



Financial Reporting Act (Schneider Electric S.A.) Exemption Notice 2010

Pursuant to section 35A of the Financial Reporting Act 1993, the Securities Commission gives the following notice (to which is appended a statement of reasons of the Securities Commission).

Contents

		Page
1	Title	1
2	Commencement	1
3	Expiry	1
4	Application	2
5	Interpretation	2
6	Exemptions for directors of Schneider and issuers of units in mutual funds	3
7	Conditions of exemptions in clause 6	3

Notice

- 1 Title**
This notice is the Financial Reporting Act (Schneider Electric S.A.) Exemption Notice 2010.
- 2 Commencement**
This notice comes into force on the day after the date of its notification in the *Gazette*.
- 3 Expiry**
This notice expires on the close of 31 May 2015.

4 Application

An exemption granted by this notice applies to the following accounting periods:

- (a) the accounting period ended on 31 December 2010; and
- (b) subsequent accounting periods.

5 Interpretation

- (1) In this notice, unless the context otherwise requires,—

Act means the Financial Reporting Act 1993

approved auditor means an accountant qualified under French law to give an opinion as to whether the Schneider group financial statements or specified financial statements comply with EU IFRS or French GAAP, as the case may be

eligible person means an employee or a director of Schneider or of any of its subsidiaries

employee share purchase scheme means a scheme established by, or on behalf of, Schneider or any of its subsidiaries under which eligible persons may acquire—

- (a) units in a mutual fund;
- (b) securities in Schneider

EU IFRS means the International Financial Reporting Standards as adopted and applied by the European Union

French GAAP means generally accepted accounting practice in France

International Financial Reporting Standards means—

- (a) International Financial Reporting Standards and International Accounting Standards that have been issued or adopted by the International Accounting Standards Board in accordance with the constitution of the International Accounting Standards Committee Foundation; and
- (b) final interpretations by the International Financial Reporting Standards Interpretations Committee approved by the International Accounting Standards Board in accordance with that constitution

mutual fund means a mutual fund—

- (a) that is established under French law by, or on behalf of, Schneider or any of its subsidiaries for the purposes of an employee share purchase scheme; and
- (b) that complies with the requirements of, and is approved by, the Autorité des Marchés Financiers; and
- (c) in which units are, or have been, offered to the public in New Zealand

Schneider means Schneider Electric S.A., a company incorporated in France

Schneider group financial statements means the group financial statements of Schneider that are required to be prepared under French law

specified financial statements, in relation to a mutual fund, means the financial statements of the fund that are required to be prepared under French law

unit—

- (a) means an interest or a right to participate in any capital, assets, earnings, or other property of a mutual fund or a part of a mutual fund; and
 - (b) includes any renewal or variation of the terms or conditions of any such interest or right.
- (2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

6 Exemptions for directors of Schneider and issuers of units in mutual funds

The directors of Schneider and of every issuer of units in a mutual fund are exempted from sections 10(1), 11, 13 to 15, and 18 of the Act in respect of Schneider and the issuer.

7 Conditions of exemptions in clause 6

The exemptions in clause 6 are subject to the conditions that—

- (a) no securities in Schneider and no units in any mutual fund must have been offered to the public in New Zealand except in reliance on the Securities Act (French Issuers Employee Share Purchase Schemes) Exemption Notice 2010; and

- (b) no mutual fund must have engaged in any activity other than—
 - (i) allotting units in the fund to eligible persons and otherwise dealing with units in the fund in accordance with an employee share purchase scheme; and
 - (ii) purchasing, holding, selling, redeeming, or otherwise dealing with securities in Schneider in accordance with an employee share purchase scheme; and
- (c) the requirements of French law that relate to the preparation, content, auditing, and public filing of the financial statements of Schneider and of every mutual fund must be complied with; and
- (d) an English version or English translation of the Schneider group financial statements must—
 - (i) be delivered to the Registrar annually, and before the date on which financial statements would, but for the exemptions in clause 6, be required to be delivered for registration; and
 - (ii) be accompanied by an English version or English translation of the report of an approved auditor that complies with the requirements of French law; and
- (e) the Schneider group financial statements must comply with EU IFRS; and
- (f) if, in complying with EU IFRS, the Schneider group financial statements do not give a true and fair view of the matters to which they relate, the directors of Schneider must add information and explanations (in English) that give a true and fair view of those matters; and
- (g) an English version or English translation of the specified financial statements of every mutual fund must—
 - (i) be delivered to the Registrar annually, and before the date on which financial statements would, but for the exemptions in clause 6, be required to be delivered for registration; and
 - (ii) be accompanied by an English version or English translation of the report of an approved auditor

- that complies with the requirements of French law; and
- (h) the specified financial statements of every mutual fund must comply with French GAAP; and
 - (i) if, in complying with French GAAP, the specified financial statements of any mutual fund do not give a true and fair view of the matters to which they relate, the directors of the issuer of units in that fund must add information and explanations (in English) that give a true and fair view of those matters.

Dated at Wellington this 22nd day of June 2010.

The Common Seal of the Securities Commission was affixed in the presence of:

[Seal]

N O Todd,
Member.

Statement of reasons

This notice, which comes into force on the day after the date of its notification in the *Gazette* and expires on 31 May 2015, exempts the directors of Schneider Electric S.A. (**Schneider**), a company incorporated in France, and the directors of issuers of units in certain mutual funds known as *Fonds Communs de Placement d'Entreprise* (**mutual funds**) established by, or on behalf of, Schneider or any of its subsidiaries for the purposes of its international employee share ownership scheme from various provisions of the Financial Reporting Act 1993 (the **Act**). The scheme offers eligible employees the ability to

invest in shares in Schneider by subscribing for units in the mutual funds. To the extent that Schneider receives the subscription moneys, Schneider is a recipient of money from a conduit issuer within the meaning of section 4A of the Act, and an issuer under the Act.

The exemptions provide relief to the directors of Schneider and of issuers of units in the mutual funds from the preparation, content, auditing, and filing requirements of the Act in relation to financial statements. The exemptions are granted on the condition that the financial statements of Schneider and the mutual funds that are required under the financial reporting requirements of France are prepared and publicly filed.

The Securities Commission (the **Commission**) considers that it is appropriate to grant the exemptions because—

- the effect of the exemptions is to allow Schneider and the mutual funds to provide the financial statements required under French law. The principal differences in reports provided in reliance on the exemption are—
 - the directors of Schneider will prepare and register consolidated financial statements only, rather than stand-alone parent company financial statements:
 - Schneider's consolidated financial statements will comply with International Financial Reporting Standards, as adopted and applied by the European Union, rather than generally accepted accounting practice in New Zealand:
 - each mutual fund will prepare and register financial statements prepared in accordance with generally accepted accounting practice in France, rather than generally accepted accounting practice in New Zealand:
 - the financial statements will be audited in accordance with the requirements of French law and the auditor's report will provide the information required by French law, rather than by the Act:
- the Commission has previously had regard to the financial reporting and audit requirements that must be complied with by Schneider and the mutual funds under French law. The Commission is satisfied that the consolidated accounts required to be prepared in accordance with International Financial Reporting Standards, as adopted and applied by the European Union,

and French financial reporting laws provide sufficient information to avoid any detriment to investors who invest in companies incorporated in France:

- the conduit issuer provisions of the Act were introduced to require public reporting by entities that have the effective use of funds raised from the public. By requiring the financial statements of the mutual funds to be registered in New Zealand in addition to the financial statements of Schneider, investors will have access to the information they need to assess whether the money invested has been applied solely for the operations of the mutual funds (that is, in purchasing Schneider shares on their behalf):
- there will not be any significant detriment to subscribers in New Zealand, since the exemption applies only to issuers of securities allotted in respect of offers made in reliance on the Securities Act (French Issuers Employee Share Purchase Schemes) Exemption Notice 2010, which allows Schneider to provide offer documents that comply with overseas requirements, including financial statements. The ongoing financial disclosure required under the exemption is therefore consistent with the initial offer documents provided to the subscribers:
- the exemption addresses the particular difficulties experienced by Schneider in issuing securities in New Zealand under an employee share purchase scheme. The exemption is not broader than what is reasonably necessary to address those difficulties, and still requires that financial statements be filed in New Zealand.

Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*: 24 June 2010.

This notice is administered by the Securities Commission.
