

# Wholesale Investors

## Who is a Wholesale Investor?

In addition to government agencies, the following persons are considered to be a wholesale investor under the Financial Markets Conduct Act:

- A person **who invests at least NZ\$750,000** in the fund/scheme/company.
- A person who is an **investment business**;
- A person who meets the **investment activity criteria**;
- A person who is **large**;
- A person who is an **eligible investor**;

## Minimum \$750,000 Investment

The investor must pay at least \$750,000 for the financial products issued in the scheme/fund/company. Importantly, any part of that \$750,000 which was loaned by Augusta or its associated persons, cannot be counted towards the minimum \$750,000.

No certificate is required but the investor must sign an acknowledgment (as part of their application form) that the usual rules do not apply, they may not receive a complete and balanced set of information, they have fewer legal protections, the investment is not suitable for retail investors and they have been advised to ask questions, read all documents carefully and seek independent financial advice.

## Who is an Investment Business?

This category is intended to catch investment institutions and financial businesses only. It does not apply to individuals. In addition to banks, non-bank deposit takers, licensed insurers, licensed managers, derivatives issuers and financial advisers, the category catches “entities” whose principal business consists of 1 or more of the following:

- Investing in financial products;
- Acting as an underwriter;
- Providing a financial adviser or broking service;
- Trading in financial products on behalf of other persons.

Any entity investing on the above basis will need to certify that they fall within the above definition.

## What is the investment activity criteria?

The criteria is that the investor meets one of the following:

- They (or the entities they control) own (currently or during the previous 2 year period) a portfolio of financial products of a total value of at least \$1 million; or
- They (or the entities they control) own (or during the previous 2 year period have carried out transactions to acquire) financial products where the total amount payable was at least \$1 million; or
- Has, within the last 10 years, been employed or engaged in an investment business and has, for at least 2 years during that 10 year period, participated to a material extent in the investment decisions made by the investment business.

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In counting financial products towards the \$1 million threshold, bank deposits, bonus bonds, building society investments (and other similar investments) as well as interests in a retirement scheme (e.g. KiwiSaver or other superannuation scheme) cannot be counted. Any products offered by the Investor's associated persons also cannot be counted.

Any person investing on the above basis will need to certify that they fall within the above definition.

## Who is large?

A person is large if:

- As at the last day of the 2 most recent financial years, they and their controlled entities had net assets exceeding \$5 million; or
- In the 2 most recently completed financial years, they and their controlled entities had consolidated turnover which exceeded \$5 million.

Any person investing on the above basis will need to certify that they fall within the above definition and will also need to provide a chartered accountant's certification.

## Who is an eligible investor?

Eligible investors are investors who self-certify that:

- They have previous experience to assess the merits of the transaction, their information needs and the adequacy of the information provided; and
- They understand the consequences of certifying themselves to be an eligible investor.

Their certificate must set out the grounds for the above certification – i.e. what their previous experience is.

In addition, an authorised financial adviser, chartered accountant or lawyer must sign a written confirmation of the above certification. That person must not sign the certificate, unless having considered the investor's grounds for their certificate:

- They are satisfied the investor has been sufficiently advised of the consequences of the certification; and
- Have no reason to believe that the certification is incorrect or that further information or investigation is required.



As at February 2016. The above is general in nature. Prospective investors are recommended to seek professional advice from an Authorised Financial Adviser which takes into account their personal circumstances before making an investment decision. Bayleys Real Estate (including the selling agents) do not provide personalised advice.