

in New Zealand, or by persons resident overseas and not registered, authorised, constituted or licensed in that country as a bank under legislation comparable to Part V of the Act.

“Category B Bank” means a registered bank that is incorporated outside New Zealand, or is directly or indirectly controlled by persons resident overseas which are registered, authorised, constituted or licensed in that country as a bank under legislation comparable to Part V of the Act.

“Holding company” has the same meaning as in the Companies Act 1955;

“Risk Adjusted Exposures” in relation to a registered bank means the amounts calculated or derived in respect of that registered bank from information supplied or required to be supplied to the Reserve Bank of New Zealand in return No. R.B. PS1 ‘Return of Capital Adequacy and Off-Balance Sheet Business’, as amended from time to time.

“Statement of Principles” means the principles published by the Reserve Bank under section 75 of the Act in a document dated 14 March 1990 and entitled ‘Registration of Banks and Prudential Supervision of Registered Banks—Statement of Principles’.

(2) *Amount of Fee Determined*—(1) Subject to subparagraphs (2) and (3) of this paragraph the annual fee shall be:

(i) In respect of a Category A bank:

$$= [\$50,000 + 0.00003392 \times X_{Ai}] \times 1.125,$$

where X_{Ai} = Risk adjusted exposures (expressed in dollars) of that Category A bank as at 31 December 1990.

(ii) In respect of a Category B bank:

$$= [\$50,000 + 0.00002035 \times X_{Bi}] \times 1.125,$$

where X_{Bi} = Risk adjusted exposures (expressed in dollars) of that Category B bank as at 31 December 1990.

(iii) Where a bank that has been registered on the basis of principles in paragraphs 15 and 23 of the ‘Statement of Principles’, the registered bank that is the holding company of the group shall pay on behalf of each bank in the group an amount that is determined in accordance with (i) and (ii) above, on the basis of the total risk adjusted exposures of the group, as reported in R.B. PS1 by the registered bank which is the holding company.

(iv) Where any bank has been registered for the purpose of acquiring or assuming the banking business of any registered bank that is related to or is an associated person of that first bank, the annual fee payable in respect of each of those registered banks may be paid by either of those registered banks on behalf of the other or others, and shall be calculated in accordance with this paragraph as if those registered banks were one registered bank and the aggregate of the risk adjusted exposures of each of those banks, as reported in R.B. PS1, were the risk adjusted exposures of that one registered bank.

(v) Where a registered bank is the holding company of another registered bank and (iii) and (iv) of this subparagraph do not apply, a separate fee shall be paid by each registered bank. Where the risk adjusted exposures reported in R.B. PS1 by the registered bank which is the holding company include the risk adjusted exposures of the other registered bank, the latter shall be deducted from the former for the purposes of calculating the fee payable by the holding company.

(2) The amounts determined pursuant to subparagraph (1) of this paragraph shall be rounded to the nearest thousand dollars.

(3) Where the risk adjusted exposures of any registered bank are not derived or calculated as at 31 December 1990, the Reserve Bank may determine the date as at which the risk adjusted exposures of that bank shall be derived or calculated for the purpose of determining the annual fee payable by or on behalf of, that registered bank.

(4) The amounts determined pursuant to subparagraph (1) of this paragraph include goods and services tax.

(3) *Period to Which the Annual Fee Relates*—

(1) Subject to subparagraph (2) of this paragraph the annual fee shall be payable in respect of the period commencing on 1 April 1991 and ending 31 March 1992.

(2) The amounts determined in accordance with this notice in respect of a Category A bank, or a Category B bank, shall be payable in respect of the period during which it is a Category A bank or a Category B bank, as the case may be. Where a Category A bank becomes a Category B bank, or vice versa, it shall, as from the date on which such change occurs, be liable to pay an annual fee calculated at the rate applicable in respect of that new situation.

(3) The annual fee shall be payable in 12 instalments, each instalment becoming due on or before the 20th day of every month of the period covered by this notice.

(4) Where the risk adjusted exposures of a registered bank are reduced by reason of the fact that any subsidiary of that registered bank becomes a registered bank, the fee of the first registered bank for the period after the date of registration of that subsidiary shall be recalculated, in accordance with the formula set out in paragraph 2(1) of this notice, after deduction of the risk adjusted exposures of that subsidiary as at 31 December 1990 (subject to paragraph (2) (3) above).

Explanatory Note

This note is not part of the Notice but is intended to indicate its general effect and the basis on which the annual fee is calculated and its relationship to the anticipated costs of the Reserve Bank in exercising the powers conferred on it by Part V of the Act.

1. Pursuant to section 79 of the Act, in determining fees the Reserve Bank has had regard to the anticipated banking supervision costs for the Bank’s 1991/92 financial year.

2. The basis for the proposed method of cost allocation is that the fee for individual banks should comprise a fixed element, representing a flat fee for basic supervision and policy development/maintenance, as well as a variable element which broadly relates to the intensity of supervision which different banks receive. This intensity varies according to the size of the bank and, in the case of international banks, on the allocation of supervisory responsibilities between New Zealand and overseas banking supervisors.

3. The fees payable pursuant to section 79 and determined in accordance with this notice will recover approximately 75 per cent of the anticipated cost of the Reserve Bank’s banking supervision function for the Reserve Bank’s 1991/92 financial year.

RUTH RICHARDSON, Minister of Finance.

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