



Reserve Bank
of New Zealand
Te Pūtea Matua

Resolution framework for the future: Evolution of the Open Bank Resolution policy under the DTA

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Tēnā koutou katoa

Good afternoon, everyone and thank you for coming.

I'm delighted to have the chance to talk to you today about the resolution framework we've developed to implement our new crisis management responsibilities under the Deposit Takers Act (2023). The framework is 'hot off the press'. This is the first time we have presented it in public.

Since the DTA legislation was passed, we've put a lot of work into understanding our crisis management and resolution responsibilities under the new act, and the powers the legislation gives us to meet those responsibilities. We've carefully considered post-Global Financial Crisis (GFC) international policy and experience, drawing on research and a wide variety of interactions with our international peers. We've also worked with a clear focus on the unique New Zealand context, including the Reserve Bank's existing approach to crisis preparedness.

What I want to present to you today is the core outcome of that work – the outline of a full resolution framework for the future.

It remains an 'outline' because, although the policy intent is well developed, there is a long road ahead of us to build capacity both within the Reserve Bank and on the part of New Zealand deposit takers, so we can implement resolution strategies as smoothly and with as little risk as possible.

Today I'm concentrating on what we are going to deliver.

In mid-June, we will also publish a crisis preparedness consultation to discuss the work we will expect deposit takers to do over the coming years so that they are also well prepared for crisis.

For this audience I don't need to spend too long explaining why crisis management is important. As you're well aware, banking crises are rare but can be extremely costly to both the financial system and the real economy. After a long period that was relatively benign in most developed countries, the Global Financial Crisis was a painful reminder that crises are difficult to predict and complacency is unwise.¹ Since the GFC, resolution regimes and financial institutions' crisis preparedness have been an important focus of international efforts to boost financial system resilience. That is a very positive development because an effective crisis management framework can deliver far superior outcomes to standard insolvency procedures.

The DTA recognises the importance of resolution. It makes the Reserve Bank the designated resolution authority for New Zealand and creates accountability mechanisms for us, particularly:

- a new set of crisis management purposes to guide our work as resolution authority (DTA section 259);
- a requirement to maintain an orderly resolution plan for each New Zealand depositor (DTA section 260); and
- a requirement to publish a statement of approach to resolution (DTA section 261).

¹ For a longer-term perspective on the reoccurrence and unpredictability of crises, see Charles Kindleberger's *Manias, Panics and Crashes: A History of Financial Crises* (Palgrave, 7th edition, 2015, first published 1978) and Carmen Reinhart and Ken Rogoff's *This time is different: eight centuries of financial folly* (Princeton University Press, 2011)

It also empowers standards requiring deposit takers to pre-position for distress (DTA section 89) and provides us with a full suite of statutory resolution powers that are closely aligned with the Financial Stability Board's *Key Attributes for Effective Resolution Regimes for Financial Institutions*. (DTA Part 7).

The work we have been doing over the past few years has been about how to use these powers to deliver a crisis management regime that can deliver orderly resolution in a way that 'avoids significant damage to the financial system that could result from a licensed deposit taker being in financial distress' (DTA section 259).

The framework we have come up with is closer to international orthodoxy than our previous 'open bank resolution' (OBR) policy.² It is broadly similar to what you would find in most other OECD countries at the moment. However, there is a difference in emphasis. Our framework places:

- less emphasis on the pre-resolution bail-in of convertible debt instruments; and
- more emphasis on the benefits of having a flexible range of responses available, so we can deal with the unique circumstances of any particular failure

I will explain the reasons for that difference as I deliver this talk. In brief, it is partly due to the structure of the New Zealand banking system and partly a reflection of how we see international practice evolving, particularly since the bank failures in 2023.

Relative to OBR, the new framework places significantly more emphasis on pre-positioning. Under OBR, we expected to stabilise a bank and re-open it under a government guarantee while we developed a longer-term solution. Under the new framework, we expect a range of solutions to be pre-positioned so the stabilisation phase becomes less critical to our resolution planning.

The rise of resolution and the importance of pre-positioning

As I've already said, resolution has become a particularly important part of the international regulatory agenda since the GFC. As it happens, it could be said that the Reserve Bank of New Zealand was slightly ahead of the curve in taking resolution seriously. We understood the two key insights at the core of the new international resolution agenda by the late 1990s, when we started to develop our policy for Open Bank Resolution (OBR).

The most important insight is that liquidating large financial institutions can be extremely costly and disruptive. Deposit takers provide vital services that keep the economy functioning. They are also strongly interconnected with one another. The failure of a deposit taker can have widespread consequences for the financial sector and the broader real economy. Without resolution capability, authorities may feel they have little choice but to use a public bail-out, to avoid the disruptive consequences of liquidation.

An open bank approach to resolution provides a third alternative (beyond liquidation or bail-out) that should produce significantly better results than liquidation. By dealing with losses in a way that can keep the bank open, resolution promotes the continuity of the critical functions the deposit taker performs and therefore limits some of the disruption of failure. It can also preserve

² For an overview of the OBR policy, see [the RBNZ's OBR explainer web page](#). For some insights into its development, see Harrison, I, S Anderson and J Twaddle (2007) 'Pre-positioning for effective resolution of bank failures', *Journal of Financial Stability*, 3(4), December 2007, pp. 324-341

significantly more value. Resolution can be designed so that losses are borne by the shareholders and creditors of the deposit taker, rather than by the public.

The second key insight is that an open bank approach to resolution can only be delivered sufficiently rapidly during a crisis if both authorities and deposit takers have undertaken appropriate pre-positioning. Acting rapidly is central to modern resolution regime to minimise contagion and preserve financial stability. That is only possible where suitable preparations have been made.

OBR

From the 1990s onwards, the Reserve Bank responded to the need for resolution by developing OBR. OBR is a unique approach to delivering resolution using:

- our existing legislative powers— particularly the moratorium on claims that comes into effect with statutory management;³ and
- requirements for deposit takers to pre-position key supporting capabilities.⁴

OBR was primarily a *stabilisation* tool. It created a mechanism:

- to isolate or ‘freeze’ one part of the bank to ensure sufficient loss absorbing capacity was available for resolution; and
- then ‘unfreeze’ the rest so the bank could continue to provide basic services to its customers.

The bank would re-open at 9am on the day after it entered into statutory management, protected by a government guarantee. It would continue to provide key services while the statutory manager and the Reserve Bank assessed the underlying situation and developed a longer-term solution to the deposit taker’s problems.

For the four large trans-Tasman banks, OBR was a necessary backstop in case it was not possible to negotiate appropriate recapitalisation through the Australian group. OBR was coupled with an outsourcing policy⁵ that was designed to ensure the New Zealand subsidiaries could be separated from their Australian parents before OBR commenced.

OBR was also the main solution if we needed to put a smaller deposit taker into resolution, so pre-positioning was required for all banks with assets over \$1 billion.

What will change under the DTA?

We have had a strategy for resolving a financial institution for over a decade now. So, what is going to change under the DTA?

³ See Banking (Prudential Supervision) Act (1989) section 122

⁴See BS17 - [OBR pre-positioning](#)

⁵ See BS11 - [Outsourcing](#)

Overview

We see our crisis management framework under the DTA as an evolution of OBR. It retains the two core elements that inspired OBR policy: the ability to deliver an open bank resolution and the need for crisis pre-positioning.

The most significant *change* is that, in keeping with international practice, we are placing more emphasis on pre-positioning strategies for recapitalisation, restructuring, and an exit from resolution.

As a result, the OBR stabilisation capability (the ‘freeze’ and ‘unfreeze’) becomes less central because we would expect a permanent resolution of the deposit taker’s problems to be delivered more rapidly. It is now very unlikely that we will need a government guarantee, and we no longer see a need to pre-position the ‘freeze’ of a portion of transactional deposits.

Introducing the crisis response waterfall

So, what does this ‘pre-positioning for resolution’ look like?

An internationally orthodox approach, with a New Zealand twist

In many ways, the answer is that it looks very like the frameworks operated by most resolution authorities internationally (see Table 1).⁶

Table 1 – The crisis response waterfall

Group	Option 1	Option 2	Option 3	Option 4	Option 5
Group 1	Entity led recovery	SPE bail-in (via LAC instruments)	Rapid sale	Standalone recapitalisation	Liquidation and DCS payment
Group 2 and Transactional Group 3^[4]	Entity led recovery	Rapid sale	Orderly wind-down	Liquidation and DCS payment	
Other Group 3	Entity led recovery	Rapid sale	Liquidation and DCS payment		

That shouldn’t be too surprising as the resolution powers in the DTA were developed with a close eye to the FSB’s *Key Attributes for Effective Resolution Regimes for Financial Institutions*.

There is an important difference in emphasis, though.

⁶ For some helpful international comparisons, see [EU Single Resolution Board Resolution Tools](#) and [The Bank of England’s Approach to Resolution](#)

Particularly in the early years of resolution planning, other jurisdictions often placed most emphasis on the pre-resolution bail-in of pre-positioned debt instruments (TLAC or MREL)⁷, particularly for the largest entities.

Our framework places:

- less emphasis on that particular type of pre-resolution bail-in; and
- more emphasis on pre-positioning a *range* of available options.

To illustrate this difference, and explain the reasons for it, I'm going to talk you through the options in the 'waterfall' table.

Recovery

It is worth noting that we include recovery in the framework as the preferred approach for all deposit takers. We want to emphasise that it is always preferable for deposit takers to solve their own problems before resolution is necessary. Recovery plays an important part in our future framework but is not my main topic for today.⁸

Single point of entry (and the limits of 'bail-in' for Group 1)

Turning to resolution, then, we'll begin with Option 2 for Group 1 banks – 'single point of entry' resolution (SPE).

The main reason pre-resolution bail-in is less central in our framework, relative to some other jurisdictions, is that all four of our D-SIBS (domestically systemically significant banks) are wholly owned subsidiaries of Australian parents.

Our preferred strategy for resolving these banks is to call on parental support. In most situations we would expect the Australian parent to provide investment to maintain the soundness of the group.⁹

As part of our recent Review of Key Capital Settings, we have decided to bolster our pre-positioning for SPE by requiring Group 1 banks to issue loss absorbing capacity (LAC) instruments to their parents, equivalent to 6% of risk weighted assets. We would not expect to use these instruments where the parent had sufficient funds to deliver additional investment in its subsidiary by other means. However, in a situation where the parent bank was also in distress, it would work with APRA to restore its capital (most likely by bailing in some of the convertible Tier 2 instruments APRA requires the parent to issue). Some of the capital produced at Group level would then be

⁷ TLAC stands for 'Total Loss Absorbing Capacity', MREL stands for 'Minimum Requirement for Own Funds and Eligible Liabilities'. Both refer to debt instruments that are specifically pre-positioned to be either written off or converted into equity (bailed in) when the deposit taker is in significant distress. In some cases write-off or conversion is delivered by the terms of the debt instruments itself. In other circumstances bail-in may be achieved using statutory powers.

⁸ The crisis preparedness consultation we are planning to publish in mid-June will include requirements for recovery and exit planning.

⁹ We tend to talk about 'single point of entry *resolution*' but, in many cases, we would not need to place a deposit taker 'in resolution' or use our formal resolution powers to achieve it. SPE 'resolution', then, is something of a hybrid between recovery and resolution.

down-streamed to the New Zealand subsidiary. The LAC instruments would be the mechanism used to downstream capital.¹⁰

This is a form of 'pre-resolution bail-in' but, from a New Zealand perspective, there is no direct allocation of losses to external markets. Rather, losses are imposed 'indirectly' on instruments issued to the markets by the Australian parent. We have been working hard with our APRA colleagues on developing plans for this type of resolution, including through the trans-Tasman 'Crisis Management Groups' established for each of the big four banks.

Despite this preparation, some tail risk persists in particularly severe situations, where the Australian authorities may be limited in how much recapitalisation they can deliver at group level. That might be particularly acute, for example, if Australia were experiencing a systemic crisis affecting more than one of the groups owning our big four banks. Even with a well-developed set of trans-Tasman plans and the LAC instruments in place, it is still necessary to have a fallback option for the four largest New Zealand banks to ensure that we can achieve our statutory resolution objectives.

We are therefore intending to retain our existing outsourcing policy in essentially the same form and to require the big four banks to pre-position for separation from their Australian corporate groups and then either sale or recapitalisation.¹¹

Our dependence on financial conditions in Australia is the first reason why our waterfall needs to remain flexible, going beyond emphasis on a single strategy involving LAC instruments, to safeguard our ability to meet New Zealand resolution objectives.

Rapid sale

If an SPE resolution does not prove possible for a Group 1 entity, our preferred option would be to sell it to a well-capitalised purchaser. To do this we would place it in resolution and require it to implement its pre-positioned separation plan. Sale is always an attractive resolution option because it provides continuity of service and a significant boost in market confidence.

For Group 2 banks, sale is also our first-choice resolution strategy, where possible.

Sale in resolution usually involves some kind of bail-in to make a purchase attractive, since resolution is only available where a deposit taker has incurred losses so serious that it is likely to breach the minimum capital levels we require deposit takers to hold if they are to operate in New Zealand. Broadly, the claims of shareholders and then holders of capital instruments are written off to the point where the entity can be sold for a nominal sum.

Our framework also allows the Depositor Compensation Scheme (DCS) to make a contribution to resolution if:

- the resolution means depositors receive as good an outcome as they would from a DCS payment; and
- the contribution is not more than a payout would have cost in liquidation (DTA section 230).

¹⁰ The LAC instruments would be written off. This would reduce the liabilities on the New Zealand subsidiary's balance sheet, increasing its equity (the instruments would no longer feature as an 'asset' on the parent's balance sheet, decreasing equity in the parent entity).

¹¹ An exposure draft of the new Outsourcing Standard under the DTA will be released in mid-June alongside the crisis preparedness consultation, as part of a tranche of exposure drafts of new DTA standards

A DCS contribution could also be used to facilitate a sale if appropriate.

In practice, almost all the international cases in which external instruments have been bailed-in to deliver recapitalisation have been combined with a subsequent rapid sale. Think, for example, of *Banco Popular* in 2017 (sold to Banco Santander), and both *Credit Suisse* (sold to UBS) and the UK subsidiary of *Silicon Valley Bank* in 2023 (sold to HSBC).

The importance of sale as a resolution tool, even where bail-in takes place, is another reason why we see flexible pre-positioning as critical to a good resolution framework. Since 2023, international consensus has shifted away from seeing the bail-in of external instruments *alone* as the key to resolution. Authorities are now placing considerably more emphasis on also needing to be ready to use their 'transfer powers'. It is therefore important to ensure pre-positioning is in place to facilitate a sale.¹²

At the moment, our DTA powers allow us to deliver an asset sale but they don't allow us to cancel the shares in a deposit taker or require share transfer to a purchaser. We are likely to consult next year on the possibility of an amendment to the DTA to deal with this gap, effectively adding a narrow form of 'statutory bail-in' to our resolution toolkit. This would mean a rapid sale could be structured as a share sale, which would be a simpler process.

The main risk with rapid sale is that we have a relatively small financial market with few potential purchasers, which is the other main reason why flexibility is particularly important to us. Our small market means that it might not be possible to find another deposit taker in a position to purchase the distressed entity on short notice. For Group 1 banks the risk is particularly acute because of their size. Sale to a local competitor may raise competition issues while sale to an overseas purchaser might be politically unpalatable.

Our waterfall of possible resolution options, then, includes further fallback options for each group of deposit takers. For Group 1, that is a form of standalone recapitalisation, while for Group 2 we are developing a form of orderly wind down.

Recapitalisation for Group 1

Our fallback for Group 1 deposit takers is to pre-position a stand-alone recapitalisation strategy.

Without going too far into the detail, this will be broadly a 'good bank' – 'bad bank' approach.

The highest-ranking creditors and the best performing assets would be put together in a 'good bank'. The good bank would be returned to the market.

Lower-ranking creditors (shareholders, subordinated debt holders and other creditors) would then own the 'bad assets' in the 'bad bank'. What they ultimately received following resolution would depend on how much value could be realised from those assets. (With the backstop of 'no creditor worse off' protection if that turned out to be less than they would have received in a hypothetical liquidation (see DTA part 7 subpart 9)).

Achieving this outcome requires some complex restructuring, designed to provide certainty about the financial soundness of the 'good bank', whilst enabling recovery of any excess value for creditors of the 'bad bank', broadly in line with the creditor hierarchy.

¹² See, for example, [The evolution of the Bank's approach to resolution – speech by Dave Ramsden | Bank of England](#) and Hadjiemmanuil, C 'Bail-in's unfulfilled promise' *LSE Law, Society and Economy Working Papers*, 24/2024

Orderly wind-down

Finally, our fallback for smaller depositors is to develop an approach to deliver an orderly wind-down.

This would involve suspending the servicing of some liabilities, to secure loss absorbing capacity, while keeping the deposit taker open for transactional depositors. Depositors would be able to withdraw their funds over a period of a few months so they could establish a new primary banking relationship with a new provider. That would be more convenient for depositors even than a DCS payout, and would also buy some time for disposing of the failed entity's assets in a way that limits destruction of value.

The main challenge is to ensure that liquidity can be managed appropriately during the wind-down, and we are working on proposals to achieve that, but there's some more work to do before we're ready to announce how that would work.

Liquidation and DCS payment

Where resolution is not appropriate or achievable, liquidation remains available, with the DCS in place to ensure that depositors receive the compensation they are entitled to.

Key features of the new resolution framework

To summarise, we are introducing a comprehensive new crisis management framework.

The framework is designed to:

- deliver an orderly resolution
- in a way that limits disruption to financial markets
- and preserves continuity of service where possible
- while limiting any need for public funds.

Our framework is broadly in keeping with international practice but places less emphasis on pre-resolution bail-in and more emphasis on flexibility of response.

That difference is primarily driven by the structure of the New Zealand financial system – a small market, dominated by Australian-owned banks. However, it also reflects broader trends in international resolution practice as lessons have been learnt from post-GFC failures, particularly the major bank failures in 2023.

That is really the core of what I wanted to communicate to you today and I'll be very interested in your comments and questions about the framework soon. However, for this audience, I think it may be helpful to briefly return to OBR before we finish – so I can explain exactly what has changed from our previous framework.

What does that mean for OBR?

Overview

As I've already explained, there is some clear continuity between OBR and the new framework in that we're looking to deliver an open bank resolution, and doing so requires appropriate pre-positioning on the part of deposit takers.

The main *difference* is that we're pre-positioning more thoroughly to deliver a range of possible exits from resolution.

The extra pre-positioning, in turn, means the 'freeze' functionality that we asked deposit takers to develop for OBR is no longer so central. So, for example, we expect to be able to deliver the options in the waterfall sufficiently rapidly that we no longer need a government guarantee in most circumstances.

So, what *has* happened to the freeze?

The future of the 'freeze'

Using OBR/CoAD capability in the new framework

That doesn't mean that the old 'freeze' functionality has no purpose. We still think it's useful to be able to suspend servicing of all liabilities, including customer accounts, on entry in resolution while the resolution authority firms up its strategy, carries out some early stabilisation, and puts out appropriate communications to the markets.

It is also useful to provide rapid renewed access to transactional accounts, while suspending the servicing of other liabilities, to ensure appropriate loss absorbing capacity is in place.

However, rather than being central to our resolution strategy, it plays a supporting role across the options in our waterfall. Since this functionality now contributes to a range of potential resolution strategies, we will no longer describe it as OBR pre-positioning. Instead, we'll call it 'Continuity of Access to Deposits' or 'CoAD' capability.

For a 'good-bank', 'bad-bank' recapitalisation, the ability to selectively suspend and reinstate access to liabilities will enable us to rapidly allow access to everything in the 'good bank', while managing access to claims on the 'bad bank', to work with the speed at which assets can be realised.

For an orderly wind-down, we will suspend the payment of some liabilities (to ensure loss absorbency), while allowing holders of transactional deposits full access to their balances, so they can withdraw funds smoothly and move them to another deposit taker.

It might also be useful to buy time if a sale could not be fully completed over a resolution weekend.

Full access to transactional accounts

The sharp amongst you which, in this audience, is probably most of you, may have noticed that I just said we would allow full access to transactional accounts during an orderly wind-down.

One of the well-known features of OBR was that it involved a partial freeze of all deposits before the bank was re-opened. Commentators have been concerned about whether that would be politically feasible and whether it would be compatible with market confidence. Under our new framework, we will no longer be requiring deposit takers to pre-position the ability to suspend access to a proportion of transactional deposits.

There are two reasons for that. The first is that we are more likely to be able to deliver resolution without needing to impose losses on general creditors. That is because of a combination of higher capital levels and the potential for the Depositor Compensation Scheme to provide a contribution to resolution.

The second reason is that we are now clearer about the narrow circumstances in which, when conducting resolution, we can reasonably depart from the strict *pari passu* treatment of general creditors in the liquidation creditor hierarchy.

Departure from *pari passu* – crisis management purposes, the creditor hierarchy and NCWO

One reason the partial freeze of transactional deposits was part of OBR functionality was that the Reserve Bank was keen to depart as little as possible from the creditor hierarchy. If resolution was going to involve imposing losses on general creditors, all general creditors would need to bear some losses, including depositors. Under the DTA, we are clearer that we have some ability to depart from the creditor hierarchy if doing so enables us to better deliver our primary crisis management purposes.

The creditor hierarchy is central to resolution decision-making because resolution is a close cousin to liquidation. Both involve a suspension and transformation of pre-existing contractual rights on the basis that the financial institution is no longer viable. However, as I noted at the beginning of this talk, resolution has more ambitious goals than liquidation. In liquidation, a liquidator would close the depositor, realising assets, and distributing them in accordance with the creditor hierarchy. In resolution, in contrast, we try to keep the institution open in some form in order to limit the disruption and destruction of value liquidation entails. To achieve a superior outcome that pays more attention to financial stability, resolution has to 'do things differently'. On the other hand, stability and predictability of property rights remains important.

The DTA balances the tensions involved through two mechanisms. The first is our statutory crisis management purposes, which require us to uphold the creditor hierarchy but only if doing so is compatible with our more fundamental crisis management purposes - an orderly resolution that limits disruption, maintains public confidence and continuity of critical functions. The second mechanism is the No Creditor or Shareholder Worse Off provisions which say that, if resolution delivers a worse outcome for any creditor than a hypothetical liquidation would have done, the creditor is entitled to compensation.¹³

If you'll allow me a quick aside. For us, this is an important point. At times, discussion of resolution action focuses on 'losses imposed' by a resolution authority. As we know, resolution means a deposit taker has failed, which means, of course, that losses have already occurred. In most cases, resolution can significantly improve outcomes compared with liquidation, so we are comfortable with modest departures from *pari passu* treatment when this contributes to larger social benefits, and within the context of NCWO protections.

Returning to resolution strategy. What all this means is that, in very severe scenarios in which we had to impose losses on general creditors, we would have some ability to treat different general creditors differently. That is important because general creditors are very diverse. The impact on financial stability of suspending interbank payments or derivatives contracts would be quite different from the impact of suspending payments on wholesale bonds, for example.

¹³ This is very much the normal arrangement in contemporary resolution regimes. The FSB Key Attributes say that resolution authorities should respect the creditor hierarchy but they also say that it may be appropriate to depart from *pari passu* treatment of general creditors in order to deliver improved financial stability outcomes, so long as NCWO protection is in place.

The DTA already acknowledges some of those differences. For example, some particularly sensitive liabilities are already exempt from the medium-term moratorium on claims that comes into place when a deposit taker enters into statutory management.¹⁴

Our crisis management purposes provide us with additional (if constrained) discretion to consider the financial stability impacts of suspending general creditors' access to other kinds of liability. We would need to weigh up how to use that discretion under the precise circumstances at the time, guided by our crisis management purposes. However, given the importance of transactional accounts for everyday economic functioning, we think it is highly unlikely that we would want to suspend access to a portion of these deposits in a scenario in which we were deploying CoAD functionality.

Summary

So, to pull of that together. The future of OBR is that we will no longer talk about OBR.

However, we are still looking to deliver a range of resolution options that keep a bank open.

And it is still important to have a fallback resolution option for the big four banks if a group level rescue turns out not to be possible.

But resolution outcomes will now be delivered through our broader crisis management framework, particularly our crisis response waterfall.

When it comes to the OBR 'freeze' capability - CoAD functionality, as we're now calling it, will play a role in the new framework supporting a range of resolution options.

But that role will no longer require either the freezing of a portion of transactional accounts or a medium-term government guarantee.

Conclusion

We're excited about this new framework. It represents an important evolution of our resolution policy that will leave us well prepared to deal with a range of possible crisis events. That is good news for New Zealand and depositors. The framework significantly mitigates the risk of a costly financial crisis.

The framework brings us closer to the international mainstream but in a way that takes proper account of the New Zealand environment.

Full implementation will require further effort from both the Reserve Bank resolution teams and from deposit takers.

As I mentioned at the start of this talk, we are about to release a policy consultation package on crisis preparedness requirements for deposit takers. That consultation will cover:

- recovery planning and resolution pre-positioning (a Crisis Preparedness Standard);
- detailed design for the new LAC instruments for Group 1 deposit takers; and

¹⁴ Some rights under netting agreements and Financial Market Infrastructure rules – DTA section 292, and a variety of rights relating to derivatives contracts, which are subject to a short-term 'stay' instead of the longer-term moratorium - DTA sections 293-7.

- a new set of proposals for CoAD requirements that is significantly simpler than what we proposed when we last consulted in 2024. We know that implementing this standard will take some time and we will seek feedback on reasonable timeframes as part of the consultation.

That consultation will be published in mid-June. We always welcome feedback and submissions on these consultations. We take feedback seriously and really benefit from it. All of you are warmly invited to contribute.

For now, though, thank you very much for listening, I really appreciate it. I'm very interested to hear your feedback and questions on the framework I've presented today.