

**Reprint  
as at 1 December 2016**



## **Deposit Takers (Charities) Exemption Notice 2014**

(LI 2014/64)

Deposit Takers (Charities) Exemption Notice 2014: revoked, on the close of 30 November 2016, by clause 3.

Pursuant to section 157G of the Reserve Bank of New Zealand Act 1989, the Reserve Bank of New Zealand gives the following notice (to which is appended a statement of reasons of the Bank).

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### **Notice**

#### **1 Title**

This notice is the Deposit Takers (Charities) Exemption Notice 2014.

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#### **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.**

## 2 Commencement

This notice comes into force on 1 March 2014.

## 3 Revocation of this notice

This notice is revoked on the close of 30 November 2016.

## 4 Interpretation

- (1) In this notice, unless the context otherwise requires,—

**Act** means the Reserve Bank of New Zealand Act 1989

**balance date**, in relation to a charity, means the balance date determined in accordance with section 41 of the Charities Act 2005

**charity** means a society, an institution, or the trustees of a trust that is or are registered as a charitable entity under the Charities Act 2005

**information document** means the information document referred to in clause 6 of the Securities Act (Charity Debt Securities) Exemption Notice 2013

**investment statement** has the meaning given to it in section 38C of the Securities Act 1978

**NBDT** has the meaning given to it in section 5 of the Non-bank Deposit Takers Act 2013

**registered prospectus** has the meaning given to it in section 2(1) of the Securities Act 1978.

- (2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

Clause 4(1) **associated person**: revoked, on 1 April 2015, by clause 3(2) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

Clause 4(1) **excluded security**: revoked, on 1 April 2015, by clause 3(2) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

Clause 4(1) **NBDT**: inserted, on 1 April 2015, by clause 3(3) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

Clause 4(1) **qualifying interest**: revoked, on 1 April 2015, by clause 3(2) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

## 5 Exemption for charities with outstanding debt securities of \$15 million or less

*[Revoked]*

Clause 5: revoked, on 1 April 2015, by clause 3(4) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

## 6 Conditions of exemption in clause 5

*[Revoked]*

Clause 6: revoked, on 1 April 2015, by clause 3(4) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

## **7 Exemption for charities with total loans of less than \$5 million**

*[Revoked]*

Clause 7: revoked, on 1 April 2015, by clause 3(4) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

## **8 Conditions of exemption in clause 7**

*[Revoked]*

Clause 8: revoked, on 1 April 2015, by clause 3(4) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

## **9 Exempt charities**

- (1) A charity that is a deposit taker is exempt from—
  - (a) sections 157I and 157L of the Act until 1 May 2015; and
  - (b) sections 157T, 157U, 157X, 157Y, 157ZA, and 157ZB of the Act.
- (2) Subclause (1) does not apply to a charity that is declared not to be an NBDT for the purposes of the Non-bank Deposit Takers Act 2013 by regulations made under section 73(1)(d) of that Act.

Clause 9 heading: amended, on 1 April 2015, by clause 3(5) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

Clause 9(1): amended, on 1 April 2015, by clause 3(6) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

Clause 9(2): inserted, on 1 April 2015, by clause 3(7) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

## **10 Conditions of exemption in clause 9**

- (1) The exemption in clause 9 is subject to the following conditions:
  - (a) the charity must notify the Bank that it intends to operate in reliance on the exemption; and
  - (b) the charity must notify the Bank annually, within 1 month after the end of its balance date, that it intends to continue operating in reliance on the exemption; and
  - (c) the charity must include, in every registered prospectus and investment statement relating to the offer of debt securities by the charity, a statement that the charity is exempt until 30 November 2016 from—
    - (i) the capital ratio requirements in sections 157T and 157U of the Act; and
    - (ii) the related party exposures requirements in sections 157X and 157Y of the Act; and
    - (iii) the liquidity requirements in sections 157ZA and 157ZB of the Act.
- (2) The exemption in clause 9 is also subject until 1 May 2015 to the following conditions:

- (a) the charity must include, in every registered prospectus and investment statement relating to the offer of debt securities by the charity, a statement that the charity is exempt from—
- (i) the requirement in section 157I of the Act to have a current credit rating; and
  - (ii) the governance requirements in section 157L of the Act; and
- (b) the charity must not disclose any assessment of its creditworthiness that—
- (i) is, in substance, a credit rating (whether called a rating, grading, scoring, ranking, or by another name); and
  - (ii) is issued by an agency that is not approved by the Bank under section 157J of the Act.
- (3) If the statement in subclause (1)(c) or (2)(a) is published in an investment statement, it must be published under the heading “What are my risks?”.

## 11 Transitional provision

Until 1 May 2015, clause 10(1)(c) and (2)(a) apply to information documents relating to the offer of debt securities as if an information document were a registered prospectus or an investment statement.

Clause 11: amended, on 1 April 2015, by clause 3(8) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

Dated at Wellington this 24th day of February 2014.

Grant Spencer,  
Deputy Governor.

## Statement of reasons

**Note: The following statement of reasons should be read in conjunction with the statement(s) of reasons appended to the:**

- **Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015**

This notice, which exempts charities that are deposit takers from certain prudential requirements of the Reserve Bank of New Zealand Act 1989 (the **Act**), comes into force on 1 March 2014 and is revoked on the close of 30 November 2016.

The notice exempts charities that have total outstanding debt securities of less than \$15 million or total loans of less than \$5 million dollars from the following sections of the Act:

- section 157I (requirement to have current credit rating):
- section 157L (certain governance requirements):
- section 157M (certain risk management requirements):
- sections 157T and 157U (capital ratio requirements):
- sections 157X and 157Y (related party exposures requirements):
- sections 157ZA and 157ZB (liquidity requirements).

The notice also exempts charities that exceed those thresholds from the following sections of the Act:

- sections 157T and 157U (capital ratio requirements):
- sections 157X and 157Y (related party exposures requirements):
- sections 157ZA and 157ZB (liquidity requirements):
- until 1 May 2015,—
  - section 157I (requirement to have current credit rating):
  - section 157L (certain governance requirements).

The notice also prescribes conditions for those exemptions.

The Reserve Bank of New Zealand, after taking into account the principles set out in section 157F of the Act and after satisfying itself as to the matters set out in section 157G(2) of the Act, considers it appropriate to grant the exemptions because the Bank is satisfied that—

- compliance with the relevant sections of the Act would be unduly onerous and burdensome for charities that only offer debt securities and loans to the public on a small scale, given the compliance costs involved:
- immediate compliance with the relevant sections of the Act would be unduly onerous and burdensome for charities that offer debt securities and loans to the public on a large scale:
- these exemptions are consistent with the maintenance of a sound and efficient financial system, given that the class of deposit takers benefiting from these exemptions is a small proportion of all deposit takers, and are unlikely to have a direct material impact on the system:
- the exemptions are limited to a specified period and apply only to deposit takers that are registered as charitable entities under the Charities Act 2005 and, for these reasons, go no further than is reasonably necessary to address the concerns that give rise to the exemptions.

**Note: The preceding statement of reasons should be read in conjunction with the statement(s) of reasons appended to the:**

- **Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015**

Issued under the authority of the Legislation Act 2012.  
Date of notification in *Gazette*: 27 February 2014.

## **Reprints notes**

### **1    *General***

This is a reprint of the Deposit Takers (Charities) Exemption Notice 2014 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 (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47): clause 3

Deposit Takers (Charities) Exemption Notice 2014 (LI 2014/64): clause 3