



Date 17 July 2013

To: Minister of Finance

Updated timeline on Loan to Value Restrictions

1. Outlined below is a summary of the timelines that we are working towards in respect of the introduction of speed limits for loan to value restrictions.
2. We are making good progress in assessing submissions to the consultation on the framework for restrictions on high LVR residential mortgage lending, which closed on 3 July. As a result of the feedback received from banks, we will make some technical refinements to the draft chapter of the Banking Supervision Handbook (BS19), which sets out draft conditions of registration for the implementation of LVR speed limits. The changes clarify the implementation details but do not materially alter our proposed approach.
3. The following table provides a suggested timeline.

24/25 July	Copies of draft summary of submissions and revised BS19 handbook provided to your office
26 July	Summary of submissions and BS19 published.
2 August	Briefing material provided to you and the Prime Minister. Draft of Regulatory Impact Assessment of high LVR speed limits provided to your office by this date.
14 August	Announcement of High LVR speed limits (to take effect 1 September). Regulatory Impact Assessment published.
20 August	Reserve Bank issues conditions of registration to banks
1 September	High LVR speed limits take effect

4. Our goal is to provide your office with a summary of submissions and the revised draft chapter later next week. The intention would be to publish both documents by the end of next week or as soon as possible thereafter.

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5. Release of the revised Banking Supervision Chapter would leave us well placed to formally announce the introduction of LVR speed limits on the 14th of August to become effective from 1 September. We will provide briefing material to you and the Prime Minister covering our intended approach to enable discussions with bank Chairs (and Chief Executives) in advance of a public announcement.
6. We would welcome the opportunity to discuss the proposed timeline and related matters with you.

Graeme Wheeler
Governor

Copies to: Gabriel Makhoulf, Secretary, The Treasury
Cameron Burrows, Economic Advisor, Office of Hon Bill English