

1972/193

THE INTEREST ON DEPOSITS EXEMPTION NOTICE 1972

PURSUANT to regulations 5 and 7 of the Interest on Deposits Regulations 1972*, the Minister of Finance hereby gives the following notice.

NOTICE

1. Title and commencement—(1) This notice may be cited as the Interest on Deposits Exemption Notice 1972.

(2) This notice shall be deemed to have come into force on the 28th day of March 1972.

2. Interpretation—In this notice—

“The regulations” means the Interest on Deposits Regulations 1972*:

Terms defined in the regulations have the meanings so defined.

3. Exemptions—(1) There is hereby exempted from the application of regulation 4 (1) of the regulations any contract of deposit entered into—

(a) By a trading company, if the contract of deposit provides for an unsecured borrowing from an investment society, a savings bank company within the meaning of the Private Savings Bank Act 1964, a trading bank, or a person carrying on business as a stock and station agent:

(b) By an individual being a trading company, if the contract of deposit provides for an unsecured borrowing whose proceeds are used wholly for purposes other than for use directly or indirectly in his profession, trade, or business.

(2) There is hereby exempted from the application of regulation 4 (1) of the regulations any contract or deposit under which—

(a) Interest payable in respect of the deposit is at a rate permitted by the regulations in respect of the period of the deposit and is added, as it becomes due, to the amount of the deposit; and

(b) Interest at the same rate is payable on the interest so added—so long as all interest so added or payable is retained by the deposit-holding body until the deposit is repaid.

Dated at Wellington this 28th day of August 1972.

R. D. MULDOON, Minister of Finance.

*S.R. 1972/61

Amendment No. 1: S.R. 1972/78

EXPLANATORY NOTE

This note is not part of the notice, but is intended to indicate its general effect.

Regulation 4 (1) of the Interest on Deposits Regulations 1972 fixes maximum rates of interest that may be paid by certain deposit-holding bodies (being "investment societies" and "trading companies" as defined in the regulations) on borrowed money.

Clause 3 (1) (a) of this notice exempts from that regulation any unsecured borrowing by a trading company from an investment society, a private savings bank, a trading bank, or a stock and station agent.

Clause 3 (1) (b) exempts an unsecured borrowing by an individual being a trading company, if the proceeds are used for private purposes, and not directly or indirectly for the purposes of his profession, trade, or business.

Clause 3 (2) allows deposits at compound interest where the rate of interest remains the same as that lawfully payable on the original deposit, so long as no interest is paid out until the deposit is repaid.

Issued under the authority of the Regulations Act 1936.

Date of notification in *Gazette*: 31 August 1972.

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