

# AUSTRALIAN CAPITAL TERRITORY

## COMPANIES REGULATIONS

### EXPLANATORY MEMORANDUM

No. 10 of 1962

Division 5 of Part IV. of the Companies Ordinance 1962 contains provisions, regulating “interests” other than shares, debentures, interests in or arising out of a policy of life insurance, or in a partnership agreement. Such “interests” cannot be offered to the public in the Territory unless there is in force, in relation to the “interest”, a trust deed approved by the Registrar of Companies under the Ordinance, and the trustee for the purposes of the deed has been approved by the Attorney-General.

2. Section 78 (2.) of the Ordinance provides that the Registrar is not to grant his approval to a deed unless the deed complies with the requirements of Division 5 of Part IV. of the Ordinance and makes provision for such matters or things as are required by or under the regulations to be included in the deed. Regulation 12 of the Companies Regulations sets out in detail the matters and things to be included in a deed.

3. At the recent meeting in Brisbane of the Standing Committee of the Attorneys-General it was agreed to add to the matters to be included in a deed under regulation 12 the provision made by the attached regulation. The reason for this provision is that some unit trust companies have subsidiary unit trust schemes which although they advertise that money subscribed for the purchase of units is invested in shares and securities of public companies, trustee securities and so on, in fact the whole of the investment of the subsidiary scheme is in units of a scheme conducted by the holding company. Unless there is a provision, such as set out in the attached regulation, that in such a case the deed in respect of the subsidiary scheme can be approved only if the principal scheme has an approved deed, the protection that the provision of Division 5 of Part IV. of the uniform company legislation endeavour to give to the investors in unit trusts could be rendered quite ineffective by this type of subsidiary schemes.