

1972/192



**THE INTEREST ON DEPOSITS REGULATIONS 1972,  
AMENDMENT NO. 2**

—  
**ARTHUR PORRITT, Governor-General**  
**ORDER IN COUNCIL**

At the Government House at Wellington this 28th day of August 1972

Present:

HIS EXCELLENCY THE GOVERNOR-GENERAL IN COUNCIL

PURSUANT to the Reserve Bank of New Zealand Act 1964, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, hereby makes the following regulations.

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**REGULATIONS**

**1. Title and commencement**—(1) These regulations may be cited as the Interest on Deposits Regulations 1972, Amendment No. 2, and shall be read together with and deemed part of the Interest on Deposits Regulations 1972\* (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 of principal regulations**—(1) Regulation 2 of the principal regulations is hereby amended by adding the following sub-clause:

“(4) For the purposes of these regulations, but without limiting the generality of any provision thereof, where an investment society sells or agrees to sell any property to any person, and in connection with the sale or agreement (whether separately or as a condition of the sale or agreement) enters into a contract or arrangement with that person, or with some other person on his behalf, whereby it is or may be required to, or may, or may be given the right to, repurchase the property, the following provisions shall apply:

“(a) The amount received by the investment society in respect of the sale of the property to that person shall be deemed to be a deposit received by the investment society as a borrower under a contract of deposit:

“(b) Any sum representing the whole or any part of the difference between the amount of the deposit and the amount that is to or may be paid by the investment society on the repurchase

of the property, together with any monetary benefit deriving from the property and received or receivable by or on behalf of the person to whom the property was sold, shall be deemed to be interest paid or payable to that person in respect of the deposit; and if any such sum or monetary benefit is received or receivable by that person in addition to interest (as defined in subclause (1) of this regulation) it shall be treated as part of that interest for the purpose of determining the maximum rate of interest that may be paid under these regulations in respect of the deposit:

“(c) Where a date is fixed by the contract or arrangement for the repurchase of the property by the investment society, the deposit shall be deemed to be a deposit repayable at that date; but if before that date the whole or any part of the deposit is repaid by the investment society the sum so repaid shall be deemed to have been a deposit repayable at the date of such payment:

“(d) Where under the contract or arrangement the investment society is or may be required to, or may, or may be given the right to, repurchase the property at the end of a stated period of time after notice or demand (whether a specified period or a minimum period), the deposit shall be deemed to be a deposit for the period so stated; but—

“(i) If on notice or demand the whole or any part of the deposit is repaid by the investment society before the end of the stated period, the sum so repaid shall be deemed to have been a deposit for the period beginning with the day after the date of the notice or demand and ending with the date of such payment:

“(ii) If the whole or any part of the deposit is repaid by the investment society without notice or demand, the sum so repaid shall be deemed to have been a deposit repayable at short call:

“(e) In any case to which neither paragraph (c) nor paragraph (d) of this subclause applies, the deposit shall be deemed to be repayable at short call.”

(2) The said regulation 2 is hereby further amended by revoking subclause (3).

(3) Regulation 2 of the Interest on Deposits Regulations 1972, Amendment No. 1, is hereby consequentially amended by revoking subclause (4).

P. J. BROOKS,  
Clerk of the Executive Council.

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## EXPLANATORY NOTE

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

These regulations amend the Interest on Deposits Regulations 1972.

A new regulation 2 (4) is enacted, under which a "buy-back" arrangement made by an investment society (whereby it sells any property with an arrangement to buy it back later) is to be treated for the purposes of the principal regulations as a contract of deposit under which the investment society borrows money at interest.

The present regulation 2 (3), whereby trade credits on which interest is payable are treated as deposits, is revoked. The effect of the revocation is to exempt such trade credits from the regulations.

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Issued under the authority of the Regulations Act 1936.

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

These regulations are administered in the Reserve Bank of New Zealand.