

Submission

to the

Financial Markets Authority

on the

Consultation paper: Financial reporting requirements for overseas- registered banks and licensed insurers

7 April 2015

Submission by the New Zealand Bankers' Association to the Financial Markets Authority on the Financial reporting requirements for overseas-registered banks and licensed insurers Consultation Paper

About NZBA

1. NZBA works on behalf of the New Zealand banking industry in conjunction with its member banks. NZBA develops and promotes policy outcomes which contribute to a strong and stable banking system that benefits New Zealanders and the New Zealand economy.
2. The following fifteen registered banks in New Zealand are members of NZBA:
 - ANZ Bank New Zealand Limited
 - ASB Bank Limited
 - Bank of China (NZ) Limited
 - Bank of New Zealand
 - Bank of Tokyo-Mitsubishi, UFJ
 - Citibank, N.A.
 - The Co-operative Bank Limited
 - Heartland Bank Limited
 - The Hongkong and Shanghai Banking Corporation Limited
 - JPMorgan Chase Bank, N.A.
 - Kiwibank Limited
 - Rabobank New Zealand Limited
 - SBS Bank
 - TSB Bank Limited
 - Westpac New Zealand Limited.

Background

3. NZBA is grateful for the opportunity to submit on the Consultation paper: Financial reporting requirements for overseas-registered banks and licensed insurers (Consultation Paper) in relation to the financial reporting requirements under the Financial Markets Conduct Act 2013 (the FMC Act).
4. NZBA commends the ongoing commitment to meaningful consultation and engagement and appreciates the invitation to participate in this targeted consultation.
5. The following submission makes some brief comments on the proposed exemption for overseas banks and insurers.

6. If you would like to discuss any aspect of the submission further, please contact:

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NZBA Comments

7. NZBA understands that the intention for the exemption is to provide additional flexibility around reporting obligations for FMC reporting entities under the FMC Act that are overseas-registered banks and licensed insurers.
8. We understand that it is intended therefore that banks could use overseas or NZ GAAP for their parent financials, and that banks could use overseas or NZ GAAP for their branch financials.
9. NZBA considers that this additional flexibility is sensible, and we support the proposed exemption. This is on the basis that it appears to allow a continuation of the current approach, and we agree with the suggestion that overseas GAAP and auditing requirements that are similar to NZ requirements provide a sufficient basis for the preparation of financial information. This is particularly the case in light of the Reserve Bank of New Zealand's role, as the Consultation Paper identifies.
10. However, it is important that the exemption allows banks to adopt different approaches in respect of the parent financials and the branch financials, so that the current practice of using NZ GAAP for the branch and overseas GAAP for the parent may continue. NZBA understands this to be the intention of the FMA. On this basis, we wish to highlight this point as a matter for attention in the drafting process.