

Submission

to the

Ministry of Business,
Innovation and Employment

on the

Discussion document:
Publication of directors'
residential addresses on the
Companies Register

1 August 2018

About NZBA

1. NZBA works on behalf of the New Zealand banking industry in conjunction with its member banks. NZBA develops and promotes policy outcomes that contribute to a strong and stable banking system that benefits New Zealanders and the New Zealand economy.
2. The following seventeen registered banks in New Zealand are members of NZBA:
 - ANZ Bank New Zealand Limited
 - ASB Bank Limited
 - Bank of China (NZ) Limited
 - Bank of New Zealand
 - MUFG Bank, Ltd
 - China Construction Bank
 - Citibank, N.A.
 - The Co-operative Bank Limited
 - Heartland Bank Limited
 - The Hongkong and Shanghai Banking Corporation Limited
 - Industrial and Commercial Bank of China (New Zealand) Limited
 - JPMorgan Chase Bank, N.A.
 - Kiwibank Limited
 - Rabobank New Zealand Limited
 - SBS Bank
 - TSB Bank Limited
 - Westpac New Zealand Limited

Background

3. NZBA welcomes the opportunity to provide feedback to the Ministry of Business, Innovation and Employment (**MBIE**) on its discussion document: *Publication of directors' residential addresses on the Companies Register (Discussion Document)*. NZBA commends the work that has gone into developing the Discussion Document.
4. If you would like to discuss any aspect of the submission further, please contact:

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Introduction

5. NZBA strongly supports changes to the Companies Act 1993 (**Act**) that enable directors to choose to have an address for service published on the Companies Register, rather than their residential address.
6. NZBA also supports the introduction of a director identification number (**DIN**). We consider that if the Companies Office verifies a director's identity as part of the DIN process, this will be likely to create efficiencies for reporting entities under the Anti-Money Laundering and Countering the Financing of Terrorism Act 2009 (**AML/CFT Act**).

Question one

7. NZBA does not have any comments on MBIE's assessment of the options.

Question two

8. We agree with, and support, MBIE's preference of option 2. NZBA agrees that this option will have administrative efficiencies, while also appropriately balancing openness, trust and transparency against privacy interests.

Question three

9. We consider that reporting entities (under the AML/CFT Act, which includes banks) should have access to directors' and shareholders' residential addresses.
10. At present, reporting entities have immediate, free-of-charge access to director and shareholder addresses on the Companies Register. This information is used to verify customer addresses for customer due diligence (**CDD**) purposes.
11. If director addresses are removed from the Companies Register, this may affect CDD processes, in particular, when reporting entities are on-boarding new customers. Instead, customers will have to provide additional documentation (eg rates statements or utility bills) to verify their address.
12. This issue could be addressed by granting reporting entities access to directors' residential addresses for the purposes of undertaking CDD. This right of access could be subject to any necessary conditions. We also note that immediate access is preferred to the option proposed on page 19 of the Discussion Document (whereby addresses may be requested in certain circumstances), which could be costly and inefficient.

Question four

13. NZBA does not consider that there is a public interest in address information being provided to third parties (except as discussed in response to Question Three).

Question five

14. NZBA considers that directors' residential addresses should only be released to an interested party if there is a clear legal requirement, or with the express consent of the director concerned (except as discussed in response to Question Three).

15. We note that a change to s 215 of the Act will also be necessary; directors' residential addresses should not be available for inspection by the public as this will likely undermine the efficacy of the changes proposed in the Discussion Document.

Question six

16. NZBA considers that government departments should only have automatic access to directors' residential addresses for the purposes of enforcing the law.

Question seven

17. As above.

Question eight

18. NZBA does not have any comments on MBIE's assessment of the options.

Question nine

19. NZBA prefers option B, whereby all directors may apply to have their residential address redacted from historic documents.
20. If residential addresses on historical documents are not redacted, this will significantly limit the usefulness of the proposal that only an address for service is published. That is because the public could easily access residential address details through historic documentation on the Companies Register.
21. NZBA also has the following comments:
- (a) We agree that the Companies Office could charge a (reasonable) fee for the service.
 - (b) Directors should be able to request that older documents (ie those filed more than five years before the request) are also redacted. We also consider that discretion to redact older documents should not fall solely on the Registrar.
 - (c) Directors should not have to identify the documents they are seeking to have redacted.
 - (d) Directors with safety or security concerns should have their request processed as a matter of urgency.

Question ten

22. NZBA is aware of at least one incident of a director receiving a threatening letter from a member of the public.

Question eleven

23. Yes, NZBA agrees that shareholders' residential addresses should be treated the same way as directors' residential addresses.

Question twelve

24. Reporting entities subject to the AML/CFT Act are also required to verify the address of any shareholder that holds 25% or more of a company's shares. The Companies Register is utilised by reporting entities for this purpose currently. We consider that similar considerations apply to shareholder residential addresses, as to those of directors discussed in our response to Question Three.

Question thirteen

25. We note that information on the Companies Register, such as director names and addresses, automatically flows through to the Financial Service Providers (**FSP**) Register. Although that information may not be publicly available on the FSP Register, the Companies Office may need to consider what (if any) impact the changes will have.