

**Reprint
as at 1 October 2019**



Non-bank Deposit Takers (Exposures to Co-op Money NZ) Exemption Notice 2018

(LI 2018/188)

Non-bank Deposit Takers (Exposures to Co-op Money NZ) Exemption Notice 2018: revoked, at the close of 30 September 2019, by clause 3.

Pursuant to section 70 of the Non-bank Deposit Takers Act 2013, the Reserve Bank of New Zealand, being satisfied of the matters set out in section 70(2) of that Act, gives the following notice.

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Notice

1 Title

This notice is the Non-bank Deposit Takers (Exposures to Co-op Money NZ) Exemption Notice 2018.

2 Commencement

This notice comes into force on the day after the date of its notification in the *Gazette*.

Note

Changes authorised by subpart 2 of Part 2 of the Legislation Act 2012 have been made in this official reprint. Note 4 at the end of this reprint provides a list of the amendments incorporated.

This notice is administered by the Reserve Bank of New Zealand.

3 Revocation

This notice is revoked at the close of 30 September 2019.

4 Interpretation

(1) In this notice,—

Co-op Money NZ means the New Zealand Association of Credit Unions

maximum limit means the maximum limit on aggregate exposures to related parties that a deposit taker must not exceed (which, under regulation 23, must be included in the trust deed)

specified credit union means any of the following:

- (a) Aotearoa Credit Union:
 - (b) Credit Union Auckland:
 - (c) Credit Union Baywide:
 - (d) Credit Union Central:
 - (e) Credit Union South:
 - (f) Fisher & Paykel Credit Union:
 - (g) New Zealand Employees Credit Union:
 - (h) New Zealand Firefighters Credit Union:
 - (i) Steelsands Credit Union.
- (2) In this notice, a reference to a regulation means a regulation of the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

5 Exemptions from requirements to include exposures to Co-op Money NZ in aggregate related party exposures

A specified credit union is exempt from compliance with the following regulations:

- (a) regulation 23(3)(a), to the extent that paragraph (b) exempts the credit union from the requirement to calculate the maximum limit in accordance with regulation 24:
- (b) regulations 24(1)(a)(i) and 25, to the extent that those regulations require the credit union, in calculating the maximum limit (and in measuring whether or not it is exceeding the maximum limit), to identify all actual, potential, or contingent exposures to loss for the credit union under a contract or arrangement if Co-op Money NZ fails to discharge its obligations.

Dated at Wellington this 2nd day of October 2018.

Geoff Bascand,
Deputy Governor.

Statement of reasons

This notice comes into force on the day after the date of its notification in the *Gazette* and is revoked at the close of 30 September 2019. The notice exempts 9 of the 10 members of the New Zealand Association of Credit Unions (which trades under the name **Co-op Money NZ**) from requirements under the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010 (the **regulations**). The regulations require each of the member credit unions to include in its trust deed a maximum limit on aggregate related party exposures, which must not exceed 15% of the credit union's capital. The effect of the exemptions is that the member credit unions are not required to include exposures to Co-op Money NZ when calculating the maximum limit, or when calculating whether or not they are exceeding the maximum limit.

The Reserve Bank of New Zealand, after taking into account the principles in section 8 of the Non-bank Deposit Takers Act 2013 and satisfying itself as to the matters set out in section 70(2) of that Act, considers it appropriate to grant the exemptions because—

- the exemptions are consistent with the maintenance of a sound and efficient financial system because they would prevent disruption in the credit union sector and enable the credit union members to continue to offer existing products and services to their customers:
- the credit union members are no longer compliant with regulations relating to the maximum limit on related party exposures due to a reduction in the membership base of Co-op Money NZ that was outside of the control of the members of Co-op Money NZ. The members rely on services from Co-op Money NZ to provide existing products and services to their customers, and, in the circumstances, it would be unduly onerous and burdensome to require the members to comply with regulations relating to the maximum limit (which would mean diverting funds from Co-op Money NZ and negotiating new facilities arrangements over a short period):
- Co-op Money NZ is proposing to restructure its business operations with effect from the middle of 2019, which will remove the compliance issue that gave rise to the exemptions. The notice is revoked at the close of 30 September 2019 and only exempts the credit union members from regulations relating to the maximum limit on aggregate related party exposures to the extent that the regulations require the members to include exposures to Co-op Money NZ in their calculations. Therefore, the notice is not broader than is reasonably necessary to address the matters that gave rise to the exemptions.

Reprints notes

1 *General*

This is a reprint of the Non-bank Deposit Takers (Exposures to Co-op Money NZ) Exemption Notice 2018 that incorporates all the amendments to that notice as at the date of the last amendment to it.

2 *Legal status*

Reprints are presumed to correctly state, as at the date of the reprint, the law enacted by the principal enactment and by any amendments to that enactment. Section 18 of the Legislation Act 2012 provides that this reprint, published in electronic form, has the status of an official version under section 17 of that Act. A printed version of the reprint produced directly from this official electronic version also has official status.

3 *Editorial and format changes*

Editorial and format changes to reprints are made using the powers under sections 24 to 26 of the Legislation Act 2012. See also <http://www.pco.parliament.govt.nz/editorial-conventions/>.

4 *Amendments incorporated in this reprint*

Non-bank Deposit Takers (Exposures to Co-op Money NZ) Exemption Notice 2018 (LI 2018/188): clause 3