

**Reprint  
as at 1 January 2016**



**Deposit Takers (Avanti Finance Limited) Exemption  
Notice 2011  
(SR 2011/190)**

Deposit Takers (Avanti Finance Limited) Exemption Notice 2011: expired, on 1 January 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 (Avanti Finance Limited) Exemption Notice 2011.

**2 Commencement**

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

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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.**

### 3 Expiry

This notice expires on the close of 31 December 2015.

### 4 Interpretation

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

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

**book value**, in relation to a loan, means the amount shown for that loan in the statement of financial position of Avanti Finance Limited.

- (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.

### 5 Exemption from governance requirements

Avanti Finance Limited is exempted from section 157L(1)(a) of the Act.

### 6 Conditions of exemption in clause 5

- (1) The exemption in clause 5 is subject to the condition that the governing body of Avanti Finance Limited must include at least 2 directors that—

- (a) are not employees of either Avanti Finance Limited or a related party; and
- (b) are not directors of a related party (other than Galatos Finance Limited); and
- (c) do not, directly or indirectly, have a qualifying interest in more than 10% of the voting securities of Avanti Finance Limited or a related party.

- (2) The exemption in clause 5 is subject to the following further conditions:

- (a) Galatos Finance Limited must—
  - (i) remain a guaranteeing subsidiary of Avanti Finance Limited; and
  - (ii) remain wholly owned by Avanti Finance Limited; and
  - (iii) restrict its business activities to purchasing loans entered into by Avanti Finance Limited; and
  - (iv) purchase the loans at book value; and
  - (v) pay for the loans in full at the time of purchase:
- (b) Avanti Finance Limited must not allot a debt security unless the subscriber has, before subscription, received written notification—
  - (i) that Avanti Finance Limited is exempted, until 31 December 2015, from the governance requirements in section 157L(1)(a) of the Act; and
  - (ii) of the conditions of the exemption.

Dated at Wellington this 17th day of May 2011.

Grant Spencer,  
Deputy Governor.

### **Statement of reasons**

This notice, which comes into force on the day after the date of its notification in the *Gazette* and expires on the close of 31 December 2015, exempts Avanti Finance Limited (**Avanti**) from section 157L(1)(a) of the Reserve Bank of New Zealand Act 1989 (the **Act**). The effect of the exemption is that Avanti and Galatos Finance Limited (a wholly-owned subsidiary of Avanti, and a member of its borrowing group) may have 2 or more directors in common. The exemption is subject to conditions.

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 exemption because—

- it is unduly onerous and burdensome for Avanti's independent directors to be no longer regarded as independent because they are also directors of a subsidiary of Avanti in the circumstances where that subsidiary carries out limited activities, those activities are to support the business of Avanti, and no material conflict of interest is considered likely to arise:
- the exemption is consistent with the maintenance of a sound and efficient financial system because it allows Avanti's independent directors to exercise direct oversight of the Avanti borrowing group in circumstances where the interests of the deposit taker will not be prejudiced:
- the fact that the exemption extends only to Avanti and has conditions imposed ensures that the exemption is not broader than necessary to address the matters that gave rise to the exemption.

Statement of reasons

**Deposit Takers (Avanti Finance Limited) Exemption  
Notice 2011**

Reprinted as at  
1 January 2016

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Issued under the authority of the Legislation Act 2012.  
Date of notification in *Gazette*: 26 May 2011.

## **Reprints notes**

### **1    *General***

This is a reprint of the Deposit Takers (Avanti Finance Limited) Exemption Notice 2011 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***

Deposit Takers (Avanti Finance Limited) Exemption Notice 2011 (SR 2011/190): clause 3