

**Reprint
as at 1 April 2015**



**Deposit Takers (Public Trust) Exemption Notice (No 2)
2010
(SR 2010/443)**

Deposit Takers (Public Trust) Exemption Notice (No 2) 2010: revoked, on 1 April 2015, by clause 4(c) of the Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47).

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 (Public Trust) Exemption Notice (No 2) 2010.

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.

2 Commencement

This notice comes into force on 1 December 2010.

3 Interpretation

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

Act means the Reserve Bank of New Zealand Act 1989

Public Trust means the statutory entity established by section 7 of the Public Trust Act 2001.

- (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.

4 Exemption from capital ratio requirements

Public Trust is exempted from sections 157T and 157U of the Act.

5 Exemption from related party exposures requirements

Public Trust is exempted from sections 157X and 157Y of the Act.

6 Exemption from liquidity requirements

Public Trust is exempted from sections 157ZA and 157ZB of the Act.

7 Conditions of exemptions in clauses 4 to 6

The exemptions in clauses 4 to 6 are subject to the following conditions:

- (a) Public Trust must, by 1 February 2011, give an undertaking to the Bank, in a form satisfactory to the Bank, that it will provide the Bank with information relating to the business, operation, or management of Public Trust in its capacity as a deposit taker; and
- (b) Public Trust must not allot any debt security on or after 1 February 2011 unless the subscriber has, before subscription, received written notification that Public Trust is exempted from the following requirements:
- (i) the capital ratio requirements in sections 157T and 157U of the Act; and
 - (ii) the related party exposures requirements in sections 157X and 157Y of the Act; and
 - (iii) the liquidity requirements in sections 157ZA and 157ZB of the Act.

8 Further condition of exemption in clause 4

- (1) The exemption in clause 4 is subject to a further condition that Public Trust must maintain a minimum capital ratio that,—
- (a) until 1 December 2012, is not less than 2.5%; and

- (b) from 1 December 2012 until 1 December 2013, is not less than 3.5%;
and
 - (c) from 1 December 2013, is not less than 8%.
- (2) For the purposes of subclause (1), the capital ratio must be calculated in accordance with regulation 9 of the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010.

9 Further condition of exemption in clause 5

- (1) The exemption in clause 5 is subject to the further condition that Public Trust's aggregate exposures to related parties as a percentage of its capital (**maximum limit ratio**) must not exceed 15%.
- (2) For the purposes of subclause (1), the maximum limit ratio must be calculated—
- (a) in accordance with regulation 24 of the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010; but
 - (b) without treating the following as related parties:
 - (i) the Crown (as defined in section 2(1) of the Public Finance Act 1989);
 - (ii) a Crown entity (as defined in section 7(1) of the Crown Entities Act 2004);
 - (iii) the Reserve Bank of New Zealand;
 - (iv) a State enterprise (as defined in section 2 of the State-Owned Enterprises Act 1986).

Dated at Wellington this 24th day of November 2010.

Grant Spencer,
Deputy Governor.

Statement of reasons

This notice, which comes into force on 1 December 2010, exempts Public Trust from certain requirements of the Reserve Bank of New Zealand Act 1989 (the **Act**), namely, sections 157T and 157U (capital ratio requirements), sections 157X and 157Y (related party exposures requirements), and sections 157ZA and 157ZB (liquidity requirements).

The Reserve Bank of New Zealand (the **Bank**), 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 exemptions because—

- the Bank is satisfied that they are consistent with the maintenance of a sound and efficient financial system in that Public Trust will be actively working to come to compliance with the capital ratio requirements and will be required to undergo financial monitoring by the Bank in the meantime:
- it would be unduly onerous or burdensome in the circumstances to require Public Trust to treat the Crown as a related party and limit its ability to invest in New Zealand government securities. Similarly, it would be unduly onerous or burdensome to require Public Trust to appoint a trustee solely for the purposes of prudential reporting:
- the temporary exemption from capital ratio requirements is granted on the basis that, in the short term, it would be unduly onerous or burdensome for Public Trust to comply with those capital ratio requirements:
- the exemptions are conditional and extend only to Public Trust, which ensures that the exemptions do not go further than is reasonably necessary to address the matters that gave rise to them.

Issued under the authority of the Legislation Act 2012.
Date of notification in *Gazette*: 25 November 2010.

Reprints notes

1 *General*

This is a reprint of the Deposit Takers (Public Trust) Exemption Notice (No 2) 2010 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*

Non-bank Deposit Takers (Revocations and Amendments of Exemptions) Notice 2015 (LI 2015/47): clause 4(c)