

FSC Regulatory Forecast

The background of the entire page is a close-up photograph of an olive branch. The branch is filled with small, dark green olives and silvery-green leaves. The lighting is warm and golden, suggesting a sunset or sunrise, with the sun's glow visible through the leaves in the center-right of the frame.

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**Financial Services
Council NZ**

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Regulatory Forecast

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Text in orange notes change from the Regulatory Forecast Issue 66: 19 March 2024



Click the link for relevant external resources

Timeline April 2024

Consultations or Guidance due dates or timing of anticipated consultation/implementation

- High Impact/extended consultation period
- High Impact
- Medium Impact
- Low Impact

LEGISLATION AND REGULATION UPDATE

Outstanding/
Unknown

April - May 2024

Second Half of
2024

2025

PARLIAMENT/
MBIE
Insurance
Contracts Law Bill

MBIE
CoFI
Amendments
(Tentative April
to June 2024)

MBIE
CCCFA and high
cost credit rules
(Q2 2024)

PARLIAMENT/
MBIE
Modern Slavery
Reporting Bill

RBNZ/PARLIAM
ENT
Exposure Draft of
the IPSA
Amendment Bill
(Second Half of
2024)

RBNZ
Second
amendment to
solvency
standard (Mid to
late December
2024)

RBNZ
Solvency capital,
reporting and
accountability
(Q1, 2025)

PARLIAMENT/
MBIE
Consumer and
Product Data
Right Bill

FMA
Renewal of class
exemption for
restricted
schemes
(Submissions
close 14 May
2024)

FMA
Regulatory
Returns for
Financial
Institutions
(June/July 2024)

RBNZ
Capital
requirements,
diversification
MCR and Capital
charge
(Q1, 2025)

FMA
Proposed
information sheet:
"Climate-related
disclosures (Mid
April)

RBNZ
Liquidity Policy
Review fourth
consultation
paper containing
the proposed
final liquidity
policy (2024)

RBNZ
Final Solvency
Standard
Exposure Draft
and Quantitative
impact study
(Q3-Q4 2025)

RBNZ/PARLIAM
ENT
Introduction of
the IPSA
Amendment Bill
(Second half of
2025)

2026

Moj/
PARLIAMENT
AML/CFT Bill

*Note: Not all future or planned RBNZ consultations for banking are included on this timeline. For more details refer to the [28 March/Q1 2024 CoFR Regulatory Initiatives Calendar here](#) (please note members are encouraged to sign up for CoFR updates on their website to receive all updates) and sign up for RBNZ news [here](#). Q4 Regulatory Initiatives Calendar is due to be published mid-December.

2024 BUDGET

The Minister of Finance, Hon Nicola Willis, will deliver the Budget 2024 on 30 May 2024. On 27 March [The Budget Policy Statement 2024](#) was released, the first document in the Budget 2024 cycle.

NEW TRUSTS TAX RATE

Following the passing of the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act, the trustee tax rate has been increased from 33% to 39%. IR have released a Special Report which outlines new rules for trusts and measures to mitigate over taxation which includes retaining the 33% rate where trustee income for the income year does not exceed \$10,000 (after deductible expenses).

REGULATORY STANDARDS BILL

Since the formation of the Government, the Treasury's Regulatory Strategy team (to be transferred to the Ministry for Regulation which was legally established on 1 March) has been focused on progressing the Regulatory Standards Bill. This aims of this Bill are regulatory quality, including through providing a benchmark for good regulation and providing for transparency and accountability mechanisms.

RBNZ CLIMATE RELATED RISKS GUIDANCE


On 26 March 2024, the RBNZ published Guidance for RBNZ regulated entities on managing climate-related risks. This follows the consultation on draft Guidance in March 2023 and is one of the actions set for the RBNZ in the National Adaptation Plan.

The Guidance sets out our expectations of how regulated entities should be identifying, managing, and monitoring climate related risks. It is not prescriptive, as entities are best placed to decide how to apply it to their business models and strategies

Current Consultations

[Up to date information on all submissions now available on the FSC website](#)

Depositor Compensation Scheme Regulations

Agency	FSC Committee	Description	Status
 RBNZ	For Noting	<p>The RBNZ are consulting on policy proposals for regulations under the Deposit Takers Act 2023 (DTA). These regulations will cover:</p> <ul style="list-style-type: none"> • DCS levies; • the detailed eligibility rules, payout conditions, and • resolve detailed issues such as exemptions and determining balances for payments made but not yet settled. <p>Statement of Funding Approach</p> <p>The Treasury is planning a second round of consultation in the coming months. The consultation is expected to focus on more operational aspects of the Statement of Funding Approach, including proposed arrangements for providing funding through the Crown backstop, ongoing operational costs of the DCS, and how the DCS fund should be invested.</p>	<p>11 March 2024: Consultation released</p> <p>10 May 2024: Submissions close</p>


Renewal of class exemption for restricted schemes from custodian assurance requirements

Agency	FSC Committee	Description	Status
FMA	Regulation Workplace Savings	<p>The FMA is seeking feedback on whether to renew an existing class exemption notice for certain custodians of eligible restricted schemes for a further five years. This exemption provides relief from the requirement in regulation 87 of the Financial Markets Conduct Regulations 2014 (the Regulations) to obtain an assurance engagement from an auditor that covers the assurance engagement matters specified in regulation 88 of the Regulations.</p> <p>After considering submissions, the FMA will finalise their policy proposals and aim to have any exemption in place prior to the expiry of the existing notice.</p>	<p>17 April 2024: Consultation released</p> <p>14 May 2024: Submissions close</p> <p>June to July 2024: Decision whether to renew the exemption notice made</p> <p>June/July - September 2024: If the decision is made to renew the exemption notice, a replacement notice to give effect to the policy will be drafted.</p> <p>30 September 2024: Decision dependant, Notice in force</p>


Current Consultations

[Up to date information on all submissions now available on the FSC website](#)

Future of Money (previously Future of Cash)

Agency	FSC Committee	Description	Status
RBNZ 	For Noting Impact: All	<p>Issues Papers:</p> <ol style="list-style-type: none"> The Future of Money – Stewardship Te Moni Anamata Kaitiakitanga. How should the RB perform their role as steward of money and cash. The Future of Money – Central Bank Digital Currency Is a CBDC appropriate for New Zealand. Future of Money – Cash System redesign. Explains issues facing the cash system and explores options to achieve greater efficiency and resilience. Future of money – Private Innovation Te Moni Anamata – Te Auahatanga <p>Future of Payments: Review of New Zealand’s electronic payment systems – assesses the capabilities and performance of electronic payments resulting in a bulletin article detailing findings and potential areas of further investigation.</p> <p>Digital Cash in New Zealand The RBNZ are looking at the possibility of issuing digital cash. It would be an electronic version of cash, issued by the RBNZ, but it would not replace cash. Before the RBNZ designs how digital cash will work, they are seeking feedback on what are the challenges, benefits, and concerns for organisations and members of the public.</p>	<p>6 December 2021: Submissions closed on the first 2 Issues Papers.</p> <p>30 November 2021: Consultation on Future of Money – Cash System redesign</p> <p>7 March 2022: Submissions closed</p> <p>29 April 2022: Summary of submissions on the three 2021 Future of Money – Te Moni Anamata issues papers. 7 December 2022: Issues paper on Private Innovation released</p> <p>3 April 2023: Submissions closed</p> <p>4 May 2023: The future of money in New Zealand interview</p> <p>30 June 2023: Summary of submissions on Future of Money – Private Innovation, available here and increased monitoring of stablecoins and cryptoassets</p> <p>17 April 2024: Digital Cash in New Zealand Consultation paper released</p> <p>26 July 2024: Submissions close</p>


Proposed exemptions for advice on UK law aspects of defined benefit pension transfers

Agency	FSC Committee	Description	Status
FMA 	For Noting	The FMA are seeking feedback on proposed exemptions for UK financial advice firms from certain requirements of the Financial Markets Conduct Act 2013. If implemented these exemptions would enable UK financial advice firms to provide financial advice to clients in New Zealand on the UK law aspects of transferring funds in a UK pension scheme with safeguarded benefits (defined benefits) to a New Zealand qualified registered overseas pension scheme (QROPS).	<p>11 April 2024: Consultation released</p> <p>13 June 2024: Submissions close</p>


Current Consultations

[Up to date information on all submissions now available on the FSC website](#)


Exposure draft of a Biometric Processing Privacy Code

Agency	FSC Committee	Description	Status
Privacy Commissioner 	For Noting	<p>In July 2023 the Office of the Privacy Commissioner OPC consulted on whether there should be a set of rules called a code of practice. A code could change how the privacy principles in the Privacy Act apply when organisations use technology to analyse biometric information.</p> <p>Biometrics are physical and behavioural characteristics (face scans, fingerprint scans, voice recordings) that can be used to identify individuals or work out things about them. New Zealand does not have specific rules for biometrics, hence the proposal to of a code of practice under the Privacy Act 2020.</p>	<p>25 July 2023: Consultation on a Code of Practice for Biometrics 27 August 2023: Submissions closed Early 2024: Privacy Commissioner to release biometrics code exposure draft. Media release on this decision here. 10 April 2024: Consultation on the new exposure draft of a biometrics code 8 May 2024: Submissions close</p>

Potential class exemption for certain green, social, sustainability and sustainability linked bonds

Agency	FSC Committee	Description	Status
FMA 	For Noting	<p>The FMA is seeking feedback on whether to grant an exemption to allow issuers to offer bonds that have identical rights, privileges, limitations and conditions to existing quoted bonds, except for a different interest rate, redemption date, and green social, sustainable and sustainably linked (GSSS) status, without having to prepare a Product Disclosure Statement.</p>	<p>2 April 2024: Consultation released 8 May 2024: Submissions close</p>

Personal banking services market study – Draft Report

Agency	FSC Committee	Description	Status
ComCom 	For Noting	<p>The Commerce Commission are seeking feedback on their Draft Report of the Person Banking Services Market Study on 21 March. This Draft Report contains their preliminary findings regarding factors that, in their view, are affecting competition in personal banking and outlines options for recommendations to improve competition. The aim of a market study is to promote competition for the long term benefit of consumers in New Zealand.</p>	<p>21 March 2024: Draft report released 18 April 2024: Submissions close</p>

Climate and ESG

Climate and ESG Links:

[RBNZ](#)

[MBIE](#)

[IPCC](#) [Climate Change Com](#)

[FMA](#)

[CoFR](#)

[Productivity Com](#)

[XRB](#)




[MfE](#)

[TCFD](#)

[ISSB](#)

[IAASB](#)

Draft advice for the fourth emissions budget and revision of emissions budgets 1-3 Review of whether emissions from shipping and aviation should be included Review of the five yearly review of the emissions reduction target

Agency	FSC Committee	Description	Status
Climate Change Commission   	For Noting	<p>The Climate Change Commission are currently consulting on three pieces of work:</p> <ul style="list-style-type: none"> Draft advice for the fourth emissions budget period (2036–2040), and potential revision of emissions budgets one, two, and three A discussion document on the review of whether emissions from international shipping and aviation should be included in the emissions reduction target A discussion document on the inaugural five yearly review of the emissions reduction target. 	<p>8 April: Consultations open Thursday 18 April and Tuesday 21 May: Public webinars. Register here Recordings following the webinars, available here 31 May: Consultations close End of 2024: The results of the consultation will inform the Commission's upcoming advice to the Government</p>

Climate and ESG

Climate and ESG Links:

[RBNZ](#)

[MBIE](#)

[IPCC Climate Change Com](#)

[FMA](#)

[CoFR](#)

[Productivity Com](#)

[XRB](#)

[MfE](#)

[TCFD](#)

[ISSB](#)

[IAASB](#)

Aotearoa New Zealand Climate Standard and Climate-related Disclosures

Agency	FSC Committee	Description	Status
XRB FMA  	Regulation, Life, Health, Investment and KiwiSaver Impact: All large, listed entities (mkt cap \$60m+) and large banks, insurers, and fund managers (total assets \$1b+ or annual gross premium revenue \$250m+) as CREs	<p>September 2020: Government announcements on the regime.</p> <p>27 October 2021: Pursuant to the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act climate statements will be required to be produced by a Climate Reporting Entity (CRE) for annual reporting periods that commence on, or after, the date the XRB issues the first relevant climate standard i.e., from early 2024 (at the earliest), for annual reporting periods starting on or after 1 January 2023.</p> <p>16 March 2022: The consultation on the draft Strategy, Metrics and Targets sought feedback on these sections of the proposed standard to inform the XRB's development as they work towards creating the broader climate-related disclosures framework.</p> <p>Scenario analysis sector guidance In the first week of June 2022, the XRB released a working draft of guidance in developing climate-related scenarios at a sectoral scale. It outlines a six-step process of how the TCFD guidance can be put into practice by sectors to promote consistent, comparable and high-quality disclosures.</p> <p>All XRB CRD Guidance available here</p> <p>The FMA has also granted a new exemption for CREs who are listed issuers or registered banks. The Financial Markets Conduct (Requirement to Include Climate Statements in Annual Report) Exemption Notice 2023 will exempt such entities from the requirement to include a copy of, or link to, their climate statements in their annual report for a period of two years.</p>	<p>Note: For information on previous consultations and feedback please email for past versions of the Regulatory Outlook</p> <p>May 2022: FMA and XRB Director Preparation Guide</p> <p>Sept 2022: Release of FMA Climate-related disclosures: Initial monitoring approach for record keeping</p> <p>15 December 2022: The final Aotearoa New Zealand Climate Standards released: NZ CS 1, NZ CS 2, NZ CS 3 which each apply from 1 January 2023. Further resources available here</p> <p>May 2023: Release of Climate-related Disclosures Staff Guidance, Guidance for All Sectors</p> <p>1 November 2023: FMA publishes updated scenario analysis information sheet for Climate Related Disclosures regime. FMA suite of CRD documents available here.</p> <p>August 2023: Updated Staff Guidance Sector scenario development v2 and</p> <p>29 August 2023: Climate-related Disclosures Staff Guidance MIS Managers</p> <p>September 2023: Staff Guidance Entity Scenario Development</p> <p>13 October 2023: Aotearoa New Zealand Climate Standards and IFRS Sustainability Disclosure Standards Comparison Document</p> <p>February 2024: Assurance of GHG Emissions FAQs on NZ SAE 1: Assurance Engagements over Greenhouse Gas Emissions Disclosures</p> <p>February 2024: FMA publishes an updated Climate-related disclosures: levies and waivers</p>

Parliament Pipeline



NEW Taxation (Annual Rates for 2023–24, Multinational Tax, and Remedial Matters) Act

Agency	IR
FSC Committee	Regulation, Investment and KiwiSaver and Taxation Committees
Description	<p>This omnibus bill amends the Goods and Services Tax Act 1985, the Income Tax Act 2007, the Tax Administration Act 1994, and the KiwiSaver Act 2006.</p> <p>Along with setting the annual income tax rates for 2023-2024 (note these are unchanged), key areas of change include:</p> <ul style="list-style-type: none">• Proposals to introduce the OECD Global Anti-Base Erosion rules• Raising the trustee tax rate from 33% to 39%• Amending the tax treatment of backdated lump sum ACC and MSD payments• Making a 3% KiwiSaver Government contribution to recipients of Paid Parental Leave who make their own contribution of at least 3%.• Tax relief measures for flood-hit businesses in the North Island. <p>MP: Hon Simon Watts</p>

Status

18 May 2023: Bill introduced, first reading and referred to the Finance and Expenditure Select Committee

Press release on the tax increase for trusts available [here](#) and [here](#). [Bill commentary](#) and further [background information](#), noting that on 1 June IR updated the examples relating to the trust income tax rate increases.

14 July 2023: Submissions closed

6 July 2023: IR advised that the SC will not be calling for oral submissions until after the election

6 September 2023: [Supplementary Order Paper](#) referred to the SC. No issues of relevance to FSC members.

Current: Second Reading

31 January 2024: FSC provided oral submission to the Select Committee. Live recording available on the [Committee Facebook page](#)


11 March 2024: [Select Committee Report](#)

14 March 2024: [Amendment Paper to the Bill](#) issued. Press release from Finance and Revenue Ministers [here](#) and commentary on the Amendment Paper from IR available [here](#)


28 March 2024: Royal Assent. IR news update [here](#) and Ministers' press release [here](#)

Parliament Pipeline


Insurance Contracts Bill

Agency	FSC Committee	Description	Status
MBIE 	For Noting	This bill aims to promote an effective, fair and transparent market for insurance products, and to ensure that the interests of consumers are appropriately recognised and protected. MP: Hon Dr Duncan Webb	21 March 2023: Bill introduced Note: See update from MBIE on Page 21 of this Regulatory Forecast

Employment Relations (Protection for KiwiSaver Members) Amendment Bill


Agency	FSC Committee	Description	Status
MBIE 	For Noting	This bill seeks to restore protections afforded to KiwiSaver members by the Employment Relations Act 2000 before it was amended. It aims to ensure that workers cannot be discriminated against because they are members of a KiwiSaver scheme or a complying superannuation fund. MP: Ingrid Leary	8 June 2023: Bill introduced Current: Finance and Expenditure Select Committee 4 September 2023: Submissions closed on the Bill 31 May 2024: Select Committee report due

Privacy Amendment Bill



Agency	FSC Committee	Description	Status
Parliament 	For Noting	The bill introduces new information privacy principle 3A (new IPP 3A) which addresses a current gap that arises because there is no requirement for an agency (public or private) to notify an individual when it collects personal information about the individual indirectly (i.e., from a source other than from the individual concerned). This means an individual may not know that an agency holds their personal information. The Bill achieves the key purpose by introducing a new notification obligation on an agency when it collects personal information indirectly. Note: The amendment does not apply to personal information collected before 1 June 2025. MP: Hon Paul Goldsmith	6 September 2023: Bill introduced Current: First Reading

Recent Regulatory Activity

Review of the Insurance Solvency Standards

Agency	FSC Committee	Description	Status
RBNZ 	Solvency Standard, Life, Health	<p>The RBNZ released a consultation paper as part of their review of Insurance Solvency Standards. Feedback was sought on a second amendment of the interim solvency standard (ISS). The second amendment will address remaining issues within the scope of the first stage of the solvency review, the structure of the solvency regime and handling of NZ IFRS 17. As well as the consultation paper, the RBNZ have released a draft of the Amendment Standard, a Consolidated Standard and a Guide to the Standard and sought feedback on each of these also.</p> <p>Monitoring Insurer Solvency Bulletin The RBNZ have also published an article discussing solvency measures. The article explains the changes in solvency measures and guides you on how to interpret the changes.</p>	<p>27 September 2023: Consultation paper and related documents issued</p> <p>8 November 2023: Submissions closed</p> <p>See page 17 and 18 of this Regulatory Forecast for the background to the Review and latest news/updates</p>

Proposed fair outcomes for consumers and markets

Agency	FSC Committee	Description	Status
FMA  	<p>Regulation</p> <p>Impact: Providers of financial products and services, consumers and groups who advocate on behalf of them within the financial sector</p>	<p>The FMA sought feedback on its approach to outcomes focused regulation, including the fair outcomes for consumers and markets it wants to see financial service providers focus on. It does not replace or introduce new rules or regulations but rather follows on from the 2017 “Guide to the FMA’s view of conduct” setting out the approach they will be taking when working with industry to deliver on this goal, including:</p> <ul style="list-style-type: none"> • Consumers have access to appropriate products and services that meet their needs • Consumers receive useful information that aids good decisions • Consumers receive fair value for money • Consumers can trust providers to act in their interests • Consumers receive quality ongoing care • Markets are trusted based on their integrity and transparency • Markets enable sustainable innovation and growth 	<p>15 November 2023: Consultation paper and draft Guide released</p> <p>1 March 2024: Submissions closed</p> <p>June/July 2024: Update expected</p>

Recent Regulatory Activity

Review of the Insurance (Prudential Supervision) Act 2010



Agency	RBNZ
FSC Committee	Regulation, Life and Health Impact: Insurers
Description	<p>November 2020: Scope of the Act and Overseas insurers.</p> <p>31 August 2021: Policyholder Security</p> <p>10 March 2022: Options Paper 3: Enforcement and Distress Management</p> <p>15 November 2022: Options Paper 4: Options Paper 4: Governance, supervisory processes and Disclosure</p> <p>This consultation seeks feedback on:</p> <ul style="list-style-type: none"> • governance and risk management for insurers; • accountability for directors, appointed actuaries and other key officers; • supervisory oversight of major restructuring transactions; and • provisions for data gathering and information disclosure to support RBNZ insurance supervision. <p>27 September 2023: Review of the Insurance (Prudential Supervision) Act 2010 Omnibus consultation. This is the final policy consultation in the Review. A non-technical summary also available here</p>

Status

22 July 2021: [Feedback statement.](#) A FSC Debrief is available.

12 April 2022: [Good Returns article](#) on the onsite inspection powers

20 May 2022: Submissions closed on enforcement and distress management

24 May 2022: [Public Feedback Statement on Options Paper 2, Policyholder Security](#)

5 September 2022: [Public Feedback Statement on Options Paper 3, Enforcement and Distress Management](#)

15 November 2022: [Option Paper 4: Options Paper 4: Governance, supervisory processes and Disclosure](#)
Non-technical summary available [here](#)

21 February 2023: Submissions closed

27 September 2023: Omnibus Consultation: Regulatory mechanisms, small insurer exemptions and other issues including a full set of proposals for amending IPSA.

12 December 2023: Submissions closed


Second Half of 2024: Recommendations to Cabinet, possible Cabinet decisions and draft legislation

2026: Legislation expected to be in force

Updates: Sign up [here](#) for all applicable RBNZ news

Recent Regulatory Activity

Proposed liquidity risk management guidance

Agency	FSC Committee	Description	Status
 FMA	Regulation, Investment and KiwiSaver, Workplace Savings	<p>The FMA has released proposed guidance for Managed Investment Scheme (MIS) managers and their supervisors for effective liquidity risk management (LRM). It sets out the FMA's expectations of MIS managers to effectively manage liquidity risk as part of meeting their legal responsibilities and corresponding expectations for supervisors of MIS. It also updates and replaces the LRM good practice guide the FMA issued in April 2020 to reflect draft international policy recommendations by the International Organisation of Securities Commissions and the Financial Stability Board. It follows a self assessment survey on LRM conducted by the FMA and completed by 51 regulated MIS managers in 2021.</p>	<p>29 September 2023: Consultation released. Media release available here.</p> <p>10 November 2023: Submissions closed</p> <p>Early April 2024: Feedback expected</p>

Portfolio Investment Entity (PIE) eligibility requirements

Agency	FSC Committee	Description	Status
IR	Regulation Taxation	<p>Inland Revenue (IR) sought feedback on issues being considered in relation to the Portfolio Investment Entity (PIE) eligibility requirements.</p> <p>It is intended that PIEs are primarily widely held passive savings vehicles. The PIE rules were not designed for active businesses. However, over the past couple of years, IR has observed there appears to be some confusion around the boundary of what is an active business. They are interested in your thoughts on this issue, and on whether amendments should be considered to provide further clarity on this issue and maintain the integrity of the PIE regime.</p> <p>Please connect with your FSC Taxation Committee representative for further information.</p>	<p>9 February 2024: Consultation released</p> <p>2 April 2024: Submissions closed</p>

Recent Regulatory Activity


Qualifying registered overseas pension schemes (QROPS) tax proposals

Agency	FSC Committee	Description	Status
IR	Regulation Taxation	<p>IR are undertaking a final round of targeted consultation on policy proposals addressing tax issues with qualifying registered overseas pension schemes (QROPS).</p> <p>Please note that as this is not a public consultation, please connect with your FSC Taxation Committee representative for further information.</p>	<p>9 February 2024: Consultation released 22 March 2024: Submissions closed</p>

GST on Managed Funds - Proposed arrangement description


Agency	FSC Committee	Description	Status
IR	Taxation	<p>A long standing legacy issue between IR and the industry, IR are formally seeking confirmation from the industry that the description that is due to be provided to Crown Law provides an accurate description of the issue and definitions.</p> <p>Please see your FSC Taxation Committee representative for more details.</p>	<p>18 October 2023: Consultation released 9 February 2024: Submissions closed</p>

Proposed guidance on winding-up requirements for registered schemes

Agency	FSC Committee	Description	Status
FMA 	Regulation, Workplace Savings, Investment and KiwiSaver For Noting	<p>The FMA have released a consultation on proposed guidance on winding up requirements for registered schemes.</p> <p>A registered scheme entering a voluntary windup process or whose wind up has been ordered by the Court must follow the requirements in sections 212 and 213 of the FMCA.</p> <p>This proposed guidance shares the FMA's interpretation and clear expectations for compliance and aims to help facilitate more consistent market practice.</p>	<p>30 August 2023: Consultation released 13 October 2023: Submissions closed Early May 2024: Feedback expected</p>

Recent Regulatory Activity

Review of policy for branches of overseas banks

Agency	FSC Committee	Description	Status
RBNZ 	For noting Impact: Auditors and Registered banks	<p>The review covers both existing registered branches and future applicants seeking registration with an objective is to create a simple, coherent and transparent policy framework for branches of overseas banks. Currently, there are 12 registered branches of overseas banks currently operating in New Zealand.</p> <p>The second Consultation Paper sought feedback on the following key proposals:</p> <ul style="list-style-type: none"> • that overseas bank branches in New Zealand be restricted to engaging in wholesale business, i.e., they could not take retail deposits or offer products or services to retail customers; • to limit the maximum size of a branch to NZ\$15 billion in total assets; and • that the RB continue to allow the dual registration of branches subject to conditions. <p><u>Review of policy for overseas banks:</u></p> <p>A third consultation paper on implementation considerations has been published which sought feedback on the following proposals:</p> <ul style="list-style-type: none"> • The RB define a large wholesale customer as such if it has either: <ul style="list-style-type: none"> - consolidated annual turnover of over NZ\$50 million, or - net assets of over NZ\$50 million. • The RB will implement the outcomes of the Branch Review through either a Standard or conditions of licence issued under the Deposit Takers Act 2023 (DTA). 	<p>20 October 2021: Consultation paper released. 2 March 2022: Submissions closed 24 August 2022: Second consultation released 16 November 2022: Submissions closed 7 November 2023: Consultation paper released on the Review of Policy for Branches of Overseas Banks 5 December 2023: Submissions closed</p>

Future Regulatory Activity

(Also refer to the [Timeline on Page 3](#) for a snapshot of future activity)

IFRS17 and Solvency



Agency	RBNZ
FSC Committee	Life Insurance, Regulation, Health and Taxation Committees Impact: Insurers
Description	<p>3 October 2022: ISS 2023 released. Further background available here, Regulatory impact statement and Interim Solvency Standard non-technical summary.</p> <p>The ISS will be applied to individual non-exempt insurers by changes to the condition of licence and will apply from the date that each non-exempt insurer begins its first annual reporting period under NZ IFRS 17. Non-exempt insurers should now assume that the ISS 2023 will apply at relevant future dates for the purposes of projecting solvency margins. Such projections need to be made in solvency returns, in financial condition reports and for the purposes of sections 24 and 127 of IPSA.</p>

Status

9 March 2022: [Public Feedback Statement on Draft ISS](#) incorporating QIA results

31 May 2022: [Revised Interim Solvency Standard – Review Version](#) released and voluntary participation on QIA to all insurers opens (QIA template available [here](#))

15 July 2022: Feedback closed on the revised ISS and QIA.

3 October 2022: Final Interim Solvency Standard release

26 June 2023: The RB released an [Amendment Standard](#) and [Interim Solvency Standard 2023 \(as amended\)](#). Further information available [here](#)

15 May 2023: The RB finalised and published the [new templates and definitions for the Annual Insurer Report \(AIR\) and the Quarterly Insurer Report \(QIR\)](#)

September 2023: Consultation on the second amendment to the ISS and draft Guidance (in context of amended version)

8 November 2023: Submissions closed

Future Regulatory Activity

(Also refer to the [Timeline on Page 3](#) for a snapshot of future activity)

IFRS17 and Solvency continued



Agency	RBNZ
FSC Committee	Life Insurance, Regulation, Health and Taxation Committees Impact: Insurers
Description	<p>3 October 2022: ISS 2023 released Further background available here, Regulatory impact statement and Interim Solvency Standard non-technical summary</p> <p>The ISS will be applied to individual non-exempt insurers by changes to the condition of licence and will apply from the date that each non-exempt insurer begins its first annual reporting period under NZ IFRS 17. Non-exempt insurers should now assume that the ISS 2023 will apply at relevant future dates for the purposes of projecting solvency margins. Such projections need to be made in solvency returns, in financial condition reports and for the purposes of sections 24 and 127 of IPSA.</p>

Status

27 February 2024: [Extracts from RBNZ:](#)

Given the complexity of the ISS and the potential for unintended consequences to be introduced when changes are made, RBNZ have decided to commission an external review of the second amendment. RBNZ had originally planned to issue the second amendment this in February, to be effective from 1 June 2024. They expect the addition of the external review and exposure draft consultation will delay the effective date of the second amendment by 6 to 9 months. There is no change to current guidance at this time, which will continue to apply until the second amendment is published or until guidance is updated.

[*Please note the below is subject to change as circumstances require:](#)

Mid to late December 2024: Second amendment to the solvency standard, consultation, review and exposure draft

January to March 2025: Consultation on solvency capital and reporting, accountability and other matters and consultation on capital requirements, diversification, MCR, capital charge methods and parameters (please note these consultations may be combined or separate)

April to June 2025: Response to submissions and preparation of draft standard by RBNZ

July to August 2025: External review of draft standard

September to October 2025: Consultation on the exposure draft of the final solvency standard and quantitative impact assessment (will follow the exposure draft)

TBC 2026: Issuance of final solvency standard expected in January 2026 and effective 1 June 2026

Future Regulatory Activity

(Also refer to the [Timeline on Page 3](#) for a snapshot of future activity)

Review of the AML/CFT Act



Agency	MoJ (also working closely with FMA)
FSC Committee	Regulation Impact: All Financial Institutions as defined by the Act.
Description	<p>Public Consultation Document, Review of the AML/CFT Act. Summary Document available here.</p> <p>2 March 2023: Exposure draft regulations and consultation paper Feedback sought on draft regulations that propose 81 changes to address areas of risk, such as (but not limited to):</p> <ul style="list-style-type: none">• Loopholes or exemptions, for example, use of cash• Relaxing requirements to verify addresses• Extension of timeframes for STRs• Boarder cash reports• Obligations for high risk customers, such as trusts• Clarifying wording• Virtual assets used for money laundering such as crypto• Remittance networks and increasing visibility• Information sharing• Clarifying obligations for example beneficial owners (global registry)• Transparency of payments• New exemptions.

Status

5 October 2021: Consultation Document
3 December 2021: Submissions closed
23 March 2022: [MoJ summary](#) of the 220 submissions
31 May 2022: FATF [follow up report and technical compliance re-rating](#) after the 2021 Mutual Evaluation of New Zealand's regime.
March 2022: Policy development
7 November 2022: [Report to the Minister](#) on how the Act has performed since 2017 with any suggested amendments [presented to the House](#).
10 November 2022: Justice Minister Allan announces immediate action on 3 of the 215 recommendations in the Report. Press release [here](#).
2 March 2023: [Exposure draft regulations and consultation paper](#) released.
14 April 2023: Submissions closed
May 2023: MoJ announced that six of the proposed changes from the February 2023 consultation will be made in primary legislation rather than regulations. More information is available [here](#)
31 July 2023: On 30 June regulations were made and gazetted and on 31 July came into Available on MoJ website [here](#)
Expiring parts of the Anti-Money Laundering and Countering Financing of Terrorism (Class Exemptions) Notice 2018 were extended.
22 September 2023: Submissions closed on the Review of the AML/CFT (Class Exemptions) Notice 2018.

Future Regulatory Activity

(Also refer to the [Timeline on Page 3](#) for a snapshot of future activity)

Review of the AML/CFT Act continued



Agency	MoJ (also working closely with FMA)
FSC Committee	Regulation Impact: All Financial Institutions as defined by the Act.
Description	<p>Public Consultation Document, Review of the AML/CFT Act. Summary Document available here.</p> <p>2 March 2023: Exposure draft regulations and consultation paper Feedback sought on draft regulations that propose 81 changes to address areas of risk, such as (but not limited to):</p> <ul style="list-style-type: none">• Loopholes or exemptions, for example, use of cash• Relaxing requirements to verify addresses• Extension of timeframes for STRs• Boarder cash reports• Obligations for high risk customers, such as trusts• Clarifying wording• Virtual assets used for money laundering such as crypto• Remittance networks and increasing visibility• Information sharing• Clarifying obligations for example beneficial owners (global registry)• Transparency of payments• New exemptions.

Status

18 August 2023: [Consultation released](#) on the review of the AML/CFT (Class Exemptions) Notice 2018

22 September 2023: Submissions closed



1 June 2024: [Second tranche of Regulations](#) come into effect

Q2 2026: MoJ consulting with the Minister for the Bill to be introduced



Future Regulatory Activity

(Also refer to the [Timeline on Page 3](#) for a snapshot of future activity)

Insurance Contract Law Review

Agency	FSC Committee	Description	Status
MBIE  	Regulation, Life, Health	The 2022 Exposure Draft of the Insurance Contracts Bill proposed to give effect to policy changes previously agreed by the Government (publication in November 2019 of policy decisions). The accompanying consultation sought feedback on whether the detailed drafting achieves the policy intent or could have unintended consequences. Summary of key issues available here . Update April 2024: MBIE's work on the insurance contracts reforms is well advanced, and they are currently focussed on continuing to progress remaining work to finalise drafting. They are continuing as well to look into how interactions with Hon Duncan Webb's Member's Bill (copy of the Bill here) can be managed. They are unable to be any more specific at this stage on their timings for next phases.	24 February 2022: Exposure Draft of the Insurance Contracts Bill released and consultation document 4 May 2022: Submissions closed 20 July 2023: FSC provided with a targeted consultation which sought further feedback on the exposure draft Insurance Contracts Bill. Feedback will be provided via a FSC and MIBE Workshop. Please email for more details and a copy of the consultation paper. 25 August: Submissions closed for individual organisation submissions Tentative 2024: Bill to be introduced to Parliament and First Reading in 2024 (subject to discussions with Minister)


Climate-related Disclosures Regime

Agency	FSC Committee	Description	Status
FMA and MBIE  	Regulation, Life, Health, Investment and KiwiSaver Impact: Large, listed entities, (mkt cap \$60m+) large banks, insurers, and fund managers (total assets \$1b+ or annual gross premium revenue \$250m+) as CRES	The FMA is responsible for independent monitoring and enforcement of the regime, providing guidance about compliance expectations, and reporting on monitoring activities and findings. <u>MBIE</u> is responsible for the development and delivery of the policy, services, advice and regulation to support the regime. Early 2024: The CRD register will be accessible via the Companies Office website. <u>FMA Upcoming:</u> February 2024: User guide on how to use climate statements.	See XRB updates on Page 8 of this Regulatory Forecast April 2024: Transition Planning Guidance expected 30 April 2024: The first climate statements for reporting periods commencing 1 January 2023 due to be published



Future Regulatory Activity

(Also refer to the [Timeline on Page 3](#) for a snapshot of future activity)

Modern Slavery and Worker Exploitation

Agency	FSC Committee	Description	Status
 MBIE	For Noting	<p>New legislation is proposed that aims to achieve freedom, fairness and dignity in the operations and supply chains of entities and to address modern slavery and worker exploitation, both in New Zealand and internationally:</p> <ul style="list-style-type: none"> • All organisations would be required to take action if they become aware of modern slavery or worker exploitation • Medium and large organisations would be required to disclose the steps they are taking • Large organisations and those with control over New Zealand employers would be required to undertake due diligence. <p>July 2023: The Minister for Workplace Relations and Safety announced its commitment to address modern slavery by introducing new legislation that requires organisations and businesses to be transparent about their operations and supply chains through a new public register.</p>	<p>8 April: Consultation released 7 June: Submissions closed Unknown 2024: Modern Slavery Bill</p>

Exposure Draft: Customer and Product Data Bill (Consumer Data Right)

Agency	FSC Committee	Description	Status
  MBIE	Regulation Impact: Initially the banking sector and in time it may extend to finance, insurance, and health sectors.	<p>MBIE sought feedback on an exposure draft of the Customer and Product Data Bill. This follows on from the 2020 consultation, options for establishing a consumer data right.</p> <p>The Bill aims to:</p> <ul style="list-style-type: none"> • Improve customers' access and control of their own data • Standardising how data is exchanged • Ensure those who request access to data are accredited as trustworthy. 	<p>September 2022: MBIE advised, exposure draft to be released no earlier than Q4 2022. Cabinet Paper and Regulatory Impact Statement.</p> <p>10 November 2022: Minister David Clark announced formal plans for Government to introduce open banking in New Zealand. Press release here</p> <p>19 December 2022: The Office of the Minister of Commerce and Consumer Affairs released a Cabinet Paper seeking agreement from Cabinet on in order to needed to prepare a draft CDR Bill</p> <p>22 June 2023: Consultation released 24 July 2023: Submissions closed October to November 2023: Targeted engagement on amendments to the Bill Quarters 3 and 4 of 2023: Policy approvals and drafting Outstanding and dependent on the Minister: Bill expected to be introduced to the House</p>

Future Regulatory Activity

(Also refer to the [Timeline on Page 3](#) for a snapshot of future activity)

Deposit Takers Act Implementation



Agency	RBNZ and Treasury
FSC Committee	Regulation
	FSC Member impact: Banks/licensed deposit taking institutions
Description	<p>The RBNZ sought feedback on their proposed proportionality framework for developing standards for deposit takers under the Deposit Takers Act 2023 (the Act) which was enacted in July 2023.</p> <p>The framework sets out the proposed: scope and purpose of the proportionality framework approach to tailoring standards grouping of deposit takers into three groups based on total assets for the purpose of developing and applying standards approach to making variations to deal with firm specific circumstances, and approach to transitioning deposit takers between groups.</p> <p><u>The proportionality framework</u> is a draft version of what is proposed, with the intention of publication following the consultation process.</p>

[Proportionality Framework consultation paper](#) outlines our analysis explaining the RBNZ's proposed approach to developing the proportionality framework.

The RB also sought feedback on the development of regulations for the Depositor Compensation Scheme (DCS) under the Act. In the event of a deposit taker failure, are eligible for compensation up to \$100,000 per depositor, per institution. The DCS will be funded by an industry levy set by the Minister of Finance.

- [Statement of Funding Approach with a consultation lead by Treasury](#)
- [Levy Framework and approaches in setting the levy](#) to build up the DCS over time in conjunction with the Statement of Funding Approach.


Status

31 July 2023: Consultations released
25 September 2023: Submissions closed
8 November 2023: [Summary of submissions issued](#)
Early 2024: Consultation on the calibration and implementation of debt-to-income (DTI) restrictions for residential lending and the second consultation on Treasury's Statement of Funding Approach
March 2024: Consultation DCS Regulations, see page of this Regulatory Forecast
14 March 2024: [Proportionality Framework published](#)
May and June 2024: Further DTA Standards consultations.
May/early June 2024: [Logo concepts consultation](#)
Mid 2025: DCS commencement
*Sign up [here](#) for more updates from the RB

Future Regulatory Activity

(Also refer to the [Timeline on Page 3](#) for a snapshot of future activity)


Liquidity Policy Review

Agency	FSC Committee	Description	Status
RBNZ 	For Noting Impact: Registered banks	<p>In September 2021, the RB undertook thematic review of banks' compliance with the liquidity policy (introduced in 2010), (BS13 and BS13A) identifying a range of system, controls and risk management weaknesses as well as areas of good practice. The RB sought feedback on proposed changes to their liquidity policy for registered banks and the first consultation sets out the proposed issues and scope for the review. The February 2023 consultation includes (potential adoption of international standards, proportionate liquidity requirements, eligibility criteria for liquid assets.</p> <p>The first stage of the review proposed and finalised six key principles that are now being used to guide the review.</p>	<p>8 September 2021: The RB have released their Liquidity Thematic Review - Banks' compliance with our Liquidity Policy, Industry Insights and Thematics</p> <p>28 February 2022: Liquidity Policy Review, Consultation Paper #1 (Issues and Scoping)</p> <p>14 April 2022: Submissions closed</p> <p>14 June 2022: Summary of feedback and submissions</p> <p>9 February 2023: Second consultation paper (of four) released</p> <p>12 May 2023: Submissions closed</p> <p>Q2, 2024: Third consultation paper within the RB's broader consultation on the core standards of the Deposit Takers Act (DTA)</p> <p>2024: The fourth and final consultation paper (to be aligned with the DTA core standards timeline), is expected to be an exposure draft that will contain the proposed final liquidity policy text and seek feedback on a proposed transition period.</p> <p>Late 2026 to early 2027: The final liquidity standard to be published, followed by a reasonable transition period.</p>

Future Regulatory Activity

(Also refer to the [Timeline on Page 3](#) for a snapshot of future activity)

Proposed standard condition on business continuity and technology systems

Agency	FSC Committee	Description	Status
FMA 	Regulation For Noting FSC Member impact: Managers of registered schemes (but not restricted schemes); • Providers of discretionary investment management services	<p>The FMA have released a consultation on proposed new business continuity and technology systems standard condition for select market service licences.</p> <p>The new standard condition proposes that licensees must have and maintain a business continuity plan that is appropriate for the scale and scope of its service, to make sure that their critical technology systems are operationally resilient. If the licensee suffers an event that materially affects the supply of its service, it must notify the FMA as soon as possible, and no later than 72 hours after the event.</p> <p>A similar condition is already in place for providers of a financial advice service, and the same standard condition will apply to financial institutions licensed under the FMCA as amended by the CoFI Act.</p>	<p>12 July 2023: Consultation released</p> <p>1 September 2023: Submissions closed</p> <p>8 April 2024: FMA announces new standard condition on business continuity and technology systems plus new process for reporting operational incidents Media release available here</p> <p>This also includes a new notification process for reporting incidents relating to the cyber and operational resilience of technology systems</p> <p>1 July 2024: New Condition comes into effect</p>

Future Regulatory Activity

(Also refer to the [Timeline on Page 3](#) for a snapshot of future activity)

High Level Summary (further details to come)

Agency	Description	Status
FMA	Proposed information sheet: "Climate-related disclosures – References to climate statements in disclosure documents".	Mid April: Consultation indicated
	Derivative issuer licence conditions	April to May 2024: Consultation expected
	Consultation on a proposed new class exemption for managed investment schemes in wind-up from certain financial reporting, audit and assurance requirements	Quarter 2 2024: Consultation expected
	Consultation on regulatory returns for financial institutions (CoFI)	June to July 2024: Consultation expected
	Regulations under the Financial Markets (Conduct of Institutions) Amendment Act 2022 (to set licensing fee for financial institutions, and to support the operation of the Act including in relation to sales incentives)	Unknown date
MBIE	CCCFA consultation on high cost credit rules	Q2 2024: Consultation expected
	Consultation on financial conduct regulation reforms: A targeted review and not looking to revisit the fundamental aspects of the regime. Consulting on the workability of the fair conduct principle and fair conduct programme requirements.	Tentative April to June 2024: Consultation expected
	Legislative amendments to enable KiwiSaver members to invest with more than one provider	Next steps subject to discussions with Minister
	Regulations under the FSP (Registration and Dispute Resolution) Act 2008	Unknown date
RBNZ	Exposure draft consultation on disclosure changes to add dual reporting	Changes in force June 2024

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