

Memorandum of Understanding between the Treasury and the Reserve Bank of New Zealand on the Sharing of Prudential Information

1. This is a standalone Memorandum of Understanding (**MOU**) that sits alongside existing MOUs with the Treasury, including the MOU on Information Exchange and Collaboration.

Context

2. In the course of exercising its functions as prudential supervisor, the Reserve Bank of New Zealand (**RBNZ**) obtains and stores prudential information. Much of this information is obtained by the RBNZ from regulated entities using compulsory powers.
3. The RBNZ is required by law to maintain the confidentiality of prudential information, but may disclose it in specified circumstances. The RBNZ at times may disclose prudential information to the Treasury.
4. Prudential information can be market-sensitive, and it is in the interests of both the RBNZ and the Treasury to limit the market impact of wrongful or inappropriate disclosure of such information.
5. Further, ensuring the confidentiality of prudential information enables the RBNZ to deal with the underlying issues as a prudential supervisor. Maintaining confidentiality encourages supervised entities to be open and candid with the RBNZ.

Objective

6. This MOU between the Treasury and the RBNZ is intended to assist each agency cooperate in areas of common interest relating to the regulation of the New Zealand financial system.
7. The framework set out in this MOU is intended to allow the RBNZ to share prudential information in appropriate cases, as determined by the RBNZ, with the assurance that the Treasury will keep the information confidential.

Responsibilities

8. The RBNZ is the nation's central bank, established under the Reserve Bank of New Zealand Act 1989. It is the prudential regulator under the Reserve Bank of New Zealand Act 1989 ("**RBNZ Act**"), the Insurance (Prudential Supervision) Act 2010 ("**IPSA**"), the Non-bank Deposit Takers Act 2013 ("**NBDT Act**"), collectively the "**relevant Acts**"). It supervises registered banks, payment systems, licensed insurers and non-bank deposit takers operating in New Zealand.
9. The Treasury is the lead economic and financial adviser to the Government and steward of the public sector financial management and regulatory systems. It manages state sector and public finances, investment and asset performance, and government borrowing requirements and associated financial market activities. Its key objectives

are that fiscal, monetary and regulatory frameworks result in a stable and sustainable economic environment; the Crown's finances and the financial and non-financial balance sheet are managed efficiently, effectively and sustainably; and institutional and regulatory settings support the state sector system to increase equitable, intergenerational wellbeing for New Zealanders.

10. The Minister of Finance is the responsible Minister for the RBNZ and may exercise powers under the relevant Acts.
11. The Treasury will benefit from receiving prudential information in some circumstances, including the coordination and management of emerging risks and crises in the relevant financial sectors and in particular where there may be a call to spend public money in response to such crises.

Information Sharing

12. **Prudential information** is information that is confidential under sections 105 and 156G of the RBNZ Act, section 135 of the IPSA, and section 54 of the NBDT Act; and is generally information received by the Bank pursuant to its powers and functions under the relevant Acts.
13. The RBNZ may elect to disclose prudential information to the Treasury where the RBNZ considers the Treasury has a proper interest in receiving that information, and when the RBNZ is satisfied that satisfactory provision exists to protect the confidentiality of that information.
14. When the RBNZ has disclosed prudential information to the Treasury, as a condition of receiving the information the Treasury commits to:
 - Keep the information secure;
 - Only give the Treasury employees, agents and external legal advisors who need the information access to it; and
 - Not release or disclose the information to any other party without the clear consent of the RBNZ unless required by law.
15. Where the Treasury receives a request under the Official Information Act 1982 it will consult the RBNZ before making any decision regarding disclosure of prudential information covered by this MOU. It can be expected that the release of prudential information would be contrary to the relevant Acts unless one of the permitted grounds within the relevant Acts allowing release can be demonstrated. Good reason for withholding official information exists where it is necessary to protect information which is subject to an obligation of confidence.
16. Where the Treasury has been served with a compulsory notice that would require the disclosure to a third party of information covered by this MOU, the Treasury will, prior to disclosure, notify the RBNZ in writing with reasonable notice so as to enable the RBNZ to determine what action, if any, it should take.

DATED Monday 17 December 2018



Bryan Chapple
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The Treasury



Geoff Bascand
Deputy Governor
Reserve Bank of New Zealand