

Standard Conditions of Registration

Excerpt from Financial Stability Group Document BS1

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Reserve Bank
of New Zealand
Te Pūtea Matua



Appendix One: Standard Conditions of Registration

This appendix sets out standard conditions of registration for a registered bank.

A number of the conditions refer to documents in the Banking Supervision Handbook series (BS3 up to BS19) or the Banking Prudential Requirements series (BPR100 to BPR 160). Any of these documents may be updated from time to time, and the most recent version of each is available from the Banking Supervision Handbook page or Banking Prudential Requirements page on the Reserve Bank's website. The actual conditions imposed on a bank specify by date which version of each document is being referred to. For the BS documents, the version date is given in the condition, and these are shown below with a [month year] placeholder. For the BPR documents, the version dates are all given in a table at the end of the conditions.

The standard conditions for New Zealand incorporated banks vary depending on whether a bank's capital requirements for credit risk are calculated entirely under the standardised approach, or whether the bank is accredited to use the internal models based approach to calculate credit risk for some of its exposures. The actual conditions of registration imposed on an individual bank may vary depending on the circumstances of the bank.

The standard conditions also provide conditions that are part of the Reserve Bank's macro-prudential toolkit; these are the countercyclical capital buffer included within the prudential capital buffer ratio, and conditions imposing restrictions on high-LVR residential mortgage lending. These tools may be deployed at particular times, based on judgements the Reserve Bank makes about system-wide risks. Restrictions on high-LVR residential mortgage lending may also be imposed if indicators such as rapid price rises and loosening credit standards in the housing market point to an increase in system-wide risk.

I. Conditions of Registration for New Zealand Incorporated Registered Banks

Capital Requirements

1. That—
 - a. the Total capital ratio of the banking group is not less than 8 percent;
 - b. the Tier 1 capital ratio of the banking group is not less than 6 percent;
 - c. the Common Equity Tier 1 capital ratio of the banking group is not less than 4.5 percent; and
 - d. the total capital of the banking group is not less than \$30 million.

For the purposes of this condition of registration,—

"Total capital ratio", "Tier 1 capital ratio", and "Common Equity Tier 1 capital ratio" have the same meaning as in Subpart B2 of BPR100: Capital Adequacy; and

"total capital" has the same meaning as in BPR110: Capital Definitions.

[If applicable—] For the purposes of this condition of registration, the supervisory adjustment referred to in BPR100: Capital Adequacy is the sum of:

[any applicable supervisory adjustments]

- 1A. That—
- a. the bank has an internal capital adequacy assessment process (“ICAAP”) that accords with the requirements set out in Part D of BPR100: Capital Adequacy;
 - b. under its ICAAP, the bank identifies and measures its “other material risks” defined in Part D of BPR100: Capital Adequacy; and
 - c. the bank determines an internal capital allocation for each identified and measured “other material risk”.
- 1B. That, if the Prudential Capital Buffer (PCB) ratio of the banking group is 3.5% or less, the bank must—
- a. according to the following table, limit the aggregate distributions of the bank’s earnings, other than discretionary payments payable to holders of Additional Tier 1 capital instruments, to the percentage limit on distributions that corresponds to the banking group’s PCB ratio; and

The following restrictions apply to Domestically Systemically-Important Banks. Other registered banks are subject to different restrictions. Refer to the bank’s actual conditions of registration for specific restrictions.

Banking Group’s PCB Ratio	Percentage Limit on Distributions of the Bank’s Earnings	Capital Buffer Response Framework Stage
0% – 0.5%	0%	Stage 3
>0.5 – 1%	30%	Stage 2
>1 – 2%	60%	Stage 1
>2 – 3.5%	100%	None

- b. comply with the Capital Buffer Response Framework requirements as set out in Part D of BPR120: Capital Adequacy Process Requirements.

For the purposes of this condition of registration,—

“prudential capital buffer ratio”, “distributions”, and “earnings” have the same meaning as in Subpart B2 of BPR100: Capital Adequacy, except that in the formula for calculating the buffer ratio, the term “total capital requirement for operational risk” has the same meaning as in BPR150: Standardised Operational Risk; and

an Additional Tier 1 capital instrument is an instrument that meets the requirements of B2.2(2)(a), (c) or (d) of BPR110: Capital Definitions.

- 1BA. That the bank must not make any distribution on a transitional AT1 capital instrument on or after the date on which on any conversion or write-off provision in the terms and conditions of the instrument is triggered due to either a loss absorption trigger event or a non-viability trigger event.

For the purposes of this condition of registration, “transitional AT1 capital instrument” has the meaning given in section A2.3 of BPR110: Capital Definitions and “loss absorption trigger event” and “non-viability trigger event” have the meanings given in sub-section C2.2(3) of BPR120: Capital Adequacy Process Requirements.

- 1C. That—

- a. the bank must not include the amount of an Additional Tier 1 capital instrument or Tier 2 capital instrument issued on or after 1 July 2021 in the calculation of its capital ratios unless it has completed the notification requirements in Part B of BPR120: Capital Adequacy Process Requirements in respect of the instrument; and
- b. the bank meets the requirements of Part C of BPR120: Capital Adequacy Process Requirements in respect of regulatory capital instruments.

For the purposes of this condition of registration,—

an Additional Tier 1 capital instrument is an instrument that meets the requirements of subsection B2.2(2)(a) or (c) of BPR110: Capital Definitions; and

a Tier 2 capital instrument is an instrument that meets the requirements of subsection B3.2(2)(a) or (c) of BPR110: Capital Definitions.

Capital Requirements – Additional Condition for the Models-Based Approach

- 1D. That the bank must—

- a. comply with the minimum requirements for using the IRB approach set out in BPR134: IRB Minimum System Requirements;
- b. comply with the minimum requirements for using the AMA approach set out in Part B of BPR151: AMA Operational Risk;
- c. follow the process in Part E of BPR120: Capital Adequacy Process Requirements for obtaining Reserve Bank approval for any changes to any IRB credit risk model or AMA operational risk model; and
- d. maintain a compendium of approved models in accordance with the requirements of section E1.5 of BPR120: Capital Adequacy Process Requirements.

General Conditions of Registration

2. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

In this condition of registration, the meaning of “material” is based on generally accepted accounting practice.

3. That the banking group’s insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the banking group’s insurance business is the sum of the following amounts for entities in the banking group:

- a. if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and
- b. if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity’s insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group’s insurance business—

- i. all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and
- ii. if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,—

“insurance business” means the undertaking or assumption of liability as an insurer under a contract of insurance:

“insurer” and “contract of insurance” have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the banking group to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

Credit Rating of the Registered Bank ¹	Connected Exposure Limit (% of the Banking Group's Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3	70
A+/A1	60
A/A2	40
A-/A3	30
BBB+/Baa1 and below	15

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of any allowances for impairment) to non-bank connected persons shall not exceed 15 percent of the banking group's tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled "Connected Exposures Policy" (BS8) dated [month year].

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the registered bank complies with the following corporate governance requirements:
 - a. the board of the registered bank must have at least five directors;
 - b. the majority of the board members must be non-executive directors;
 - c. at least half of the board members must be independent directors;
 - d. an alternate director,—
 - i. for a non-executive director must be non-executive; and
 - ii. for an independent director must be independent;
 - e. at least half of the independent directors of the registered bank must be ordinarily resident in New Zealand;
 - f. the chairperson of the board of the registered bank must be independent; and
 - g. the bank's constitution must not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the registered bank).

¹ This table uses the rating scales of Standard & Poor's, Fitch Ratings and Moody's Investors Service. (Fitch Ratings' scale is identical to Standard & Poor's.)

For the purposes of this condition of registration, “non-executive” and “independent” have the same meaning as in the Reserve Bank of New Zealand document entitled “Corporate Governance” (BS14) dated [month year].

7. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, is made in respect of the registered bank unless:
 - a. the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - b. the Reserve Bank has advised that it has no objection to that appointment.
8. That a person must not be appointed as chairperson of the board of the registered bank unless:
 - a. the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - b. the Reserve Bank has advised that it has no objection to that appointment.
9. That the registered bank has a board audit committee, or other separate board committee covering audit matters, that meets the following requirements:
 - a. the mandate of the committee must include: ensuring the integrity of the bank’s financial controls, reporting systems and internal audit standards;
 - b. the committee must have at least three members;
 - c. every member of the committee must be a non-executive director of the registered bank;
 - d. the majority of the members of the committee must be independent; and
 - e. the chairperson of the committee must be independent and must not be the chairperson of the registered bank.

For the purposes of this condition of registration, “non-executive” and “independent” have the same meaning as in the Reserve Bank of New Zealand document entitled “Corporate Governance” (BS14) dated [month year].

10. That a substantial proportion of the bank’s business is conducted in and from New Zealand.
11. That the banking group complies with the following quantitative requirements for liquidity-risk management:
 - a. the one-week mismatch ratio of the banking group is not less than zero per cent at the end of each business day;
 - b. the one-month mismatch ratio of the banking group is not less than zero per cent at the end of each business day; and

- c. the one-year core funding ratio of the banking group is not less than 50 per cent at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated [month year] and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated [month year].

12. That the registered bank has an internal framework for liquidity risk management that is adequate in the registered bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:
 - a. is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
 - b. identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
 - c. identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and
 - d. considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

13. That no more than 10% of total assets may be beneficially owned by an SPV. For the purposes of this condition,—

"total assets" means all assets of the banking group plus any assets held by any SPV that are not included in the banking group's assets:

"SPV" means a person—

- a. to whom any member of the banking group, has sold, assigned, or otherwise transferred, any asset;
- b. who has granted, or may grant, a security interest in its assets for the benefit of any holder of any covered bond; and
- c. who carries on no other business except for that necessary or incidental to guarantee the obligations of any member of the banking group under a covered bond:

"covered bond" means a debt security issued by any member of the banking group, for which repayment to holders is guaranteed by an SPV, and investors retain an unsecured claim on the issuer.

14. That—
 - a. no member of the banking group may give effect to a qualifying acquisition or business combination that meets the notification threshold, and does not meet the non-objection threshold, unless:

- i. the registered bank has notified the Reserve Bank in writing of the intended acquisition or business combination and at least 10 working days have passed; and
 - ii. at the time of notifying the Reserve Bank of the intended acquisition or business combination, the registered bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated [month year]; and
- b. no member of the banking group may give effect to a qualifying acquisition or business combination that meets the non-objection threshold unless:
- i. the registered bank has notified the Reserve Bank in writing of the intended acquisition or business combination;
 - ii. at the time of notifying the Reserve Bank of the intended acquisition or business combination, the registered bank provided the Reserve Bank with the information required under the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated [month year]; and
 - iii. the Reserve Bank has given the registered bank a notice of non-objection to the significant acquisition or business combination.

For the purposes of this condition of registration, "qualifying acquisition or business combination", "notification threshold" and "non-objection threshold" have the same meaning as in the Reserve Bank of New Zealand Banking Supervision Handbook document "Significant Acquisitions Policy" (BS15) dated [month year].

The following three conditions only apply during a period when the Reserve Bank has decided to deploy its macro-prudential tool to restrict high-LVR lending in the residential property sector. Note that the figures set out below are purely illustrative, and should not be taken as an indication of what the Reserve Bank would impose in any particular circumstance:

15. That, for a loan-to-valuation measurement period, the total of the registered bank's qualifying new mortgage lending amounts in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than [60%], must not exceed [5%] of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
16. That, for a loan-to-valuation measurement period, the total of the registered bank's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than [80%], must not exceed [10%] of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.

17. That the registered bank must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

In conditions of registration 15 to 17,—

"loan-to-valuation ratio", "non property-investment residential mortgage loan", "property-investment residential mortgage loan", "qualifying new mortgage lending amount in respect of property-investment residential mortgage loans", "qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans", and "residential mortgage loan" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated [month year]:

"loan-to-valuation measurement period" means—

- a. the three calendar month period ending on the last day of [month year]; and
- b. thereafter a period of three calendar months ending on the last day of the third calendar month, the first of which ends on the last day of [(month+1) year].

[Alternative for banks with lower mortgage lending:

"loan-to-valuation measurement period" means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of [month year].]

In these conditions of registration,—

"banking group" means [X Bank] (as reporting entity) and all other entities included in the group as defined in section 6(1) of the Financial Markets Conduct Act 2013 for the purposes of Part 7 of that Act.

"generally accepted accounting practice" has the same meaning as in section 8 of the Financial Reporting Act 2013.

In these conditions of registration, the version dates of the Reserve Bank of New Zealand Banking Prudential Requirement (BPR) documents that are referred to in the capital adequacy conditions 1 to 1D [or 1 to 1E, as applicable], or are referred to in turn by those documents or by Banking Supervision Handbook (BS) documents, are—

BPR document	Version date
BPR100: Capital adequacy	[date month year]
BPR110: Capital definitions	[date month year]
BPR120: Capital adequacy process requirements	[date month year]
BPR130: Credit risk RWAs overview	[date month year]
BPR131: Standardised credit risk RWAs	[date month year]

BPR document	Version date
BPR132: Credit risk mitigation	[date month year]
BPR133: IRB credit risk RWAs	[date month year]
BPR134: IRB minimum system requirements	[date month year]
BPR140: Market risk exposure	[date month year]
BPR150: Standardised operational risk	[date month year]
BPR151: AMA operational risk	[date month year]
BPR160: Insurance, securitisation, and loan transfers	[date month year]
BPR001: Glossary	[date month year]

IA. Locally Incorporated Banks Whose Liabilities, Net of Amounts due to Related Parties, Exceed \$10 Billion (additional to those normally applying to all locally incorporated banks)

1. That the bank must comply with the Reserve Bank of New Zealand document "Outsourcing Policy" (BS11) dated [month year].
2. That—
 - a. the business and affairs of the bank are managed by, or under the direction or supervision of, the board of the bank;
 - b. the employment contract of the chief executive officer of the bank or person in an equivalent position (together "CEO") is with the bank, and the terms and conditions of the CEO's employment agreement are determined by, and any decisions relating to the employment or termination of employment of the CEO are made by, the board of the bank; and
 - c. all staff employed by the bank have their remuneration determined by (or under the delegated authority of) the board or the CEO of the bank and are accountable (directly or indirectly) to the CEO of the bank.

IB. Locally Incorporated Banks Whose Retail Deposits Exceed \$1 Billion (additional to those normally applying to all locally incorporated banks)

1. That the bank is pre-positioned for Open Bank Resolution and in accordance with a direction from the Reserve Bank, the bank can—
 - a. close promptly at any time of the day and on any day of the week and that effective upon the appointment of the statutory manager—
 - i. all liabilities are frozen in full; and

- ii. no further access by customers and counterparties to their accounts (deposits, liabilities or other obligations) is possible;
- b. apply a *de minimis* to relevant customer liability accounts;
- c. apply a partial freeze to the customer liability account balances;
- d. reopen by no later than 9am the next business day following the appointment of a statutory manager and provide customers access to their unfrozen funds;
- e. maintain a full freeze on liabilities not pre-positioned for open bank resolution; and
- f. reinstate customers' access to some or all of their residual frozen funds.

For the purposes of this condition of registration, "de minimis", "partial freeze", "customer liability accounts", and "frozen and unfrozen funds" have the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-Positioning Requirements Policy" (BS17) dated [month year].

2. That the bank has an Implementation Plan that—

- a. is up-to-date; and
- b. demonstrates that the bank's pre-positioning for Open Bank Resolution meets the requirements set out in the Reserve Bank document: "Open Bank Resolution (OBR) Pre-Positioning Requirements Policy" (BS17) dated [month year].

For the purposes of this condition of registration, "Implementation Plan" has the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-Positioning Requirements Policy" (BS17) dated [month year].

3. That the bank has a compendium of liabilities that—

- a. at the product-class level lists all liabilities, indicating which are—
 - i. pre-positioned for Open Bank Resolution; and
 - ii. not pre-positioned for Open Bank Resolution;
- b. is agreed to by the Reserve Bank; and
- c. if the Reserve Bank's agreement is conditional, meets the Reserve Bank's conditions.

For the purposes of this condition of registration, "compendium of liabilities", and "pre-positioned and non pre-positioned liabilities" have the same meaning as in the Reserve Bank of New Zealand document "Open Bank Resolution (OBR) Pre-Positioning Requirements Policy" (BS17) dated [month year].

4. That on an annual basis the bank tests all the component parts of its Open Bank Resolution solution that demonstrates the bank's pre-positioning for Open Bank Resolution as specified in the bank's Implementation Plan.

For the purposes of this condition of registration, “Implementation Plan” has the same meaning as in the Reserve Bank of New Zealand document “Open Bank Resolution (OBR) Pre-Positioning Requirements Policy” (BS17) dated [month year].

II. Conditions of Registration for Overseas Incorporated Registered Banks

1. That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.

In this condition of registration, the meaning of “material” is based on generally accepted accounting practice.

2. That the banking group’s insurance business is not greater than 1% of its total consolidated assets.

For the purposes of this condition of registration, the banking group’s insurance business is the sum of the following amounts for entities in the banking group:

- a. if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and
- b. if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity’s insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group’s insurance business—

- i. all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and
- ii. if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of the insurance business.

For the purposes of this condition of registration,—

“insurance business” means the undertaking or assumption of liability as an insurer under a contract of insurance:

“insurer” and “contract of insurance” have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

3. That the business of the registered bank in New Zealand does not constitute a predominant proportion of the total business of the registered bank.

4. That no appointment to the position of the New Zealand chief executive officer of the registered bank shall be made unless:
 - a. the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
 - b. the Reserve Bank has advised that it has no objection to that appointment.
5. That [name of bank] complies with the requirements imposed on it by [name of the supervisory authority in the bank's jurisdiction of domicile].
6. That [name of bank] complies with the following minimum capital adequacy requirements, as administered by [name of supervisory authority in the bank's jurisdiction of domicile]:
 - a. Common Equity Tier 1 capital of [name of bank] is not less than 4.5 percent of risk weighted exposures;
 - b. Tier 1 capital of [name of bank] is not less than 6 percent of risk weighted exposures; and
 - c. Total capital of [name of bank] is not less than 8 percent of risk weighted exposures.
7. That liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank), do not exceed NZD \$15 billion.
8. That retail deposits of the registered bank in New Zealand do not exceed \$200 million.

For the purposes of this condition retail deposits are defined as deposits by natural persons, excluding deposits with an outstanding balance which exceeds \$250,000.

This condition applies only to banks which are incorporated in a jurisdiction which has legislation which gives deposits made, or credit conferred, in that jurisdiction a preferential claim in a winding up or which do not provide adequate disclosure in the home jurisdiction.

9. That the registered bank has an internal framework for liquidity risk management that is adequate in the registered bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:
 - a. is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
 - b. identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
 - c. identifies the principal methods that the bank will use for measuring, monitoring and controlling liquidity risk; and
 - d. considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

There will also normally be a condition requiring the registered bank in New Zealand to comply with one or more minimum quantitative requirements for liquidity risk, but the specification of these requirements will vary from branch to branch.

The following three conditions only apply during a period when the Reserve Bank has decided to deploy its macro-prudential tool to restrict high-LVR lending in the residential property sector. Note that the figures set out below are purely illustrative, and should not be taken as an indication of what the Reserve Bank would impose in any particular circumstance:

10. That, for a loan-to-valuation measurement period, the total of the business of the registered bank in New Zealand’s qualifying new mortgage lending amounts in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than [60%], must not exceed [5%] of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
11. That, for a loan-to-valuation measurement period, the total of the business of the registered bank in New Zealand’s qualifying new mortgage lending amounts in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than [80%], must not exceed [10%] of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.
12. That the business of the registered bank in New Zealand must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank’s agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.

In conditions of registration 10 to 12,—

“loan-to-valuation ratio”, “non property-investment residential mortgage loans”, “property-investment residential mortgage loans”, “qualifying new mortgage lending amount in respect of property-investment residential mortgage loans”, “qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans”, and “residential mortgage loan” have the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High-LVR Residential Mortgage Lending” (BS19) dated [month year], and where the version dates of the Reserve Bank of New Zealand Banking Prudential Requirement (BPR) documents referred to in BS19 for the purpose of defining these terms are—

BPR document	Version date
BPR131: Standardised credit risk RWAs	[date month year]
BPR001: Glossary	[date month year]

“loan-to-valuation measurement period” means—

- a. the three calendar month period ending on the last day of [month year]; and
- b. thereafter a period of three calendar months ending on the last day of the third calendar month, the first of which ends on the last day of [(month+1) year].

[Alternative for banks with lower mortgage lending:

“loan-to-valuation measurement period” means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of [month year].]

In these conditions of registration,—

“banking group” means the New Zealand business of the registered bank and its subsidiaries as required to be reported in group financial statements for the group’s New Zealand business under section 461B(2) of the Financial Markets Conduct Act 2013.

“business of the registered bank in New Zealand” means the New Zealand business of the registered bank as defined in the requirement for financial statements for New Zealand business in section 461B(1) of the Financial Markets Conduct Act 2013.

“generally accepted accounting practice” has the same meaning as in section 8 of the Financial Reporting Act 2013.

“liabilities of the registered bank in New Zealand” means the liabilities that the registered bank would be required to report in financial statements for its New Zealand business if section 461B(1) of the Financial Markets Conduct Act 2013 applied.