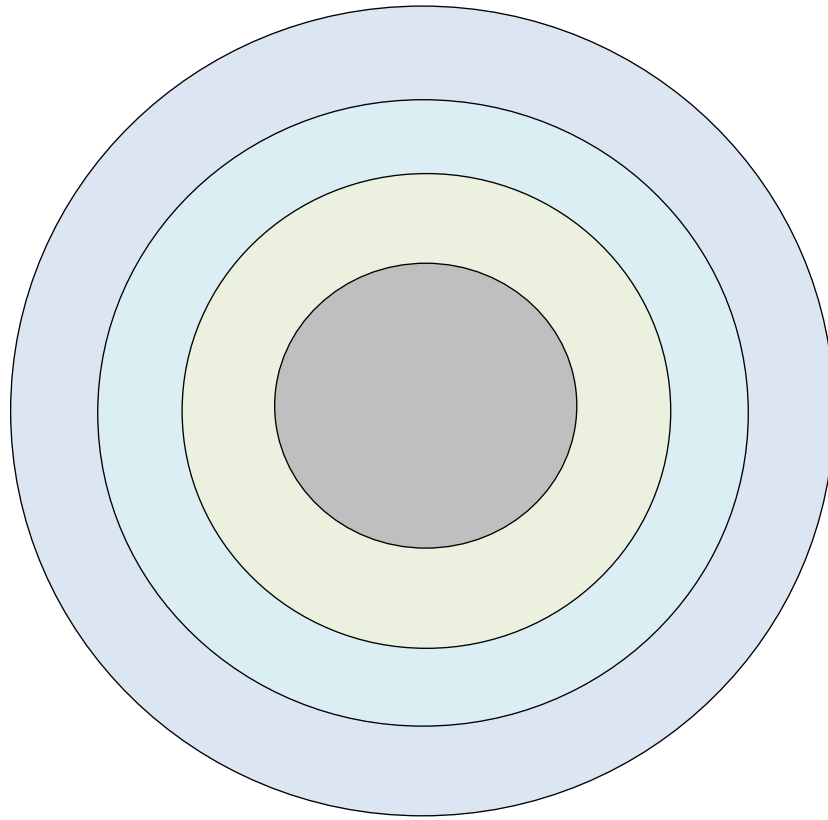


NZBA Priority	
	High
	Medium
	Low

- Current Key Priorities:**
- Conduct and Culture Review
 - Review of the RBNZ Act
 - Review of Capital Adequacy Framework
 - Credit Contracts Legislation Amendment Bill
 - Open Banking



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:

- Conduct and Culture Review
- Review of the RBNZ Act
- Review of Capital Adequacy Framework
- Credit Contracts Legislation Amendment Bill
- Open Banking

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
Conduct and Culture 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 into financial services.</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>On 30 April 2019 MBIE published the options paper: Conduct of Financial Institutions. The paper considers a range of options to ensure that conduct and culture in the financial sector is delivering good outcomes for all customers, including:</p> <ul style="list-style-type: none"> • duties to consider and prioritise customers’ interests; • banning target-based remuneration and incentives, and making sure these are instead designed to promote good customer outcomes; • greater accountability for directors and senior managers; • giving the regulator an ability to ban or stop the sales of specific financial products that result in bad customer outcomes; • new regulatory powers and tools for enforcement, including public warnings, stop orders and civil liability; and • strong civil penalties for non-compliance. <p>NZBA will make a submission on the options paper in June.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>RBNZ and FMA set up a joint working group to undertake a thorough review of the material provided (the Conduct and Culture Review).</p> <p>NZBA submitted to the Finance and Expenditure Committee regarding the Australian Royal Commission into financial services in July 2018 and appeared before the Committee in support of its submission in September 2018.</p> <p>The regulators released the findings of the Conduct and Culture Review on 5 November 2018. The Review found no evidence of widespread misconduct and culture issues across the industry, however, it identified weaknesses in the governance and management of conduct risks.</p> <p>All 11 banks involved in the Conduct and Culture Review have responded with individual work plans. NZBA issued this media release on the Conduct and Culture work plans.</p> <p>In January 2019 the Ministers of Finance and Commerce and Consumer Affairs announced that Government would introduce a suite of measures to address gaps in the regulation of financial service providers' conduct.</p>	
Review of the RBNZ Act	High	Treasury	<p>In November 2017 the Government announced it would undertake a review of the Reserve Bank of New Zealand Act 1989 to create a modern monetary and financial policy framework. The review is being undertaken in two phases.</p> <p>Phase One involved a review of monetary policy, culminating in the Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018.</p>	In February 2019 Treasury published a report summarising the key messages and themes emerging from the submissions received. That report can be found here .

Project	Priority	Lead agency	Comment	Next Steps
			<p>Phase Two involves a comprehensive review of the financial policy provisions of the Act that provide the legislative basis for prudential regulation and supervision. It is also reviewing the broader governance arrangements for RBNZ, including the respective roles of the Board and Governor.</p> <p>In March 2018 NZBA submitted to Treasury on the scope of Phase Two 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 2018.</p> <p>The first of the Phase Two consultations – Reserve Bank Act Review: Safeguarding the future of our financial system – was published in November 2018. In February 2019 NZBA submitted on that consultation.</p> <p>Two further rounds of consultation exploring other key topics are planned for 2019. The next consultation will cover the remaining topics in the terms of reference and present preliminary options developed in light of the first consultation.</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.</p> <p>In 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.</p>	<p>In May 2019 NZBA submitted on Capital Review Paper 4, recommending that RBNZ:</p> <ul style="list-style-type: none"> • reduce the total capital requirement; • allow a more diverse range of capital instruments; and

Project	Priority	Lead agency	Comment	Next Steps
			<p>In June 2017 NZBA submitted on the issues paper.</p> <p>In July 2017 RBNZ opened 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 November 2017 NZBA published an analysis of the international comparability of the capital ratios of New Zealand's major banks.</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> <p>In July 2018 RBNZ published its response to submissions on the calculation of risk weighted assets.</p> <p>On 14 December RBNZ published Capital Review Paper 4: How much capital is enough?</p>	<ul style="list-style-type: none"> • create a more realistic transitional framework. <p>NZBA also commissioned two pieces of research:</p> <ul style="list-style-type: none"> • An independent economic review, undertaken by former Treasury secretary Graham Scott. • An updated review of the international comparability of the capital ratios of New Zealand's major banks, undertaken by PwC. <p>As part of the next stage of the capital review, RBNZ has commissioned three external experts to independently review the analysis and advice underpinning the capital review proposals. The Terms of Reference for that review can be found here.</p>
Credit Contracts Legislation Amendment Bill	High	MBIE	<p>MBIE was asked by Hon Kris Faafoi, Minister of Commerce and Consumer Affairs, to conduct a review of the 2015 amendments to the Credit Contracts and Consumer Finance Act 2003 (CCCFA) (relating to responsible lending, penalties</p>	<p>In April the Credit Contracts Legislation Amendment Bill was introduced and referred to the Finance and</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>and enforcement, repossession and other lender responsibilities).</p> <p>In June 2018 MBIE released a discussion document seeking feedback on a review of New Zealand’s consumer credit regulation. On 1 August 2018 NZBA submitted on MBIE’s discussion document.</p> <p>In June 2018 Cabinet issued its decision on s 99(1A) of the CCCFA and recommended that changes be included in the legislation resulting from the CCCFA review.</p> <p>In October 2018 the Minister for Commerce and Consumer Affairs released his policy decisions on the CCCFA review.</p> <p>NZBA is also a member of the Responsible Lending Code Advisory Group, facilitated by MBIE. 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>	<p>Expenditure Committee. NZBA will make a submission on this Bill in June.</p> <p>Concurrently, NZBA is working with MBIE on the development of regulations around affordability and suitability assessments, and responsible advertising.</p>
Open Banking	High	MBIE	<p>On 8 September 2017 MBIE published the cabinet paper – Retail payment systems: update on next steps – which formed the basis of the Minister of Commerce and Consumer Affairs’ (then, Hon Jacqui Dean) letter to industry 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</p>	<p>The API service was successfully launched to the industry on 23 May 2019. The Minister for Commerce and Consumer Affairs spoke at the launch and, in his address to attendees, congratulated the industry for reaching this milestone but reiterated in the coming months his expectations for the industry:</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>competitive pressures and reduce the need for regulatory action.</p> <p>In March 2018, Payments NZ (PNZ) launched an API 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.</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> <p>In September 2018 the Minister for Commerce and Consumer Affairs travelled to Sydney and Canberra to explore how open banking is being implemented in Australia. The Minister met with Scott Farrell (chair of the Australian Government’s open banking review), Katharine Kemp (an academic specialising in open banking), and staff at Macquarie Bank (which has pioneered open banking in Australia). The trip was to help inform the Minister on issues such as privacy, data security, and consumer empowerment.</p>	<ul style="list-style-type: none"> all major banks participating in the API Centre and working with third parties; broad participation from across the ecosystem, with transparent and affordable commercial terms; and as much standardisation as possible in terms of APIs used and access to them. <p>Following the launch, the API service is being transitioned to the API Centre for ongoing management and governance. Further information regarding the API Centre can be found here.</p>
Retail Payments Systems	Medium	MBIE	<p>On 8 August 2017 the Minister of Commerce and Consumer Affairs (then, Hon Jacque Dean) wrote to industry participants setting out her expectations regarding the future directions of the payments system.</p>	<p>The Minister was provided with a third report in February 2019 which included the average weighted interchange for the previous six months. This report showed a continued downward trend in weighted average interchange. MBIE</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>Consistent with NZBA’s submission, an industry working group – made up of NZBA, issuers, acquirers, schemes and Payments NZ –recommended:</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.</p> <p>On 26 June 2018 the Minister of Commerce and Consumer Affairs, Hon Kris Faafoi, 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 for debit and credit cards. • 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. 	<p>and the Minister will, in the short term, continue to monitor data to ensure the current trend continues.</p>

Project	Priority	Lead agency	Comment	Next Steps
European Union Benchmarks Regulation (BMR)	Medium	MBIE	<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, reviewed 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> <p>NZFMA, MBIE, FMA and RBNZ have chosen the option of equivalence to comply with the requirements of BMR and continue to administer BKBM for use by EU supervised entities post 1 January 2020.</p> <p>In February 2019 the Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Bill was introduced into Parliament. The Bill implements earlier decisions made by Cabinet on amendments to, among other things, establish</p>	<p>In April NZBA submitted to the Finance and Expenditure Committee on the Bill.</p> <p>The Committee must report back by 22 July 2019. It is expected to be passed in September 2019.</p>

Project	Priority	Lead agency	Comment	Next Steps
			a new licensing regime for administrators of financial benchmarks.	
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 identified specific impediments in New Zealand insolvency laws and proposed a number of targeted legislative amendments to address them.</p> <p>In August 2017 NZBA submitted on the consultation.</p> <p>In 2018 Cabinet agreed to amend legislation to remove the legal impediments to New Zealand entities complying with margining requirements. 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. <p>In February 2019 the Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Bill was introduced into Parliament. The Bill implements earlier decisions made by Cabinet on amendments to, among other things, address</p>	<p>In April NZBA submitted to the Finance and Expenditure Committee on the Bill.</p> <p>The Committee must report back by 22 July 2019. It is expected to be passed in September 2019.</p>

Project	Priority	Lead agency	Comment	Next Steps
			impediments to compliance with foreign margin rules for derivatives.	
Financial Services Legislation Amendment Bill (FSLAB) and Regulations	Medium	MBIE	<p>A Financial Advice Code Working Group (CWG) was appointed in June 2017 to prepare a new code of conduct, and officially commenced on 1 August 2017.</p> <p>The Financial Services Legislation Amendment Bill was introduced into Parliament on 3 August 2017.</p> <p>On 23 February 2018 NZBA submitted to the Economic Development, Science and Innovation Committee on the Bill.</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 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. A copy of NZBA's submission can be found here. • 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. <p>NZBA presented its submission to the Committee on 11 May 2018. At the hearing, NZBA also submitted that FSLAB should include a means by which banks can more effectively monitor and report individual employee conduct that falls</p>	<p>In May the Code of Professional Conduct for Financial Advice Services was approved by the Minister for Commerce and Consumer Affairs, though it is not yet in force.</p> <p>The next step is to finalise the supporting regulations relating to disclosure requirements, licensing fees and industry levies, and registration requirements.</p> <p>MBIE has published an explanation of the indicative timeframes for the new regime here.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>below community standards. NZBA's supplemental submission on that point can be found here.</p> <p>The Economic Development, Science and Innovation Committee reported back to the House on 31 July 2018.</p> <p>In October, CWG published a draft Code of Professional Conduct Financial Advice Services for consultation. The draft Code sets out 12 proposed standards and supporting commentary. In October NZBA submitted on the draft Code of Conduct in support of the principles-based approach adopted by CWG.</p> <p>In December 2018 MBIE released the discussion paper: Financial advice provider licensing fees and changes to the FMA levy. In February 2019 NZBA submitted on that discussion paper.</p> <p>In April 2019, the Financial Services Legislation Amendment Act 2019 passed its third reading and received Royal Assent.</p>	
Trusts Bill	Medium	MoJ	<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>.</p> <p>NZBA submitted to the Justice Committee on the 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>	The Bill had its second reading on 9 May 2019 and will now be considered by the Committee of whole House.

Project	Priority	Lead agency	Comment	Next Steps
			The Committee reported back to the House in October 2018 recommending some amendments to the definition of 'specified commercial trust'.	
Privacy Bill	Medium	MoJ	<p>The Privacy Bill was introduced into Parliament on 20 March 2018 and had its first reading on 11 April 2018, following which it was referred to the Justice Committee.</p> <p>NZBA submitted to the Justice Committee on 7 June 2018 and appeared before the Committee in support of its submission on 6 September 2018.</p> <p>The Committee reported back to the House on 13 March 2019. The final report can be found here.</p> <p>The Committee made four key recommendations:</p> <ul style="list-style-type: none"> • That the Bill applies to any actions taken by (i) a New Zealand agency (whether inside or outside New Zealand); and/or (ii) an overseas agency carrying on business in New Zealand, in respect of all personal information collected or held by that agency in the course of carrying on business in New Zealand. • Retention of the requirement that agencies remain accountable for personal information, where that information is subsequently held by another agency for safe custody or processing. • Increasing the reporting threshold from "harm" to "serious harm" to help reduce the risk of over reporting, provide more certainty to agencies and better align the Bill with overseas jurisdictions. • A requirement that the Commissioner publishes details of compliance notices (including the identity of the agency), 	The Bill will now progress to its second reading. It is currently scheduled to take effect from 1 March 2020 (with regulations relating to prescribed binding schemes and prescribed countries able to be introduced earlier).

Project	Priority	Lead agency	Comment	Next Steps
			unless it would cause the agency undue harm that outweighs the public interest.	
Farm Debt Mediation Bill	Medium	Ministry for Primary Industries	<p>A Member's Bill seeking to introduce agricultural debt mediation was introduced into Parliament on 15 May 2018 and had its first reading on 16 May 2018.</p> <p>The Bill proposed agricultural debt mediation as a mandatory step before the appointment of a receiver in respect of agricultural debt.</p> <p>On 17 August 2018 NZBA submitted to the Economic Development, Science and Innovation Committee on the Bill.</p> <p>On 18 October 2018 the Economic Development Committee recommended that the Bill be withdrawn on the basis that it will instead be introduced as a Government Bill.</p> <p>In December 2018 Cabinet gave policy approval to establish a statutory scheme for the mediation of farm debt in New Zealand. The proposed scheme would require secured creditors to farm businesses to offer statutory mediation before taking any enforcement action in relation to debt held over that business. It would also allow for farmers to initiate statutory mediation with a secured creditor.</p>	In May 2019, NZBA provided feedback to MPI as part of a targeted consultation on the proposed Government Bill.
Financial Action Task Force Mutual Evaluation (AML/CFT)	Medium	RBNZ	In March 2020, New Zealand will be subject to an international review (the Mutual Evaluation) to assess its level of compliance against international anti-money laundering and countering financing of terrorism (AML/CFT) standards (more commonly known as the Financial Action Task Force Recommendations).	Members and RBNZ will continue to work closely to prepare for the evaluation.

Project	Priority	Lead agency	Comment	Next Steps
			The Mutual Evaluation will have two primary focuses, firstly, does New Zealand's legal framework meet the international AML/CFT standards and secondly, how well does New Zealand's AML/CFT system operate in practice. The banking sector will be a major component of the Mutual Evaluation. The final report and ratings are expected to be published by the end of 2020.	
Overseas Investment Act Review	Medium	Treasury	<p>In October 2018 Treasury announced that the Government would undertake a further review of the Overseas Investment Act 2005. The Terms of Reference can be found here.</p> <p>In April Treasury launched its public consultation document on the second phase of its Overseas Investment Act 2005 reforms. It is focused on ensuring New Zealand remains an attractive destination for high-quality productive overseas investment and ensuring such investments are in the national interest.</p>	On 24 May 2019 NZBA submitted on Treasury's consultation document, with a focus on ensuring that 'overseas person' is defined in a way that does not capture banks providing financing.
Protecting Business and Consumers from Unfair Commercial Practices	Medium	MBIE	On 10 December 2018, MBIE released a discussion paper seeking feedback on whether there is a need for additional protections for businesses and consumers against unfair commercial practices: Protecting businesses and consumers from unfair commercial practices .	MBIE has published the submissions received on the consultation here . Ministers are currently considering policy options and any policy decisions will be announced later in 2019.
Beneficial Ownership of New Zealand Companies and	Medium	MBIE	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	On 2 August 2018 NZBA submitted on MBIE's discussion paper on beneficial ownership.

Project	Priority	Lead agency	Comment	Next Steps
Limited Partnerships			<u>the transparency of the beneficial ownership of New Zealand Companies and Limited Partnerships.</u>	
Automatic Exchange of Information/ Common Reporting Standard (AEOI/CRS)	Medium	IRD	In June 2018 NZBA issued media releases on the freezing/closure of bank accounts, in line with AEOI requirements. Those media releases can be found <u>here</u> and <u>here</u> .	NZBA will continue to engage with IRD during the reporting periods to help ensure industry concerns and suggestions on implementation are taken on-board.
Public disclosure of bank breaches of regulatory requirements	Medium	RBNZ	In October 2018 RBNZ published a consultation paper proposing changes to the reporting and publishing of regulatory breaches by banks: <u>Public and private reporting by banks of breaches of regulatory requirements, with consideration of materiality.</u> One of the conclusions of the Regulatory Stocktake, and following the development of the Bank Financial Strength Dashboard, was that banks should be formally required to notify RBNZ of any breaches of their conditions of registration, and that RBNZ should draw on that reporting to publish collated information on bank breaches on a dedicated new page on its website. This consultation paper sought views on the proposed mechanism for putting that conclusion into effect, as well as the option of applying a materiality threshold to the publication of breaches.	NZBA <u>submitted</u> on RBNZ's consultation in December 2018. RBNZ has published the submissions received on the consultation <u>here</u> .
Review of Mortgage Bond	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 closed on Friday 8 March 2019. Submissions and a response to submissions is expected

Project	Priority	Lead agency	Comment	Next Steps
Collateral Standards			<p>The consultation paper can be found here. A summary of submission can be found here.</p> <p>On 13 November 2018 RBNZ published an exposure draft of its policy Residential Mortgage Obligations (RMO) - Introducing a high grade residential mortgage backed securities framework for New Zealand. This followed an initial consultation in November 2017 and ongoing discussion with issuers and investors over 2018.</p>	to be published shortly and the timeline for implementation will be updated when final decisions have been made. RBNZ is proposing a five-year implementation timeline.
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 LVR restrictions.</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>RBNZ 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>
Review of s 36 of the Commerce Act	Low	MBIE	<p>In January 2019 MBIE released a discussion paper seeking feedback on a proposal to amend the Commerce Act's prohibition against anti-competitive unilateral conduct (s 36) in line with Australian reforms: Review of Section 36 of the Commerce Act and other matters.</p>	In March 2019 NZBA submitted on MBIE's discussion paper.

Project	Priority	Lead agency	Comment	Next Steps
			That discussion paper follows MBIE's targeted review and cross-submission consultation on the same issue in November 2015 and July 2016, respectively.	
Changes to KiwiSaver Annual Statements	Low	MBIE	<p>In October 2016, as a result of collaborative work between MBIE, FMA and the Commission for Financial Capability, MBIE released a discussion document: 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"> • 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> <p>On 11 July 2018 NZBA submitted on MBIE's discussion document <i>Changes to annual statements for KiwiSaver investors</i>.</p>	MBIE is progressing work on the inclusion of retirement savings and income projections in KiwiSaver annual statements, and is in the process of finalising the requirements. Providers may comply with the new requirements (once available) on a voluntary basis in 2019. The requirements are expected to be mandatory from 2020 onwards.

Project	Priority	Lead agency	Comment	Next Steps
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 to be confirmed (was February 2019).</p>	In December RBNZ advised some functionality was not ready for testing by members. This has delayed the industry acceptance testing and RBNZ are to confirm when this will commence. Once industry acceptance testing begins it is then expected to be completed over a 10 week period, after which the RBNZ will be able to confirm a go-live date.
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 Financial Market Infrastructures (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 FMI's that are considered systemically important; • the joint regulators have crisis management powers for designated FMI's; and • the joint regulators have a more graduated set of business-as-usual oversight powers, including 	RBNZ has finalised its overall proposal and in May 2017 Cabinet agreed to a new legislative framework. The framework remains 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 industry continues to wait for the release of the draft legislation.

Project	Priority	Lead agency	Comment	Next Steps
			<p>enforcement and investigation powers for designated FMIs.</p> <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 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>	
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 contained 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.

