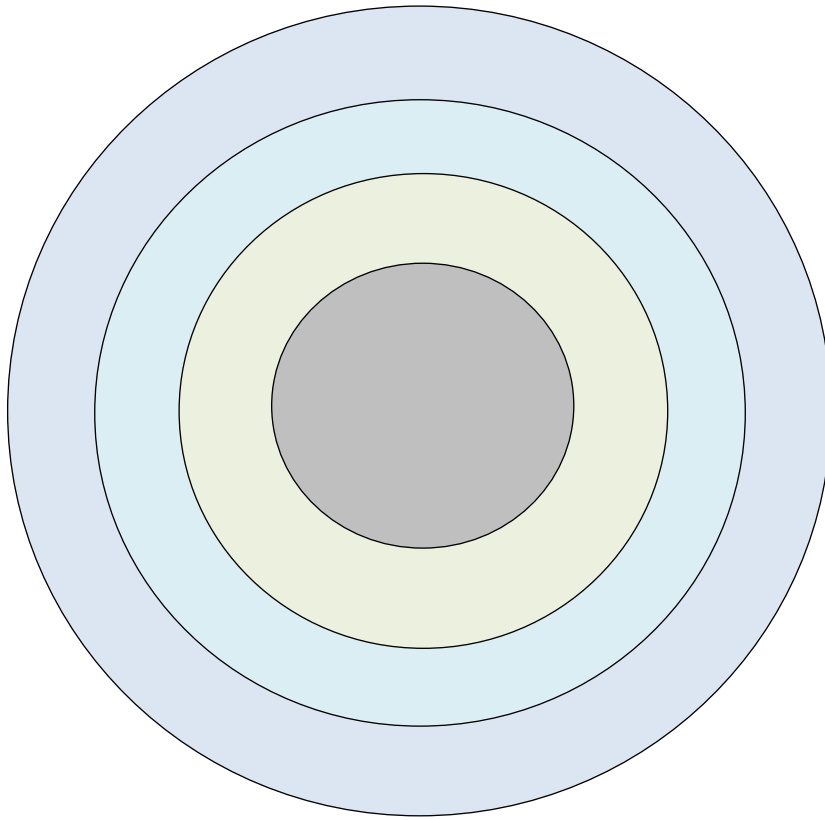


# Regulatory Radar – Key



The location of the item in the diagram indicates how far progressed the policy is. At the outer rim it indicates initial scoping. In the centre it indicates that it is being implemented.

## NZBA Priority

	High
	Medium
	Low

NZBA Priority measure is based on:

- the significance of the impact that the proposals would have on industry; and
- the priority accorded to the work by the Government or relevant agency.

## Current Key Priorities:

- Review of the Financial Advisers Act 2008
- Retail payment systems
- Margining of uncleared derivatives
- Trust law reform
- Section 99(1A) CCCFA
- Regulatory Stocktake (Dashboard)
- Review of Capital Adequacy Framework

Current Key Priorities lists the priority work areas for NZBA as determined by the NZBA Council.

## Relevant agencies

MBIE	Ministry of Business, Innovation and Employment
RBNZ	Reserve Bank of New Zealand
IRD	Inland Revenue Department
MoJ	Ministry of Justice
FMA	Financial Markets Authority
LINZ	Land Information New Zealand
MSD	Ministry of Social Development

Project	Priority	Lead agency	Comment	Next Steps
Review of Financial Advisers Act 2008 and Financial Service Providers (Registration and Dispute Resolution) Act 2008	High	MBIE	<p>The Government was required to review the Act by the end of 2016. The <a href="#">terms of reference</a> for the review were announced in March 2015, and an <a href="#">Issues Paper</a> was released in May 2015 seeking submissions in relation to this review. NZBA <a href="#">submitted</a> on this Issues Paper on 22 July 2015. MBIE received a total of 166 submissions, the majority of which they have <a href="#">publicly released</a>.</p> <p>In November 2015 MBIE released an <a href="#">Options Paper</a> that sought feedback on a range of potential policy options to address barriers identified in the Issues Paper, including three different “packages of options” for a new regime. NZBA <a href="#">submitted</a> on Part 3 of the Options Paper (which related to Misuse of the Financial Service Providers Register) on 29 January 2016. NZBA <a href="#">submitted</a> on Parts 1 and 2 of the Options Paper on 4 March 2016. MBIE received a total of 149 submissions, the majority of which they have <a href="#">publicly released</a>.</p> <p>In July 2016 MBIE published its <a href="#">final report</a> on its review. MBIE’s key recommendations were:</p> <ul style="list-style-type: none"> <li>• Enable robo-advice</li> <li>• Remove the class/personalised advice distinction</li> <li>• Remove the distinction between Category 1 and 2 products</li> <li>• Create three types of advisers: Financial advisers, financial advice firms and agents</li> <li>• Universal <i>conduct obligation</i> to put the consumer’s interest first</li> <li>• Universal <i>competence obligation</i> to only provide advice where competent to do so</li> </ul>	<p>MBIE will review the submissions and make any necessary changes to the drafting of the Bill.</p> <p>Following this, a Bill will be introduced to Parliament after which the usual legislative process will follow.</p> <p>The FMA will provide guidance on what the changes will need to look like in practice over the next year/by 2018.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> <li>• Universal <i>client-care obligation</i> to ensure that consumers are aware of the limitations of their advice</li> <li>• Improved and simplified disclosure</li> <li>• Code of Conduct to provide minimum standards of conduct and client-care for all financial advice</li> <li>• Increased oversight of those providing financial advice services</li> <li>• Provide greater clarity as to what is not financial advice</li> <li>• Require businesses to have a stronger connection to New Zealand to register on the FSPR</li> </ul> <p>The current definition of a wholesale client will be retained.</p> <p>The revised <a href="#">Code of Professional Conduct for Authorised Financial Advisers</a> came into force on 1 December 2016.</p> <p>In February 2017 MBIE released the <a href="#">exposure draft</a> of the Financial Services Legislation Amendment Bill and also sought feedback on proposed transitional arrangements.</p> <p>In April 2017 NZBA made an <a href="#">industry submission</a> on the exposure draft and proposed transitional arrangements. Key submissions included:</p> <ul style="list-style-type: none"> <li>• Providers which contract with wholesale clients should not be subject to the duty to place client interests first.</li> <li>• With regard to the proposed capture of wholesale service providers in the licensing regime if they also provide services to a retail client, the retail client obligations should not carry over to wholesale clients receiving that service.</li> </ul>	

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> <li>As currently drafted, the duty to put the clients' interest first is too broad to be practically applied and could have unintended consequences.</li> <li>The word 'agreed' in the duty to agree on the nature and scope of the advice presents some difficulties, and this duty could potentially contradict the duty to put the client's interests first.</li> <li>General support for the proposed distinction between financial advisers and financial advice representatives, with the caveat that it is difficult to fully endorse this model without simultaneously seeing the final Code of Conduct and the licensing regulations.</li> <li>The overlap between the protections under the proposed regime, and those provided by the Credit Contracts and Consumer Finance Act 2003 and the Responsible Lending Code will require careful consideration.</li> <li>A financial advice provider should have a defence if it can show it took all reasonable steps to ensure its advisers/representatives complied with their legislative obligations.</li> <li>Concerns about the proposed transitional arrangements, and suggestions to address such concerns.</li> </ul>	
Retail payments systems	High	MBIE	<p>In February 2016 the Minister of Finance and Minister of Commerce and Consumer Affairs asked MBIE to undertake a study on retail payments systems.</p> <p>This study focused in particular on payment cards. This includes EFTPOS cards, credit cards and scheme debit cards. NZBA liaised with MBIE as part of this study.</p>	MBIE are now briefing the Minister on the summary of submissions and recommended next steps.

Project	Priority	Lead agency	Comment	Next Steps
			<p>MBIE reported to the Minister in July 2016, outlining MBIE's understanding of the system and making a recommendation as to next steps.</p> <p>In October 2016 MBIE released an <a href="#">Issues Paper</a>: Retail payment systems in New Zealand, for public consultation.</p> <p>In February 2017 NZBA <a href="#">submitted</a> on the Issues Paper. Key submissions included:</p> <ul style="list-style-type: none"> <li>• NZBA does not agree there are</li> <li>• material inefficiencies or cross subsidies in the system or that these are at a level that warrants government intervention.</li> <li>• NZBA believes any perceived current system imbalances could be appropriately addressed voluntarily by industry participants. NZBA suggests the following range of proactive and voluntary measures: <ul style="list-style-type: none"> <li>○ Transparency and disclosure of key information to merchants;</li> <li>○ Maintain, and raise awareness of merchant access to an approved dispute resolution scheme;</li> <li>○ Ensuring premium cards continue to only be provided to consumers who expressly apply for or consent to them; and</li> <li>○ Possible commitments from card schemes to continue to allow the current practice of switching dipped and swiped scheme debit card transactions to issuers, and the introduction of new lower interchange and processing fees for low value scheme debit transactions.</li> </ul> </li> </ul>	

Project	Priority	Lead agency	Comment	Next Steps
			<p>NZBA commissioned an <a href="#">independent economic review</a> of the Issues Paper, prepared by Axiom Economics, which accompanied our submission.</p> <p>In April MBIE publicly released the submissions received on the Issues Paper, they can be found <a href="#">here</a>.</p>	
Margining of uncleared derivatives	High	MBIE / RBNZ / Treasury	<p>NZBA is working with its members and the New Zealand Financial Markets Association (<b>NZFMA</b>) on an issue that concerns reforms being made in G20 countries in relation to requirements to post margin for derivatives that are not centrally cleared (uncleared derivatives).</p> <p>It appears that those reforms will effectively force entities in many G20 countries to cease trading uncleared derivatives with certain New Zealand counterparties, including New Zealand's banks. This is because G20 counter parties will only be permitted to trade uncleared derivatives with counterparties that can post margin in a particular way. Under current New Zealand law, New Zealand entities will not be able to post margin to meet these requirements.</p> <p>NZBA and NZFMA have engaged with officials from MBIE, RBNZ and Treasury to raise NZBA members' concerns and to discuss possible solutions including legislative change, similar to legislative change recently implemented in Australia to address the same issue.</p> <p>NZBA facilitated a further meeting with officials from RBNZ, Treasury and MBIE together with the NZFMA, NZBA and bank representatives in which the matter was further discussed and which enabled the industry to provide further information and clarification to assist to expedite a solution, including possible legislative change.</p>	Subject to Ministerial approval, RBNZ, MBIE and Treasury expect to release a joint public consultation paper in mid-June 2017 on targeted amendments to New Zealand legislation that will support banks' ongoing compliance with the requirements of their international counterparts.



Project	Priority	Lead agency	Comment	Next Steps
			NZBA and its members are also engaging with the International Swaps and Derivatives Association ( <b>ISDA</b> ) to investigate international perspectives.	
Trust Law Reform	High	MoJ	<p>On 27 October 2015 NZBA wrote a <a href="#">letter</a> to the Minister of Justice as Chair of the TRG regarding MoJ's proposed Trust Law reform/codification, highlighting the banking industry's concerns over the potential adverse impact that the proposed reform/codification could have on the trust structures utilised in capital and wholesale markets.</p> <p>In December 2015 NZBA (and others) met with MoJ officials to discuss the proposed reform.</p> <p>MoJ set up a Working Group comprising representatives from NZBA, the Trustee Corporations Association and leading banking and finance lawyers to work through concerns about aspects of the reform in relation to capital markets.</p> <p>In November 2016 MoJ released an exposure draft of a Bill which will replace the Trustee Act 1956 and update the general law governing trusts in New Zealand for consultation. A copy of the draft Trusts Bill is available <a href="#">here</a> and a copy of the consultation paper is available <a href="#">here</a>.</p> <p>In January 2017 NZBA made an <a href="#">industry submission</a> on the exposure draft. Key submissions included:</p> <ul style="list-style-type: none"> <li>• The timeframe provided to submit on the Bill is very tight, given the significance of the reform.</li> <li>• Concerns that the Bill does not fully recognise trust structures which are not family trusts, such as trust structures used to facilitate important commercial and financing transactions (for</li> </ul>	<p>MoJ is currently considering submissions received on the exposure draft.</p> <p>A final version of the Bill is expected to be introduced to Parliament in 2017.</p>



Project	Priority	Lead agency	Comment	Next Steps
			<p>example, securitisation trusts, superannuation funds, retail investment trusts).</p> <ul style="list-style-type: none"> <li>• The importance of contractual freedom for commercial trusts and retrospectivity.</li> <li>• The suggestion that changes of this magnitude require an extensive public education campaign.</li> </ul> <p>The suggestion that a reasonable transition period should be included for all trusts.</p>	
Section 99(1A) of the Credit Contracts and Consumer Finance Act 2003	High	MBIE	<p>As a result of a letter sent by NZBA in May 2016, the Minister of Commerce and Consumer Affairs is considering amendment to section 99(1A) of the Credit Contracts and Consumer Finance Act 2003 (<b>CCCFA</b>).</p> <p>Section 99(1A) provides that neither the debtor nor any other person is liable for the costs of borrowing in relation to any period during which the creditor has failed to comply with section 17 (initial disclosure) or 22 (variation disclosure).</p> <p>In November 2016 MBIE released a public <a href="#">discussion paper</a> to test different options for the amendment of section 99(1A). The discussion paper includes the letter sent by NZBA as an appendix.</p> <p>In December 2016 NZBA <a href="#">submitted</a> on the discussion paper.</p>	MBIE officials and the Minister of Commerce and Consumer Affairs are currently considering whether reform of section 99(1A) is appropriate.
Dashboard	High	RBNZ	<p>RBNZ has now completed its stocktake of the prudential requirements for banks and non-bank deposit takers. <a href="#">Terms of reference</a> for the review were released in July 2014.</p>	After reviewing feedback received, RBNZ considers that the concerns raised about the Dashboard option are “important but not irresolvable”, and the

Project	Priority	Lead agency	Comment	Next Steps
			<p>On 21 July 2015 the RBNZ provided an update on the workshop process and released a public <a href="#">consultation document</a> based on the workshops. NZBA <a href="#">submitted</a> on the consultation document.</p> <p>On 18 December 2015 RBNZ <a href="#">published</a> its conclusions on the Regulatory Stocktake, along with a summary of the submissions it received.</p> <p>In May 2016 RBNZ released a <a href="#">consultation paper</a> seeking views on changing its current approach to publishing submissions on consultations. NZBA <a href="#">submitted</a> in response in August 2016.</p> <p>In September 2016 RBNZ <a href="#">published</a> its conclusions on this consultation, along with a summary of the submissions it received. RBNZ decided to implement a policy of publishing individual responses to a consultation, when consent to do so is granted by respondents (effective immediately).</p> <p>In September 2016 RBNZ released a <a href="#">consultation document</a> on the proposed new 'Dashboard' approach to quarterly disclosure. NZBA <a href="#">submitted</a> on the consultation document in December 2016. Key submissions included:</p> <ul style="list-style-type: none"> <li>NZBA fully supports enhancements to the disclosure statement regime that will improve the efficiency, clarity and consistency of prudential requirements for banks and non-bank deposit takers.</li> <li>However, NZBA cannot support RBNZ's preferred option, namely Option A (the Dashboard Approach), due to a number of significant concerns.</li> <li>NZBA supports Option B (the Pillar 3 Approach), subject to some amendments to the proposed content of that disclosure, such as removal of the liquidity metrics.</li> </ul>	<p>Dashboard remains RBNZ's preferred option. RBNZ have proposed to explore a variety of potential amendments to the Dashboard proposal to help address some of the issues raised by submitters.</p> <p>RBNZ plans to further engage with stakeholders to refine the Dashboard concept which means that the implementation timeline will need to be extended. Currently, RBNZ expects to announce its final policy decision in mid-2017 and expect implementation of any changes some months after that. RBNZ have indicated that depending on the nature of the final policy decision, it may be appropriate to take a phased approach to implementation, possibly including a trial period.</p> <p>RBNZ hosted an industry workshop on the Dashboard proposal in mid-May 2017</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> <li>However, NZBA also notes that in light of the balance sheet redevelopment project which is still be finalised, and the issues that arise from the Dashboard Approach as proposed in the consultation document, retaining the status quo of the current disclosure statement regime is also palatable to NZBA members.</li> <li>NZBA considers that it is imperative RBNZ conduct further consultation about the detail of the proposed disclosure once an option has been settled on.</li> </ul> <p>In February 2017 RBNZ released a <a href="#">summary of submissions</a> document, and <a href="#">published</a> submissions received.</p>	and will be hosting a further industry workshop in July to refine the mechanics of the Dashboard proposal.
Review of Capital Adequacy Review Framework	High	RBNZ	<p>The aim of the review is to ensure that New Zealand has a capital regime that provides a high level of confidence in the solvency of the banking system, while avoiding unnecessary economic inefficiency. This will include consideration of what counts as capital for regulatory purposes, how credit risk and other risks should be measured for regulatory purposes, and the level of minimum capital ratios and buffers.</p> <p>On 1 May 2017 RBNZ released an <a href="#">Issues Paper</a> to provide stakeholders with the opportunity to provide initial feedback on the intended scope of the review, and issues that might warrant attention.</p>	<p>Consultation on the Issues Paper closes 9 June 2017.</p> <p>NZBA will be making a submission on the Issues Paper on behalf of its members.</p>
Debt-to-income ratios (DTIs)	Medium		<p>RBNZ noted in the <a href="#">consultation paper</a>: “Adjustments to restrictions on high-LVR residential mortgage lending” that it is progressing its work on potential limits to high DTI ratio lending, which would be a potential complement to the new LVR restrictions.</p> <p>RBNZ has formally asked the Government to add a tool allowing it to place limits on DTI ratios for residential mortgage borrowers to its macro-prudential toolkit.</p>	<p>The Minister of Finance has requested a full cost-benefit analysis on DTIs and RBNZ public consultation before any decision is made.</p> <p>RBNZ expect to release a DTI consultation paper in June 2017.</p>

Project	Priority	Lead agency	Comment	Next Steps
				RBNZ continues to gather information about the DTI levels that borrowers are obtaining and assessing the potential case for the use of debt-to-income limits.
RBNZ Review of Outsourcing Policy	Medium	RBNZ	<p>In August 2015 RBNZ issued a <a href="#">consultation paper</a> on its outsourcing policy for banks. NZBA <a href="#">submitted</a> on the consultation paper on 4 December 2015.</p> <p>In May 2016 RBNZ published its <a href="#">final consultation paper</a>, with some changes based on feedback received in response to the first consultation paper.</p> <p>In August 2016 NZBA <a href="#">submitted</a> on the final consultation paper, recommending changes to make RBNZ's proposed policy operationally practicable.</p> <p>In February 2017 RBNZ <a href="#">published</a> the final policy decisions for the revised outsourcing policy.</p> <p>Alongside the final decisions, RBNZ also published a <a href="#">summary of submissions</a> and <a href="#">Regulatory Impact Statement</a>.</p> <p>In March 2017 RBNZ published the <a href="#">exposure draft</a> of the revised outsourcing policy.</p> <p>Consultation on the exposure draft closed on 26 May 2017, after which RBNZ will finalise the revised policy.</p> <p>NZBA made a submission on the exposure draft on behalf of its members.</p>	RBNZ will consider submissions received on the revised policy, after which RBNZ anticipates finalising the policy by the end of Q2 2017.

Project	Priority	Lead agency	Comment	Next Steps
Automatic Exchange of Information / Common Reporting Standard	Medium	IRD	<p>The Common Reporting Standard is a framework for allowing the exchange of tax-payer information between countries that have signed up to the Convention on Mutual Administrative Assistance in Tax Matters (which took effect for New Zealand on 1 March 2014). The framework largely mirrors the requirements for New Zealand institutions under FATCA.</p> <p>In September 2014 NZBA <a href="#">submitted</a> on a targeted consultation at the request of IRD.</p> <p>On 7 April 2016 NZBA <a href="#">submitted</a> to IRD on its <a href="#">officials' issues paper</a>, which sought feedback on proposals for implementing the global standard on automatic exchange of information (<b>AEOI</b>).</p> <p>In July 2016 IRD announced its final policy decisions on AEOI and published a <a href="#">fact sheet</a> summarising the key legislative proposals.</p> <p>The proposals were introduced in August 2016 as part of the Taxation (Business Tax, Exchange of Information and Remedial Matters) Bill. In September 2016 NZBA made a <a href="#">submission</a> on the Bill and appeared before the Finance and Expenditure Select Committee in support of this submission.</p> <p>In November 2016, the Finance and Expenditure Select Committee <a href="#">reported back</a> on the <a href="#">Bill</a>.</p> <p>In February 2017 the Taxation (Business Tax, Exchange of Information, and Remedial Matters) Bill received Royal Assent.</p> <p>In March 2017 NZBA made a <a href="#">submission</a> to the IRD on its <a href="#">Draft Guidance</a>.</p>	<p>Reporting financial institutions will commence due diligence procedures from 1 July 2017.</p> <p>From 1 April 2018 to 30 June 2018, reporting financial institutions will submit their AEOI reporting to IRD for the tax year ending 31 March 2018.</p> <p>30 September 2018 is the final date for IRD to exchange information with other reportable jurisdictions for the reporting period ending 31 March 2018.</p>

Project	Priority	Lead agency	Comment	Next Steps
			In March 2017 IRD called for submissions on reportable jurisdictions. In April 2017 NZBA made a submission to IRD that the USA should not be included on New Zealand's list of reportable jurisdictions.	
Changes to KiwiSaver Annual Statements	Medium	MBIE	<p>In October 2016, as a result of collaborative work between MBIE, the FMA and the Commission for Financial Capability, MBIE released a <a href="#">discussion document</a>: "Changes to Annual Statements for KiwiSaver, Superannuation, and Workplace Savings Schemes".</p> <p>The discussion document's key proposals included changes to annual member statements to show:</p> <ul style="list-style-type: none"> <li>• a dollar figure for the total fees the investor has paid</li> <li>• a projected retirement balance lump sum, and projected retirement income</li> </ul> <p>In November 2016 NZBA <a href="#">submitted</a> to MBIE on the discussion document. Key submissions included:</p> <ul style="list-style-type: none"> <li>• NZBA generally supports the policy aims of MBIE's proposed changes to enhance member information on KiwiSaver annual statements.</li> <li>• Providers will encounter a number of highly complex issues implementing the projected retirement balance and income change in time for inclusion in 2017 annual statements. On this basis, NZBA proposed an alternative suggestion to include in 2017 annual statements to address this proposal in the interim period until 2018.</li> <li>• While some providers are in a position to include total fees paid in their 2017 statements, and will do so, for those members who</li> </ul>	<p>2018 Annual KiwiSaver Statements will be required to include:</p> <ul style="list-style-type: none"> <li>• total fees paid that year (in dollar values)</li> <li>• the total amount that the investor's account grew (or decreased) by over the year</li> <li>• summary transaction figures detailing the money that has gone in and out of the investor's account during the year</li> </ul> <p>Providers who cannot disclose dollar fees in 2017 annual statements were given a transitional period of one year to comply. The transitional arrangement for fee disclosure in 2017</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>are not in such a position the provision of fees information in 2017 statements raises a number of extremely complex issues.</p> <ul style="list-style-type: none"> <li>The proposed changes should apply to KiwiSaver funds only, and not Superannuation and Workplace Savings Schemes.</li> </ul> <p>In December 2016 MBIE released <a href="#">Cabinet's policy decisions</a> on the new requirements.</p> <p>In April 2017 the FMA released a <a href="#">consultation paper</a> on the proposed methodology and guidance for calculating total annual fees charged to each KiwiSaver investor.</p>	<p>annual statements will be the inclusion of the "total fund charges" in percentage form, and the membership fee in dollars, as they appear in the most recent Quarterly Fund Update.</p> <p>There may be further investigation/analysis with a view to requiring annual statements to include information on retirement projections.</p>
Land Transfer Bill	Medium	LINZ	<p>The Land Transfer Bill was introduced on 11 February 2016.</p> <p>NZBA <a href="#">submitted</a> to the Government Administration Committee in April 2016 highlighting its concerns about clause 54 of the Bill, which would have imposed an obligation on mortgagees to verify the identity and authority of the mortgagor. If a mortgagee failed to comply with the clause, it may have been liable to fines or, in the case of fraud, the loss of the mortgage. The New Zealand Law Society also had similar concerns in relation to clause 54.</p> <p>NZBA appeared before the Government Administration Select Committee in support of its submission in May 2016. The Committee was very receptive to the industry's concerns. Officials were instructed to revisit clause 54 and consult with industry. NZBA subsequently participated in further consultation with LINZ.</p> <p>The Government Administration Select Committee published their <a href="#">report</a> on the Bill on 15 September 2016. In their report, the Committee</p>	<p>The Bill is currently at Committee of the Whole House stage.</p>



Project	Priority	Lead agency	Comment	Next Steps
			accepted NZBA's submissions on clause 54, and agreed it would have imposed significant compliance costs.	
RBNZ stress testing	Medium	RBNZ	<p>RBNZ ran two stress tests in late 2015 for major banks, relating to dairy exposures and a macroeconomic downturn scenario.</p> <p>In May 2016 RBNZ issued a <a href="#">discussion document</a> on stress testing methodology for New Zealand incorporated banks.</p>	In light of the Financial Sector Assessment Programme taking place, RBNZ is likely to be in contact with major banks regarding stress testing later in 2017.
Anti-Money Laundering and Countering Financing of Terrorism Act 2009: Phase Two	Medium	MoJ/RBNZ	<p>In August 2016 MOJ released a <a href="#">consultation paper</a> on Phase Two of the AML/CFT Act. The consultation paper proposed placing AML/CFT obligations on other businesses and professions, such as lawyers, accountants, real estate agents, conveyancers, and also proposes minor changes to aspects of the current regime.</p> <p>In September 2016 NZBA made an <a href="#">industry submission</a> on the consultation paper, supporting the proposals to extend the AML/CFT Act to include additional business sectors. NZBA's submission also argued the best model of supervision would be a single supervisor model, and commented on increased information sharing and simplified customer due diligence proposals. NZBA also raised a number of additional matters not covered in the consultation paper (including that the Amended Identity Verification Code of Practice 2013 (IDVCOP) should be reviewed, the regime would benefit from a centralised public register of all reporting entities, and an exemption for debt securities quoted on a regulated exchange should be progressed as part of the Phase Two reforms).</p> <p>In December 2016 MoJ released an exposure draft of the <a href="#">AML/CFT Amendment Bill</a>. MoJ also released an <a href="#">information paper</a>. In January</p>	It is the Government's intention to have the Bill passed by mid-2017.

Project	Priority	Lead agency	Comment	Next Steps
			<p>2017 NZBA <a href="#">submitted</a> on the exposure draft. Key submissions included:</p> <ul style="list-style-type: none"> <li>• Support for the proposals to extend the AML/CFT Act's coverage to the additional businesses and professions.</li> <li>• Alignment of suspicious activity reporting requirements for all reporting entities, and potential practical issues with the requirements.</li> <li>• The suggested extension of 'Designated Business Groups' to include Limited Partnerships which are reporting entities.</li> <li>• Reservations about the extent to which one reporting entity can rely on another to conduct CDD, and the importance of consent.</li> <li>• The suggested extension of simplified due diligence to regulated foreign financial institutions carrying on business in low risk overseas jurisdictions (as defined by FATF) and subsidiaries of New Zealand listed issuers.</li> </ul> <p>Support for streamlining the ministerial exemptions process.</p> <p>The Bill has been referred to the Law and Order Select Committee and in April 2017 NZBA made a <a href="#">submission</a>. Key submissions included:</p> <ul style="list-style-type: none"> <li>• NZBA is supportive of the expanded information sharing powers contained within the Bill.</li> <li>• NZBA submitted that further enhancements should be made to enable reporting entities to rule out activity that might otherwise appear suspicious to improve the quality of suspicious transaction reporting to the NZ Police Financial Intelligence Unit (FIU).</li> </ul>	

Project	Priority	Lead agency	Comment	Next Steps
Anti-Money Laundering and Countering Financing of Terrorism Amendment Act 2015	Medium	MoJ	<p>The Anti-Money Laundering and Countering Financing of Terrorism Amendment Act 2015 makes further legislative changes to reporting requirements and criminal offences.</p> <p>NZBA <a href="#">submitted</a> to the Law and Order Committee in early February 2015 on the relevant Bill and appeared in support of our submission to the Law and Order Committee in March 2015.</p> <p>In April 2016 NZBA <a href="#">submitted</a> to the FIU on the proposed goAML schema for prescribed transaction reporting, a new requirement imposed by Subpart 2A of the Act. The FIU has since conducted a second round of consultation, which closed on 10 June 2016.</p> <p>In May 2016 MoJ released a <a href="#">consultation document</a> on the Prescribed Transaction Reporting Regulations. NZBA <a href="#">submitted</a> on this consultation document in May 2016. NZBA advocated for greater clarity in the Regulations, and optimisation of the reporting fields and requirements for reporting entities.</p> <p>In November 2016 the <a href="#">Anti-Money Laundering and Countering Financing of Terrorism (Prescribed Transactions Reporting) Regulations 2016</a> were gazetted. In line with NZBA and member bank feedback, these Regulations come into force on 1 November 2017.</p> <p>Also in line with NZBA's advocacy, the <a href="#">Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Amendment Regulations 2016</a>, also gazetted in November 2016, exempt a reporting agency that is an 'intermediary institution' from making a prescribed transaction report in respect of any international wire transfer under the new regime. An intermediary institution, in relation to a wire transfer, is a person that participates in a transfer of funds that takes place through</p>	<p>The Act comes into force on 1 July 2017.</p> <p>Reporting entities will be required to submit Prescribed Transactions Reports from 1 November 2017.</p> <p>In March and April 2017 NZBA engaged with the RBNZ, MoJ and FIU on the timelines for implementation of the Data Schema for Prescribed Transactions Reporting.</p> <p>In May and June 2017 NZBA is engaging with FIU on operational issues with the Data Schema for Prescribed Transaction Reporting.</p>

Project	Priority	Lead agency	Comment	Next Steps
			more than one institution but is not an ordering institution or a beneficiary institution.	
Consumer Credit Fees Guidelines	Medium	Commerce Commission	<p>In September 2016 the Commerce Commission released <a href="#">draft Consumer credit fees guidelines</a>.</p> <p>The previous guidelines were published in 2010 and remained in draft pending the outcome of the long-running litigation <i>Commerce Commission v Sportszone/MTF</i>. Now that the Supreme Court has issued the final judgment in that case, and the 2015 amendments to the Credit Contracts and Consumer Finance Act 2003 are in force, the Commerce Commission have decided to provide updated guidance to lenders.</p> <p>The draft guidelines describe the Commission's view on how lenders should approach setting their fees in order to comply with the Act. They set out the general principles that lenders should take into account and give examples of how these principles might apply in practice. They also give guidance on whether or not particular types of costs can be included in fees.</p> <p>In October 2016 NZBA <a href="#">submitted</a> on the draft guidelines, arguing that credit fee guidance should be confined to a single code. NZBA's submission also argued that given their non-binding nature, the guidelines should avoid making comment on areas of the CCCFA beyond existing legislative or judicial guidance, should provide guidance and examples of what would be considered by the Commission to be reasonable standards of commercial practice, and made a number of comments on specific parts of the guidelines.</p>	The Commission will review all feedback and then plans to finalise the guidelines in mid 2017.

Project	Priority	Lead agency	Comment	Next Steps
Close-out netting	Medium	MBIE	<p>NZBA has worked with NZFMA and MBIE to resolve issues regarding the application of netting provisions to trusts and other non-corporate entities.</p> <p>In January 2016 MBIE sought submissions on the <a href="#">Exposure Draft of the Regulatory Systems Amendment Bill</a>.</p> <p>Issues around the application of the provisions have been addressed in the Companies Amendment Act 2016.</p> <p>The <a href="#">Regulatory Systems (Commercial Matters) Amendment Bill</a> was referred to the Commerce Select Committee. In November 2016 NZBA <a href="#">submitted</a> on the Bill, and appeared before the Committee in December 2016 in support of its submission.</p>	<p>The Companies Amendment Act 2016 has been passed and the relevant sections come into force on 1 March 2017.</p> <p>The Commerce Select Committee <a href="#">reported back</a> on the Regulatory Systems (Commercial Matters) Amendment Bill in March 2017.</p> <p>The Regulatory Systems (Commercial Matters) Amendment Act 2017 received royal assent on 30 March 2017. The netting changes came into force the day after royal assent. They affect all netting agreements, whenever entered into, unless one of the counterparties is already in liquidation, bankruptcy or administration.</p>
Credit Contracts and Consumer Finance	Medium	MBIE	<p>NZBA is a member of the Responsible Lending Code Advisory Group. In February 2017 NZBA reviewed and provided feedback on changes</p>	<p>The Responsible Lending Code Advisory Group will continue to meet and NZBA</p>

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Amendment Act 2014			proposed by MBIE to the fees chapter of the Responsible Lending Code (following the <i>Sportzone/MTF</i> decision).	will continue to participate in this forum.  The purpose of further meetings will be to monitor the impact of the Responsible Lending Code and the relevant legislative amendments.
EQC Act Reforms	Medium	Treasury	Treasury released a <a href="#">Discussion Document</a> in July 2015 proposing a number of changes to the Earthquake Commission Act 1993.  NZBA <a href="#">submitted</a> to Treasury on the Discussion Document, highlighting its concerns that the proposed reforms could significantly exacerbate the levels of underinsurance facing New Zealand home owners and banks as mortgagees.	An exposure draft of the new Bill is expected in 2017.
Retirement savings in bankruptcy	Medium	MBIE	In July 2016 MBIE released a <a href="#">discussion document</a> on the accessibility of retirement savings in bankruptcy for the repayment of creditors. MBIE is proposing to make some of a bankrupt's retirement savings accessible during bankruptcy.  In September 2016 NZBA <a href="#">submitted</a> on the discussion document, noting its support for the status quo under the common law, which confirmed KiwiSaver assets should not be accessible in bankruptcy, and highlighting practical and operational issues if this position were to change. NZBA submitted that if it is decided that a uniform approach to retirement savings in bankruptcy is required, MBIE should rather implement a policy where KiwiSaver and other retirement schemes with equivalent features are not accessible in bankruptcy.	MBIE are currently considering submissions received on the consultation document.

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Financial Sector Assessment Programme	Medium	IMF and RBNZ	<p>The International Monetary Fund (<b>IMF</b>) has undertaken a Financial Sector Assessment Programme (<b>FSAP</b>) in New Zealand.</p> <p>This comprised two visits/missions, with a focus on New Zealand's regulatory framework for the banking sector. A key focus was financial stability and the quality of banking sector regulation.</p> <p>NZBA met with the IMF in August 2016 and again in November 2016.</p> <p>The IMF also conducted bilateral meetings with NZBA members.</p> <p>The findings and recommendations from the FSAP were published by the IMF in May 2017, they can be found <a href="#">here</a>.</p>	New Zealand authorities will consider the results of the FSAP in the context of both international regulatory norms and local New Zealand conditions.
Base Erosion and Profit Shifting (BEPS)	Low	IRD	<p>IRD has announced a programme of work to address and consider BEPS issues in response to OECD work in this area. Internationally, banks are seeking input into BEPS work to ensure it is fit for purpose and takes into account the context in which multi-jurisdictional banks must operate.</p> <p>IRD has indicated that it intends to review issues relating to profit shifting through related-party debt, interest deductions for foreign hybrid entities/instruments that are not taxed offshore, and non-resident withholding tax on related-party debt.</p> <p>In September 2016 IRD released a <a href="#">discussion document</a> containing proposals for addressing hybrid mismatch arrangements. The discussion document proposes that New Zealand adopts the OECD recommendations on hybrid mismatch arrangements and calls for submissions on how that could best be done. In November 2016 NZBA <a href="#">submitted</a> on the discussion document.</p>	IRD are currently considering submissions received on the discussion documents.



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			In April 2017 NZBA made a <a href="#">submission</a> to the Inland Revenue Department ( <b>IRD</b> ) on “BEPS – Strengthening our interest limitation rules: A Government Discussion Document”.	
Targeted Review of the Commerce Act 1986	Low	MBIE	<p>In November 2015 MBIE released an Issues Paper entitled “<a href="#">Targeted Review of the Commerce Act 1986</a>”.</p> <p>The Issues Paper addressed three key issues:</p> <ol style="list-style-type: none"> <li>1) the misuse of market power provisions (section 36 of the Commerce Act 1986);</li> <li>2) alternative enforcement mechanisms, including the cease and desist regime; and</li> <li>3) the possible introduction of a new ‘market studies’ function.</li> </ol> <p>Submissions on the Issues Paper closed on 9 February 2016. MBIE received a total of 39 submissions, which they have <a href="#">publicly released</a>. In addition, the Commerce Commission sent a <a href="#">supplementary letter</a> to the Minister.</p> <p>In early June 2016 the Minister called for further cross-submissions on the misuse of market power provisions (which can address any points made in the 39 original submissions and in the supplementary letter from the Commerce Commission). NZBA made a <a href="#">cross-submission</a> on 21 July 2016 supporting the position of its members.</p>	<p>Ministry officials will consider submissions and cross-submissions made and will advise the Minister on whether she should proceed to an Options Paper. An announcement is expected in the next few weeks.</p> <p>MBIE advises any such Options Paper would consider a number of different reforms, weighing their advantages and disadvantages.</p>
Payment Systems Replacement Project	Low	RBNZ	The Payment Systems Replacement Project (formally known as the Strategic Review of RBNZ’s Payment and Settlement System), is coming to the end of its requirements phase and as such has been able to compile an industry change impact document. This industry change impact document is due to be circulated for comment and discussion	<p>RBNZ continues to engage with stakeholders.</p> <p>RBNZ to complete the impact assessment and planning phase. RBNZ commencing work to</p>

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			<p>during April 2017 along with further details on the financials around the programme and the expected impact on end users.</p> <p>An overall programme timeline has also been released which provides a broad sense of timing for key milestones. A more detailed project plan will follow.</p>	establish its test environment.
RBNZ Payments Oversight Review	Low	RBNZ	<p>RBNZ consulted in 2013 on its statutory oversight powers for payments and settlement systems which it considered were insufficient and need to be strengthened.</p> <p>In April 2015, RBNZ issued a consultation paper on its proposals to modify the statutory framework for the oversight of FMIs. The paper proposed that the designation regime be modified to better support RBNZ's risk-based supervisory approach, in particular, that:</p> <ul style="list-style-type: none"> <li>• There be mandatory designation of FMIs that are considered systemically important;</li> <li>• The joint regulators have crisis management powers for designated FMIs;</li> <li>• The joint regulators have a more graduated set of business-as-usual oversight powers, including enforcement and investigation powers for designated FMIs.</li> </ul> <p>In December 2015, RBNZ released a summary of the submission feedback it received on its consultation on a proposed new regulatory framework for designated Financial Market Infrastructures (<b>FMIs</b>).</p> <p>In March 2016, RBNZ issued a consultation paper on proposed crisis management powers for systemically important financial market infrastructures (SIFMIs). The proposed crisis management powers form</p>	<p>In early May Cabinet approved the proposed new FMI oversight framework. The media release with links to the Cabinet Paper and Regulatory Impact Statement can be found <a href="#">here</a>.</p> <p>The next step is to prepare an exposure draft which is underway.</p>

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			<p>the final part of proposals for a new oversight regime for designated FMIs. A summary of responses was published in August 2016.</p> <p>RBNZ has now finalised its overall proposal for enhanced oversight framework for financial market infrastructures.</p> <p>The relevant papers can be found <a href="#">here</a>.</p>	
Review of the Credit Reporting Privacy Code 2004	Low	Office of the Privacy Commissioner	<p>Clause 3 of the Credit Reporting Privacy Code 2004 requires the Privacy Commissioner to review the operation of Amendments <a href="#">No 4</a> and <a href="#">No 5</a> as soon as practicable after 1 April 2015.</p> <p>The Privacy Commissioner is satisfied the amendments have been in place for long enough that it is now appropriate to undertake this review.</p> <p>In May 2016 NZBA submitted to the Office of the Privacy Commissioner on the matters to be included in the upcoming review, namely that certain concerns held by the industry should also be addressed.</p> <p>In September 2016 the Office of the Privacy Commissioner initiated the review and published a <a href="#">discussion paper</a>.</p> <p>Submissions on the discussion document closed on 16 December 2016.</p>	The Office of the Privacy Commissioner is currently considering submissions received on the discussion paper.
Consumer Guarantees (Removal of Unrelated Party Lender Responsibility) Amendment Bill	Low	Member Bill	<p>This Member's Bill was introduced on 3 December 2015.</p> <p>The purpose of the Bill is to amend the definition of supplier in the Consumer Guarantees Act 1993 to exclude a lender.</p> <p>The Bill stems from a submission in the New Zealand Initiative's paper '<a href="#">Reducing Unnecessary Regulatory Costs: Responding to the Prime Minister's Challenge</a>'.</p>	The Commerce Select Committee's Report on the Bill is still to be released.

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			In October 2016 NZBA <a href="#">submitted</a> to the Commerce Select Committee in support of the Bill, and appeared before the Committee in support of its submission.	
Review of the Search and Surveillance Act 2012	Low	Law Commission / MoJ	<p>The Law Commission and the Ministry of Justice are currently reviewing the Search and Surveillance Act 2012, as is required by section 357 of that Act.</p> <p>In November 2016 they published an <a href="#">Issues Paper</a> outlining possible concerns with the operation of the Act.</p> <p>In December 2016 NZBA <a href="#">submitted</a> on the Issues Paper. Our submission focused on Chapter 9, which related to production orders. Key submissions included:</p> <ul style="list-style-type: none"> <li>NZBA supports measures to improve the clarity around, and the efficiency of, enforcement agencies obtaining information from third party businesses via requesting voluntary disclosure of information and/or production orders.</li> <li>NZBA agrees there should be greater certainty around the expectations on enforcement agencies in relation to the use of production orders. In particular, decisions to request information/obtain production orders should be managed centrally by enforcement agencies with appropriate oversight, as opposed to requiring third party businesses to consider requests in the context of the Privacy Act 1993 and common law duties.</li> </ul>	The Law Commission / MoJ are currently considering submissions received on the Issues Paper.
Insolvency practitioner regulation and	Low	MBIE	<p>The Insolvency Review Working Group is a panel of experts set up in November 2015 to examine aspects of corporate insolvency law.</p> <p>The Working Group was tasked with looking at voluntary liquidations including phoenix companies, voidable transactions including Ponzi</p>	The Minister of Commerce and Consumer Affairs has released Report No.2 which covers the topics of voidable transactions, Ponzi

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voluntary liquidations			<p>schemes and regulation of insolvency practitioners. The Working Group also has a mandate to examine other areas of potential reform in this area.</p> <p>In late August, the Minister of Commerce and Consumer Affairs announced the release of <a href="#">Report No.1</a>, which covers the topics of insolvency practitioner regulation and issues around voluntary liquidations, for public consultation.</p> <p>In October 2016 NZBA <a href="#">submitted</a> on Report No.1, supporting the introduction of a licensing regime for insolvency practitioners, coupled with minimum competency requirements and ongoing competency requirements. NZBA noted its preferred model for occupational regulation of Insolvency Practitioners is the co-regulation model</p> <p>In October 2016, on recommendation of the Working Group's Report No. 1, and based on support by submitters, Cabinet agreed to amend the Insolvency Practitioners Bill to introduce a co-regulatory licensing regime for insolvency practitioners, alongside a number of additional amendments aimed at further raising the practice standards of insolvency practitioners and ensuring they act in accordance with their statutory duties.</p> <p>The Government proposes to advance these changes via a supplementary order paper to the Insolvency Practitioner's Bill, currently in the House.</p>	schemes and other corporate insolvency issues. MBIE is consulting on the recommendations.
Privacy Act Review	Low	MoJ	The Government has finished reviewing the Privacy Act in response to the Law Commission's report and announced that it will repeal and re-enact the Act incorporating a number of the recommendations from the Law Commission report.	The Bill is currently being drafted and an exposure draft will be made available for public consultation before the Bill is finalised.

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.nz WHOIS review	Low	Domain Name Commission	<p>In March 2017 the Domain Name Commission (<b>DNC</b>) launched a fifth and concluding consultation relating to the WHOIS review and it is seeking comment on proposed policy changes.</p> <p>Following the fourth consultation it was decided to amend the current policy to allow individual registrants a privacy option. This would mean only individual registrants' name, email address and country would be displayed. Telephone number and contact address information would be withheld. It was also decided that anybody should be able to apply for access to withheld information, but the threshold for release should be set high. Comments are sought on three proposed policy changes.</p> <ol style="list-style-type: none"> <li>1. Introducing a Registrant Privacy Option</li> <li>2. Defining a process for requesting withheld data</li> <li>3. Amending the reference to 'WHOIS'</li> </ol> <p>NZBA made a submission on the fifth consultation.</p>	
Methamphetamine Contamination in Houses - Proposed NZ Standard	Low	Standards New Zealand	<p>Standards New Zealand invited feedback on a <a href="#">draft standard</a> (NZS 8510) for the testing and decontamination of methamphetamine-contaminated properties.</p> <p>The standard is aimed at methamphetamine testing and clean-up/decontamination companies; laboratories that analyse samples taken from methamphetamine contaminated properties; health, safety, and environmental regulators; and property owners, managers, and insurers.</p> <p>Submissions on the draft standard closed on 20 February 2017. NZBA made a <a href="#">submission</a> on the draft standard on behalf of its members.</p>	The standards development committee is considering submissions received and the planned publication date for the final standard is the end of June 2017.