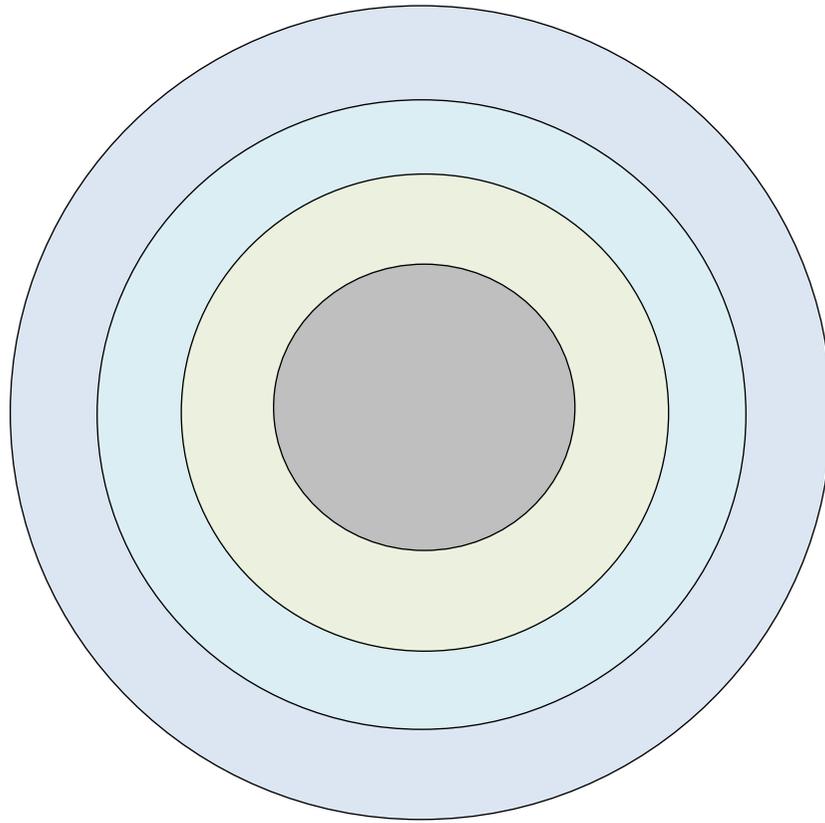


NZBA Priority	
	High
	Medium
	Low

- Current Key Priorities:**
- Review of the Financial Advisers Act 2008
  - FMA robo-advice consultation
  - Retail payment systems
  - Margining of uncleared derivatives
  - Trust law reform
  - Section 99(1A) CCCFA
  - Dashboard
  - Review of Capital Adequacy Framework



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
•	FMA robo-advice consultation
•	Retail payment systems
•	Margining of uncleared derivatives
•	Trust law reform
•	Section 99(1A) CCCFA
•	Dashboard
•	Review of Capital Adequacy Framework

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 Financial Advisers Act 2008 and Financial Service Providers (Registration and Dispute Resolution) Act 2008	High	MBIE	<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> <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> </ul>	<p>The expectation is that the Bill will be passed by mid-2018 and that the new regime will take effect around May 2019, approximately nine months after a new code of conduct is expected to be approved.</p> <p>Transitional licensing measures and competency safe harbours will be implemented for a period of two years to allow existing industry participants time to prepare for the new regime requirements.</p> <p>The Bill officially lapsed on 22 August 2017 when the House dissolved, however, it is expected to be reinstated by the new House. Public consultation will continue during the Commerce Select Committee process.</p> <p>In the meantime, NZBA will work with CWG in its</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> <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> <p>A Financial Advice Code Working Group (<b>CWG</b>) 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 for consultation.</p> <p>The <a href="#">Financial Services Legislation Amendment Bill</a> 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"> <li>• Changing the regulation of wholesale clients compared with retail clients.</li> <li>• Amending the civil liability of Financial Advice Providers.</li> <li>• Introducing a limited exclusion for lenders under consumer credit contracts and credit-related insurance contracts.</li> </ul>	development of the new code of conduct.
FMA robo-advice consultation	High	FMA	<p>On 21 June 2017 FMA <a href="#">announced</a> that it is seeking feedback on its proposal to exercise its class exemption powers to facilitate the provision of personalised robo-advice services.</p> <p>The proposed robo-advice exemption would:</p> <ul style="list-style-type: none"> <li>• be limited to financial advice or investment planning services;</li> </ul>	<p>Consultation closed on 19 July 2017.</p> <p>NZBA's submission on the consultation document can be found <a href="#">here</a>.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> <li>• be limited to advice on products which are easy to exit (eg KiwiSaver);</li> <li>• may include a client investment limit; and</li> <li>• may include a total investment limit.</li> </ul> <p>The consultation document can be found <a href="#">here</a>.</p>	
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> <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 material inefficiencies or cross subsidies in the system or that these are at a level that warrants government intervention.</li> <li>• Any perceived current system imbalances could be appropriately addressed voluntarily by industry participants. NZBA suggests the following range of proactive and voluntary measures:</li> </ul>	<p>Payments NZ have convened an industry sub-committee to progress an industry response to the Minister's August letter. The sub-committee includes member representatives and the NZBA.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<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> <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> <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"> <li>● 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.</li> <li>● Encouraging engagement with third parties (eg fintech and start-ups) and merchants on the <i>Payments Direction</i> initiative.</li> <li>● Encouraging improvements in the transparency and usefulness of information provided to merchants by both banks and</li> </ul>	

Project	Priority	Lead agency	Comment	Next Steps
			<p>schemes, to enable them to assess their option for negotiating better merchant service fees. In particular:</p> <ul style="list-style-type: none"> <li>○ Provision of separate debit and credit fees to merchants and notifications of fee changes.</li> <li>○ Publishing weighted average annual debit and credit interchange fees, broken down by card-present and card-not-present transactions.</li> </ul>	
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>	<p>Consultation closed on 24 August 2017.</p> <p>NZBA's submission on the consultation document can be found <a href="#">here</a>.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>NZBA and its members are also engaging with the International Swaps and Derivatives Association (<b>ISDA</b>) to investigate international perspectives.</p> <p>On 13 July 2017 RBNZ and MBIE opened public consultation on foreign margin requirements for over-the-counter derivatives. The <a href="#">consultation paper</a> identifies specific impediments in New Zealand insolvency laws and proposes a number of targeted legislative amendments to address them.</p>	
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 Trusts Reference Group 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>	<p>The Bill officially lapsed on 22 August 2017 when the House dissolved, however, it is expected to be reinstated by the new House. Public consultation will continue during the Select Committee process.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<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 example, securitisation trusts, superannuation funds, retail investment trusts).</li> <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> <li>• The suggestion that a reasonable transition period should be included for all trusts.</li> </ul> <p>The <a href="#">Trusts Bill</a> 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>	
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>	MBIE officials and the Minister of Commerce and Consumer Affairs are currently considering whether reform of section 99(1A) is appropriate.

Project	Priority	Lead agency	Comment	Next Steps
			<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>	
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> <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>	<p>RBNZ hosted an industry workshop on the Dashboard proposal on 2 August 2017. At that workshop the following timeline was provided:</p> <ul style="list-style-type: none"> <li>• Dashboard mechanics and content will be finalised in early September.</li> <li>• Implementation is expected to take 6-7 months, including: <ul style="list-style-type: none"> <li>○ one or two trials (the first trial will likely use Q3 or Q4 2017 data); and</li> <li>○ one or two workshops.</li> </ul> </li> </ul>

Project	Priority	Lead agency	Comment	Next Steps
			<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> <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> <p>Having reviewed feedback received, RBNZ considers that the concerns raised about the Dashboard option are “important but not irresolvable”, and the 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>	<ul style="list-style-type: none"> <li>• ‘Go live’ will be based on Q4 2018 or Q1 2019 data.</li> </ul>

Project	Priority	Lead agency	Comment	Next Steps
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>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. Consultation on the issues paper closed on 9 June 2017.</p> <p>NZBA <a href="#">submitted</a> that:</p> <ul style="list-style-type: none"> <li>• it has concerns regarding the timing of the review;</li> <li>• relying on Common Equity Tier 1 as the sole source of capital would create unnecessary costs for the real economy and market participants and that there is value in allowing the diversification of capital structures by way of convertible instruments;</li> <li>• the tax aspects of convertible instruments (ie Additional Tier 1 and Tier 2 capitals) are not uncertain or overly complex; and</li> <li>• it has views on RBNZ's commentary around global comparisons, in particular with respect to where New Zealand bank capital ratios are positioned, that it would like to explore further.</li> </ul>	<p>On 14 July 2017 RBNZ opened public consultation on what type of financial instruments should qualify as bank capital. The <a href="#">consultation paper</a> sets 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>The consultation closes on 8 September 2017.</p> <p>NZBA will be making a submission 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</p>	<p>On 8 June 2017 RBNZ released a <a href="#">consultation paper</a> seeking feedback on</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>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>the addition of DTI limits to its macro prudential toolkit.</p> <p>Consultation closed on 18 August 2017.</p> <p>NZBA's submission on the consultation document can be found <a href="#">here</a>.</p>
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. NZBA made a <a href="#">submission</a> on the exposure draft on behalf of its members.</p>	<p>RBNZ is considering submissions received on the revised policy, after which RBNZ anticipates finalising the policy by mid-September.</p>

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 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>

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.	
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 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 Committee published their <a href="#">report</a> on the Bill on 15 September 2016. In their report, 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>An exposure draft of the new Land Transfer Regulations is expected in March/April 2018. In particular, LINZ will seek feedback on:</p> <ul style="list-style-type: none"> <li>• the substance and drafting of the regulations;</li> <li>• the technical content of standards and directives;</li> <li>• the content of supporting material; and</li> <li>• guidance for lenders.</li> </ul>
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

Project	Priority	Lead agency	Comment	Next Steps
				regarding stress testing later in 2017.
Anti-Money Laundering and Countering Financing of Terrorism Act 2009: Phase Two	Medium	MoJ/RBNZ	<p>In December 2016 MoJ released an exposure draft of the Anti-Money Laundering and Countering Financing of Terrorism (<b>AML/CFT</b>) <a href="#">Amendment Bill</a>. MoJ also released an <a href="#">information paper</a>. In January 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 the Financial Action Task Force) and subsidiaries of New Zealand listed issuers.</li> <li>• Support for streamlining the ministerial exemptions process.</li> </ul> <p>The Bill was referred to the Law and Order Select Committee and in April 2017 NZBA made a <a href="#">submission</a>. Key submissions included:</p>	The <a href="#">Amendment Act</a> had its third reading on 3 August 2017 and received Royal Assent on 10 August 2017.

Project	Priority	Lead agency	Comment	Next Steps
			<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>	
Anti-Money Laundering and Countering Financing of Terrorism Amendment Act 2015	Medium	MoJ	<p>In November 2016 the <a href="#">Anti-Money Laundering and Countering Financing of Terrorism (Prescribed Transactions Reporting) Regulations 2016</a> were gazetted. These Regulations come into force on 1 November 2017.</p> <p>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 (PTR) 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 more than one institution but is not an ordering institution or a beneficiary institution.</p>	<p>In August 2017 NZBA engaged with the RBNZ, MoJ and FIU on the timelines for implementation of the Data Schema for PTRs, and on FIU's guidance on filing PTR reports under its Schema.</p> <p>MoJ, FIU and RBNZ will issue formal written notice of a transitional compliance period for all reporting entities until 1 July 2018.</p>
Credit Contracts and Consumer Finance Amendment Act 2014	Medium	MBIE	NZBA is a member of the Responsible Lending Code Advisory Group.	<p>The Responsible Lending Code Advisory Group will continue to meet and NZBA will continue to participate in this forum.</p> <p>The purpose of these meetings is to monitor the</p>

Project	Priority	Lead agency	Comment	Next Steps
				impact of the Responsible Lending Code and the relevant legislative amendments.
EQC Act Reforms	Medium	Treasury	<p>Treasury released a <a href="#">discussion document</a> in July 2015 proposing a number of changes to the Earthquake Commission Act 1993.</p> <p>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.</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"> <li>• Increasing the monetary cap from \$100,000 (plus GST) to \$150,000 (plus GST) for EQC building cover.</li> <li>• Clarifying EQC land cover is for natural disaster damage that directly affects the insured residence or access to it.</li> <li>• 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.</li> <li>• EQC no longer providing any residential household contents insurance.</li> <li>• Requiring EQC claimants to lodge claims with their private insurer who would pass the claim on to EQC (if the property is insured).</li> </ul>	<p>An exposure draft of the new Bill is expected in late-2017 or early-2018. Changes to the scheme are anticipated to be implemented in 2020.</p>

Project	Priority	Lead agency	Comment	Next Steps
			The reforms will have no impact on the handling and outcome of existing EQC claims.	
Retirement savings in bankruptcy	Medium	MBIE	<p>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.</p> <p>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.</p>	MBIE are currently considering submissions received on the consultation document.
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 FSAP were published by the IMF in May 2017, they can be found <a href="#">here</a>.</p>	New Zealand authorities continue to consider the results of the FSAP in the context of both international regulatory norms and local New Zealand conditions.

Project	Priority	Lead agency	Comment	Next Steps
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 <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; and</li> <li>• a projected retirement balance lump sum, and projected retirement income.</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>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 <a href="#">here</a>.</p>	There may be further investigation/analysis by the FMA with a view to requiring annual statements to include information on retirement projections.
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</p>	During September 2017 IRD will undertake further consultation with interested parties and stakeholders (including NZBA) on the legislative design for:

Project	Priority	Lead agency	Comment	Next Steps
			<p>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> <p>In April 2017 NZBA made a <a href="#">submission</a> to the Inland Revenue Department (IRD) on its discussion document: BEPS – Strengthening our Interest Limitation Rules: A Government Discussion Document.</p> <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> <ul style="list-style-type: none"> <li>• Stop foreign parents charging their New Zealand subsidiaries high interest rates to reduce their taxable profits in New Zealand.</li> <li>• Stop multinationals using artificial arrangements to avoid having a taxable presence in New Zealand.</li> <li>• Ensure multinationals are taxed in accordance with the economic substance of their activities in New Zealand.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• the permanent establishment avoidance rule;</li> <li>• key items of the transfer pricing rules;</li> <li>• key items of the hybrid mismatch rules;</li> <li>• the restricted transfer pricing rule for related-party interest;</li> <li>• the treatment of deferred tax liabilities in the thin capitalisation rules; and</li> <li>• the carve-out to the thin capitalisation rules for certain infrastructure investments.</li> </ul>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> <li>• Make it easier for IRD to investigate uncooperative multinational companies.</li> </ul> <p>As part of this announcement the Government released the relevant Cabinet papers, policy reports and public submissions. Those documents can be found <a href="#">here</a>.</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>	
Targeted Review of the Commerce Act 1986	Low	MBIE	<p>In November 2015 MBIE released an issues paper: <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</p>	<p>Cabinet Papers and Regulatory Impact Statements can be found <a href="#">here</a>.</p> <p>Parliament will need to legislate for change to the Commerce Act for the market studies power to be introduced. There will be opportunity for public consultation via an exposure draft and through the usual select committee process.</p> <p>MBIE has been tasked by the Minister to carry out further investigations and analysis to enable her to</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>from the Commerce Commission). NZBA made a <a href="#">cross-submission</a> on 21 July 2016 supporting the position of its members.</p> <p>Cabinet made <a href="#">decisions</a> 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"> <li>• repeal the cease-and-desist regime;</li> <li>• establish an enforceable undertakings regime;</li> <li>• allow the Minister of Commerce and Consumer Affairs to direct the Commerce Commission to undertake market studies; and</li> <li>• 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.</li> </ul> <p>The Commerce Commission’s market studies power will only be exercisable at the direction of the Minister of Commerce and Consumer Affairs. The Commerce Act changes will include a high-level principle that the Minister must have reason to believe has been met before initiating a market study (for instance, that the study is likely to be in the public interest or in the long-term interests of consumers).</p> <p>The Commerce Commission will be able to make use of information gathering powers. The terms of reference for each study will establish the scope and timeframe for completion.</p>	<p>report back to Cabinet by June 2018 before it makes a final decision on whether to proceed to a section 36 options paper.</p>
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</p>	<p>Clarification on the requirements for RTGS extreme contingency option (<b>RECS</b>) solution continues. The Infrastructure replacement is on schedule</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>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. As this phase has taken longer than anticipated, delivery of the project has moved from February 2018 to April 2018.</p> <p>The projection for a joint system 'go live' is now April 2019 (was February 2019).</p>	to be in place by the end of 2017 and confirmation of the CSD solution with the operational impacts is being shared with account holders.
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>	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 of will be open for public consultation before it is introduced into Parliament. While there is no published date for the exposure draft, it is being progressed with some urgency.

Project	Priority	Lead agency	Comment	Next Steps
			<p>In March 2016, RBNZ issued a consultation paper on proposed crisis management powers for systemically important financial market infrastructures (<b>SIFMIs</b>). 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 <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 has considered submissions received on the discussion paper and will report on the review in the next couple of months.
Consumer Guarantees (Removal of	Low	Member Bill	This Member's Bill was introduced on 3 December 2015.	The Commerce Select Committee's Report on the Bill is still to be released.

Project	Priority	Lead agency	Comment	Next Steps
Unrelated Party Lender Responsibility) Amendment Bill			<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> <p>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.</p>	
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</li> </ul>	The Law Commission / MoJ are currently considering submissions received on the issues paper.

Project	Priority	Lead agency	Comment	Next Steps
			requests in the context of the Privacy Act 1993 and common law duties.	
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 <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>Consultation on Report No. 2 closed on 23 June 2017.</p> <p>NZBA's submission on Report No.2 can be found <a href="#">here</a>.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<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 <a href="#">Report No.2</a> in May 2017, which covers the topics of voidable transactions, Ponzi schemes and other corporate insolvency issues.</p>	
Privacy Act Review	Low	MoJ	<p>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.</p>	<p>The Bill is currently being drafted and an exposure draft will be made available for public consultation before the Bill is finalised.</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 (<b>IPSA</b>). The issues paper can be found <a href="#">here</a>.</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"> <li>• This first phase of the review focuses on the identification of potential issues. Stakeholders' submissions on the issues paper will be considered along with recommendations arising from the recent International Monetary Fund review of New Zealand's regulatory and supervisory framework for the insurance sector (which are expected to be published in the second quarter of 2017) for the purpose of determining which areas should be taken forward to Phase 2 of the review. This phase may involve workshops and forums to discuss the ideas presented in the issues paper.</li> </ul>	<p>RBNZ is considering the submissions received on the issues paper.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>	