



Deposit Takers (Extension of Terms) Exemption Notice 2012

Pursuant to section 157G of the Reserve Bank of New Zealand Act 1989, the Reserve Bank of New Zealand gives the following notice (to which is appended a statement of reasons of the Bank).

Contents

| | | Page |
|---|------------------------------|------|
| 1 | Title | 1 |
| 2 | Commencement | 1 |
| 3 | Amendments to notices | 1 |
| | Schedule | 2 |
| | Amendments to notices | |

Notice

- 1 Title**
 This notice is the Deposit Takers (Extension of Terms) Exemption Notice 2012.
 - 2 Commencement**
 This notice comes into force on 26 November 2012.
 - 3 Amendments to notices**
 Amend the notices specified in the Schedule as set out in that schedule.
-

Schedule

cl 3

Amendments to notices

Deposit Takers (Charitable and Religious Organisations) **Exemption Notice 2010 (SR 2010/112)**

In clause 3, replace “30 November 2012” with “30 November 2013”.

In clause 10(2), replace “1 February 2011” with “26 November 2012”.

In clause 10(2), replace “30 November 2012” with “30 November 2013”.

Deposit Takers (Credit Ratings Minimum Threshold) **Exemption Notice 2009 (SR 2009/209)**

In clause 3, replace “1 March 2013” with “1 March 2016”.

Replace clause 4 with:

“4 Application

This notice applies to—

“(a) the year beginning on 1 March 2010; and

“(b) each subsequent year up to and including the year beginning on 1 March 2015.”

In clause 5, replace the definitions of **measurement date** and **notification date** with:

“**measurement date**, in respect of a year, means 1 October of the previous year

“**notification date**, in respect of a year, means the last working day of the previous year”.

Deposit Takers (Non-trustee Entities Risk Management) **Exemption Notice 2009 (SR 2009/222)**

In clause 3, replace “31 December 2012” with “30 November 2013”.

In clause 4(1), definition of **compliance period**, paragraph (b), replace “30 November 2012” with “30 November 2013”.

Dated at Wellington this 19th day of November 2012.

Grant Spencer,
Deputy Governor.

Statement of reasons

This notice, which comes into force on 26 November 2012, extends the terms of 3 class exemption notices made under section 157G of the Reserve Bank of New Zealand Act 1989 (the **Act**). Specifically, this notice—

- extends, to 30 November 2013, the terms of the Deposit Takers (Charitable and Religious Organisations) Exemption Notice 2010 (the **charitable and religious organisations notice**) and the Deposit Takers (Non-trustee Entities Risk Management) Exemption Notice 2009 (the **non-trustee entities risk management notice**):
- extends, to 1 March 2016, the term of the Deposit Takers (Credit Ratings Minimum Threshold) Exemption Notice 2009 (the **credit ratings minimum threshold notice**).

The Reserve Bank of New Zealand (the **Bank**), after taking into account the principles set out in section 157F of the Act and satisfying itself as to the matters set out in section 157G(2) of the Act, considers that the extension of the expiry date of the charitable and religious organisations notice and the non-trustee entities risk management notice to 30 November 2013 is appropriate because,—

- to come within the scope of the charitable and religious organisations notice, an entity must, amongst other things, first utilise the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003, which is under review by the Financial Markets Authority (**FMA**) and is due to expire on 30 November 2013. Extending the charitable and religious organisations notice to 30 November 2013 will allow it to be reviewed concurrently with the Securities Act exemption notice that it is reliant upon:
- the non-trustee entities risk management notice provides an exemption from the requirement for a deposit taker to have its risk management programme approved by its trustee, in circumstances where it is not required to have a trustee under the Securities Act 1978. This exemption is used by deposit

takers covered by the charitable and religious organisations notice, and by Public Trust. It is therefore appropriate for the exemption to be extended to the same date as the charitable and religious organisations notice, pending the outcome of the review of that notice:

- in the interim, for the reasons set out in the charitable and religious organisations notice and the non-trustee entities risk management notice, the Bank is satisfied that—
 - the exemptions are consistent with the maintenance of a sound and efficient financial system:
 - compliance with the relevant provisions of the Act would be unduly onerous or burdensome:
 - the exemptions are no broader than necessary given the matters giving rise to them.

The Bank, after taking into account the principles set out in section 157F of the Act and satisfying itself as to the matters set out in section 157G(2) of the Act, considers that the extension of the expiry date of the credit ratings minimum threshold notice to 1 March 2016 is appropriate because—

- the Bank is satisfied that the exemption is consistent with the maintenance of a sound and efficient financial system in that the liabilities of the exempted entities represent a very small percentage of the total liabilities of the deposit taking sector. The additional direct and indirect costs of obtaining a credit rating are unduly onerous and burdensome when compared with the balance sheet size and average profitability of the exempted deposit takers:
- the benefits of the exemption are that unnecessary compliance costs are avoided and potential barriers to entry are removed, therefore maintaining competition in the deposit taking sector. These benefits outweigh the costs of inconsistent treatment between small and larger deposit takers and the loss of information to investors:
- the conditions of the exemption imposing disclosure requirements on exempted deposit takers manage the risk posed by the absence of a credit rating, including any risk of the public being misled by the disclosure of ratings from a non-approved agency, and therefore the extent of the exemption is

not broader than what is reasonably necessary to address the matters that gave rise to the exemption.

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

Date of notification in *Gazette*: 22 November 2012.

This notice is administered by the Reserve Bank of New Zealand.
