



**THE FINANCIAL SERVICES REGULATIONS 1979,
AMENDMENT NO. 2**

DAVID BEATTIE, Governor-General

ORDER IN COUNCIL

At the Government House at Wellington this 25th day of November 1981

Present:

HIS EXCELLENCY THE GOVERNOR-GENERAL IN COUNCIL

PURSUANT to the Economic Stabilisation Act 1948, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, hereby makes the following regulations.

REGULATIONS

1. Title and commencement—(1) These regulations may be cited as the Financial Services Regulations 1979, Amendment No. 2, and shall be read together with and deemed part of the Financial Services Regulations 1979* (hereinafter referred to as the principal regulations).

(2) These regulations shall come into force on the day after the date of their notification in the *Gazette*.

2. Interpretation—(1) Regulation 2 (1) of the principal regulations is hereby amended by omitting from paragraph (d) of the definition of the term “financial services” the word “selling”, and substituting the word “buying”.

(2) Regulation 2 (1) of the principal regulations is hereby amended by revoking the definition of the term “specified financial service” (as substituted by regulation 2 of the Financial Services Regulations 1979, Amendment No. 1), and substituting the following definition:

*S.R. 1979/75
Amendment No. 1: S.R. 1981/145

“ ‘Specified financial service’ means—

“(a) The lending of money or granting of credit (other than normal trade credit):

“(b) The buying or discounting of any credit instrument, whether as principal or agent:”.

(3) Regulation 2 of the Financial Services Regulations 1979, Amendment No. 1 is hereby consequentially revoked.

3. Notification by certain financial enterprises of increases in prices of financial services—Regulation 4 (1) of the principal regulations is hereby amended by omitting from paragraph (a), and also from paragraph (b), the words “or the selling or discounting of any credit instrument”.

4. Notification of proposed increases in prices of specified financial services—The principal regulations are hereby amended by revoking regulation 5, and substituting the following regulation:

“5. (1) Before any supplier, who, at the end of the supplier’s immediately preceding financial year, employed in the supplier’s business funds of \$2,000,000 or more, increases the price of any specified financial service, that supplier shall forward to the Reserve Bank a notice in writing stating the reasons for the price increase and itemised details of the financial figures on which the calculation of the price increase is based.

“(2) Where the Reserve Bank does not, within 14 days after receiving a notice pursuant to subclause (1) of this regulation, notify the supplier that the Reserve Bank objects to the proposed price increase, the supplier may increase the price to the extent so notified; but, if the Reserve Bank so objects within that period, the supplier shall not increase that price except to the extent approved by the Reserve Bank.

“(3) In considering any proposed increase in the price of any specified financial service,—

“(a) The Reserve Bank shall, in addition to such matters as it is empowered or required to have regard to by any other Act, have regard to the economic policies of the Government which, in relation to the economic stability of New Zealand, are transmitted in writing from time to time to the Reserve Bank by the Minister of Finance; and

“(b) The Reserve Bank shall, if it thinks fit, take into account—

“(i) The profits of the supplier in relation to the shareholders’ funds of, or as the case may be, to the equity capital invested by the proprietor or partners in, the whole of the supplier’s business (or, if the Reserve Bank thinks fit, any particular section of it); or

“(ii) The assets employed in, or the annual sales of, the whole of the supplier’s business (or, if the Reserve Bank thinks fit, any particular section of it); and

“(c) The Reserve Bank shall, if it thinks fit, take into account the extent to which the profits of the supplier in relation to the items mentioned in subparagraphs (i) and (ii) of paragraph (b) of this subclause could be limited without the financial stability and economic viability of his business (or, if the Reserve Bank thinks fit, of any particular section of it) being affected.

“(4) Subject to regulation 7 of these regulations, any decision of the Reserve Bank on any such notification shall be final and conclusive until revoked or amended by the Reserve Bank.

“(5) Any notification under this regulation shall be in such form as the Reserve Bank requires or approves.”

5. Reserve Bank may determine alternative method of compliance—Regulation 9 of the principal regulations is hereby amended by adding, as subclause (2), the following subclause:

“(2) The Reserve Bank may at any time revoke any dispensation granted under subclause (1) of this regulation or amend or revoke any determination made under that subclause.”

P. G. MILLEN,
Clerk of the Executive Council.

EXPLANATORY NOTE

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations amend the Financial Services Regulations 1979.

Regulation 2 declares—

(a) The lending of money or granting of credit (other than normal trade credit); and
(b) The buying or discounting of any credit instrument, whether as principal or agent,—
to be specified financial services for the purposes of the principal regulations.

Regulation 3 effects an amendment that is consequential on the change in the definition of the term “specified financial service”.

Regulation 4 substitutes a new regulation relating to notification of price increases in respect of specified financial services. Suppliers of specified financial services are required to notify, to the Reserve Bank, proposed increases in the prices of those services. Such increases may be implemented if the Reserve Bank does not object within 14 days of the receipt of the notification, but if the Bank objects the supplier is not permitted to increase that price except to the extent approved. The obligation to notify is imposed only on a supplier who, at the end of his immediately preceding financial year, employed in his business funds of \$2,000,000 or more.

In considering any price increase notified to it, the Reserve Bank is required, in addition to the other criteria, to consider the economic policies of the Government which, in relation to the economic stability of New Zealand, are transmitted in writing from time to time to the Reserve Bank by the Minister of Finance.

Regulation 5: Under regulation 9 of the principal regulations, the Reserve Bank may determine an alternative method of compliance with regulations 4 (1) and 5 (1) and (2). The new subclause makes it clear that the Bank may amend or revoke any such determination.

Issued under the authority of the Regulations Act 1936.

Date of notification in *Gazette*: 25 November 1981.

This regulation is administered in the Reserve Bank of New Zealand.