

Non-bank Deposit Takers (Nelson Building Society) Exemption Notice 2018

Under section 70 of the Non-bank Deposit Takers Act 2013, the Reserve Bank of New Zealand gives the following notice (to which is appended a statement of reasons of the Bank).

Notice

- 1 **Title**
This notice is the Non-bank Deposit Takers (Nelson Building Society) Exemption Notice 2018.
- 2 **Commencement**
This notice comes into force on 11 October 2018.
- 3 **Revocation**
This notice is revoked on the close of 1 November 2025.
- 4 **Interpretation**
 - (1) In this notice, unless the context otherwise requires, -

Act means the Non-bank Deposit Takers Act 2013

Bank means the Reserve Bank of New Zealand

Nelson Building Society means the mutual building society incorporated with that name under the Building Societies Act 1965

Regulations means the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010
 - (2) Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this notice has the same meaning as in the Act or the Regulations.

5 **Exemption in respect of capital ratio requirements**

Nelson Building Society is exempted from regulation 10(1) of the Regulations to the extent that regulation 10(5)(a) requires Nelson Building Society's capital to be calculated so that its perpetual non-cumulative preference shares without full voting rights may not constitute more than 25% capital.

6 **Conditions of exemption**

The exemption in clause 5 is subject to the conditions that –

- (a) perpetual non-cumulative preference shares without full voting rights may not constitute more than 50% of Nelson Building Society's capital:
- (b) Nelson Building Society must not issue any debt security offered to the public in New Zealand unless the investor has, before investing, received written notification that, until the close of 1 November 2025, Nelson Building Society is calculating its capital in accordance with this exemption.

7 **Revocation of prior notice**

The Deposit Takers (Nelson Building Society) Exemption Amendment Notice 2015 is revoked.

Dated at Wellington this 10th day of October 2018.



Geoff Bascand,
Deputy Governor.

Statement of reasons

This note is not part of the notice, but is intended to indicate its general effect.

This notice which comes into force on 11 October 2018 and expires on 1 November 2025, exempts Nelson Building Society (**NBS**) from one of the requirements as to how it must calculate its capital for the purpose of the prudential requirements about capital ratios.

This notice replaces the Deposit Takers (Nelson Building Society) Exemption Amendment Notice 2015 (**amendment notice**) which extended the expiry date of the principal notice, the Deposit Takers (Nelson Building Society) Exemption Notice 2011 (**principal notice**). The provisions of the principal notice and the amendment notice are largely carried forward with amendments to various statutory references to reflect legislative changes since the principal notice; primarily the repeal of Part 5D of the Reserve Bank of New Zealand Act 1989 and enactment of the Non-bank Deposit Takers Act 2013.

The Reserve Bank of New Zealand after taking into account the principles set out in section 8 of the Non-bank Deposit Takers Act 2013 (the **Act**) and satisfying itself as to the matters set out in section 70(2) of the Act, considers it appropriate to grant the exemption because –

- it would be unduly onerous and burdensome to restrict NBS to the 25% of capital preference share limit that is intended for non-mutual organisations that do not have restrictions on their capacity to raise ordinary voting share capital:
- the limited nature of the exemption will not be prejudicial to the maintenance of a sound and efficient financial system:
- it will not be broader than necessary to address the matters giving rise to the exemption.

The notice also revokes the amendment notice.
