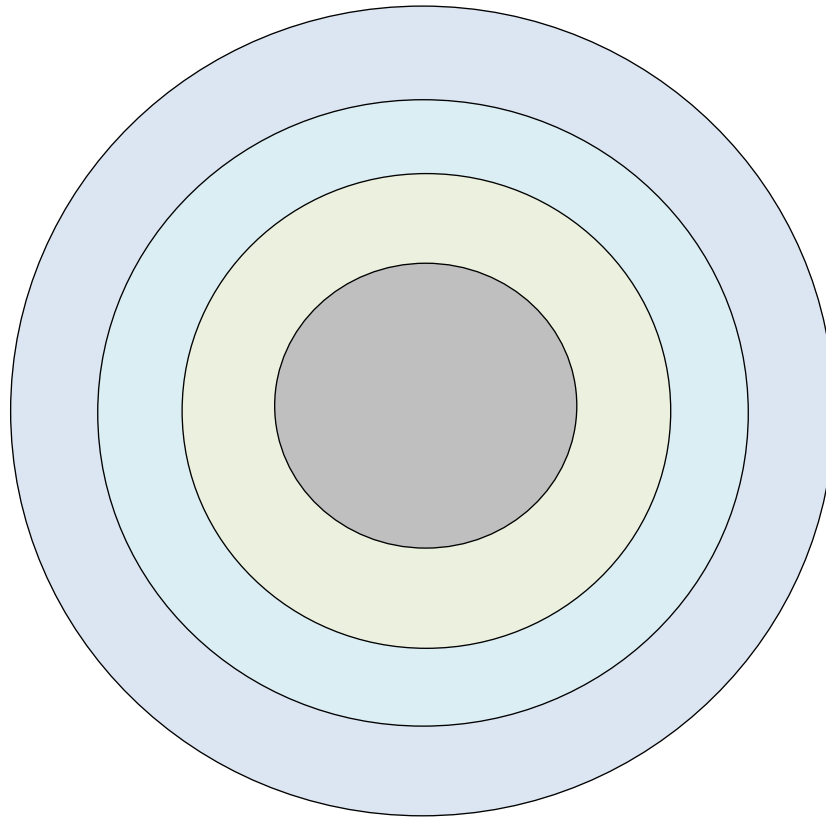




Regulatory Radar – Key



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 RBNZ Act
- Review of Capital Adequacy Framework
- Section 99(1A) CCCFA
- CCCFA Review
- Open Banking
- Retail Payment Systems
- Regulator Review

Current Key Priorities lists the priority work areas for NZBA.

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 the RBNZ Act	High	Treasury	<p>In November 2017 the Government announced it will undertake a review of the Reserve Bank of New Zealand Act 1989 to create a modern monetary and financial policy framework.</p> <p>The review is being undertaken in two phases. Phase One involved a review of monetary policy (the policy decisions can be found here). Phase Two will involve a review of the macro-prudential framework and other current Reserve Bank responsibilities where further investigations are desirable.</p> <p>In December 2017 an Independent Expert Advisory Panel was appointed by the Minister of Finance to provide input and support to the Review based on the Terms of Engagement.</p> <p>The Independent Expert Advisory Panel met with officials between December 2017 and March 2018 on issues related to Phase One and development of the list of issues for Phase Two.</p> <p>Treasury invited submissions on the list of issues that should be considered as part of Phase Two by 9 March 2018.</p> <p>In March 2018 NZBA submitted to Treasury on the scope of Phase Two of the review in support of a comprehensive review, with a focus on financial stability and current governance and accountability settings.</p>	<p>The Terms of Reference for Phase Two were released by the Finance Minister in June.</p> <p>There will be further public consultation on Phase Two once the review team has developed a work programme to progress the key topics identified in the terms for Phase Two.</p>
Review of Capital Adequacy 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>RBNZ will soon respond to submissions on the calculation of risk weighted assets, and will provide an in-principle decision on the measurement and aggregation of risk. RBNZ</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>On 1 May 2017 RBNZ released an issues paper to provide stakeholders with the opportunity to provide initial feedback on the intended scope of the review, and issues that might warrant attention. Consultation on the issues paper closed on 9 June 2017.</p> <p>In June 2017 NZBA submitted on the issues paper.</p> <p>On 14 July 2017 RBNZ opened public consultation on what type of financial instruments should qualify as bank capital. The issues and options paper set out proposed reforms, with the aim of reducing the complexity of the regulatory regime, providing greater certainty about the quality of capital that banks hold, and reducing the scope for regulatory arbitrage.</p> <p>In September 2017 NZBA submitted on the issues and options paper commenting on the contextual basis for the reform and the reform proposals.</p> <p>In December 2017 RBNZ sought feedback on the options for calculating risk weighted assets: Calculation of Risk Weighted Assets.</p> <p>In March 2018 NZBA submitted on the consultation paper reiterating the view that New Zealand's capital framework is conservative compared to overseas jurisdictions.</p>	will then seek feedback from banks on the impact of the proposed changes.
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 (CCCFA).</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>	In June Cabinet issued its decision on s 99(1A) of the CCCFA. The changes will be included in a Credit Contracts and Consumer Finance Amendment Bill, which is expected to result

Project	Priority	Lead agency	Comment	Next Steps
			<p>In November 2016 MBIE released a public discussion paper 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 submitted on the discussion paper.</p>	from the current review of consumer credit regulation.
Credit Contracts and Consumer Finance Act (CCCFA) Review	High	MBIE	<p>MBIE has been asked by Hon Kris Faafoi, Minister of Commerce and Consumer Affairs, to conduct a review of the 2015 amendments to the CCCFA (relating to responsible lending, penalties and enforcement, repossession and other lender responsibilities). The purpose of the review is to assess the effectiveness of the reforms against the intended impacts and outcomes:</p> <ul style="list-style-type: none"> • better informed decision making; • reduced predatory and irresponsible lending; and • increased lender compliance with legal requirements. <p>The Minister has also requested MBIE to revisit interest rate caps, particularly as they relate to vulnerable consumers.</p> <p>On 27 June 2018, MBIE released a discussion document seeking feedback on a review of New Zealand's consumer credit regulation: Review of consumer credit regulation.</p> <p>NZBA is also a member of the Responsible Lending Code Advisory Group. The Responsible Lending Code Advisory Group will continue to meet and NZBA will continue to participate in this forum. The purpose of these meetings is to monitor the impact of the Responsible Lending Code and the relevant legislative amendments.</p>	In July NZBA will submit on MBIE's discussion paper on consumer credit regulation.
Open Banking	High	MBIE	<p>On 8 September 2017 MBIE published the cabinet paper – <i>Retail payment systems: update on next steps</i> – which formed the basis of the Minister of Commerce and Consumer Affairs' letter to industry</p>	NZBA is monitoring international open banking practices and is working

Project	Priority	Lead agency	Comment	Next Steps
			<p>participants setting out her expectations regarding the future directions of the payments system.</p> <p>The cabinet paper identifies open banking as being a key issue internationally, and considers that industry-led open banking initiatives would be likely to result in favourable competitive pressures and reduce the need for regulatory action.</p> <p>In March Payments NZ launched a pilot involving banks, payment providers and large retailers. The pilot will provide valuable insights into the design of a shared API framework and will inform the debate around what open banking means for New Zealand. Further details about the pilot can be found here and is expected to conclude and present its findings by the end of 2018.</p> <p>On 26 June 2018 the Minister of Commerce and Consumer Affairs gave a speech at the Payments NZ Conference in which he encouraged the progression of the API framework (in particular, with respect to access and use by third-parties) within the next year.</p>	with Payments NZ on its industry-led API based initiatives.
Retail Payments Systems	High	MBIE	<p>On 8 August 2017 the Minister of Commerce and Consumer Affairs wrote to industry participants setting out her expectation regarding the future directions of the payments system:</p> <ul style="list-style-type: none"> • Encouraging Payments NZ to advance its <i>Payments Direction</i> initiative, and in particular initiatives that can enable payments innovation to develop and offer a platform for viable alternative to existing payments options. • Encouraging engagement with third parties (eg fintech and start-ups) and merchants on the <i>Payments Direction</i> initiative. • Encouraging improvements in the transparency and usefulness of information provided to merchants by both banks and schemes, to 	<p>On 26 June 2018 the Minister of Commerce and Consumer Affairs gave a speech at the Payments NZ Conference and set his expectations regarding debit and credit products:</p> <ul style="list-style-type: none"> • He does not want to see further increases in interchange fees or merchant service fees

Project	Priority	Lead agency	Comment	Next Steps
			<p>enable them to assess their options for negotiating better merchant service fees. In particular:</p> <ul style="list-style-type: none"> ○ Provision of separate debit and credit fees to merchants and notifications of fee changes. ○ Publishing weighted average annual debit and credit interchange fees, broken down by card-present and card-not-present transactions. <p>Consistent with NZBA's submission, an industry working group – made up of NZBA, issuers, acquirers, schemes and Payments NZ – has recommend:</p> <ul style="list-style-type: none"> • Greater transparency of merchant fees and education for merchants. This is being progressed on a bilateral basis, with acquirers communicating progress to MBIE. • That MasterCard and Visa provide weighted average interchange reporting on a six monthly basis for; credit/card present, credit/card not present, debit/card present, debit/card not present. That is consistent with the Minister's request and was made available before the April deadline. <p>Payments NZ responded to the Minister's letter on 29 March 2018 providing an overview of progress made on the Payments Direction initiative and engagement with third parties. The letter included a link to Mastercard's reporting of weighted average interchange and a copy of the report provided by Visa.</p> <p>The Minister responded to the letter stating he is encouraged by progress to date, and over the coming months he will be carefully considering his vision for retail payments in New Zealand and any specific steps he would like industry to take.</p>	<p>for debit and credit cards.</p> <ul style="list-style-type: none"> • He wants to see an ongoing commitment from banks and schemes to increase the transparency of costs associated with retail payments and continuing to educate merchants. • He wants to see a low cost debit option remain to ensure merchants have a choice about what forms of payment they accept.

Project	Priority	Lead agency	Comment	Next Steps
Regulator Review	High	RBNZ/FMA	<p>On 30 April 2018 NZBA and members met with RBNZ and FMA to discuss the New Zealand banking industry response to the Australian Royal Commission.</p> <p>On 1 May 2018 NZBA followed up that meeting with a letter highlighting the regulatory differences between New Zealand and Australia, and setting out a number of actions the industry would take in response to the Royal Commission.</p> <p>On 3 May 2018 RBNZ and FMA wrote to the chief executives of New Zealand's retail banks and NZBA requesting a written response outlining the following:</p> <ul style="list-style-type: none"> • The actions you, your Board and your senior teams have taken to identify and address conduct risk – including any “gap analysis” work against the expectations set out in the FMA’s Conduct Guide. • Any specific plans and actions you have taken (or have underway) to respond to the issues and themes arising from the Royal Commission. • Any other work you have underway or that is planned to proactively identify and address potential conduct and culture risk. • Any work underway to remediate any identified issues where bank conduct has resulted in detrimental outcomes for customers. <p>Eleven retail banks responded to that information request on 18 May 2018.</p> <p>RBNZ and FMA have set up a joint working group to undertake a thorough review of the material provided. That review may require independent assurance and on-site reviews. The joint working group will report these findings in October/November 2018 and will likely update the Finance and Expenditure Committee around October.</p>	NZBA will provide a written submission to, and appear in front of, the Finance and Expenditure Committee in late-July/early-August regarding the outcomes of the Australian Royal Commission into banking.

Project	Priority	Lead agency	Comment	Next Steps
European Union Benchmarks Regulation (BMR)	Medium	NZFMA	<p>From 1 January 2018 a new EU regulation applies to the use of, contribution to, and administration of indexes used as financial benchmarks in the EU. The New Zealand Financial Markets Association's (NZFMA) BKBM and closing rates are captured by this regulation.</p> <p>New Zealand banks and other financial institutions make extensive use of interest rate and currency derivatives to hedge funding risks on their balance sheets. A significant reduction in EU counterparties ability to enter into these transactions, due to non-recognition of BKBM under the BMR, could significantly increase the costs of hedging and potentially impede domestic banks ability to fund themselves.</p> <p>NZFMA, in consultation with MBIE, FMA and RBNZ, is reviewing the EU regulations with a view to ensuring the continued use of NZFMA's benchmarks and closing rates.</p> <p>The EU regulator has provided third party countries which had benchmarks in place prior to 1 January 2018 with a two-year transitional period.</p>	NZBA will monitor the NZFMA's review of its benchmarks and closing rates.
Financial Services Legislation Amendment Bill and regulations	Medium	MBIE	<p>In February 2017 MBIE released the exposure draft of the Financial Services Legislation Amendment Bill and also sought feedback on proposed transitional arrangements.</p> <p>In April 2017 NZBA made an industry submission on the exposure draft and proposed transitional arrangements.</p> <p>A Financial Advice Code Working Group (CWG) was appointed in June to prepare a new code of conduct, and officially commenced on 1 August 2017. CWG is expected to have produced a draft code by August 2018.</p>	<p>NZBA will continue to work with the Committee and officials in relation to the proposal set out in the supplemental submission.</p> <p>The Committee must report back to the House by 31 July 2018.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>The Financial Services Legislation Amendment Bill was introduced into Parliament on 3 August 2017.</p> <p>Most of the differences between the exposure draft and Bill are minor drafting changes, however three variations are worth noting:</p> <ul style="list-style-type: none"> • Changing the regulation of wholesale clients compared with retail clients. • Amending the civil liability of Financial Advice Providers. • Introducing a limited exclusion for lenders under consumer credit contracts and credit-related insurance contracts. <p>On 23 February 2018 NZBA submitted to the Economic Development, Science and Innovation Committee on the draft Bill. NZBA's submission can be found here.</p> <p>In March, CWG published a consultation paper seeking submissions on the new Code of Conduct for Financial Advice Services. NZBA's submission on the draft code can be found here.</p> <p>NZBA presented its submission to the Committee on 11 May 2018. At the hearing, NZBA also submitted that the Bill should include a means by which banks can more effectively monitor and report individual employee conduct that falls below community standards. NZBA's supplemental submission on that point can be found here.</p> <p>NZBA also submitted on two discussion papers in relation to regulations to support the Bill:</p> <ul style="list-style-type: none"> • The first paper sought feedback on the new disclosure requirements for those providing financial advice under the new regulatory regime. A copy of NZBA's submission can be found here. 	

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> The second paper sought feedback on regulations to support measures in the Bill relating to misuse of the Financial Service Providers Register. A copy of NZBA's submission can be found here. 	
Trusts Bill	Medium	MoJ	<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 exposure draft is available here and a copy of the consultation paper is available here.</p> <p>In January 2017 NZBA made an industry submission on the exposure draft.</p> <p>The Trusts Bill was introduced into Parliament on 1 August 2017. The Bill is largely based on 48 of the Law Commission's 51 recommendations. As set out in its 2013 report <i>Review of the Law of Trusts: A Trusts Act for New Zealand</i>. A number of improvements have been made as a result of the submissions on the exposure draft.</p> <p>NZBA submitted to the Justice Committee on the draft Bill on 5 March 2018 and made an oral submission on 20 April 2018.</p> <p>On 8 May 2018 NZBA made a supplemental submission to the Committee regarding certain trusts that should not be captured by the Bill.</p>	<p>NZBA will continue to work with the Committee and officials in relation to the proposal set out in the supplemental submission.</p> <p>The Committee must report back to the House by 5 September 2018.</p>
Privacy Bill	Medium	MoJ	<p>The Privacy Bill was introduced to Parliament on 20 March 2018.</p> <p>Key changes to the privacy regime are as follows:</p> <ul style="list-style-type: none"> The Privacy Commissioner will be able to make binding decisions on complaints about access to information and issue compliance notices. A compliance notice may require an organisation or individual to undertake or to desist from certain actions. They can 	<p>On 7 June 2018 NZBA submitted to the Justice Committee on the Bill. NZBA's submission can be found here. NZBA also indicated a desire to</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>be enforced by, and appealed to, the Human Rights Review Tribunal.</p> <ul style="list-style-type: none"> • Mandatory reporting to the Privacy Commissioner and to affected individuals of any unauthorised access to, or disclosure of, personal information which has caused the individual harm. • A requirement on New Zealand agencies to take reasonable steps to ensure that any personal data disclosed overseas will be subject to acceptable privacy standards. The Bill also clarifies the application of New Zealand law when a New Zealand agency engages an overseas service provider. • It will be a criminal offence to obtain another person's private information by deceit or to knowingly destroy documents which are under request by the Privacy Commissioner. Committing these offences will attract a fine of up to \$10,000. • Strengthened information gathering powers for the Privacy Commissioner by: <ul style="list-style-type: none"> ○ shortening the timeframe for compliance, and ○ increasing the penalties for non-compliance. <p>The Bill does not enshrine a data portability right (as the Privacy Commissioner recommended in this report), nor does it adopt the Privacy Commissioners' recommendations for civil penalties for privacy breaches. The Privacy Commissioner's media release on the Bill can be found here.</p>	present its submission to the Committee.
Commerce Amendment Bill	Medium	MBIE	<p>Cabinet made decisions on the targeted review of the Commerce Act in May and June 2017. In summary, Cabinet decided to:</p> <ul style="list-style-type: none"> • repeal the cease-and-desist regime; • establish an enforceable undertakings regime; • allow the Minister of Commerce and Consumer Affairs to direct the Commerce Commission to undertake market studies; and 	NZBA presented its submission to the Committee on 28 June 2018. The Committee must report back to the House by 2 November 2018.

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> invite the Minister of Commerce and Consumer Affairs to report back by 30 June 2018 before making final decisions on whether to proceed to a section 36 options paper. <p>The Commerce Amendment Bill was introduced to Parliament on 28 March 2018.</p> <p>The Bill provides for five matters:</p> <ul style="list-style-type: none"> introducing a power to enable the Commerce Commission to undertake market studies (referred to as ‘competition studies’ in the Bill); repealing the Cease and Desist regime; empowering the Commerce Commission to accept enforceable undertakings to resolve enforcement cases under the Commerce Act; strengthening the effectiveness of the regulatory regime for the major airports under Part 4 of the Commerce Act; and clarifying that the Commerce Commission can examine the effectiveness of information disclosure in its summary and analysis of regulated suppliers. <p>The Minister of Commerce and Consumer Affairs has requested that the Bill be fast tracked so that it can be in force by the end of 2018.</p> <p>The Minister’s media release on the Bill can be found here and more information is available on MBIE’s website here.</p> <p>On 15 June 2018 NZBA submitted to the Transport and Infrastructure Committee on the Bill. NZBA’s submission can be found here.</p>	
KiwiFund Bill	Medium	Members’ Bill	<p>The KiwiFund Bill was introduced to Parliament on 13 December 2017 and had its first reading on 21 February 2018.</p>	NZBA presented its submission to the Committee in June. The

Project	Priority	Lead agency	Comment	Next Steps
			<p>The Bill proposes to establish an independent working group tasked with advising on setting up a government run KiwiSaver provider and examining existing KiwiSaver providers' fees and investment practices.</p> <p>On 13 April 2018 NZBA submitted to the Economic Development, Science and Innovation Committee on the Bill. NZBA's submission can be found here.</p>	Committee must report back to the House by 21 August 2018.
Farm Debt Mediation Bill	Medium	Members' Bill	<p>The Farm Debt Mediation Bill was introduced to Parliament on 15 May 2018 and had its first reading on 16 May 2018.</p> <p>The Bill proposes Agricultural Debt Mediation as a mandatory step before the appointment of a receiver in respect of agricultural debt.</p>	<p>The Bill has been referred to the Economic Development, Science and Innovation Committee.</p> <p>NZBA will submit to the Committee on the Bill.</p> <p>The Committee must report back to the House by 16 November 2018.</p>
Beneficial ownership of New Zealand Companies and Limited Partnerships	Medium	MBIE	<p>On 19 June 2018, MBIE released a discussion document seeking feedback on what requirements there should be on New Zealand companies and limited partnerships to hold and disclose information about their beneficial owners: Increasing the transparency of the beneficial ownership of New Zealand Companies and Limited Partnerships.</p>	In July NZBA will submit on MBIE's discussion paper on beneficial ownership.
Base Erosion and Profit Shifting (BEPS) Bill	Medium	IRD	<p>On 3 August 2017 the Ministers of Finance and Revenue announced the Government's policy decisions on the proposed package of BEPS measures.</p> <p>In combination the new measures will:</p>	The Taxation (Neutralising Base Erosion and Profit Shifting) Act 2018 received Royal Assent on 27 June 2018.

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> • Stop foreign parents charging their New Zealand subsidiaries high interest rates to reduce their taxable profits in New Zealand. • Stop multinationals using artificial arrangements to avoid having a taxable presence in New Zealand. • Ensure multinationals are taxed in accordance with the economic substance of their activities in New Zealand. • Counter strategies that multinationals have used to exploit gaps and mismatches in different countries' domestic tax rules to avoid paying tax anywhere in the world. • Make it easier for IRD to investigate uncooperative multinational companies. <p>As part of this announcement the Government released the relevant Cabinet papers, policy reports and public submissions. Those documents can be found here.</p> <p>On 8 August 2017 the Minister of Revenue tabled <i>Multilateral Convention to Implement Tax Treaty-Related Measures to Prevent Base Erosion and Profit Shifting</i> (known as the Multilateral Instrument), which allows several thousand tax treaties around the world to be quickly updated in line with OECD recommendations.</p> <p>During September 2017 IRD undertook further consultation with interested parties and stakeholders (including NZBA) on the legislative design for:</p> <ul style="list-style-type: none"> • the permanent establishment avoidance rule; • key items of the transfer pricing rules; • key items of the hybrid mismatch rules; • the restricted transfer pricing rule for related-party interest; • the treatment of deferred tax liabilities in the thin capitalisation rules; and 	

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> the carve-out to the thin capitalisation rules for certain infrastructure investments. <p>On 6 December 2017 the Taxation (Neutralising Base Erosion and Profit Shifting) Bill was introduced to Parliament.</p> <p>In February 2018 NZBA made a submission on the Bill and appeared before the Finance and Expenditure Committee in support of its submission.</p> <p>On 15 May 2018, the Finance and Expenditure Select Committee reported back on the Bill and it had its second reading on 23 May 2018.</p>	
Margining of Derivatives	Medium	MBIE / RBNZ / Treasury	<p>On 13 July 2017 RBNZ and MBIE opened public consultation on foreign margin requirements for derivatives. The consultation paper identifies specific impediments in New Zealand insolvency laws and proposes a number of targeted legislative amendments to address them.</p> <p>In August 2017 NZBA made an industry submission on the consultation. Key submissions included:</p> <ul style="list-style-type: none"> Rather than attempting "piecemeal" targeted legislative change, NZBA believes that the best approach is for separate standalone legislation to create more certainty in respect of insolvency and priority regimes. However, this should not be at the expense of a timely legislative response. The scope of derivatives covered by the proposed amendments should include all cleared and uncleared derivatives, regardless of whether there is a regulatory requirement to post margin. Security over accounts receivable should have priority over all creditors (including preferential creditors) when provided as collateral for margin. 	A bill implementing the amendments is likely to be introduced to Parliament soon.

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> The transfer of collateral for variation margin should be deemed not to be a security interest for the purposes of the Personal Property Securities Act 1999. <p>Cabinet recently agreed to amend legislation to remove the legal impediments to New Zealand entities complying with margining requirements.</p> <p>The amendments will mean that derivatives counterparties can enforce their security interest over margin immediately and rank ahead of other creditors in the event that the other counterparty defaults. More specifically, the amendments:</p> <ul style="list-style-type: none"> will carve out these derivative-related claims from general moratoria on claims that apply in statutory management and voluntary administration; and will ensure that when these derivatives counterparties enforce their security interest over posted margin, their claim ranks ahead of other potential claims under the Companies Act 1993 and the Personal Property Security Act 1999. 	
Prescribed Transaction Reporting (PTR)	Medium	MoJ	<p>In November 2016 the Anti-Money Laundering and Countering Financing of Terrorism (Prescribed Transactions Reporting) Regulations 2016 were gazetted. These Regulations come into force on 1 November 2017. As a result of NZBA's engagement with MoJ, FIU and RBNZ, those agencies issued formal written notice of a transitional compliance period for all reporting entities until 1 July 2018.</p> <p>In line with NZBA's advocacy, the Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Amendment Regulations 2016, also gazetted in November 2016, exempt a reporting agency that is an 'intermediary institution' from making a PTR in respect of any international wire transfer under the new regime. An</p>	In July 2017 NZBA will continue to engage with RBNZ, MoJ and FIU on implementation.

Project	Priority	Lead agency	Comment	Next Steps
			intermediary institution, in relation to a wire transfer, is a person that participates in a transfer of funds that takes place through more than one institution but is not an ordering institution or a beneficiary institution.	
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 submitted on a targeted consultation at the request of IRD.</p> <p>On 7 April 2016 NZBA submitted to IRD on its officials' issues paper, which sought feedback on proposals for implementing the global standard on automatic exchange of information (AEOI).</p> <p>In July 2016 IRD announced its final policy decisions on AEOI and published a fact sheet 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 submission 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 reported back on the Bill.</p> <p>In February 2017 the Taxation (Business Tax, Exchange of Information, and Remedial Matters) Bill received Royal Assent.</p>	<p>In June NZBA issued media releases on the freezing/closure of bank accounts, in line with AEOI requirements. Those media releases can be found here and here.</p> <p>NZBA will continue to engage with IRD during the initial reporting period to help ensure industry concerns and suggestions on implementation are taken onboard.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>In March 2017 NZBA made a submission to the IRD on its Draft Guidance.</p> <p>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.</p> <p>Reporting financial institutions commenced due diligence procedures on 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>	
Review of mortgage bond collateral standards	Medium	RBNZ	On 17 November 2017 RBNZ published a consultation paper proposing an enhanced mortgage bond standard aimed at supporting confidence and liquidity in the financial system. The consultation paper can be found here . A summary of submission can be found here .	RBNZ will continue to engage with industry over the coming months. The policy is expected to be finalised in the second half of 2018.
RBNZ Review of Outsourcing Policy	Medium	RBNZ	<p>In August 2015 RBNZ issued a consultation paper on its outsourcing policy for banks. NZBA submitted on the consultation paper on 4 December 2015.</p> <p>In May 2016 RBNZ published its final consultation paper, with some changes based on feedback received in response to the first consultation paper.</p>	On 11 December 2017 RBNZ published its guidance for the preparation of a separation plan .

Project	Priority	Lead agency	Comment	Next Steps
			<p>In August 2016 NZBA submitted on the final consultation paper, recommending changes to make RBNZ's proposed policy operationally practicable.</p> <p>In February 2017 RBNZ published the final policy decisions for the revised outsourcing policy.</p> <p>Alongside the final decisions, RBNZ also published a summary of submissions and Regulatory Impact Statement.</p> <p>In March 2017 RBNZ published the exposure draft of the revised outsourcing policy.</p> <p>Consultation on the exposure draft closed on 26 May 2017. NZBA made a submission on the exposure draft on behalf of its members.</p>	
Debt-to-Income Ratios (DTI)	Medium	RBNZ	<p>RBNZ noted in the consultation paper: 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>RBNZ continues to gather information about the DTI levels of borrowers and assess the potential case for the use of DTI limits.</p> <p>On 8 June 2017 RBNZ released a consultation paper seeking feedback on the addition of DTI limits to its macro prudential toolkit. NZBA's submission on the consultation document can be found here.</p>	<p>The Reserve Bank has published the submissions received on the consultation and a short response here.</p> <p>Macro-prudential policy is within the scope of Phase Two of the Review of the RBNZ Act.</p>
Land Transfer regulations	Medium	LINZ	The Land Transfer Bill was introduced on 11 February 2016.	NZBA is represented on LINZ's Technical Working Group which has been

Project	Priority	Lead agency	Comment	Next Steps
			<p>NZBA submitted 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 Government Administration Committee published their report on the Bill on 15 September 2016. The Committee accepted NZBA's submissions on clause 54, and agreed it would have imposed significant compliance costs.</p> <p>The Bill had its third reading on 4 July 2017 and received Royal Assent on 10 July 2017. It is likely to come into effect from November 2018.</p> <p>LINZ is currently consulting on new regulations, standards and directives in preparation for the implementation of the Land Transfer Act 2017. The consultation documents can be found here.</p>	established to further inform the development of the regulatory interventions.
EQC Act Reforms	Medium	Treasury	<p>Treasury released a discussion document in July 2015 proposing a number of changes to the Earthquake Commission Act 1993.</p> <p>NZBA submitted 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.</p> <p>On 26 June 2017 the Minister of Finance and the Minister Responsible for the Earthquake Commission announced plans to simplify the EQC scheme, in particular, simplifying the relationship between the EQC scheme and private insurance:</p> <ul style="list-style-type: none"> Increasing the monetary cap from \$100,000 (plus GST) to \$150,000 (plus GST) for EQC building cover. 	An exposure draft of the new Bill is expected during 2018. Changes to the scheme are anticipated to be implemented in 2020.

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> Clarifying EQC land cover is for natural disaster damage that directly affects the insured residence or access to it. Standardising the claims excess on EQC building cover at \$1,000. This currently ranges from \$200 to \$1,150 depending on the size of the claim. EQC no longer providing any residential household contents insurance. Requiring EQC claimants to lodge claims with their private insurer who would pass the claim on to EQC (if the property is insured). <p>The reforms will have no impact on the handling and outcome of existing EQC claims.</p>	
Retirement Savings in Bankruptcy	Low	MBIE	<p>In July 2016 MBIE released a discussion document 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.</p> <p>In September 2016 NZBA submitted 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.</p>	MBIE are currently considering submissions received on the discussion document.
Changes to KiwiSaver Annual Statements	Low	MBIE	<p>In October 2016, as a result of collaborative work between MBIE, the FMA and the Commission for Financial Capability, MBIE released a discussion document: Changes to Annual Statements for KiwiSaver, Superannuation, and Workplace Savings Schemes.</p>	In July NZBA will submit on MBIE's discussion document <i>Changes to</i>

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			<p>The discussion document's key proposals included changes to annual member statements to show:</p> <ul style="list-style-type: none"> • a dollar figure for the total fees the investor has paid; and • a projected retirement balance lump sum, and projected retirement income. <p>In December 2016 MBIE released Cabinet's policy decisions on the new requirements.</p> <p>In April 2017 the FMA released a consultation paper on the proposed methodology and guidance for calculating total annual fees charged to each KiwiSaver investor.</p> <p>In July 2017 the FMA issued a methodology notice which helps KiwiSaver scheme providers calculate the total fees charged to each investor. The methodology notice, regulatory impact statement, and amended guidance note for managed funds can be found here.</p>	<i>annual statements for KiwiSaver investors.</i>
Payment Systems Replacement Project	Low	RBNZ	<p>The Payment Systems Replacement Project (formally known as the Strategic Review of RBNZ's Payment and Settlement System) continues, and steady progress has been made. The first stream of work, the RTGS System, is now in delivery mode and tracking to schedule. Functional testing is underway and attention is turning to the documentation of functional fact sheets for account holders so that they can better understand the end-to-end solution for RTGS.</p> <p>The second stream of work, the CSD System, is at the tail end of the clarification and planning phase. The projection for a joint system 'go live' is now April 2019 (was February 2019).</p>	RBNZ continues to engage with stakeholders regarding the timing and impact of the changes, and when stakeholder input is required.

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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"> • There be mandatory designation of FMIs that are considered systemically important; • The joint regulators have crisis management powers for designated FMIs; • The joint regulators have a more graduated set of business-as-usual oversight powers, including enforcement and investigation powers for designated FMIs. <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 (FMIs).</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 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 here.</p>	<p>RBNZ has now finalised its overall proposal and in May 2017 Cabinet agreed to a new legislative framework. The framework is with the Parliamentary Counsel Office to draft the revised legislation and an exposure draft will be open for public consultation before it is introduced into Parliament. The target for publishing the exposure draft is late-2018.</p>

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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 issues paper outlining possible concerns with the operation of the Act.</p> <p>In December 2016 NZBA submitted on the issues paper. Our submission focused on Chapter 9, which relates to production orders.</p>	The Law Commission / MoJ are awaiting a government response to their recommendations.
Insolvency Practitioner Regulation and Voluntary Liquidations	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 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 Report No.1, which covers the topics of insolvency practitioner regulation and issues around voluntary liquidations, for public consultation.</p> <p>In October 2016 NZBA submitted 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</p>	MBIE released a discussion document that sets out a proposal for a new, Ponzi-specific insolvency regime. The consultation closes on 6 July 2018.

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			<p>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> <p>The Minister of Commerce and Consumer Affairs released Report No.2 in May 2017, which covers the topics of voidable transactions, Ponzi schemes and other corporate insolvency issues. NZBA's submission on Report No.2 can be found here.</p>	
Review of the Insurance (Prudential Supervision) Act 2010	Low	RBNZ	<p>On 30 March 2017 RBNZ published an issues paper on its review of the Insurance Prudential Supervision Act 2010 (IPSA). The issues paper can be found here.</p> <p>The Reserve Bank has indicated that the review of IPSA will progress in three broad phases:</p> <ul style="list-style-type: none"> • This first phase of the review focused on the identification of potential issues. • The second phase will take place over 2017 and 2018 and will entail more in-depth analysis of the issues and confirmation of any policy concerns, including the development of options to address them. The key conclusions from Phase 2 will be presented in an Options Paper for further consultation. • In the final phase, any legislative change proposals will be developed. RBNZ expects legislative changes to be introduced to Parliament during 2018 at the earliest. <p>RBNZ has released a feedback statement in which it acknowledges the feedback received from 42 submitters, provides a preliminary timetable</p>	RBNZ is commencing Phase 2 of the Review where issues identified will be considered in more detail over the next 12 to 18 months.

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			for phase two of the review, and outlines how several issues raised by submitters that were not discussed in the issues paper are being taken forward. In general, submitters agreed that there are a number of areas where the effectiveness of the framework introduced by IPSA could be improved or compliance costs reduced.	
Taxation (Annual Rates for 2017-18, Employment and Investment Income, and Remedial Matters) Act 2018	Low	IRD	<p>The Taxation (Annual Rates for 2017-18, Employment and Investment Income, and Remedial Matters) Bill contains changes to reporting for investment income (interest and PIEs), changes to reporting for employment income, as well as providing the Commissioner discretion to provide IRD numbers to foreign persons without the requirement to open bank accounts.</p> <p>NZBA's submission on the Bill can be found here. NZBA also appeared before the Finance and Expenditure Select Committee in support of its submission.</p> <p>The Taxation (Annual Rates for 2017-18, Employment and Investment Income, and Remedial Matters) Act 2018 received Royal Assent on 29 March 2018.</p>	NZBA will continue to work with IRD on the implementation of these requirements.