



## Deposit Takers (Charitable and Religious Organisations) Exemption Amendment Notice 2010

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 (Charitable and Religious Organisations) Exemption Amendment Notice 2010.

**2 Commencement**

This notice comes into force on 1 December 2010.

**3 Principal notice amended**

This notice amends the Deposit Takers (Charitable and Religious Organisations) Exemption Notice 2010.

**4 Interpretation**

Clause 4 is amended by inserting the following definition in its appropriate alphabetical order:

“**charitable and religious organisation** means a deposit taker that—

“(a) relies on the exemption in clause 5 of the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003; or

“(b) is listed in the Schedule”.

**5 New clauses 5 to 10 substituted**

Clauses 5 and 6 are revoked and the following clauses substituted:

**“5 Exemption from requirement to have credit rating**

A charitable and religious organisation is exempted from section 157I of the Act.

**“6 Exemption from governance requirements**

A charitable and religious organisation is exempted from section 157L of the Act.

**“7 Exemption from capital ratio requirements**

A charitable and religious organisation is exempted from sections 157T and 157U of the Act.

**“8 Exemption from related party exposures requirements**

A charitable and religious organisation is exempted from sections 157X and 157Y of the Act.

**“9 Exemption from liquidity requirements**

A charitable and religious organisation is exempted from sections 157ZA and 157ZB of the Act.

**“10 Conditions of exemptions in clauses 5 to 9**

“(1) The exemptions in clauses 5 to 9 are subject to the following conditions:

“(a) a charitable and religious organisation that, on or after 1 December 2010, starts taking deposits in reliance on clause 5 of the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003 must notify the Bank that it intends to operate on the basis of the exemptions; and

“(b) a charitable and religious organisation must not disclose an assessment of its creditworthiness that is in substance a credit rating (whether called a rating, grading, scoring, ranking, or by another name) issued by an agency that is not approved by the Bank under section 157J of the Act.

“(2) The exemptions in clauses 5 to 9 are subject to a further condition that any information document relating to debt securities of the charitable and religious organisation and distributed on or after 1 February 2011 must contain, or be accompanied by, a statement that the charitable or religious organisation is temporarily exempted, until 30 November 2012, from—

“(a) the requirement in section 157I of the Act to have a credit rating; and

“(b) the governance requirements in section 157L of the Act; and

“(c) the capital ratio requirements in sections 157T and 157U of the Act; and

“(d) the related party exposures requirements in sections 157X and 157Y of the Act; and

“(e) the liquidity requirements in sections 157ZA and 157ZB of the Act.”

**6 New Schedule added**

The Schedule set out in the Schedule of this notice is added.

**Schedule** r 6  
**New Schedule added**

**Schedule** r 4  
**Charitable and religious organisations**

The Kingdom Resources Trust

Dated at Wellington this 18th day of November 2010.

Grant Spencer,  
Deputy Governor.

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**Statement of reasons**

This notice, which comes into force on 1 December 2010, amends the Deposit Takers (Charitable and Religious Organisations) Exemption Notice 2010 (the **principal notice**). The effect of the amendments is to—

- grant further exemptions to charitable and religious organisations from certain sections of the Reserve Bank of New Zealand Act 1989 (the **Act**), namely sections 157L (governance requirements), 157T and 157U (capital ratio requirements), 157X and 157Y (related party exposures requirements), and 157ZA and 157ZB (liquidity requirements). The principal notice already exempts charitable and religious organisations from section 157I of the Act (the requirement to have a credit rating); and
- extend the application of the principal notice to The Kingdom Resources Trust.

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

- the additional direct and indirect costs of complying with the requirements for deposit takers covered by the principal no-

tice in the short term are unduly onerous or burdensome in the circumstances. These deposit takers are different from many deposit takers in that they are exempt from various requirements under the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003 and they exist to support and provide funding to their respective charitable or religious communities. Therefore, without this temporary exemption, these deposit takers would need to give up the benefits of their existing exemption:

- granting a temporary exemption to charitable and religious organisations in order to align with the existing Securities Act (Charitable and Religious Purposes) Exemption Notice 2003 is consistent with the maintenance of a sound and efficient financial system:
- this exemption is a temporary exemption that is due to expire on 30 November 2012, the same day as the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003 is due to expire, and only extends to The Kingdom Resources Trust and deposit takers that are operating under the Securities Act (Charitable and Religious Purposes) Exemption Notice 2003; this ensures that this exemption does not go further than is reasonably necessary to address the concerns raised above. The Kingdom Resources Trust is also a charitable organisation that is a deposit taker and the same reasons for granting exemptions to other charitable and religious organisations also apply to it.

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Issued under the authority of the Acts and Regulations Publication Act 1989.  
Date of notification in *Gazette*: 25 November 2010.  
This notice is administered by the Reserve Bank of New Zealand.

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