHONE +852 2841 6888  
**Shanghai** SUITE 6211-6212, FLOOR 62, PLAZA 66 1266 NAN JING WEST ROAD SHANGHAI 200040 PEOPLE'S REPUBLIC OF CHINA • TELEPHONE +86 21 6288 2171  
**Jakarta** MAKARIM & TAIRA S \*\* LEVEL 17 SUMMITMAS TOWER 1 JL JENDERAL SUDIMAN NO 61 JAKARTA • TELEPHONE +62 21 252 1272

\* MINTER ELLISON LEGAL GROUP MEMBER

\*\* MINTER ELLISON ASSOCIATED OFFICE

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