



COVERSHEET

Minister	Hon David Clark	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Disclosure Requirements for New Capital Instruments and Other Matters	Date to be published	9 August 2021

List of documents that have been proactively released

Date	Title	Author
June 2021	Cabinet paper: Disclosure Requirements for New Capital Instruments and Other Matters	Office of the Minister of Commerce and Consumer Affairs
23 June 2021	Disclosure Requirements for New Capital Instruments and Other Matters DEV-21-MIN-0132 Minute	Cabinet Office

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some commercial information has been withheld.



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Disclosure Requirements for New Capital Instruments and Other Matters

Portfolio Commerce and Consumer Affairs

On 23 June 2021, the Cabinet Economic Development Committee:

Disclosure requirement for AT1 instruments

- 1 **noted** that from 1 July 2022, the Reserve Bank of New Zealand (the Reserve Bank) will require banks to have higher capital ratios to make banks safer and reduce risks associated with banking failures;
- 2 **noted** that as part of raising the requisite capital required to be held from 1 July 2022, the Reserve Bank will allow banks to issue Additional Tier 1 instruments known as Perpetual Preference Shares, from 1 October 2021;
- 3 **agreed** that the disclosure requirements in the Financial Markets Conduct Regulations 2014 be amended to prescribe tailored requirements for the Additional Tier 1 instruments known as Perpetual Preference Shares;
- 4 **noted** that the content of the disclosure requirements will be finalised by the Ministry of Business, Innovation and Employment and the Financial Markets Authority, along with the Parliamentary Counsel Office, having regard to the purpose of the Financial Markets Conduct Act 2013 and the existing disclosure requirements in the Financial Markets Conduct Regulations 2014;

Order in Council

- 5 **agreed** that an Order in Council be made for the purpose of the Financial Service Providers (Registration and Dispute Resolution) Act 2008 setting 16 December 2021 as the deadline for registration by overseas-based providers newly subject to that Act;

Registration exemption for DriveWealth

- 6 **agreed** that DriveWealth be exempt from the Financial Service Providers (Registration and Dispute Resolution) Act 2008 in relation to the Hatch service provided in partnership with Kiwi Wealth, subject to the conditions as indicated in Appendix 1 to the paper under DEV-21-SUB-0132, which effectively require Kiwi Wealth to step into DriveWealth's shoes in relation to compliance with that Act;

7

Commercial Information

8 **authorised** the Minister of Commerce and Consumer Affairs to make final decisions in relation to the conditions and scope of the exemption referred to in paragraphs 6 and 7 above;

Legislative implications

9 **invited** the Minister of Commerce and Consumer Affairs to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs;

10 **agreed** to the Ministry of Business, Innovation and Employment undertaking targeted consultation on the draft regulations;

11 **authorised** the Minister of Commerce and Consumer Affairs to make decisions consistent with the above proposals on any technical issues which may arise during the drafting process.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon David Parker
Hon Nanaia Mahuta
Hon Poto Williams
Hon Stuart Nash
Hon Kris Faafoi
Hon Willie Jackson
Hon Michael Wood
Hon Dr David Clark
Hon Meka Whaitiri
Hon Phil Twyford
Rino Tirikatene MP
Dr Deborah Russell MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV