

## Regulatory initiatives affecting the financial sector – forward plan

Group	Q3 2021	Q4 2021	2022
All firms	<p><b>Issues papers</b></p> <ul style="list-style-type: none"> <li>• Money and Cash – the Reserve Bank’s stewardship role (RBNZ)</li> <li>• Central Bank Digital Currency – possible case for NZ (RBNZ)</li> </ul> <p><b>Discussions start</b></p> <ul style="list-style-type: none"> <li>• Banknote processing machine standards 2022 (RBNZ)</li> <li>• (Banks, cash in transit industry, independent ATM operators, business equipment manufacturers, retailers)</li> </ul> <p><b>Thematic Review</b></p> <ul style="list-style-type: none"> <li>• Launch of the joint RBNZ and FMA cross-sector thematic review on Governance. Sampled firms (banks, non-bank deposit takers, insurers and KiwiSaver providers) will be required to complete a self-assessment questionnaire and provide requested documentation.</li> </ul>	<p><b>Issues papers</b></p> <ul style="list-style-type: none"> <li>• New forms of electronic money (may not be issues paper format) (RBNZ)</li> <li>• Changes to the cash system (RBNZ)</li> </ul> <p><b>Discussions start</b></p> <ul style="list-style-type: none"> <li>• Banknote processing machine standards 2022 (RBNZ)</li> </ul> <p><b>Thematic Review (onsite visits)</b></p> <ul style="list-style-type: none"> <li>• Governance thematic review – non-bank deposit takers and insurers (RBNZ &amp; FMA)</li> </ul>	<p><b>Consultation starts</b></p> <ul style="list-style-type: none"> <li>• Update to FMA Guide to Good Conduct (Expected Q1)</li> <li>• FMA publishes Regulatory Approach Guidelines. Not a consultation, but a document of material importance to firms (and a clear influence on Conduct guide above). (Expected Q1).</li> </ul> <p><b>Thematic Review (onsite visits)</b></p> <ul style="list-style-type: none"> <li>• Governance thematic review – banks and KiwiSaver providers – Q1 (FMA &amp; RBNZ)</li> </ul>



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Banks and non-bank deposit takers	<p><b>Consultation starts</b></p> <ul style="list-style-type: none"> <li>Implementation and funding options for Conduct of Financial Institutions regime (September) (MBIE)</li> <li>Consultation on changes to Loan-to-Value restrictions for mortgage lending (RBNZ)</li> </ul>	<p><b>Consultation starts</b></p> <ul style="list-style-type: none"> <li>Likely exposure draft of the legislation for deposit takers and deposit insurance (RBNZ)</li> <li>Consultation on implementing Debt-to-Income restrictions and/or interest rate floors for mortgage lending (RBNZ)</li> </ul> <p><b>Consultation closes</b></p> <ul style="list-style-type: none"> <li>Implementation and funding options for Conduct of Financial Institutions regime (October) (MBIE)</li> </ul> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>Revised Loan-to-Value restrictions for mortgage lending (RBNZ)</li> </ul>	<p><b>Consultation starts</b></p> <ul style="list-style-type: none"> <li>Deposit Takers Bill – opportunity for the sector to engage through select committee process. (Bill likely to be introduced by early 2022.)</li> <li>Liquidity policy (BS13) – policy review (RBNZ)</li> </ul>
Banks	<p><b>Consultation starts</b></p> <ul style="list-style-type: none"> <li>Regulations for disclosure requirements of ‘perpetual preference shares’ (MBIE)</li> </ul> <p><b>Publication and supervisory engagement</b></p> <ul style="list-style-type: none"> <li>Liquidity thematic report on banks’ compliance with liquidity policy (BS13) published. Findings addressed with supervisors.</li> </ul> <p><b>Stakeholder Engagement</b></p> <ul style="list-style-type: none"> <li>Discussions with NZBA and PNZ about the payment system’s performance. This will feed into a review of the payment system. (RBNZ)</li> </ul> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>Capital review – changes to Conditions of Registration (during September with changes in place before 1 October) and Disclosure Orders in Council (consultation during Q4 2021)</li> <li>Outsourcing policy transition (until September 2023)</li> </ul>	<p><b>Consultation starts</b></p> <ul style="list-style-type: none"> <li>Consultation on Standardised Measurement Approach for Operational Risk (Q4 2021 or H1 2022) (RBNZ)</li> <li>Consultation on changes to Connected Exposures (BS8) (RBNZ)</li> <li>Branch policy review (RBNZ)</li> <li>Dashboard review (RBNZ)</li> </ul> <p><b>Commencement</b></p> <ul style="list-style-type: none"> <li>New disclosure requirements for ‘perpetual preference shares’ (MBIE)</li> </ul>	<p><b>Consultation starts</b></p> <ul style="list-style-type: none"> <li>Consultation on the operational framework for the countercyclical capital buffer (RBNZ)</li> <li>Consultation on liquidity policy review for banks (RBNZ)</li> </ul>



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Insurers	<p><b>Consultation starts</b></p> <ul style="list-style-type: none"> <li>Implementation and funding options for Conduct of Financial Institutions regime (September) (MBIE)</li> <li>Exposure draft of Insurance Contract Law legislation (late Q3) (MBIE)</li> <li>IPSA review – policyholder security (RBNZ) Solvency standards (RBNZ)</li> <li>Exposure draft of Interim Solvency Standard (RBNZ)</li> <li>Solvency Standard quantitative impact study</li> </ul>	<p><b>Consultation starts</b></p> <ul style="list-style-type: none"> <li>IPSA review – enforcement regimes and distress management (RBNZ)</li> </ul> <p><b>Consultation closes</b></p> <ul style="list-style-type: none"> <li>Implementation and funding options for Conduct of Financial Institutions regime (October) (MBIE)</li> <li>Exposure draft of Insurance Contract Law legislation (mid Q4) (MBIE)</li> <li>Solvency Standard feedback statement, incorporating quantitative impact study results (RBNZ)</li> </ul> <p><b>Other policy development</b></p> <ul style="list-style-type: none"> <li>Officials developing advice to inform decisions for a bill modernising the EQC Act, to enable the bill to be introduced in 2021.</li> </ul>	
Managed investment schemes / KiwiSaver providers	<p><b>Implementation/Engagement</b></p> <p>MIS Value for Money Pilots (FMA)</p>	<p><b>Commencement</b></p> <ul style="list-style-type: none"> <li>Arrangements for new KiwiSaver default providers - 1 December (MBIE)</li> <li>KiwiSaver default provider transition (MBIE/FMA)</li> <li>MIS Value for Money assessment (FMA) – and on-going</li> <li>Thematic review of Integrated Financial System labelling of KiwiSaver and MIS (FMA)</li> </ul>	<p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>KiwiSaver default provider transition ongoing (MBIE/FMA)</li> </ul> <p><b>Supervisory engagement</b></p> <ul style="list-style-type: none"> <li>DIMS Thematic Review (FMA)</li> <li>MIS liquidity survey follow up (scope and timing TBC)</li> </ul>
Financial Advice Providers	<p><b>Guidance</b></p> <ul style="list-style-type: none"> <li>FAP full licensing seminars commence</li> <li>Cyber resilience guidance (FMA)</li> </ul>	<p><b>Guidance</b></p> <ul style="list-style-type: none"> <li>FAP full licensing seminars continue</li> <li>Record Keeping guidance</li> </ul>	<p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>Full licensing ongoing throughout the year (closes March 2023)</li> </ul>
Supervisors	<p><b>Implementation/Engagement</b></p> <ul style="list-style-type: none"> <li>KiwiSaver Value for Money Pilots (FMA)</li> <li>MIS Sector Risk Assessment (FMA)</li> </ul>	<p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>MIS Value for Money assessment (FMA) – and on-going</li> <li>KiwiSaver default provider transition (MBIE/FMA)</li> </ul>	<p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>KiwiSaver default provider transition ongoing (MBIE/FMA)</li> </ul>



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Credit providers	<p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>Regulations to specify exemptions from certification (from 1 Oct 2021)</li> </ul>	<p><b>Commencement</b></p> <ul style="list-style-type: none"> <li>New requirements under the CCLAA and relevant regulations – 1 Oct 2021 – including: <ul style="list-style-type: none"> <li>New duties on directors and senior managers</li> <li>Lender inquiries into suitability and affordability</li> <li>Consumer lenders and mobile traders to be certified (fit and proper person assessment for directors and senior managers)</li> <li>Updated Responsible Lending Code in force (except Chapter 12 – in force 1 February 2022)</li> </ul> </li> </ul>	<p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>Regulations to specify Annual Return content (to be provided by consumer credit providers to Commerce Commission from 2024 – TBC)</li> </ul>
FMC reporting entities	<p><b>Regulatory forbearance</b></p> <ul style="list-style-type: none"> <li>No action approach for eligible entities affected by auditor shortage. One-month extension to file audited financial statements and comply with certain reporting deadlines. More details: <a href="https://www.fma.govt.nz/news-and-resources/covid-19/temp-extension-reporting">https://www.fma.govt.nz/news-and-resources/covid-19/temp-extension-reporting</a></li> </ul>	<p><b>Regulatory forbearance</b></p> <ul style="list-style-type: none"> <li>No action approach for eligible entities affected by auditor shortage. One-month extension to file audited financial statements and comply with certain reporting deadlines. More details: <a href="https://www.fma.govt.nz/news-and-resources/covid-19/temp-extension-reporting">https://www.fma.govt.nz/news-and-resources/covid-19/temp-extension-reporting</a></li> </ul>	
Financial Market Infrastructures	<p><b>Consultation starts</b></p> <ul style="list-style-type: none"> <li>Approach to setting standards for designated FMIs (RBNZ/FMA)</li> <li>Approach to assessing systemic importance of FMIs (RBNZ/FMA)</li> </ul>		

## Timing to be confirmed

### Banks

- Review of stress-testing framework (RBNZ)
- Residential Mortgage Backed Securities (RMBS): development of high grade RMBS standard to address shortages of high quality liquid assets (RBNZ)
- Restructuring the Banking Supervision Handbook (RBNZ)
- Future of Payments work stream: the first phase will involve a review of the current payments system to be completed Q3 2021. The timeline for future work will follow this review (RBNZ).

### All Firms

- Executive Accountability Regime (RBNZ, MBIE, FMA)