



10 June 2016

## **CIRCULAR NO 1608**

**To:** The Secretary all Totalisator Clubs and Kindred Bodies

**From:** Edward Rennell, Chief Executive

**Subject:** **2016 RULE REMITS FOR ANNUAL GENERAL MEETING**

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Please find **attached** the 2016 Rule Remits for this year's Annual General Meeting being held at the Commodore Airport Hotel, Christchurch, on Saturday 30<sup>th</sup> July 2016 commencing at 1.30 pm.

The Remits will be printed in the June edition of "Harnessed".

There are no Correspondence Items this year.

Should you have any queries regarding these remits or require clarification, please do not hesitate to contact me.

**Edward Rennell**  
**CHIEF EXECUTIVE**

## OFFICIAL NOTICE

### **HARNESS RACING NEW ZEALAND INCORPORATED RULE REMITS FOR THE 2016 ANNUAL CONFERENCE**

The proposed amendments to the New Zealand Rules of Harness Racing and the Constitution of Harness Racing New Zealand Incorporated to be considered at the 2016 Annual General Meeting of Harness Racing New Zealand Incorporated on 30 July 2016 at Christchurch are:

#### **1. Rule 407 and 409 – Presentation of Registration Papers on Qualifying**

##### **Remit**

Amend rule 409 to state:

- 409 (1) A horse before its first race must be presented to a Stipendiary Steward for inspection either:
- (a) in the assembly area or place approved by the Stipendiary Steward no later than one hour before the advertised start time of the first race of the trials or race meeting at which it is proposed to start such a horse; or
  - (b) at any other place and time approved by a Stipendiary Steward prior to its first start in a race.
- (2) The Stipendiary Steward shall inspect the horse to ensure the horse is the horse described in HRNZ's registration system.
- (3) If the Stipendiary Steward is satisfied the horse is the horse described in HRNZ's registration system, the Stipendiary Steward shall notify HRNZ by such method approved by the Board.
- (4) If no record is made under sub-rule (3) the horse is ineligible to start in a race.

Amend rule 407(4) by deleting the words "to be used by such owner for the purposes of Rule 409 hereof"

##### **Reason**

This remit will remove the requirement for connections to provide registration papers for inspection by Stipendiary Stewards prior to a horse qualifying. With developments in technology, the Stewards can confirm the identity of the said horses without the need to refer to hard copies of the registration papers.

## **2. Rule 451(1) – Public Syndications**

### **Remit**

Amend rule 451(1) by deleting the word “HRNZ” and substituting the word “Board”.

### **Reason**

With the new Financial Markets Authority Act, this change clarifies that it is a Board decision to approve public syndications.

## **3. Rule 857(7)(k) – Candy Poles**

### **Remit**

Insert a new sub-rule paragraph (k) to rule 857(7) which states:

- (7) No horseman shall:
- (k) fail to come up to the mobile barrier by the time the candy pole or other nominated marker is reached.

### **Reason**

This change is recommended by the Racing Integrity Unit with the support of the Trainers & Drivers’ Association. The RIU is concerned at instances where drivers hang off the gate in the “score up” and come into position late to get a “flying start”. In many cases, this disadvantages the second line runners following such horses.

Under the new rule, all starters would have to be in position upon reaching the designated candy pole marker 50 metres prior to the start. This system is applied and works successfully in Australia.

## **4. Rule 1004E – Anabolic Steroids Stand Down of Horses**

### **Remit**

Amend the rules by inserting a new rule 1004E which states:

Any horse connected with a breach of rule 1001(1)(q), 1001(1)(qa), or 1004 in relation to a prohibited substance referred to in clause 6.5 of the Prohibited Substance Regulations (anabolic androgenic steroids) or the metabolites, artefacts, isomers and analogues thereof may not be trained and is ineligible to start in any race or trial for a period of 12 months from the date the relevant Judicial Committee delivers its written decision (except that if the horse is less than two years old at the time the written decision is delivered then the 12 month period shall commence on the day that horse turns two years old).

## Reason

The rules preclude the administration of anabolic steroids to horses. While the rules address penalties in relation to licenceholders, they do not specifically address penalties with respect to any horse that may be found to have anabolic steroids in its system following testing, in particular regarding a stand down period from racing.

Under the proposed rule change, any horse that returns a positive result when tested for anabolic steroids, shall be stood down from racing for 12 months following the judicial decision. The remit proposed is consistent with Australian thoroughbreds and harness, with NZTR also adopting recently a similar rule.

5. **Clause 9(1)(e), 9(2)(c), 9(3)(b), 9(3)(d), 9(3)(e), 9(6)(d), 9(6)(da), 9(8)(b), 9(8)(c)(i), 9(8)(c)(ii), 9A and 9B of the Constitution of Harness Racing New Zealand Incorporated – New Zealand Trotting Owners Appointment on HRNZ Board.**

## Remits

Amend clause 9(1)(e) of the Constitution to state:

- (e) one person appointed by:
  - (i) the New Zealand Standardbred Breeders Association;
  - (ii) the New Zealand Harness Racing Trainers and Drivers Association; and
  - (iii) the Owners Appointment Committee.

Amend clause 9(2)(c) of the Constitution to state:

- (c) is not a member of a totalisator club, or in the case of a member of the Board appointed by the Auckland Trotting Club, the New Zealand Metropolitan Trotting Club, the New Zealand Standardbred Breeders Association, and the New Zealand Harness Racing Trainers and Drivers Association who is not a member of the appointing Club or Association, or in the case of the member appointed by the Owners Appointment Committee who is not an owner.

Amend clause 9(3)(b) of the Constitution by deleting the words “elected by the New Zealand Trotting Owners Association” and substituting the words “appointed by the Owners Appointment Committee”

Amend clause 9(3)(d) of the Constitution by deleting the words “the New Zealand Trotting Owners Association”.

Insert a new clause 9(3)(e) which states:

- (e) No later than 20 June 2018 and likewise no later than 20 June in every second year thereafter the Owners Appointment Committee shall notify the Chairperson the name of the person appointed by the Committee in accordance with its rules as a member of the Board.

Amend clause 9(6)(d) to state:

- (d) No later than the 20th day of June 2002 and likewise not later than the 20th day of June in every second year thereafter the Secretary of the New Zealand Harness Racing Trainers and Drivers Association shall notify the Chief Executive the name of the person who has been appointed by it in accordance with its Rules as a member of the Board.

Insert a new clause 9(6)(da) to state:

- (da) No later than the 20th day of June 2018 and likewise not later than the 20th day of June in every second year thereafter the Chairperson of the Owners Appointment Committee shall notify the Chief Executive the name of the person appointed by it in accordance with its rules as a member of the Board.

Amend clause 9(8)(b) to state:

- (b) In any case where the Board grants to any member leave of absence for a period of not less than three months, it may appoint a substitute for that member during such absence, provided however that where such member is the appointed member by the Auckland Trotting Club, the New Zealand Metropolitan Trotting Club, the New Zealand Standardbred Breeders Association, the New Zealand Harness Racing Trainers and Drivers Association, the New Zealand Trotting Owners Association, or the Owners Appointment Committee the Board may invite such Club or the New Zealand Standardbred Breeders Association, the New Zealand Harness Racing Trainers and Drivers Association, or the Owners Appointment Committee as is appropriate to appoint a substitute member.
- (c) Whenever any vacancy occurs on the Board, the vacancy shall be filled:
  - (i) By the Chief Executive calling for nominations from all Clubs to fill the vacancy, provided however that where such member is the member appointed by the Auckland Trotting Club, the New Zealand Metropolitan Trotting Club, the New Zealand Standardbred Breeders Association, the New Zealand Harness Racing Trainers and Drivers Association or the Owners Appointment Committee, the Chairman shall invite such Club or Association as may be appropriate to appoint a new member to fill the vacancy.
  - (ii) Nominations shall be called for within a time fixed by the Chairman and all foregoing provisions of this part of the Constitution relating to Nomination and Election of members of the Board, shall with the necessary modifications apply with respect to nominations called for as aforesaid and to any Election required to be held as a result of such Nominations being made, provided however that where such vacancy involves the appointed member by the Auckland Trotting Club, the New Zealand Metropolitan Trotting Club, the New Zealand Standardbred Breeders Association, the New Zealand Harness Racing Trainers and Drivers Association, the New Zealand Trotting Owners Association, or the Owners Appointment Committee the appointment of a new member shall be conducted in accordance with the Rules of the appropriate Club or the New Zealand Standardbred Breeders Association, the New Zealand Harness Racing Trainers and Drivers Association, or the Owners Appointment Committee and the name of

the new member so appointed advised to the Chairman not later than 60 days after being invited to conduct such election or appointment.

Insert a new clause 9A which states:

**9A Owners Appointment Committee**

- (1) The Board shall when required shall establish an Owners Appointment Committee which shall comprise of:
  - (a) one person appointed by the Board;
  - (b) one person appointed by the New Zealand Trotting Owners Association; and
  - (c) one person appointed by agreement of the Board and the New Zealand Trotting Owners Association or failing agreement by the New Zealand Racing Board.
- (2) The function of the Committee shall be to call for nominations from owners of horses registered under the rules and from the nominees appoint a person to the Board.
- (3) The Board in consultation with the Committee and the New Zealand Trotting Owners Association may make rules governing the procedure for the Owners Appointment Committee.

**9B Transitional Provision**

- (1) The person appointed to the Board by the New Zealand Trotting Owners Association shall vacate office on 1 November 2016 and the Owners Appointment Committee shall appoint a person to the Board who, subject to the provisions of this Constitution, shall hold office for the remainder of the term.

**Reason**

This remit is no reflection on the current or previous representatives of the NZ Trotting Owners Association (NZTOA) on the Board of HRNZ, but rather a desire that an appointment is made from a wider base of owners than is currently the case.

Under the current HRNZ constitution, the NZTOA makes an appointment to the Board of HRNZ on the basis that such person must be elected pursuant to the rules of the NZTOA. The NZTOA is unconstitutional and has been for some time.

That is unacceptable, particularly with regard to the appointment of their representative to the HRNZ Board in accordance with the current HRNZ Constitution and the Board is of the view there is a need to establish a process outside of the current NZTOA Constitution to ensure their representative to the HRNZ Board is elected on a constitutional and democratic basis.

Owners are recognised as a very important component of racing and along with punters are the two key value drivers in the industry. Improve the positions of both these groups and benefits flow on to all other parts of the industry. This is an underlying principle of HRNZ's business plan.

The proposed change reflects this in endeavouring to ensure the appointment of a person to the Board of HRNZ is constitutional. An Owners Appointments Committee will review applications and appoint the person they believe is best qualified to add value to the Board and represent the interests of all owners. The Appointments Committee will be made up of a representative of the NZTOA, HRNZ and an independent person appointed by the Association and HRNZ. In the unlikely absence of agreement on the independent person on the Appointments Committee, the NZ Racing Board will be invited to make this decision.

It is stressed the remit is not removing the owners representation from the Board of HRNZ, but rather changing the appointment process in order to be constitutional and democratic. It also allows for a wider base of owners to be considered for this position.

If approved, the remit provides for a transitional process whereby the NZTOA's current appointment would continue in office till 1 November 2016, following which an appointment will be confirmed pursuant to the new process.

## **6. Bloodstock Syndication Code of Practice - Appendix to Rules**

### **Reason**

A review process to update the Code of Practice for Authorised Syndicators in conjunction with New Zealand Thoroughbred Racing has been undertaken due to new Financial Markets Authority requirements.

The amended Bloodstock Syndication Code of Practice (over page) has received sign off from the Financial Markets Authority and is required to be attached to the Rules of Harness Racing as an Appendix.

## APPENDIX

### BLOODSTOCK SYNDICATION CODE OF PRACTICE

(Made by the Board pursuant to Rule 431 and 432 of the New Zealand Rules of Harness Racing)

#### 1 DEFINITIONS AND INTERPRETATION

1.1 In this Code of Practice the following words and expressions shall have the following meanings:

**“Advertisement”** means any form of communication made to the public or a section of the public for the purpose of promoting an Offer or intended Offer of Shares.

**“Applicant”** means a person who applies for a Share.

**“Associated Person”** has the meaning set out in Section 12 of the Financial Markets Conduct Act 2013.

**“Authorised Syndicator Status”** means that a person has been authorised under this Code of Practice to offer Shares to the public, or that a Bloodstock Company has been authorised under this Code of Practice to offer its Shares to the public.

**“Balance Date”** has the meaning set out in Sections 40 to 43 of the Financial Reporting Act 2013.

**“Bloodstock”** means standardbred bloodstock or interests in standardbred bloodstock.

**“Bloodstock Company”** means a company which has been granted Authorised Syndicator Status under this Code of Practice.

**“Bloodstock Reporting Entity”** means each Bloodstock Company and Bloodstock Syndicate (other than a Bloodstock Syndicate which meets the criteria set out in Clause 6.4).

**“Bloodstock Syndicate”** means a partnership, limited partnership, joint venture, co-ownership arrangement or other body of persons formed or to be formed for the purposes of owning, racing or breeding bloodstock.

**“Board”** means the Board of Harness Racing New Zealand Inc.

**“Chief Executive”** means the Chief Executive of Harness Racing New Zealand Inc.

**“Code of Practice”** means this Code of Practice.

**“Compliance Agreement”** means a written agreement in the prescribed form under which a Promoter agrees with the Board to comply with and be bound by the provisions of this Code of Practice.

**“Disclosure Statement”** means a written statement that meets the criteria set out at Clause 4.2 of this Code of Practice, and includes any replacement of or addendum to any such written statement required under Clause 4.3.

**“Financial Statements”** has the meaning set out in Section 6 of the Financial Reporting Act 2013, provided that, if there is no applicable financial reporting standard or no applicable non-GAAP standard, then it means statements that meet financial reporting standards prescribed by the Board.

**“Generally Accepted Accounting Practice” (“GAAP”)** means the accounting principles and practices which are generally accepted in New Zealand and comply with the laws of New Zealand.

**“Governing Document”** means in relation to a Bloodstock Syndicate, a syndicate agreement, a partnership agreement, a co-ownership or joint venture agreement, a limited partnership agreement or other document governing the relationship between and the interests of Participants, Promoter and Manager.

**“Issue”** means the issue or transfer of Shares pursuant to an Offer.

**“Manager”** means in relation to a Bloodstock Syndicate the person controlling the management and administration of the affairs of the Bloodstock Syndicate and includes the Promoter.

**“Offer”** means an offer of Shares in a Bloodstock Syndicate or Bloodstock Company to the public under this Code of Practice.

**“Participant”** means the owner of a Share in a Bloodstock Syndicate.

**“Promoter”** means a person with Authorised Syndicator Status who offers Shares to the public under this Code of Practice and includes a Bloodstock Company which Offers and Issues its Shares to the public pursuant to this Code of Practice.

**“Qualified Auditor”** has the meaning set out in Section 36 Financial Reporting Act 2013

**“Share”** means in relation to a Bloodstock Syndicate an interest in the Bloodstock Syndicate and in relation to a Bloodstock Company means a share in the company.

**“Shareholder”** means the owner of a Share in a Bloodstock Company.

**“Supervisory Panel”** means a Supervisory Panel established under clause 11.1 of this Code of Practice.

**“Valuer”** or **“Bloodstock Valuer”** means a bloodstock valuer who has been entered on the Register of Bloodstock Valuers, maintained by Harness Racing New Zealand Inc., in accordance with Clause 9 of this Code of Practice.

**“Working day”** has the meaning set out in Section 29 of the Interpretation Act 1999.

## 1.2 Interpretation

In the interpretation of this Code of Practice, unless the context otherwise requires:

- (a) All schedules form part of this Code of Practice
- (b) Any reference to a document includes a reference to any original, a facsimile copy, a photocopy, a PDF or email image copy of the document
- (c) Any reference to a person includes a reference to a corporation sole, a body corporate, and an unincorporated body
- (d) Any reference to a statute or regulation includes a replacement or modification of that statute or regulation
- (e) Anything required to be done by this Code of Practice by a Bloodstock Reporting Entity must be done by the Manager (in the case of a Bloodstock Syndicate) or the directors (in the case of a Bloodstock Company)
- (f) Anything required by this Code of Practice to be done on a day which is not a Working Day must be done, and will be valid if done, on the next succeeding working day
- (g) Clause headings will be disregarded
- (h) Words importing the singular shall include the plural and vice versa
- (i) Words importing one gender shall include the other genders

## 2 APPROVAL OF PROMOTERS

2.1 Persons wishing to obtain Authorised Syndicator Status must apply to the Board through the Chief Executive in the prescribed form. If Shares in a company are to be offered to the public under this Code of Practice, both the company and the person (if any) offering the Shares must have Authorised Syndicator Status. Each application must be accompanied by payment of the prescribed fee and a completed Compliance Agreement signed by the applicant and must otherwise meet the following requirements.

- (a) If the applicant is an individual, all trading names under which the applicant has offered Shares in Bloodstock Syndicates or Bloodstock Companies to the Public must be set out in the application
- (b) If the applicant is a Company it must at the time of application submit a copy of its constitution, which must include the provisions required by Clause 22.2 of this Code of Practice

- 2.2 The Chief Executive will issue a Certificate of Authorised Syndicator Status if the application is approved by the Board.
- 2.3 Authorised Syndicator Status authorises the person to whom this status has been granted to offer Shares to the public under this Code of Practice. The Board will be entitled to refuse to grant Authorised Syndicator Status upon any of the following grounds:
- (a) The person or any associated person of the person is disqualified under the Rules of Harness Racing
  - (b) The person or any associated person of the person has been convicted of any criminal or fraudulent act, omission or conduct
  - (c) The person is unable to demonstrate to the satisfaction of the Board that he/she/it has the ability to meet the Board's management and client servicing requirements
  - (d) The person, if an individual, is not twenty years or over
  - (e) The person or any associated person of the person has, in the sole opinion of the Board, an unsatisfactory record in either bloodstock syndication or trading
  - (f) The Board is not satisfied by the production of written evidence acceptable to it that the person is financially sound and of good character
  - (g) If the application is a company, the Board is not satisfied in its opinion that the company's principal activity is, or will be, the ownership, management, breeding or racing of Bloodstock
- 2.4 A person whose application is declined may appeal to the Supervisory Panel (See Clause 11).
- 2.5 A person with Authorised Syndicator Status must notify the Board through the Chief Executive of any trading names under which that person intends to offer Shares to the public.

### **3 DISCLOSURE OF AUTHORISED SYNDICATOR STATUS ON PROMOTIONAL AND ADVERTISING MATERIAL**

- 3.1 Persons who have Authorised Syndicator Status must include in every Advertisement issued or distributed by them in printed form or on or through a website the following statement:

*"[Insert name of Promoter/Bloodstock Company] ... is an Authorised Syndicator under the Code of Practice administered by Harness Racing New Zealand Inc. regulating standardbred syndication. Details of the Offer are contained in the disclosure statement relating to the Offer."*

The statement must then say where or how the Disclosure Statement may be obtained.

In the case of broadcast and digital Advertisements Promoters are required to consult with the Chief Executive on the form and placement of this statement in Advertisements of this nature.

- 3.2 Each Disclosure Statement must include the following statement:

*"[Insert the name of the relevant Promoter/Bloodstock Company] ... is an Authorised Syndicator under a Code of Practice established and administered by Harness Racing New Zealand Inc. Harness Racing New Zealand Inc. does not endorse nor does it guarantee the success or otherwise of the Offer made under this Disclosure Statement and accepts no responsibility whatsoever for any statements or representations made in this Disclosure Statement or for any loss or liability arising from participation in the Offer."*

## 4 ISSUE OR SHARES AND DISCLOSURE STATEMENTS

- 4.1 No Share may be issued to an Applicant and no money received from an Applicant is to be disbursed in payment of costs of the Bloodstock Syndicate or the Bloodstock Company until the following conditions have been satisfied:
- (a) The Promoter delivers to the Chief Executive a Disclosure Statement in the form set out in the Schedule hereto and that otherwise contains the information prescribed under this Code of Practice. The Disclosure Statement must be fully and correctly completed for each Offer; and
  - (b) The Board does not give the Promoter a requisition notice to replace, amend or correct any matter contained or attached to the Disclosure statement within 14 working days from the date of delivery to the Chief Executive; and
  - (c) The Promoter has obtained from all Applicants to whom a Share is to be issued a signed acknowledgment of receipt and understanding of the Disclosure Statement, and of any addendum to the Disclosure Statement if one was required (refer clause 4.3)
  - (d) The minimum level of subscription (if any) set out in the Disclosure Statement has been received unless the Disclosure Statement states that the Offer is underwritten by the Promoter (i.e. the Promoter has agreed to take up all Shares in respect of which no applications are received)
  - (e) If a signed acknowledgement of receipt and understanding of the Disclosure Statement, (and any addendum to it) has not been received from an Applicant all monies received from that Applicant must be refunded to that Applicant
- 4.2 A Disclosure Statement is required to meet the following criteria:
- (a) The Disclosure Statement must contain all of the information and statements required by this Code of Practice including the applicable information required by the form of disclosure statement set out in the Schedule; and
  - (b) It must refer to all required valuation reports and veterinary certificates (copies of which must be provided to the Board) and it must say how copies of those reports and certificates may be obtained by the Applicants; and
  - (c) If the Promoter is seeking to raise funds under the Offer for the purchase, in the future, of Bloodstock for racing and/or breeding purposes, the Disclosure Statement must state that valuation reports and veterinary certificates will be obtained in respect of such Bloodstock at the time it is purchased (which reports and certificates must meet the requirements of clauses 10.1 and 10.3, respectively) and state how copies of those reports and certificates may be obtained by each Participant or Shareholder (as the case may be); and
  - (d) In the case of a Bloodstock Syndicate a copy of the Governing Document (such as a Partnership or Syndicate Agreement) must accompany the Disclosure Statement when it is sent to potential Applicants, unless it has previously been provided to the potential Applicant; and
  - (e) In the case of a Bloodstock Company the Disclosure Statement must say where or how a copy of the Constitution may be obtained; and
  - (f) It must disclose the nature of:
    - (i) all commissions, fees or rebates and other benefits (e.g. insurance commissions or commissions on the sale or purchase of Bloodstock) that have been or may be received in the future by the Promoter or the Manager, or an Associated Person of the Promoter or Manager, specifically in relation to the relevant Bloodstock Syndicate or Bloodstock Company or any of its Bloodstock; and
    - (ii) all pecuniary or material interest the Promoter or the Manager, or any Associated Person of the Promoter or Manager, has or had in any of the Bloodstock acquired or to be acquired by the relevant Bloodstock Syndicate or Bloodstock Company

- (g) It must be signed by the Promoter and where the Promoter is a corporate entity by at least one of its directors
- 4.3 Each Disclosure Statement must be approved by the Board, which must not grant approval unless it is satisfied:
- (a) The Disclosure Statement contains all of the information and statements required under this Code of Practice (including all of the applicable information required by the form of disclosure statement set out in the Schedule); and
  - (b) There is no reason to suspect that any of the information provided in or accompanying the Disclosure Statement is incorrect; and
  - (c) The Promoter's performance in prior syndications or Offers has been satisfactory; and
  - (d) The fees, charges, commissions, margins over valuation are reasonable and not such that they may bring the industry into disrepute; and
  - (e) That the status of the Promoter has not materially changed in terms of the criteria for the approval of Authorised Syndicator Status since the Promoter was granted Authorised Syndicator Status or the last syndication or Offer by the Promoter
- 4.4 If a Disclosure Statement is not approved by the Board, it may be replaced and resubmitted to the Chief Executive or if approved by the Board an addendum to the Disclosure Statement may be utilised to rectify any requisition of the Board made pursuant to Clause 4.1 (b) of this Code of Practice.

## **5 ADVERTISING**

- 5.1 Advertisements must not be misleading or factually incorrect or be likely to bring the standardbred industry into disrepute and must otherwise comply with the requirements of the "fair dealing" provisions in Part 2 of the Financial Markets Conduct Act 2013 (which prohibit misleading or deceptive conduct, the making of false or misleading representations and the making of unsubstantiated representations) as if Shares were "financial products" within the meaning of that Act.
- 5.2 A Promoter must notify the Chief Executive of the proposed advertising of an Offer and the intended publications in which Advertisements for the Offer will appear.
- 5.3 Each Advertisement must comply with Clause 3.1 and state clearly that applications for Shares can only be made after an Applicant has received and signed a Disclosure Statement. In addition, each Advertisement must state the name of the Promoter.
- 5.4 A Promoter may submit an Advertisement to the Board through the Chief Executive for review, prior to its publication, broadcast or distribution.
- 5.5 If an Advertisement is considered or observed by the Board to not comply with this Code of Practice the Board may require the Advertisement to be amended or, if already published or distributed, to be withdrawn from publication or distribution and require the Promoter to notify all Applicants under the Offer of the matters in respect of which the published Advertisement was non-compliant and such other information which the Board considers is required to remedy the deficiency.
- 5.6 The notice referred to in Clause 5.5 must be approved by the Board and no Shares may be issued under the Offer until the notice has been provided to all Applicants.

## **6 BANK ACCOUNT/FINANCIAL DEALINGS**

- 6.1 The Directors must establish a separate bank account for each Bloodstock Company. All moneys received by the Bloodstock Company must immediately be deposited into that bank account by the Promoter.
- 6.2 Subject to Clause 6.4, a Promoter must establish a separate bank account or trust bank account for each Bloodstock Syndicate. All moneys received by the Promoter in respect of a Bloodstock Syndicate must immediately be deposited into that bank account by the Promoter.
- 6.3 All monies received from an Applicant are to be held in trust pending the issue of Shares to that Applicant or the refund of those monies to that Applicant under Clause 4.1 (e) or 7.2.
- 6.4 A Promoter is not required to comply with Clause 6.2 so long as the Bloodstock Syndicate meets the following criteria:
- (a) The Participants are each holders of an interest in Bloodstock, whether as an owner or as a lessee; and
  - (b) The Bloodstock Syndicate is a joint venture or co-ownership arrangement and not a partnership, a limited partnership or an unincorporated body of persons which at law has a financial reporting obligation (as a body); and
  - (c) The Participants are each invoiced by the Promoter for the initial cost of their respective interest in the Bloodstock and the Participants are each periodically invoiced by the Promoter or the relevant suppliers or service providers for their respective proportion of the on-going costs and expenses incurred in relation to the Bloodstock, and the Participant is required to pay those costs and expenses in accordance with each such invoice; and
  - (d) The Promoter and any Associated Person of the Promoter must, on written request of either a Participant or the Chief Executive, provide supporting invoices or other evidence for costs invoiced in accordance with 6.4(c); and
  - (e) Unless the Governing Document provides otherwise, stake winnings, prize money or bonus payments received in excess of current invoicing period costs less any arrears owing are disbursed to individual Participants rather than retained to meet future costs; and
  - (f) The Offer is fully underwritten by the Promoter
- 6.5 All financial transactions by or on behalf of a Bloodstock Syndicate or a Bloodstock Company must be made through a bank account.

## **7 TIME LIMIT FOR ISSUE OF SHARES**

- 7.1 Shares must be issued under an Offer within eight months of the date of the Disclosure Document or any replacement Disclosure Statement for the Offer.
- 7.2 A Promoter who fails to issue Shares within the period specified in Clause 7.1 (for example if the Offer is not underwritten by the Promoter and the minimum level of subscription is not raised or for some other reason) must refund all money received from the Applicants in full.

## **8 POWERS OF SUSPENSION OR CANCELLATION OF AUTHORISED SYNDICATOR STATUS AND POWERS OF ENFORCEMENT**

- 8.1 If in the opinion of the Board and of the grounds set out in Clause 2.3 arises or applies in respect of a Promoter (“a Relevant Event”) or a Promoter is in breach of or in default under the Code of Practice it may:

- (a) Require the Promoter to remedy the circumstances giving rise to the Relevant Event, or the breach or default, (if the circumstances, or the breach or default, are capable of remedy) within 7 days and if those circumstances, or the breach or default are not remedied within that time suspend or cancel the Authorised Syndicator Status of the Promoter; or
- (b) Immediately suspend or cancel the Authorised Syndicator Status of the Promoter; or
- (c) Exercise all or any of the following powers in relation to any Bloodstock Company, Bloodstock Syndicate or Offer:
  - (i) suspend or order the cessation of any Offer
  - (ii) immediately suspend or order the withdrawal of any Advertisement relating to an Offer
  - (iii) remove, or require the Promoter to remove, a Manager or the Directors of a Bloodstock Company and if necessary either require the Promoter to appoint a new Manager or Directors or itself appoint a new Manager or new Directors
  - (iv) order the Promoter to make refunds to Applicants or Participants or Shareholders
  - (v) require an audit (at the expense of the Promoter) by a Qualified Auditor of the financial accounts of the Promoter or of a Bloodstock Syndicate or Bloodstock Company
  - (vi) appoint a suitable qualified and/or experienced person (at the expense of the Promoter) to investigate the affairs of the Promoter or of a Bloodstock Syndicate or Bloodstock Company

8.2 The Board may suspend or cancel the Authorised Syndicator Status of a Promoter if no Disclosure Statements for that Promoter have been approved by the Board within the previous 36 months. In that case suspension or cancellation takes effect 28 days after written advice of this intention from the Board to the Promoter, and if no valid objection is delivered to the Board by the Promoter within that period. The Promoter may request the reinstatement of their Authorised Syndicator status without fees or charges. The Board may in its discretion treat the application for reinstatement as a new approval under clause 2.1.

## 9 REGISTER OF BLOODSTOCK VALUERS

- 9.1 Harness Racing New Zealand Inc. will maintain a Register of Bloodstock Valuers. Bloodstock Valuers may be entered on the Register either upon the nomination of the Bloodstock Agents' Federation NZ Inc. or following receipt of an application from a Bloodstock Valuer which is approved by the Board in its discretion.
- 9.2 The Board is entitled to reject any nomination or application under Clause 9.1 if it is not satisfied that:
- (a) The Valuer is of good standing and/or character; or
  - (b) The Valuer is sufficiently experienced in equine practice; or
  - (c) The Valuer is sufficiently competent in the field in respect of which he or she is certifying - i.e., racing or breeding
- 9.3 The Board is entitled to remove a Bloodstock Valuer from the Register if in its opinion:
- (a) The Valuer is insufficiently competent in the field in which he/she is certifying under this Code of Practice
  - (b) The Valuer has acted in an improper or unprofessional manner whether in respect of valuations under this Code of Practice or otherwise in his/her business or has breached any of the provisions of this Code of Practice; or
  - (c) The Valuer has charged or is charging excessive fees

## **10 VALUATIONS AND VETERINARY REPORTS**

- 10.1 Subject to Clause 10.2 and 10.4 for each Disclosure Statement the Board must be provided with two valuation reports in the prescribed form from Bloodstock Valuers who are, at the date of their respective reports, entered in the Register of Bloodstock Valuers established under this Code of Practice and are not an Associated Person of the Promoter.
- 10.2 Valuation reports are not required to be provided to the Board in respect of Bloodstock that are or are to be leased by the Bloodstock Syndicate or Bloodstock Company, whether or not there is a right of purchase (Clause 23.5 refers).
- 10.3 Subject to Clause 10.4 for each Disclosure Statement the Board must be provided with a veterinary report from a Veterinary Surgeon who meets the following criteria:
- (a) The veterinary surgeon must hold a current annual practising certificate issued by the Veterinary Council of New Zealand; and
  - (b) The veterinary surgeon must be experienced in equine practice; and
  - (c) The veterinary surgeon must spend the majority of his or her professional time in equine practice
  - (d) The veterinary surgeon must be competent in the field in respect of which he or she is certifying - i.e., racing or breeding
- 10.4 In the case of an Offer that is seeking to raise funds for the purchase, in the future, of Bloodstock for racing and/or breeding purposes, the relevant Bloodstock Company must, whenever any Bloodstock is purchased by it, obtain as soon as is practicable after such Bloodstock has been purchased, valuation reports and veterinary certificates in respect of that Bloodstock, which reports and certificates must meet the requirements of clauses 10.1 and 10.3, respectively.
- 10.5 Each Disclosure Statement must say where or how copies of the valuation reports (if any) and the veterinary reports may be obtained.
- 10.6 Where Bloodstock is purchased from countries outside New Zealand the following criteria apply in respect of valuation and veterinary reports:
- (a) In the case of Bloodstock purchased in Australia the Promoter must use either Bloodstock Valuers and veterinary surgeons that have been approved under the New South Wales or equivalent system of syndication or New Zealand Bloodstock Valuers and veterinary surgeons
  - (b) In the case of Bloodstock purchased from any other country, the Promoter must use reputable Bloodstock Valuers and veterinary surgeons that are recognised as such by the principal harness racing authority in that country or the state in which the Bloodstock is located. The Board may suspend an Offer or the Issue of Shares under it, if it believes that either the Bloodstock Valuers or the veterinary surgeons used are not competent in the area in which they are certifying

## **11 SUPERVISORY PANEL**

- 11.1 A Supervisory Panel consisting of three persons will be appointed and established by the Board. At least one member of the Panel will be admitted as a barrister and solicitor who will act as Chairman.
- 11.2 The duties of the Supervisory Panel are as follows:
- (a) To call periodic meetings of representatives of Harness Racing New Zealand Inc., Promoters, Bloodstock Agents' Federation NZ Inc. and other interested parties to review the operation of the Code of Practice and to consult with any other interested parties

- (b) To act on recommendations from such meetings and to request Harness Racing New Zealand Inc. to take appropriate action where it deems it necessary
- (c) To report to the Financial Markets Authority on the operation of the Code of Practice, known breaches and remedial action taken after the first 12 months and thereafter every year, or at any other time which the Supervisory Panel considers appropriate
- (d) To act as an Appeal Authority pursuant to Clause 11.3 below

11.3 The role of the Supervisory Panel as an Appeal Authority shall be:

- (a) To hear and determine appeals from persons who have been declined Authorised Syndicator Status by the Board
- (b) To hear and determine any complaint levied against the Board in relation to the operation of the Code of Practice
- (c) To hear and determine complaints concerning excessive fees charged by Bloodstock Valuers and/or Veterinarians in respect of certificates issued under this Code of Practice
- (d) To hear and determine appeals from persons who have been refused entry on or removed from the Register of Bloodstock Valuers

11.4 The following provisions shall govern appeals to be heard and determined by the Supervisory Panel:

- (a) All appeals to the Supervisory Panel must be lodged within 30 days of the date of the decision which is being appealed against
- (b) The Supervisory Panel may remit the matter in question to a re-hearing by the Board or, upon hearing evidence and if necessary any additional evidence, make such order as the Supervisory Panel thinks ought to have been made by the Board, or such other order as in its opinion may be necessary to ensure the determination on its merits of the real question at issue
- (c) The Supervisory Panel may in its discretion allow any party to be represented by Counsel on the hearing of any appeal and it may have Counsel present to assist the Supervisory Panel. In all other respects, the Supervisory Panel may establish its own procedures
- (d) It may make such order in respect of the costs and expenses of and incidental to any hearing and determination by it as it thinks fit provided however that it may not make any order that the Board pays any costs or expenses

11.5 Any decision of the Supervisory Panel shall be final and conclusive as to the matter before it for hearing and determination.

## 12 FINANCIAL REPORTING

### 12.1 Financial Statements must be prepared

Every Bloodstock Reporting Entity must ensure that, within 4 months after Balance Date, Financial Statements that comply with Generally Accepted Accounting Practice are completed in relation to that Balance Date and the Financial Statements are dated and signed on behalf of the Bloodstock Reporting Entity:

- (a) Within four months of each Balance Date, each Participant/Shareholder must be provided with audited financial reports for the Bloodstock Syndicate or Bloodstock Company; and
- (b) At no more than six monthly intervals, each Participant/Shareholder must be provided with a written report of the affairs of the Bloodstock Syndicate/ Bloodstock Company however where a Bloodstock Syndicate/ Bloodstock Company has Bloodstock racing or to be raced such reports shall be issued at no more than three monthly intervals

#### **12.2 Financial Statements and Audit Requirements:**

- (a) Annual Financial statements must at least meet the minimum financial reporting requirements prescribed by the Board and comprise at least a profit and loss statement and balance sheet prepared in accordance with generally accepted accounting practice; and
- (b) the annual financial statements must otherwise comply with all statutory financial reporting requirements such as those contained in Part 7 of the Financial Markets Conduct Act 2013
- (c) the annual Financial Accounts must be audited by a Qualified Auditor per the statutory financial reporting requirements such as those contained in Part 7, Clauses 461(g) to 461 (e) of the Financial Markets Conduct Act 2013

#### **12.3 Delivery of Financial Statements**

Every Bloodstock Reporting Entity must ensure that, within 5 months after the Balance Date, copies of the Financial Statements that are required to be prepared under this Clause 12, together with a copy of the auditor's report on those Financial Statements, are sent to the Participants or Shareholders as the case may be and to the Chief Executive.

- 12.4 Upon request, a Participant or Shareholder of the relevant Bloodstock Reporting Entity may request an additional audit of the Financial Statements at his or her own cost. The Manager of a Bloodstock Syndicate or the Directors of a Bloodstock Company, as the case may be, must provide access to the records in order for any such the audit to be conducted.

### **13 NOTIFICATION OF MEMBERS OF SYNDICATE**

- 13.1 Once the conditions in Clause 4.1 have been satisfied a Promoter must notify the Chief Executive of the names and addresses of the Participants or Shareholders, as the case may be, within 30 days of the Issue of Shares under an Offer. A copy of the page of the Disclosure Statement signed by each Participant or Shareholder must be provided to the Chief Executive with that notification if it has not already been provided.
- 13.2 Changes of the Participants or Shareholders in a Bloodstock Syndicate or Bloodstock Company and their addresses must be notified to the Chief Executive within 30 days of any change occurring.

### **14 FAIR DEALING**

All Persons whether they be a Promoter, Manager or an Associated Person of a Promoter or Manager must comply with the "fair dealing" provisions of Part 2 of the Financial Markets Conduct Act 2013 as if Shares were "financial products" within the meaning of the Act. In broad terms, Part 2 of the Financial Markets Conduct Act 2013 prohibits misleading or deceptive conduct, the making of false or misleading representations and the making of unsubstantiated representations.

### **15 FEES**

- 15.1 A Promoter must pay the fees prescribed from time to time by the Board for the processing of an application for Authorised Syndicator Status and for the review of a Disclosure Statement.
- 15.2 All fees must be paid at the time application for Authorised Syndicator Status or when a Disclosure Statement is lodged for review.
- 15.3 Until fees are paid, an application for Authorised Syndicator Status shall not be referred to the Board for consideration.

- 15.4 Harness Racing New Zealand Inc. shall be entitled to charge a Promoter interest calculated on a daily basis on overdue fees at the rate of 5% above the base lending rate of the Westpac Banking Corporation as at the commencement of each 30-day period fees are overdue.

## **16 RECORDS**

16.1 Every Promoter must ensure that complete and proper records are kept of the affairs and activities of each Bloodstock Syndicate or Bloodstock Company whose Shares are offered to the public under this Code of Practice including (but not limited to) any specific records that are required by this Code of Practice.

16.2 Every Promoter must on request make available to the Chief Executive all records and other information held by it or any Manager in relation to any Bloodstock Syndicate or Bloodstock Company.

### **16.3 Accounting Records**

- (a) Every Bloodstock Reporting Entity must ensure that there are kept at all times accounting records that record the transactions of the Bloodstock Reporting Entity that will enable the preparation and audit of its Financial Statements.
- (b) The accounting records required to be kept by this clause 16.3 must be kept:
  - (i) at a place that will conveniently enable the preparation, audit and inspection of the accounting records in accordance with this Code of Practice; and
  - (ii) in written form and in English or in a form or manner in which they are easily accessible and convertible into written form in English
- (c) Accounting records kept under this clause, or copies of them, must be retained by the Bloodstock Reporting Entity for a period of at least 7 years after the later of:
  - (i) the date the records are made; and
  - (ii) the date of completion of the transaction to which the records relate; and
  - (iii) the date required by, or that may be required by, the Tax Administration Act 1994, if applicable
- (d) Every Bloodstock Reporting Entity must make its accounting records available at all reasonable times for inspection without charge, by:
  - (i) The Chief Executive; and
  - (ii) Any other persons authorised or permitted by Statute or by this Code of Practice to inspect the accounting records
- (e) Every Promoter to which clause 6.4 applies shall keep the supporting invoices or other evidence for costs invoiced in accordance with Clause 6.4(c) at a place, in a form and for the period that accounting records are required to be kept under this Clause 16.3.

## **17 COSTS**

Harness Racing New Zealand Inc. must be reimbursed by Promoters in respect of all reasonable costs and expenses incurred by it in the proper exercise of the powers set out in Clause 8 of this Code of Practice.

## **18 MANAGEMENT**

18.1 The Promoter or Manager of a Bloodstock Syndicate or the Directors of a Bloodstock Company may, if authorised by the Bloodstock Syndicate or the Bloodstock Company, (as the case may be), delegate all or any of the management obligations relating to the Bloodstock Syndicate or Bloodstock Company. Notwithstanding any such delegation the Promoter or Manager or the

Directors (as the case may be), shall remain responsible for the performance of their management obligations in respect of the relevant Bloodstock Syndicate or Bloodstock Company.

- 18.2 The Manager of a Bloodstock Syndicate/the Directors of a Bloodstock Company must keep Participants/Shareholders fully informed of the activities of the Bloodstock Syndicate/ Bloodstock Company, as the case may be. At no more than six monthly intervals, each Participant/Shareholder must be provided with a written report of the activities of the Bloodstock Syndicate/Bloodstock Company however where the Bloodstock Syndicate/Bloodstock Company has Bloodstock racing or to be raced such reports are to be issued at no more than three monthly intervals.
- 18.3 The Bloodstock of a Bloodstock Syndicate or Bloodstock Company must be managed and cared for in accordance with good industry practice.
- 18.4 The Board may remove a Manager or Promoter of a Bloodstock Syndicate or any of the Directors of a Bloodstock Company on any of the following grounds and appoint another person(s) in his/her/its/their place:
- (a) If any of the grounds set out in Clause 2.3 applies or arises in respect of the Manager or Director; or
  - (b) If the Manager or Director has been convicted of a criminal offence or in its opinion defrauded or attempted to defraud any person; or
  - (c) If the Manager or Director is or becomes disqualified under the Rules of Racing or the Rules of Harness Racing; or
  - (d) If in its opinion the Manager or Director acts or has acted in an manner which is or was contrary to the best interests of the Participants or Shareholders, or is or was likely to bring the standardbred industry into disrepute; or
  - (e) If in its opinion the Promoter or Manager or Director fails or has failed to comply with the standards set out in Clauses 12 and 16 relating to reporting, auditing or keeping of accounts and records
- 18.5 Complaints concerning a Bloodstock Syndicate or a Bloodstock Company, may be made to the relevant Bloodstock Syndicate or Bloodstock Company, in the first instance, and if the complaint has not been resolved to the satisfaction of the complainant he or she must be advised by the Promoter or Manager or Directors as the case may be, that the complaint may be referred to the Chief Executive.

## **19 CONFLICT OF INTEREST**

- 19.1 A Valuer or a foreign bloodstock valuer may not issue a Valuation Report for inclusion with a Disclosure Statement where the Valuer is or has been an Association Person or the Promoter for that Offer and has or has had a pecuniary interest in any of the Bloodstock acquired or to be acquired by the relevant Bloodstock Syndicate or Bloodstock Company.
- 19.2 A veterinary surgeon may not issue a Veterinary Report for inclusion with a Disclosure Statement where the veterinary surgeon is or has been an Associated Person of the Promoter for that Offer and has or has had a pecuniary interest in any of the Bloodstock acquired or to be acquired by the relevant Bloodstock Syndicate or Bloodstock Company.
- 19.3 Every Promoter and Manager, and each of the Directors of a Bloodstock Company must not enter into arrangements that are likely to lead to a conflict between his or her personal interests and the interests of Participants or Shareholders (as the case may be), and if not previously disclosed in the Disclosure Statement, must disclose in writing to Participants or Shareholders (as the case may be)

the nature of all the benefits and/or pecuniary/material interests of the type referred to in Clauses 4.2 (f) (i) & (ii) that are received or arise after the date of the Disclosure Statement.

## **20 CONFIRMATION**

Within 30 days of issuing Shares under an Offer a Promoter must send to each Participant or Shareholder written advice of the number of Shares held by or the percentage shareholding of the Participant or Shareholder as the case may be.

## **21 AMENDMENT OF CODE OF PRACTICE**

This Code of Practice may, with the consent of the Financial Markets Authority be amended from time to time by resolution of the Board.

## **22 SYNDICATE AGREEMENTS OR CONSTITUTION**

- 22.1 Each Governing Document under which a Bloodstock Syndicate is constituted must contain a provision to the effect that the Board is entitled to remove the Manager of the Bloodstock Syndicate upon any of the grounds listed in Clause 18.4 and to appoint another person to act as Manager of the Bloodstock Syndicate in his/her/its place. Such provision must state that its intent is to create a benefit to Harness Racing New Zealand Inc. and the Board and is to be enforceable by either or both of them in terms of the Contracts (Privity) Act 1982.
- 22.2 The Constitution of a Bloodstock Company must contain a provision to the effect that the Board shall be entitled to remove the Directors or any one of them upon any of the grounds listed in Clause 18.4 and to appoint another person or persons to act in their place. Such provision must state that its intent is to create a benefit to Harness Racing New Zealand Inc. and the Board and to be enforceable by either or both thereof in terms of the Contracts (Privity) Act 1982.
- 22.3 Each Governing Document must contain a provision to the effect that there must be no amendment to the Governing Document which detracts from a Participant's rights under it or which may cause a Participant to incur costs or bear liabilities which could not have been reasonably anticipated from the Disclosure Statement without the unanimous consent of all Participants.
- 22.4 Each Governing Document must contain a dispute resolution process.
- 22.5 If Bloodstock are leased to a Bloodstock Syndicate or a Bloodstock Company with a right of purchase, the Governing Document or constitution (in the case of a Bloodstock Company) must contain a provision to the effect that two valuation reports must accompany any recommendation to Participants or Shareholders, as the case may be, to exercise any such right of purchase. The exercise of a right of purchase must be authorised in the manner prescribed by the Governing Document or constitution (in the case of a Bloodstock Company).

## DISCLOSURE STATEMENT

\_\_\_\_\_ [Insert Syndicate or Company Name]

### 1. Directory

Name of Promoter: \_\_\_\_\_  
Address of Promoter: \_\_\_\_\_  
Manager or Directors: \_\_\_\_\_  
Bankers: \_\_\_\_\_  
Accountants (if applicable): \_\_\_\_\_  
Auditors \_\_\_\_\_  
Solicitors/Legal Advisors (if applicable): \_\_\_\_\_

### 2. Business Plan (if applicable) or Objects

*Make reference to estimated dates by when the Bloodstock will commence training and racing or in the case of breeding when breeding activity will commence.*

*Does not need to be lengthy, but as a guide, should address:*

- *The number of horses in the syndicate*
- *The reason the syndicate has been put together*
- *Where the horses will begin their racing career?*
- *The potential for the horse(s) to race overseas (e.g. in Australia)*
- *Which trainer(s) will be engaged to train the horse(s)?*

### 3. Bloodstock

(a) Name \_\_\_\_\_  
(b) Breeding (Sire/Dam) \_\_\_\_\_ / \_\_\_\_\_  
(c) Sex \_\_\_\_\_  
(d) Foaling Year \_\_\_\_\_  
(e) Brand Marks \_\_\_\_\_

*NB: If more than one horse in the Syndicate/Company, the required details of Bloodstock may be attached in an appendix.*

*In relation to Leased Bloodstock include the following additional information:*

Leased Bloodstock

(f) Lessor \_\_\_\_\_  
(g) Term of Lease \_\_\_\_\_  
(h) Right of Purchase (ROP) YES / NO  
(i) If ROP the Exercise Price NZ\$\_\_\_\_\_ .00 (including GST)  
(j) Other material terms and conditions

In the case of Bloodstock acquired by Participants by way of financial lease or other credit arrangement all key information will be disclosed to you under the Credit Contracts and Consumer Finance Act 2003 which gives rise to certain rights of cancellation.

*[Delete if not applicable]*

**4. Upfront Costs and Expenses (All costs are inclusive of GST)**

- (a) Purchase of Bloodstock
- (i) Purchase Date                    \_\_\_/\_\_\_/\_\_\_
- (ii) Private/Public Auction            \_\_\_\_\_  
*(Guidance: Lots passed in at public auction and subsequently bought, even while still at the auction premises, are considered to be a private transaction)*
- (iii) Cost                                NZ\$ \_\_\_\_\_ .00 *(including GST)*
- (b) Breakdown of other initial Costs
- Buyer Agent Fee
- Commissions etc
- Marketing and Promotion
- Valuations
- Vet Reports
- Transport
- Working Capital
- Other (specify)
- (c) Number of shares                    \_\_\_\_\_
- (d) Cost per share                        \$ \_\_\_\_\_ .00

**5. On-going Costs and Expenses (All costs are inclusive of GST)**

- (a) Management Fees, Commissions etc., Breaking, Pre-Training, Training, Nominations and Acceptances, Covers, Vet Care, Farrier;
- (b) Financial Lease/ Credit Arrangements
- i. Instalments                        \_\_\_\_\_
- ii. Residual Payment                \_\_\_\_\_
- (c) Liability of participant/shareholder to contribute further sums to or on behalf of the Bloodstock Syndicate or Bloodstock Company.
- (d) Regular monthly payments (if applicable)
- (i) \$ \_\_\_\_\_ .00 Amount
- (ii) \_\_\_\_\_ Due date
- (iii) \_\_\_\_-\_\_\_\_-\_\_\_\_-\_\_ Bank account which payments are to be made into.
- (e) Invoicing
- Include the basis on which the participant will be invoiced for their share*

*Note: On written request, supporting invoices or other evidence for costs invoiced will be provided by the Promoter or any person associated with this syndicate.*

## 6. Minimum Amount

In the opinion of the Promoter, the amount set out below must be raised under this offer to make the Bloodstock Syndicate or Bloodstock Company commercially viable:

\$ \_\_\_\_\_ .00 (insert amount)

Or if applicable, state that the offer is underwritten and by whom.

*Note: Subscriptions are held in trust. This means that pending allotment; no subscriptions will be disbursed from the syndicate bank account.*

## 7. Insurance Information

- a. Insurer
- b. Term
- c. Value
- d. Type of policy (death / infertility / other)

## 8. Two Valuation Reports (not required if the horse is to be leased by the syndicate)

- a. Name / Date / Value
- b. Name / Date / Value

The valuation reports are not attached. A copy of the valuation reports may be obtained..... *(explain means by which these may be requested from syndicator e.g. insert email link)*.... or by requesting copies from Harness Racing New Zealand Inc ([admin@hrnz.co.nz](mailto:admin@hrnz.co.nz)).

## 9. Veterinary Report(s)

Name / Date

The veterinary report(s) is not attached. Copies of the veterinary report(s) may be obtained ..... *(explain means by which these may be requested from syndicator e.g. insert email link)*.... or by requesting a copy from Harness Racing New Zealand Inc ([admin@hrnz.co.nz](mailto:admin@hrnz.co.nz)).

## 10. Material interests and Commissions

### (a) Disclosures of any material or pecuniary interests

[Note: Any material or pecuniary interest that the Promoter or Manager or a person associated with the Promoter or Manager has in this Bloodstock Syndicate / Bloodstock Company or its Bloodstock must be disclosed in this Disclosure Statement. If any Bloodstock offered have been sold by the Promoter, or by Associated Persons of the Promoter, within 12 months prior to the Offer, the purchaser, price paid and date of each transaction within that period shall be shown.]

*(set out details or state if not applicable)*

### (b) Confirmation of Disclosure of Commissions etc.

The nature of all commissions, fees or rebates and other benefits that have been or may be received in the future by the Promoter or the Manager (or an Associated Person of the Promoter or Manager), specifically in relation to the Bloodstock Syndicate / Bloodstock Company or any of its Bloodstock have been disclosed in Sections 4 and 5 of the Disclosure Statement. Any such commissions, fees, rebates or other benefits that may be received in the future will be disclosed to the Participants / Shareholders in writing at the material time.

## 11. Standard Industry Risks

*[Delete Racing or the Breeding risk categories if irrelevant]*

### (a) Racing

- (i) Not all yearlings/prospective racehorses proceed to become racehorses.
- (ii) There is a significant possibility that any racehorse could injure itself and thereby need a long recuperation period or be unable to race again.
- (iii) Racehorses are unlikely to have any significant value at the end of their racing career with the exception of well-bred and/or highly performed horses, suitable to become breeding stock.

### (b) Breeding

- (i) The Syndicate's/Company's primary source of income will be the sale of progeny. The price of progeny is normally determined at auction and the interest expressed in particular stock is dictated by factors such as conformation and the racetrack success of related progeny.
- (ii) It would be unusual for a broodmare to produce a foal every year of its breeding life.
- (iii) The commercial value of a stallion may be reduced significantly if the progeny of the stallion fail to perform to expectations on the racetrack.

### (c) Special Risks or factors attaching to this Offer.

If no special risks or factors are stated an Applicant may assume that the Promoter claims there are none.

## 12. Governing Documents

(e.g. Syndicate / Partnership Agreement or Company Constitution)

*[With the exception of a company constitution the governing document must be attached to the Disclosure Statement unless it has been previously provided to the Applicant]*

*[If applicable, state how a copy of a Company Constitution can be obtained, for example provide web link].*

*[INSERT a short commentary in relation to the Governing Document and highlight any unusual terms]*

*A Governing Document must address the following matters:*

- *The nature, object and term of the "entity" to be established.*
- *Powers given by the Participant/Shareholder to the Promoter/ Manager or Directors e.g. power to sign various HRNZ forms and the extent of management authority with specific reference to acquisition and disposal of Bloodstock and other assets.*
- *Procedure required for removing the Manager or Directors.*
- *Procedure in the case of a Participant/Shareholder in default.*
- *Basis upon which profits and losses will be allocated.*
- *All requirements of Section 22 of the Code of Practice, i.e. the Boards powers of removal, restriction on amendment, a disputes resolution process and the particular provision in the case of leased Bloodstock if there is a Right Of Purchase (ROP).*

*When preparing a Governing Document the following matters should be considered:*

- *How will prizes and trophies be shared?*
- *How will the horse(s) be named?*
- *What colours will the horse(s) race in?*
- *Will the horse(s) race overseas?*
- *Recognition of any agreed trainers % share if the horse is sold*
- *What happens when the horse(s) is retired?*
- *Can the participant sell their share, and if so what is the process?*

**(INSERT HEADER WITH THE NAME OF BLOODSTOCK SYNDICATE / COMPANY AND DATE OF DISCLOSURE STATEMENT)**

**The following two sections ‘Promoter Declaration’ and ‘Applicant Acknowledgement of Receipt, Understanding and Agreement’ must be provided by the Promoter to Harness Racing New Zealand Inc. along with the relevant Ownership Registration forms.**

### **13. Promoter Declaration**

“[insert the name of the relevant Promoter/Bloodstock Company]” is an Authorised Syndicator under a Code of Practice administered by Harness Racing New Zealand Inc. Harness Racing New Zealand Inc. does not endorse nor does it guarantee the success or otherwise of the offer made under this Disclosure Statement and accepts no responsibility whatsoever for any statements or representations made in this Disclosure Statement or for any loss or liability arising from participation in the offer.

The Syndicate Promoter, and any Manager appointed by the Syndicate Promoter as stated above, agrees to observe and comply with this Disclosure Statement and any associated Governing Documents.

Promoter: \_\_\_\_\_ *[Director if a Bloodstock company]*

Signature: \_\_\_\_\_ Date:

Manager: \_\_\_\_\_

Signature: \_\_\_\_\_ Date:

This Disclosure Statement and all related documentation may be inspected at the premises of Harness Racing New Zealand Inc (135 Lincoln Road, Christchurch) or a copy may be requested by writing to PO Box 459, Christchurch Mail Centre or by emailing [admin@hrnz.co.nz](mailto:admin@hrnz.co.nz)

**14. Applicant Acknowledgement of Receipt, Understanding and Agreement**

I, the undersigned Applicant, agree to become a [Participant/Shareholder] of [INSERT

*syndicate/company name*] and, subject to the acceptance of my application, I:

- a. Acknowledge receipt of the Disclosure Statement dated [INSERT date] [together with the accompanying Syndicate Agreement/Partnership Agreement (“the Agreement”)]; and
- b. Confirm that the Disclosure Statement and the Agreement have been read and understood by me; and
- c. Agree to be bound by the terms set out in the Disclosure Statement and the Agreement; and
- d. Grant the powers and authorities given to the Manager and the Promoter under the Disclosure Statement and the Agreement; and
- e. Declare that I am not, by the provisions of the Rules of Harness Racing or the Rules of Racing, prohibited from owning a racehorse and that I am not otherwise prohibited from admission to a racecourse.

I wish to apply for \_\_\_\_\_ % share in the [INSERT Syndicate/Company Name] and agree to pay the

Sum of \$\_\_\_\_\_ as the GST inclusive purchase price of that share.

**APPLICANT**

Full Name: \_\_\_\_\_

Date and Place of Birth: \_\_\_\_\_

Address: \_\_\_\_\_

Post Code \_\_\_\_\_

Email: \_\_\_\_\_

Phone Numbers: Home \_\_\_\_\_

Work \_\_\_\_\_

Mobile \_\_\_\_\_

Applicants Bank Account Number: \_\_\_\_-\_\_\_\_-\_\_\_\_-\_\_\_\_

Signature: \_\_\_\_\_

Date of Application: \_\_\_\_\_

**Witness**

Full Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Place of residence: \_\_\_\_\_