

Reserve Bank of New Zealand Amendment Act 2006

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The Parliament of New Zealand enacts as follows:**1 Title**

This Act is the Reserve Bank of New Zealand Amendment Act 2006.

2 Commencement

- (1) Sections 5, 6, and 8 come into force on a date to be appointed by the Governor-General by Order in Council.
- (2) The rest of this Act comes into force on 1 November 2006.

3 Principal Act amended

This Act amends the Reserve Bank of New Zealand Act 1989.

4 Interpretation

Paragraph (d) of the definition of **financial institution** in section 2(1) is amended by omitting “engaged in the business of borrowing and lending money, or providing financial services, or both,”.

5 New section 67A inserted

The following section is inserted before section 67:

“67A Interpretation in this Part

In this Part, unless the context otherwise requires,—

“**action that is likely to have a detrimental effect on financial system stability in Australia** includes an action that prevents or interferes with any outsourcing arrangement

“**authorised deposit-taking institution** has the same meaning as in section 5(1) of the Banking Act 1959 of the Parliament of the Commonwealth of Australia

“**outsourcing arrangement** means an arrangement for business, or functions relating to any business, of an authorised deposit-taking institution to be carried on by a person other than that authorised deposit-taking institution

“**prescribed Australian financial authority** means an Australian public authority prescribed by regulations made under section 68A.”

6 New section 68A inserted

The following section is inserted after section 68:

“68A Trans-Tasman co-operation

- “(1) When performing functions or duties or exercising powers under this Part, the Bank must—
- “(a) support prescribed Australian financial authorities in meeting their statutory responsibilities relating to prudential regulation and financial system stability in Australia; and
 - “(b) to the extent reasonably practicable, avoid any action that is likely to have detrimental effect on financial system stability in Australia.
- “(2) Subsection (3) applies where the Bank has reasonable cause to believe that an action it proposes to take is an action that is likely to have a detrimental effect on financial system stability in Australia.
- “(3) The Bank must, to the extent it considers reasonably practicable in the circumstances having regard to urgency or other similar constraint, consult with and consider the advice of every prescribed Australian financial authority it considers to be relevant in the circumstances before taking the proposed action.
- “(4) No performance of a function or duty or exercise of a power is invalid by reason only of a failure to comply with the provisions of this section.
- “(5) The Governor-General may, by Order in Council, on the advice of the Minister given in accordance with a recommendation of the Bank, make regulations prescribing Australian financial authorities for the purposes of this section and section 121A.”

7 New section 69 substituted

Section 69 is repealed and the following section substituted:

“69 Register

- “(1) The Bank must keep a public register of persons known as registered banks.
- “(2) The Bank must determine the form of the register and may amend the form from time to time as it considers necessary.

- “(3) The Bank must take all reasonable steps to ensure that the information contained in the public register is available to members of the public at all reasonable times.”

8 New section 121A inserted

The following section is inserted after section 121:

“121A Statutory manager to avoid actions likely to have detrimental effect

- “(1) A statutory manager who has reasonable cause to believe that an action he or she proposes to take is an action that is likely to have a detrimental effect on financial system stability in Australia must—
- “(a) notify the Bank as soon as practicable; and
 - “(b) obtain the Bank’s written consent before taking that action.
- “(2) The statutory manager is not required to comply with subsection (1) if the statutory manager is satisfied that it is not reasonably practicable to do so in the circumstances, having regard to urgency or other similar constraint.
- “(3) Where the Bank receives a notification under subsection (1), it must provide details of the notification to every prescribed Australian financial authority it considers to be relevant in the circumstances before granting written consent to the statutory manager.
- “(4) The Bank is not required to comply with subsection (3) if the Bank is satisfied that it is not reasonably practicable to do so in the circumstances, having regard to urgency or other similar constraint.
- “(5) No performance of a function or duty or exercise of a power is invalid by reason only of a failure to comply with the provisions of this section.
- “(6) A statutory manager may consult a prescribed Australian financial authority about whether an action the statutory manager proposes to take is likely to have a detrimental effect on financial system stability in Australia.”

9 Protection from liability

Section 179(1) is amended by adding “; and” and the following paragraph:

“(d) every director of the Bank”.

10 Indemnity

Section 179A(2) is amended by adding the following paragraph:

“(f) every director of the Bank”.

Legislative history

27 June 2006	Introduction (Bill 63-1)
19 July 2006	First reading and referral to Finance and Expenditure Committee
3 October 2006	Reported from Finance and Expenditure Committee (Bill 63-2)
19 October 2006	Second reading
24 October 2006	Committee of the whole House (Bill 63-3)
25 October 2006	Third reading
