



Reserve Bank
of New Zealand
Te Pūtea Matua

Deposit Takers Standards – Tranche 1

Supporting information on the exposure drafts

30 October 2025

CONSULTATION
PAPER



Submission details

The Reserve Bank of New Zealand – Te Pūtea Matua invites submissions on these exposure drafts by 5.00pm on 30 January 2026. Please note the disclosure on the publications of submissions below.

Submissions and enquiries

You should make your submission by email at: dta@rbnz.govt.nz

Publication of submissions

We will publish your submission on the Reserve Bank's website.

We will make all information in submissions public unless you indicate you would like all or part of your submission to remain confidential. If you would like part of your submission to remain confidential you should provide both a confidential and a public version of your submission. Apart from redactions of the information to be withheld (i.e., blacking out of text) the two versions should be identical. You should ensure that redacted information is not able to be recovered electronically from the document; the redacted version will be published as received.

If you want all or part of your submission to be treated as confidential, you should provide reasons why this information should be withheld if a request is made for it under the Official Information Act 1982 (OIA). These reasons should refer to the grounds for withholding information under the OIA. If an OIA request for redacted information is made, we will make our own assessment of what must be released taking your views into account.

We may also publish an anonymised summary of the submissions received in respect of this exposure draft.

How to have your say

You can have your say by uploading a PDF of your submission. Each chapter contains its own questions, and a complete list of the questions are shown in the annex below.

Navigating this document

This Consultation Paper has been released alongside exposure drafts for four Deposit Takers Standards (the **tranche 1 standards**) to be made under the Deposit Takers Act 2023 (the **DTA**) and supporting Guidance. It also includes a policy consultation relation to Group Supervision.

The document begins with an Introduction to provide the background to the development of the standards as a whole. It is then split into chapters, one for each tranche 1 standard.

- Chapter 1: Liquidity Standard
- Chapter 2: Depositor Compensation Scheme (DCS) Standard
- Chapter 3: Lending Standard
- Chapter 4: Incorporation outside New Zealand Standard
- Chapter 5: Group Supervision Policy for deposit takers

The document uses consecutive paragraph numbering throughout. Other numbered features, such as consultation questions, are also numbered consecutively. This will aid us in the coordination of submissions on the Consultation Paper. You can read and respond to each chapter separately.

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Introduction

1. The Reserve Bank of New Zealand – Te Pūtea Matua (the **Reserve Bank**) is consulting on our exposure drafts of new prudential standards to be made under the Deposit Takers Act 2023 (**DTA**).
2. The DTA creates a single, modern regulatory regime for all financial institutions in the business of “borrowing and lending money” in New Zealand - this includes banks and non-bank deposit takers (**NBDTs**).
3. As the kaitiaki (guardian) of the financial system, we design rules to protect and promote the stability of the financial system. Financial stability can be considered a public good that enables communities and businesses to engage in a well-functioning financial system that allocates resources and manages risk throughout the real economy.
4. Our rules seek to avoid the major costs and disruption that could result from the failure of one or more deposit takers. As we saw in the Global Financial Crisis, failure of deposit takers can have wide ranging and long-term impacts for individuals, communities and businesses.
5. The DTA represents a paradigm shift in the way we approach financial stability. The introduction of the Depositor Compensation Scheme (**DCS**) and our new regulatory powers have come with statutory purposes that focus not just on systemic stability, but also on individual entity soundness. These features are a complementary package. The DCS provides benefits to all deposit takers and depositors through socialising the cost of failure, and this is accompanied by a new set of prudential standards to ensure entities benefiting from the DCS are individually safe and sound.
6. The Deposit Taker Standards (the **standards**) will replace our existing prudential requirements that are currently contained in several different sets of documents.¹ Importantly, the standards will be secondary legislation unlike most of our existing non-legislative prudential requirements. The standards will set the rules that deposit takers must meet to be safe and sound enough to take deposits from the public and benefit from the DCS.
7. We, the Reserve Bank, may issue standards if we are satisfied they are necessary or desirable to achieve one or more of the purposes of the DTA. The main purpose of the DTA is to promote the prosperity and well-being of New Zealanders and contribute to a sustainable and productive economy by protecting and promoting the stability of the financial system. There are also four additional purposes of the DTA, which are:
 - to promote the safety and soundness of each deposit taker;
 - to promote public confidence in the financial system;
 - to the extent not inconsistent with the main purpose or the other three additional purposes, to support New Zealanders having reasonable access to financial products and services provided by the deposit-taking sector; and
 - to avoid or mitigate adverse effects of the risks to the stability of the financial system and risks from the financial system that may damage the broader economy.

¹ These documents include the Banking Supervision Handbook, Banking Prudential Requirements, disclosure Orders in Council and notices made under section 80 of the Banking (Prudential Supervision) Act 1989. NBDTs have a separate set of rules that are also being consolidated.

8. The DTA also sets out statutory principles that we must take into account in achieving these statutory purposes. These principles include the desirability of many aspects of entity soundness, but also the desirability of taking a proportionate approach to regulation, the need to maintain competition in the sector, and the need to avoid unnecessary compliance costs.
9. Unlike the policy consultation papers which were consulted on as Core Standards (in May 2024) and Non-Core Standards (in August 2024) the exposure drafts will be released in three tranches. This document represents tranche 1 with tranches 2 and 3 to follow in 2026. This process allows us to take into account the findings of the Capital Review² and more evenly spread the consultation load.
10. Building on from our previous policy consultation, we are now seeking technical feedback on the exposure draft versions of the standards. We are not seeking feedback on the broader policy proposals. The purpose of this consultation phase is to seek technical input on whether the drafting delivers on our outlined policy intent, as outlined in our summaries of submissions³. We are also asking for feedback in relation to specific technical policy areas, including in relation to our Group Supervision policy.
11. We are aiming for drafting that is legally effective, enforceable, provides certainty, describes legal and industry concepts conventionally and uses words and phrases in a consistent way. Quality drafting will reduce compliance costs for industry and make us more effective as a regulator. We would like to be assessed against the standard set by the Parliamentary Counsel Office and value feedback with that in mind.
12. Draft Guidance has been provided with each exposure draft in tranche 1 and is also intended to be provided with the remaining tranches. Guidance is designed to support the standards by explaining requirements in more detail.
13. In some cases, where standards are principle-based (e.g. requiring a deposit taker to have processes or controls to achieve an outcome) the Guidance includes more detail on the Reserve Bank's view of factors that could be relevant to evaluating a deposit taker against that standard. In cases where we consider that what 'good' looks like is already well-established, we have not included a best-practice description in Guidance. The form and length of Guidance will therefore vary depending on the nature of a standard and the topic being discussed. We welcome views on the appropriateness of the draft Guidance, for example, in terms of the scope of issues and level of detail.
14. In some cases, the draft standards and Guidance refer to the expected substance of standards that are yet to be released (but will be included in either tranche 2 or 3 of this process). We understand that submitters will not be able to fully comment on these interactions until after those other standards are being consulted on and things can be viewed as a 'package'. Comments on those interactions are welcome now, but we accept that feedback on future tranches may also cast back to this tranche 1, as how those interactions are intended to work in practice become clearer.

² Final decisions will be made in December 2025. Further detail is available on the Capital Review at: [2025 Review of key capital settings - Reserve Bank of New Zealand - Te Pūtea Matua](#)

³ Summary of submissions are available at:
[Deposit Takers Core Standards - Reserve Bank of New Zealand - Citizen Space](#)
[Deposit Takers Non-Core Standards - Reserve Bank of New Zealand - Citizen Space](#)

15. This consultation document is designed to support consultation on the exposure drafts and it is not intended an equivalent document will be released with the final standards. This document identifies specific decisions that were made in preparing the exposure drafts and identifies specific questions that will support development towards the final standards. Each standard provides the opportunity for stakeholders to submit on any area of the standard including where no specific question has been raised.
16. In addition to consulting on the tranche 1 standards, this consultation also seeks feedback on our proposed Group Supervision Policy. The policy proposes to formalise the approach we have taken since becoming a group supervisor for the first time in 2024 and generalise it so that it could be applied to other New Zealand deposit takers that also operate overseas. The tranche 1 exposure drafts include elements of our proposed Group Supervision Policy (and subsequent tranches will also do so).



Reserve Bank
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Chapter 1

Liquidity Standard

Supporting information on the exposure draft

30 October 2025

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1 Non-technical summary

17. The purpose of the Deposit Takers (Liquidity) Standard (the **Liquidity Standard**) is to set out both the qualitative and quantitative liquidity requirements for deposit takers.⁴ These requirements help ensure that deposit takers are appropriately and prudently managing their liquidity risk and can meet their financial obligations when they come due.
18. Since 2010, banks have been subject to the Reserve Bank's Liquidity Policy (**BS13**) and Liquidity Policy Annex: Liquid Assets (**BS13A**). In 2021, the Reserve Bank conducted a thematic review of banks' compliance with this policy.⁵ This review provided us with deeper insights into the banking industry's practices relating to the management and monitoring of liquidity risk. From 2022 to 2025, the Reserve Bank conducted a comprehensive review of the policy, known as the Liquidity Policy Review (**LPR**). As part of the LPR, some significant policy decisions were made, which include the tightening of eligibility criteria for liquid assets, the retention of our quantitative liquidity requirements, and the application of our liquidity requirements in a proportionate manner.
19. The Liquidity Standard, which will reflect the policy decisions taken as part of the LPR, replaces both BS13 and BS13A. The Liquidity Standard will be complemented by Liquidity Guidance (which is also being consulted on at this time).
20. The Liquidity Guidance complements the Liquidity Standard by providing more detail around some of the requirements in the Liquidity Standard, as well as outlining some good prudential practices that deposit takers may wish to consider in managing liquidity risk. The Liquidity Guidance does not contain any requirements for deposit takers.

2 Policy development

21. The exposure draft is the next step in developing the Liquidity Standard. The policy decisions reflected in this exposure draft were subject to public consultation as part of the LPR and the DTA Core Standards consultation. More information on the LPR and the DTA Core Standards consultation can be found here:
<https://www.rbnz.govt.nz/have-your-say/2022/review-of-liquidity-policy>
22. Key milestones for the LPR include:
 - **February 2022:** release of the first consultation paper (**C1**), an 'issues and scoping' consultation paper, which contained six proposed principles for the LPR.
 - **June 2022:** release of the Reserve Bank's summary of submissions and key decisions for C1, including finalisation of the six LPR principles.⁶
 - **February 2023:** release of the second consultation paper (**C2**) for the LPR, which included significant policy issues such as the eligibility criteria for liquid assets, the retention of our existing quantitative liquidity requirements (the Mismatch Ratio and Core Funding Ratio) or adoption of international quantitative liquidity requirements (the Basel Committee on Banking Supervision's Liquidity Coverage Ratio and Net Stable Funding Ratio), and proportionality.

⁴ The Liquidity Standard applies to Group 1, Group 2, and Group 3 deposit takers under the Reserve Bank's [Proportionality Framework](#).

⁵ [Thematic review of compliance with liquidity policy - Reserve Bank of New Zealand - Te Pūtea Matua](#).

⁶ The six LPR principles can be found in the documents that are linked above in this section.

- **December 2023:** release of the Reserve Bank's summary of submissions and key decisions for C2, which resulted in a tightening of our eligibility criteria for liquid assets and a decision to establish a Committed Liquidity Facility (CLF). It was also decided to retain and amend our existing quantitative liquidity requirements and apply our liquidity requirements in a proportionate manner.
- **May 2024:** release of the third consultation paper (C3) for the LPR as part of the broader consultation on DTA Core Standards, which included proposed amendments to our quantitative liquidity requirements and streamlined/clarified qualitative liquidity requirements.
- **May 2025:** release of the Reserve Bank's summary of submissions and key decisions for C3 as part of the broader summary of submissions on DTA Core Standards. Decisions included amendments to our quantitative liquidity requirements, including the removal of the one-week Mismatch Ratio. The removal of the one-week Mismatch Ratio follows, and is supported by, our decision to tighten the eligibility criteria for liquid assets as part of the LPR. It was also decided to streamline and clarify our qualitative liquidity requirements, largely as proposed.
- **October 2025:** release of the draft Liquidity Standard (exposure draft) and Liquidity Guidance for consultation.

3 Exposure draft

23. The exposure draft is intended to follow the policy determined in the previous consultation documents and amended as a result of submissions as linked above. As part of developing the exposure draft more detailed decisions have needed to be made. In particular, we draw your attention to the points below.

3.1 Qualitative liquidity requirements

24. The qualitative liquidity requirements contained in the exposure draft reflect decisions announced in May 2025. It should be noted, however, that qualitative requirements which are relevant to liquidity but with broader applicability beyond just liquidity risk (such as those related to the risk management strategy, risk appetite, and stress testing) will be contained in the Reserve Bank's forthcoming Risk Management Standard rather than the Liquidity Standard. This will help reduce any overlap in requirements across standards.
25. The qualitative liquidity requirements in the exposure draft are principle-based and provide deposit takers with flexibility in how they achieve compliance. However, we seek feedback on this approach and whether it has been implemented appropriately in the exposure draft.

3.2 Level 1 and Level 2 quantitative requirements

26. Going forward, the Reserve Bank's prudential standards may be applied on both a 'Level 1' and 'Level 2' basis, according to the circumstances of the deposit taker. Level 1 requirements are applied to the New Zealand deposit taker and any of its New Zealand subsidiaries ('standalone requirements'); Level 2 requirements are applied to the Level 1 entity and any of its overseas subsidiaries ('consolidated requirements').
27. For most deposit takers, only Level 2 requirements are expected to apply, which is consistent with the application of the Reserve Bank's liquidity requirements to date.

28. We are proposing to allow reciprocity for local currency liquid assets in overseas subsidiaries in cases where we consider that there is sufficient alignment between our approaches and the approach of the host jurisdiction. This would be assessed on a case-by-case basis for each jurisdiction but is expected to be permitted for qualifying Australian dollar denominated liquid assets in Australian subsidiaries.

3.3 Liquid asset haircuts

29. Haircuts for liquid assets under the Mismatch Ratio (**MMR**) and simplified mismatch Ratio (**sMMR**) will be applied using the same framework and methodology used by the Reserve Bank for its liquidity facilities, which is reflected in the exposure draft.⁷
30. The Liquidity Standard will not contain its own set of haircuts, as was contained in BS13A.

3.4 Limit on eligibility of RMBS (including covered bonds) and RCDs

31. We do not intend to carry over the eligibility limits on Residential Mortgage-Backed Securities (**RMBS**) and Registered Certificates of Deposit (**RCDs**) into the Liquidity Standard itself.
32. The limit on RMBS (including covered bonds) eligibility for the MMR in BS13A exists so that banks do not place an over reliance on the Reserve Bank's liquidity facilities in meeting their MMR (liquid asset) requirements. However, given that the amount of CLF may be limited ('capped') under the new liquidity framework, an explicit limit for RMBS (including covered bonds) may no longer be necessary. Additionally, the Reserve Bank can, through a condition of license, specify a quantity (for example, a discount factor <1) by which a deposit taker must multiply its RMBS.
33. The BS13A eligibility limit for RCDs is in place to address concerns over these securities becoming illiquid (or less liquid) in a stress. However, the concerns over the liquidity of RCDs in a stress will be addressed by the fact that these securities will be a CLF-eligible asset under the new liquidity framework. The Reserve Bank can, through a condition of license, specify a quantity (for example, a discount factor <1) by which a deposit taker must multiply its RCDs.

3.5 Government agencies

34. In our DTA Core Standards Summary of Submissions and Policy Decisions for liquidity (1 May 2025), we noted that deposits from government agencies would be classified as 'market funding' and be subject to a 100% run-off rate under the MMR.
35. We have received concerns over this approach and heard that this may not be the appropriate treatment for such deposits. Ultimately, we want to calibrate liquidity requirements using assumptions that reflect stress scenarios to help ensure financial stability (per LPR principle 1).
36. As such, we are open to hearing any views on what government agency deposits (if any) should be subject to a 100% run-off rate rather than the size band approach in the MMR.

⁷ See section below regarding the renaming of the Cashflow Coverage Ratio to the Simplified Mismatch Ratio.

3.6 Approach for the treatment of intermediated deposits

- 37. The exposure draft would allow deposit takers to treat intermediated deposits as deposits held by the underlying depositors when determining run-off rates under certain circumstances.
- 38. The draft Liquidity Guidance contains information to supplement this provision in the Liquidity Standard.
- 39. This approach is intended to be principles-based. We are interested in whether this approach appropriately balances our prudential objectives while allowing deposit takers to use appropriate discretion and judgement.

3.7 Cap on cash inflows

- 40. In our DTA Core Standards Summary of Submissions and Policy Decisions for liquidity (1 May 2025), we decided to place a limit on the maximum amount that cash inflows can be used to offset cash outflows. This was to ensure that deposit takers are required to hold at least some liquid assets (including CLF) and there are not cases where the denominator is negative (cash inflows exceed cash outflows).
- 41. The exposure draft includes a 75% cap on cash inflows, which aligns with the Basel Committee on Banking Supervision's Liquidity Coverage Ratio. However, as noted in our May 2025 decisions, the appropriate size of this cap on cash inflows will be confirmed as part of the quantitative impact study.

3.8 Cap on Level 2 liquid assets

- 42. The MMR limits holdings of Local Government Funding Agency (LGFA) securities and Kauri bonds ('Level 2 liquid assets') to no more than 25% of total liquid assets, unless otherwise eligible for the CLF. In certain cases (for example, where a deposit taker has a proportionately large amount of Level 2 liquid assets that may exceed the 25% cap but still count towards MMR as CLF eligible assets), it may be necessary to perform several cross-checks to calculate total liquid assets.
- 43. We are open to considering other formulations of this cap that give effect to the policy intent. Please raise any concerns or suggestions in response to Q3 or Q4 below.

3.9 Limits on undrawn committed lines (UCLs) granted to deposit takers

- 44. Given that the concept of 'total funding' will no longer exist under the MMR, the exposure draft applies limits on UCLs as a proportion of total liquid assets (including CLF) rather than total funding. The limits for UCLs granted to deposit takers contained in the exposure draft are 10% (of total liquid assets) for a UCL from any one provider, and the lower of 30% (of total liquid assets) of total UCLs from all providers or 0.1% of total assets of all New Zealand deposit takers.
- 45. The limit on total UCLs is intended to help address the risk of contagion arising from the use of UCLs in a stress.

3.10 Derivatives outflows/inflows and netting

46. The phrase 'money consideration under a derivative' is used in the exposure draft to capture derivatives cash outflows/inflows. While not previously consulted on, the exposure draft is designed to allow (not require) the netting of derivatives inflows and outflows where a valid master netting agreement exists. We believe this change to the treatment of derivatives inflows and outflows would help avoid any undesired (and potentially outsized) impacts on deposit takers' MMR due to the proposed 75% cap on cash inflows. The draft Liquidity Guidance also addresses this matter.

3.11 Committed Liquidity Facility

47. The exposure draft itself does not establish a cap on the amount of CLF-eligible assets that can contribute towards a deposit taker's MMR. Instead, the Reserve Bank can establish a cap via deposit takers' conditions of license.
48. On 10 September 2025, the Reserve Bank released a consultation on design considerations for the CLF.⁸ The draft guidance on the CLF should be seen as indicative and subject to change given that final decisions on the CLF have not yet been made. This section of the guidance will be finalised before issuance of the Liquidity Standard after final decisions on the CLF have been made.

3.12 Renaming of Cashflow Coverage Ratio to the Simplified Mismatch Ratio (sMMR)

49. The renaming of the Cashflow Coverage Ratio to the Simplified Mismatch Ratio better reflects the fact that this metric is the simplified version of the MMR that generally applies to Group 1 and Group 2 deposit takers.

3.13 Run-off rate for funding due to be paid to another deposit taker upon maturity, for Group 3 deposit takers

50. Given that a number of Group 3 deposit takers pay out maturing term funding to another deposit taker where that is instructed by the depositor, and reinvestment of such funding cannot be expected, the exposure draft treats funding that is due to be paid to another deposit taker upon maturity at a 100% run-off rate under the sMMR.

4 Quantitative Impact Study (QIS)

51. As was noted in the early stages of the LPR, we intend to conduct a QIS prior to finalisation of the Liquidity Standard. The purpose of the QIS is to verify that the quantitative liquidity requirements (the Mismatch Ratio, Core Funding Ratio, and Simplified Mismatch Ratio) are calibrated appropriately and do not result in any material weakening (or strengthening) of liquidity requirements.
52. Later this year, we intend to send deposit takers (that are subject to these quantitative liquidity requirements) the proposed liquidity reporting forms for these requirements. We intend to request that deposit takers complete and submit these reporting forms alongside their regular liquidity

⁸ <https://www.rbnz.govt.nz/hub/news/2025/09/consultation-on-the-liquidity-management-review-opens>

reporting, on a voluntary best-efforts basis. Participation in the voluntary QIS is strongly encouraged to help ensure that our quantitative liquidity requirements have been calibrated appropriately.

5 Specific questions

- | | |
|----|---|
| Q1 | Does the exposure draft accurately set out the Reserve Bank's liquidity requirements (both qualitative and quantitative), including decisions taken as part of the LPR?

If not, what areas of the exposure draft may require revision? |
| Q2 | Would the exposure draft and draft Guidance, as currently drafted, create any unintended outcomes? If so, please specify any issues and potential solutions. |
| Q3 | Do you have comments on the formulation of caps in the Liquidity Standard, such as caps in relation to cash inflows, undrawn committed lines, and various components of liquid assets? |
| Q4 | Do you have any views on what deposits from government agencies (if any) should be subject to a 100% run-off rate or the size band approach under the MMR? |
| Q5 | Do you have any other comments on the attached exposure draft of the Liquidity Standard? |
| Q6 | Do you have any other comments on the attached draft of the Guidance to support the Liquidity Standard? |



Reserve Bank
of New Zealand
Te Pūtea Matua

Chapter 2

Depositor Compensation Scheme Standard

Supporting information on the exposure draft

30 October 2025

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1 Non-technical summary

53. The Deposit Takers (Depositor Compensation Scheme) Standard (the **DCS Standard**) will provide specific requirements for the Depositor Compensation Scheme (DCS) that has operated since 1 July 2025. The DCS Standard will replace the Deposit Takers (Depositor Compensation Scheme Transitional Provisions) Standard 2025 (the Transitional Standard) which has been in force since 1 July 2025 and is available at [Depositor Compensation Scheme Transitional Provisions Standard published - Reserve Bank of New Zealand - Te Pūtea Matua](#).
54. The Transitional Standard covers the transitional period between the DCS going live on 1 July 2025 and the remaining provisions of the Deposit Takers Act 2023 coming into force in 2028. The DCS Standard will include updated versions of the DCS depositor page and alternate model requirements in the Transitional Standard but also adds new requirements about disclosure and use of the DCS logo and supporting information as well as the contents of a Single Depositor View (SDV) file to be collated by deposit takers.

2 Policy development

55. The exposure draft is the next step in developing the DCS Standard. The policy decisions reflected in this exposure draft were subject to public consultation from 16 May 2024 until 16 August 2024. A copy of this consultation is available at [Deposit Takers Core Standards - Reserve Bank of New Zealand - Citizen Space](#).
56. 26 submissions were received on this consultation and are available at https://consultations.rbnz.govt.nz/dta-and-dcs/deposit-takers-core-standards/user_uploads/deposit-taker-core-standards-consultation-submissions.zip.
57. A summary of these submissions and our response to them is available at https://consultations.rbnz.govt.nz/dta-and-dcs/deposit-takers-core-standards/user_uploads/deposit-takers-core-standards.pdf.
58. The DCS Standard will replace the Deposit Takers (Depositor Compensation Scheme Transitional Provisions) Standard 2025 (the **Transitional Standard**). While the DCS Standard is more comprehensive than the Transitional Standard, there is overlap in the requirements – particularly between Part 2 of the Transitional Standard and Part 2 of the DCS Standard.

3 Exposure draft

59. The exposure draft is intended to follow the policy determined in the 2024 consultation document and amended as a result of submissions as linked above. As part of developing the exposure draft more detailed decisions have needed to be made. In particular, we draw your attention to the points below.

3.1 Disclosure

60. The Guidance refers to DCS brand use guidelines. The DCS brand use guidelines have been made available to all deposit takers who can voluntarily use the DCS logo until 2028 and will be required to use the DCS logo in accordance with the DCS Standard. These guidelines are not currently publicly available. If you need access to the logo or guidelines, email dcx@rbnz.govt.nz

3.2 DCS depositor page

61. We understand that some deposit takers may be providing DCS depositor page access to business banking customers who have administrator rights, such as the ability to create/edit other user profiles. Some of these administrators may not have full transaction permissions so may not meet the definition of authorised individual in the DCS Standard (nor the Transitional Standard which uses the same definition). We have no concerns with these administrators providing depositor information but this is not reflected in the exposure draft. We welcome submissions on whether further changes are required to address this issue, such as adding all individuals who can create authorised individuals to themselves be authorised individuals even if they cannot do transfers.
62. We have received previous submissions regarding accounts that require more than one person to authorise a payment – referred to as ‘n to sign’. The Transitional Standard does not explicitly address this and would allow any of these authorised individuals to individually submit an alternate account to a DCS depositor page. We note the difficulty in designing requirements to deal with these situations and have also not proposed any specific provisions in the exposure draft in order to reduce system build costs for deposit takers. We welcome submissions detailing pragmatic proposals that would address this issue without imposing overly burdensome costs on deposit takers.
63. The DCS Standard (and the Guidance) require a deposit taker to identify each depositor for which a person is an authorised individual and allow depositor information to be provided for each of those. This is consistent with the intended approach in the Transitional Standard; however, the requirements have been made more explicit. Requiring the deposit taker to identify these authorisations rather than other approaches, such as providing free text boxes for the authorised individual to do the same, will reduce the chance of depositors and depositor information being incorrectly linked. For example, where names are entered differently or where the authorised individual does not know the unique ID assigned by the deposit taker. We expect this approach should be relatively easy for deposit takers to implement when a person is an authorised individual in simple structures, such as the one provided as an example in the Guidance. However, in more complex structures such as large corporate groups, particularly with differing ownership, this may be more difficult. We welcome submissions on how we can assist deposit takers to comply with this requirement, such as allowing free text boxes where certain requirements are met.

3.3 Alternate model

64. We have proposed limiting availability of an alternate model to deposit takers who do not have account software or do not offer transactional accounts. Transactional accounts have been identified based on the debt securities listed in regulation 5 of the Deposit Takers Regulations 2025. We note that Bank of England, for a separate purpose, in 2024 proposed defining transactional accounts as those more than nine transactions in a three-month period and classified banks based on how many accounts met that criteria⁹ - [Amendments to the Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities \(MREL\) | Bank of England](#) footnote 20. We welcome submissions on whether a different approach to that suggested in the exposure draft would be preferable.

⁹ The BOE number was 40,000-80,000 transactional accounts; however, as noted this is for a different purpose. If we were to follow a similar route, particularly given alternate models are expected to be utilised predominantly by Group 3, this number would need to be much lower.

3.4 Single Depositor View

65. Physical and postal addresses for depositors and authorised individuals have been made less specific than in the consultation document. This reflects comments from stakeholders to allow for more flexibility in how they record addresses.
66. The aggregate account balance and accrued interest fields have been removed when compared with the proposed SDV variables in the consultation document. The aggregate compensation amount has been retained but with the word aggregate removed and moved up to be a depositor level variable. This amount should include the depositor's share of any joint accounts, accrued interest and the \$100,000 compensation cap (including where the depositor is flagged as potentially having a temporary high balance).
67. No decisions have yet been made on a temporary high balance as contemplated by a regulation under section 203 of the DTA. We have proposed an SDV variable to identify any accounts potentially eligible for a temporary high balance entitlement under a future regulation, if any. The Reserve Bank would need to request additional information for depositors with this flag so it could manually determine any entitlement above \$100,000. If an account is flagged as potentially having a temporary high balance and the balance owing exceeds \$100,000 then the total compensation amount should still be recorded as \$100,000.
68. We have included a new SDV variable to flag whether an account is a temporary account – such as a suspense account or a clearing account. We are aware that some temporary accounts will be allocated to a specific depositor and others may not be. Only accounts that can be attributed to a depositor, rather than those that operate at a deposit taker level are required to be included in the SDV. It is likely that RBNZ will need to manually intervene to determine the correct response for accounts identified as temporary in the SDV.
69. Where accrued interest is a mixture of credit and debit interest these amounts should be netted into a single figure per account. Where the net amount of accrued interest is negative (i.e. owing to the deposit taker) the accrued interest figure in the SDV should be nil. Under section 218 of the DTA, the amount of accrued interest paid may be different to the amount provided in the SDV.

4 SDV aggregate reporting

70. The core standards consultation document, on pages 176 and 177, included proposals on SDV quarterly aggregate reporting. This reporting is based on similar variables that continue to be proposed for the overall SDV file. SDV quarterly aggregate reporting is still proposed; however, it is now proposed to be included in the Reporting Standard, that will be subject to an exposure draft in early 2026, rather than the DCS Standard. Additional detail on these proposals will be included with the exposure draft of the Reporting Standard.

5 Data submission requirements

71. A separate DCS data submission requirements document has been released for consultation alongside the Guidance. This document provides additional information to support deposit takers in preparing and, if required, supplying to the Reserve Bank, SDV information. We welcome submissions on any items in this document and a final version will be released alongside the final DCS Standard and Guidance.

6 Specific questions

- Q7** Do you agree that a DCS depositor page should accept alternate account details from any authorised individual even if that person could not manage that account without approval from another person (n to sign)? If not, please provide suggestions on how this could be cost effectively managed by deposit takers.
- Q8** Do you agree with the proposal that the alternate model would only be available to deposit takers who do not offer transactional accounts, and the proposed approach to identify which deposit takers offer transactional accounts?
- Q9** DCS depositor page data will be provided to the RBNZ as it is received (for example, every 24 hours). Will you have any system constraints if subsequent transfers contain only depositor data that is new since any previous data transfers (delta data)?
- Q10** Account authority SDV variables have been included as an account level variable to reflect submissions on the consultation document. We expect that some or many authorities may be provided at the depositor level and welcome submissions on the appropriate treatment.
- Q11** Do you foresee any difficulty in identifying temporary accounts as identified in row 36 of the table in the Guidance? Are there any further actions the DCS Standard could include that would assist, for example a delay in collating this information compared with the other SDV variables, and if so how long would be appropriate?
- Q12** As referred to in the data submission guidelines, are there any technical or non-technical constraints that would prevent your institution from implementing asymmetric encryption?
- Q13** Do you have any other comments on the attached exposure draft of the DCS Standard?
- Q14** Do you have any other comments on the attached draft of the Guidance to support the DCS Standard?



Reserve Bank
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Te Pūtea Matua

Chapter 3

Lending Standard

Supporting information on the exposure draft

30 October 2025

CONSULTATION
PAPER



1 Non-technical summary

72. The Deposit Takers (Lending) Standard (the **Lending Standard**) provides borrower-based macroprudential policy tools, which are designed to reduce systemic risks to the stability of the financial system related to the residential property sector. The specific tools in the Lending Standard are:
- Loan-to-value ratio (LVR) restrictions, which limit the amount of lending deposit takers can provide to borrowers where the loan amount is large relative to the value of the property used as collateral (for example, where the borrower has a low deposit).
 - Debt-to-income (DTI) restrictions, which limit the amount of lending deposit takers can provide to borrowers who have a large amount of debt relative to their income.
73. Requirements for LVR restrictions are currently set out in the LVR framework document, BS19: Framework for Restrictions on High Loan-to Value Residential Mortgage Lending, which we published in June 2013. LVR restrictions were introduced in October 2013.
74. Requirements for DTI restrictions are currently set out in the DTI framework document, BS20: Framework for Restrictions on High Debt-to-Income Residential Mortgage Lending, which we published in April 2023 (where many definitions and requirements were based on BS19). DTI restrictions were introduced in July 2024.
75. The Lending Standard will replace both BS19 and BS20. There is also accompanying draft Guidance, which should be read alongside the exposure draft of the Lending Standard.

2 Policy development

76. The exposure draft is the next step in developing the Lending Standard. The policy decisions reflected in this exposure draft were subject to public consultation on 21 August 2024 until 22 November 2024. A copy of this consultation is available at [Deposit Takers Non-Core Standards Consultation Paper](#).
77. 25 submissions were received on this consultation and are available at [Deposit Takers Non-Core Standards - Reserve Bank of New Zealand - Citizen Space](#)
78. In July 2025, we published a summary of these submissions and our response to these, which is available at [DTA Non-core Standards - Summary of Submissions and Policy Decisions](#)
79. As reflected in our policy decisions, given the recent introduction of DTI restrictions, we did not feel that major changes to borrower-based macroprudential policy requirements needed to be considered in developing the Lending Standard. However, there have been some technical adjustments to some of these requirements as the Lending Standard has been drafted. We touch on some of these below.

3 Exposure draft

80. The exposure draft of the Lending Standard is intended to follow the policy decisions that were published in July 2025 (as linked above). As part of developing the exposure draft of the Lending

Standard (**draft Lending Standard**) more detailed decisions have needed to be made. In particular, we draw your attention to the points below.

3.1 Structure of the Lending Standard

81. The draft Lending Standard integrates the requirements for LVR and DTI restrictions (as in BS19 and BS20), complemented by a guidance note. It is noted that the draft Lending Standard has a different structure compared to the current policy set out in BS19 and BS20. However, the policy intent remains the same in providing for borrower-based macroprudential policy tools.
82. The draft Lending Standard specifies criteria, determining which residential housing loans are to be included in the calculation of qualifying credit amounts and therefore subject to LVR and DTI restrictions. These criteria are based on:
 - the nature of the security; and
 - the nature of the lending.
83. The calculation of qualifying credit amounts in the draft Lending Standard works out to be the same as the calculation of qualifying new mortgage lending amounts in BS19 and BS20. Note that loans in the 'nature of lending' categories aggregate to equal total residential housing loans, where most of the categories are analogous to the exemption categories in BS19 and BS20 (and the 'ordinary finance' category captures all loans that are not 'exempt').
84. Essentially, the structure of the draft Lending Standard determines the nature of the lending first, then the LVR and DTI ratio, which then determines which loans are included in the calculation of qualifying credit amounts. This differs from BS19 and BS20, which start with residential housing loans, then subtract any of those loans that are 'exempt' and exceed high-LVR and/or high-DTI thresholds to derive qualifying credit amounts.
85. The reporting requirements for LVR and DTI data will not materially change as a result of the structure of the draft Lending Standard. However, having a requirement to identify the nature of lending near the start means that the draft Lending Standard makes it clearer that it is necessary to report loans in nature of lending categories (previously known as exemptions) that are below high-LVR and/or high-DTI thresholds. It is important to be as accurate as possible in reporting loans in nature of lending categories that are below high-LVR and/or high-DTI thresholds as this data can help to inform future calibrations of LVR and DTI settings.

3.2 LVR and DTI exemptions

86. Exemptions to LVR and DTI restrictions reduce administrative efficiency of these restrictions by minimising regulatory costs, market distortions and unintended consequences. There are currently eight types lending that are exempt from LVR and DTI restrictions (as outlined in BS19 and BS20). These exemptions have not been reviewed since LVR restrictions were introduced in 2013 and were carried over to DTI restrictions when they were introduced last year (except combined collateral, which is not applicable to DTI restrictions).
87. In developing the draft Lending Standard, there has been some technical adjustments to some of the wording of the current LVR and DTI requirements (as set out in BS19 and BS20). As noted

above, exemptions have been framed as nature of lending categories in the draft Lending Standard, where some exemption categories have been renamed for clarity. These are:

- Bridging finance.
- Kāinga Ora first home purchase, which is labelled as Housing New Zealand's Mortgage Insurance Scheme in BS19 and Kāinga Ora's First Home Loan scheme in BS20.
- New build finance and new build purchase, which split the construction loan category (as per BS19 and BS20) into two. Note that:
 - New build finance is analogous to financing the construction of a new property, where the borrower commits by an 'early stage' of construction.
 - New build purchase is where the borrower is purchasing a newly completed property.
- Refinancing.
- Remediation finance, which is labelled as property remediation in BS19 and BS20.
- Security substitution, which is labelled as a portability loan in BS19 and BS20.

88. The policy intent remains the same as in BS19 and BS20, where LVR and DTI restrictions are not intended to apply to nature of lending categories that are analogous to the exemption categories as listed above. That is, if loans in nature of lending categories (that are analogous to exemptions) exceed high-LVR and/or high-DTI thresholds, then they are not included in the calculation of qualifying credit amounts.
89. However, we have made some changes to some aspects of specific 'exemptions' to promote efficiency and competition. We have reflected these changes in the draft Lending Standard, which we outline further below.

3.2.1 Construction loans: removing the 'original developer' requirement on new build purchases

90. We have made a change to new build purchases, allowing all new builds to be resold within 6 months of completion to be eligible for the 'exemption', regardless of the seller. In the current policy, as set out in BS19 and BS20, borrowers can only access the exemption for completed properties if they purchase from the original developer (within 6 months of completion). Therefore, previous buyers of a newly completed property face a smaller pool of buyers if they need or want to sell within 6 months of completion. This change will help address instances of potential hardship by increasing the pool of buyers that are able to access the exemption. Complexity will also be reduced as there will no longer be a need to define and identify the 'original developer'.

3.2.2 Refinancing and portability loans (security substitution): allowing for incidental costs

91. The refinancing and portability loan categories currently cover lending up to the amount of the unpaid balance on the borrower's existing residential housing loan (i.e., a dollar-for-dollar requirement). We are relaxing this requirement to allow for incidental costs, such as break fees, cash clawbacks and conveyancing fees. Allowing for incidental costs is expected to support competition by reducing complexity for borrowers and lenders by removing a potential barrier to accessing these types of loans.

3.2.3 Portability loans (security substitution): adding a requirement for the loan not to exceed the value of the new property

92. The current requirements for portability loans cover lending up to the amount of the unpaid balance on the borrower's existing residential housing loan. This means that in situations where the borrower is moving to a property that is valued at a lower amount than their current property, then the loan value could exceed the value of the new property (and hence the collateral against the loan). As a result, the borrower would have an LVR of greater than 100%. Therefore, we are changing this requirement to be the minimum of:

- the unpaid balance of the borrower's existing residential housing loan; or
- the value of the new property.

93. Incidental costs are allowed in both cases.

3.2.4 Combined collateral: no explicit category

94. The draft Lending Standard does not have an explicit category for combined collateral as is the case in BS19. However, there is no change to the current policy intent – that is, if the loan has an LVR greater than the high-LVR threshold for investors and an LVR less than or equal to the weighted average LVR threshold, it is not included in the calculation of qualifying credit amounts (i.e., it is 'exempt' from LVR restrictions). This is included as a provision for the calculation of qualifying credit amounts in the draft Lending Standard.

95. For reporting purposes, this will be classified as 'cross-security finance', which is analogous to the current combined collateral category.

3.2.5 Removing the loan-granted-in-error exemption

96. This exemption was put in place when LVR restrictions were introduced. We feel that this is no longer needed as deposit takers have well established systems and processes for LVR and DTI restrictions. Therefore, we consider that continuing to monitor and report such a category entails unnecessary compliance cost for deposit takers.

3.3 Lending restrictions

3.3.1 Restrictions by licence conditions

97. Our policy decisions in July 2025 confirmed that we would proceed with including a set of high-LVR and high-DTI thresholds and speed limits in the Lending Standard (at the ranges proposed in the previous consultation). Specifically:

- High-LVR thresholds from an LVR of 60% to 90%, with 5% increments.
- High-DTI thresholds from a DTI ratio of 5 to 8, with 0.5 increments.
- Speed limits from 0% to 30%, with 5% increments.

98. In the draft Lending Standard, we have implemented a range for high-LVR and high-DTI thresholds and speed limits, without increments (rather than in a table as was proposed in the previous consultation). This means that we will be able to set LVR and DTI settings at any number

that is within the range of high-LVR and high-DTI thresholds and speed limits (within the same numbers as proposed, but not limited to the increments), giving additional flexibility.

99. The specific high-LVR and high-DTI thresholds and speed limits that apply to a deposit taker at any specific point in time will be set out in each deposit taker's licence conditions, where applicable.
100. We note that we would still have the option to use high-LVR and high-DTI thresholds and speed limits that are outside of these ranges if market conditions warranted other settings. This would mean that the Lending Standard would need to be amended, lengthening the process when it comes to adjusting settings.

3.3.1.1 Licence conditions specific to deposit takers

101. In general, all Group 1 and Group 2 deposit takers will be subject to the same LVR and DTI settings. That is, the same high-LVR and high-DTI thresholds and limits are intended to apply to all Group 1 and Group 2 deposit takers as specified in licence conditions.
102. However, there is the option to apply different LVR and DTI settings to a deposit taker, compared to other deposit takers. That is, different high-LVR and high-DTI thresholds and speed limits may be applied to a deposit taker as specified in its licence conditions. We would consider using this option if a deposit taker was engaging in activities to actively avoid LVR and/or DTI restrictions, which may involve imposing tighter LVR and/or DTI settings on that deposit taker.
103. We have included the examples of potential avoidance activities from BS19 and BS20 in the Guidance. We feel that examples of potential avoidance activities are best suited to guidance as it is difficult to clearly draft comprehensive rules to capture this in the Lending Standard itself. However, our intent is to manage anti-avoidance as is currently set out in BS19 and BS20 (e.g. via licence conditions specific to deposit takers).

3.4 Transitional arrangements

104. When the Lending Standard comes into force (on 1 December 2028 under current plans), rolling lending periods will 'reset'. For example, the initial three-month lending period under the Lending Standard would end on 28 February 2029 (and there would be no lending periods ending on 31 December 2028 or 31 January 2029).
105. We note that LVR and DTI calculations for some residential housing loans entered into on or after 1 December 2028 may have used some information from the time that a person applies for a residential mortgage loan (before 1 December 2028). At this stage, we do not expect deposit takers to recollect this information and recalculate the LVR and DTI for these loans after 1 December 2028 under the requirements of the Lending Standard.

4 Specific questions

Q15	Do you have comments on the structure of the attached exposure draft of the Lending Standard?
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Q16	Does the attached exposure draft of the Lending Standard and the draft Guidance set out LVR and DTI exemptions clearly enough (noting that these are now framed as 'nature of lending' categories)?
Q17	Do you have comments on the changes to LVR and DTI exemptions (noting that these are now framed as 'nature of lending' categories)?
Q18	Do you have comments on including a range of high-LVR and high-DTI thresholds and speed limits, without increments?
Q19	Do you have comments on the approach to anti-avoidance?
Q20	Do you have comments on the proposed transitional arrangements?
Q21	Do you have any other comments on the attached exposure draft of the Lending Standard?
Q22	Do you have any comments on the attached draft of the Guidance to support the Lending Standard?



Reserve Bank
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Chapter 4

Incorporation outside New Zealand Standard

Supporting information on the exposure draft

30 October 2025

CONSULTATION
PAPER



1 Non-technical summary

106. The Deposit Takers (Incorporation outside New Zealand) Standard (the **IoNZ Standard**) deals with whether a deposit taker must be incorporated under New Zealand legislation. It does this by applying limits to the size of overseas licensed deposit takers ("**branches**") and the clients they can do business with. The IoNZ Standard will give effect to the policy decisions made in the Branch Review, which was subject to extensive public consultation.

2 Policy development

107. Before commencing the Non-Core Standards consultation, we ran a multi-year review of policy for branches of overseas banks. This involved three public consultations and a Regulatory Impact Statement (RIS) that was published in November 2023. All of the consultation papers, submissions and decisions in the Branch Review are available on our website.¹⁰ The Reserve Bank expects that branches have had adequate time to make arrangements to be fully compliant with these requirements by December 2028.
108. The exposure draft is the next step in developing the IoNZ Standard. The policy decisions reflected in this exposure draft were subject to public consultation on 21 August 2024 until 22 November 2024. A copy of this consultation is available on our website.¹¹
109. Ten submissions were received on this consultation and are available on our website.¹² A summary of these submissions and our responses is also available on our website.¹³

3 Exposure draft

110. The exposure draft is intended to follow the policy determined in the previous consultation document and amended as a result of submissions as linked above. As part of developing the exposure draft more detailed decisions were necessary. In particular, we draw your attention to the points below.

3.1 Meaning of wholesale client (Clause 6)

111. At the conclusion of the Branch Review, we decided to limit all standalone branches (ie, those that aren't dual operating) to only conducting business with wholesale clients. We have continued to consult with external stakeholders on how to most appropriately define a wholesale client. It is important that the definition balances the policy intent with the need to avoid unnecessary compliance costs. The policy intent is that retail customers can only undertake business with locally incorporated deposit takers.

¹⁰ <https://www.rbnz.govt.nz/have-your-say/review-of-policy-for-branches-of-overseas-banks>

¹¹ https://consultations.rbnz.govt.nz/prudential-policy/deposit-takers-non-core-standards/user_uploads/deposit-takers-non-core-standards-consultation-paper-august-2024.pdf

¹² <https://consultations.rbnz.govt.nz/prudential-policy/deposit-takers-non-core-standards/>

¹³ https://consultations.rbnz.govt.nz/prudential-policy/deposit-takers-non-core-standards/user_uploads/dta-non-core-standards-summary-of-submissions-and-policy-decisions.pdf

112. We have given careful consideration to the drafting of the wholesale client definition. We have aimed to include provisions similar to those already used by deposit takers to avoid unnecessary compliance costs and unintended consequences, such as leaving large businesses out of scope.
113. The proposed definition in the exposure draft is consistent with the decisions published in response to the Non-Core Standards consultation.
114. The definition of wholesale client in the IoNZ Standard should capture:
- a person who is in the business of providing any financial service and receives the financial service in the course of that business.¹⁴
 - a person who is a wholesale investor (within the meaning of cl 3(2) of Schedule 1 of the FMC Act 2013).¹⁵
 - an eligible investor under section 49A of the FSP Act.¹⁶
 - a person who is an eligible investor (under cl 3(3)(a) of Schedule 1 of the FMC Act 2013).¹⁷
115. The key differences between the proposed definition of wholesale client in the exposure draft and the FMC Act clause 3 schedule 1 definition are:
- we are capturing the customer-based part of the definition.¹⁸
 - we are capturing the eligible investor definition.¹⁹
 - we are not capturing the remaining product-based part of the definition.²⁰
116. These factors have all been accordingly considered when preparing the exposure draft of the IoNZ Standard. We welcome feedback on the extent to which the current draft of the Guidance supports compliance with this requirement, and any additional information that we can provide in Guidance.

3.2 Meaning of large corporate or institutional client (Clause 7)

117. At the conclusion of the Branch Review, we decided to limit dual-operating branches to only conducting business with large corporate and institutional clients. We have continued to consult with external stakeholders on how to most appropriately define a large corporate or institutional client.
118. It is important that the definition balances the policy intent with the need to avoid unnecessary compliance costs. The policy intent is to prevent the offshoring of financial products, services, and capabilities that are deemed strategic to New Zealand's financial system and economy.
119. Overseas deposit takers can serve different types of customers, according to their operating model. Each operating model involves specific prudential requirements and client-based

¹⁴ See section 49(2)(a) of the FSP Act

¹⁵ See section 49(2)(e) of the FSP Act and cl 3(2) of schedule 1 of the FMC Act

¹⁶ See section 49(2)(g) of the FSP Act

¹⁷ See clause 3(3)(a) of schedule 1 of the FMC Act (see also clause 41)

¹⁸ See clause 3(2) schedule 1 of the FMC Act

¹⁹ See clause 3(3)(a) of schedule 1 of the FMC Act

²⁰ See clause 3(3) of schedule 1 of the FMC Act

restrictions. These decisions were made as part of the Branch Review and published in November 2023. The proposed definition in the exposure draft is consistent with the decisions published in response to the Non-Core Standards consultation.

120. These factors have all been accordingly considered when preparing the exposure draft of the IoNZ Standard. We welcome feedback on the extent to which the current draft of the Guidance supports compliance with this requirement, and any additional information that we can provide in Guidance.

3.3 Assessment by deposit taker (Clauses 8-11)

121. All branches will be required to check that their clients still meet the relevant definition every two years, and if a client is found to no longer meet the criteria, they will have a one-year remediation period, followed by a six-month offboarding period (together, "the extra period"). This is described further under the heading "*Assessment by deposit taker (Clauses 8-11)*" in the Guidance.

3.4 Branch-to-subsidary asset ratio

122. Our previous proposals had contemplated including the branch-to-subsidary asset ratio in the IoNZ Standard. This is currently applied to some dual-operating branches as a 1:1 ratio; that is, that the assets of their branch must not exceed the assets of their subsidiary.
123. In the course of preparing the exposure draft of the IoNZ Standard for consultation, we now expect that these requirements will be applied to relevant branches as conditions of licence under s24 of the DTA.

3.5 Existing conditions of registration

124. There are a number of other existing standard conditions of registration that apply to branches that we had previously contemplated including in the IoNZ Standard. These were discussed in the Non-Core Standards consultation paper.
125. In the course of preparing the exposure draft of the IoNZ Standard for consultation, we now expect that these requirements will be applied in different standards, as per the table below.

Requirement	Standard
That the business of the overseas licensed deposit taker in New Zealand does not constitute a predominant proportion of the total business of the overseas deposit taker.	Retained in Incorporation outside New Zealand Standard.
That the overseas licensed deposit taker complies with the requirements imposed on it by the supervisory authority in the overseas deposit taker's jurisdiction of domicile.	Moved to the Reporting Standard (Tranche 2), as this is empowered by the s88 provision relating to the disclosure of information to the Reserve Bank.
That the overseas licensed deposit taker notify the Reserve Bank of any material changes in the home regulatory or supervisory regime that would impact	Moved to Reporting Standard (Tranche 2), as this is empowered by the s88 provision relating to the disclosure of information to the Reserve Bank.

Requirement	Standard
the overseas deposit taker, and by extension the overseas licensed deposit taker.	
That the overseas licensed deposit taker complies with the minimum capital adequacy requirements, as administered by the supervisory authority in the bank's jurisdiction of domicile.	Moved to Reporting Standard (Tranche 2), as this is empowered by the s88 provision relating to the disclosure of information to the Reserve Bank.

3.6 General matters

126. We have released a draft version of the Guidance that will accompany the IoNZ Standard as part of this exposure draft consultation. We welcome views on the proposed content of this Guidance and any additional material that it could helpfully cover to support compliance with the IoNZ Standard.
127. We also plan to issue an additional guidance document for overseas deposit takers who are either currently undertaking business in New Zealand, or considering doing so in future. This document will describe the different operating models available to overseas deposit takers, and the regulatory settings associated with each model. We expect to issue this document before the DTA Standards commence in December 2028.

3.7 Transitional matters

128. This draft of the IoNZ Standard includes requirements relating to the holding entities of licensed deposit takers. We are seeking feedback on whether prospective licensed deposit takers should have approval for their existing holding entity arrangements grandfathered by transitional provisions, or to require an approval at the point of licensing.

4 Specific questions

Q23	Do you agree that the drafting of the large corporate or institutional client definition reflects the previously announced policy intent?
Q24	Do you agree that the drafting of the wholesale client definition reflects the previously announced policy intent?
Q25	Do you have any other comments on the attached exposure draft of the IoNZ Standard?
Q26	Do you have any comments on the attached draft of the Guidance to support the IoNZ Standard?



Reserve Bank
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Chapter 5

Group Supervision Policy for deposit takers

Consultation paper

30 October 2025

CONSULTATION
PAPER



1 Non-technical summary

129. Deposit takers that operate in multiple jurisdictions are an important part of the global financial system and can contribute positively to innovation and competition. New Zealand has historically hosted many overseas deposit takers that have played an important role in providing products and services to New Zealanders.
130. In 2024, the Reserve Bank became a group supervisor for the first time. This meant that the Reserve Bank became responsible for promoting the overall safety and soundness of a deposit taker that had material operations in another jurisdiction. The Reserve Bank has used a bespoke approach to supervising this deposit taker, which has been an appropriate approach for the short-term.
131. With the implementation of the Deposit Takers Act 2023 (**DTA**), the Reserve Bank intends to formalise this approach and generalise it so that it could be applied to New Zealand deposit takers that are in group structures, particularly those that have subsidiaries operating overseas. This will promote innovation and competition both in the New Zealand financial system and globally. This approach will be known as the Reserve Bank's Group Supervision Policy.
132. In developing our proposed policy approach, we considered the confines and scope of the powers granted by the DTA to the Reserve Bank. We recognise that within a group structure, a New Zealand licensed deposit taker may be structured as a holding entity with subsidiaries, as a subsidiary of a holding entity, or as both.²¹ A licensed deposit taker may, therefore, face a range of risks stemming from activities of other entities across various levels within the group structure.
133. We considered global best practice and approaches by peer supervisors for guidance. We also took into account the existing requirements under the Banking (Prudential Supervision) Act 1989 (**BPSA**) and the proposed requirements in the DTA Standards.
134. With these in mind, we propose a two-step approach. The first step is to set out requirements for a licensed deposit taker that the Reserve Bank is empowered to apply under the DTA to mitigate group risks. These requirements are intended to manage the risks to the safety and soundness of a licensed deposit taker resulting from activities of other entities within a group structure, including entities outside the regulatory perimeter of the Reserve Bank.
135. The second step is to directly set out requirements for New Zealand incorporated holding entities of licensed deposit takers. However, this step would require amendments to the DTA and falls outside the scope of this consultation paper.
136. We are also proposing a framework for group supervision. This framework defines the confines of the policy at each step and introduces levels of aggregation for supervision purposes. As part of the framework, we are proposing factors to consider in determining which requirements to apply at different levels of aggregation. We are also proposing requirements for group supervision across nine DTA standards. These are standards on capital, liquidity, reporting, disclosure statements, governance, related party, risk management, operational resilience and restricted activities.

²¹ We take the term "holding entity" to mean the same as "holding company" as defined in Section 5 of the Companies Act 1993. The term holding entity is used in this draft because it reflects the wording used in DTA.

137. The exposure drafts of the four DTA Standards that are released for consultation in tranche 1 include elements of this proposed Group Supervision Policy. We welcome feedback on both the general approach taken to developing the proposed Group Supervision Policy, and the specific requirements proposed in these standards. There will be more elements of the proposed Group Supervision Policy included in forthcoming exposure drafts of the remaining DTA standards.

2 Introduction

138. New Zealand does not currently have a formalised group supervision policy for either deposit takers or insurers. This was identified as a limitation of Reserve Bank's supervisory approach in the IMF's 2017 FSAP Review.²² Work to address this as part of Phase 2 of the Reserve Bank Act Review was not prioritised, as the Reserve Bank was not a group supervisor at the time.
139. The regulated entity landscape has changed recently. In 2024, the Reserve Bank became the supervisor of an international banking group headed by a New Zealand incorporated holding entity and containing a New Zealand registered bank. As part of becoming a group supervisor, we developed a policy framework for groups that include a deposit taker and New Zealand-domiciled holding entities. We refer to this as our group supervision policy. The Standards process gives us the opportunity to formalise this policy.
140. Our proposals are in line with recommendations of the Basel Committee on Banking Supervision (BCBS). This is also consistent with the approach of Australian Prudential Regulation Authority (APRA), a BCBS member, and should help support the effectiveness of trans-Tasman prudential coordination.
141. BCBS is the primary global standard setter for the prudential regulation of banks. BCBS's position on home-host responsibilities emphasises the need for clear supervisory roles and effective cooperation between home and host authorities to ensure consistent oversight and financial stability. This is relevant with regard to the supervision of consortia, as well as subsidiaries incorporated in jurisdiction outside of the parent's and overseas branches. The BCBS' position is set out in the Basel Concordat and summarised in the Core Principles for Effective Banking Supervision (BCPs).²³
142. A banking group that undertakes activities in multiple jurisdictions has a home jurisdiction and operates in one or more host jurisdictions. The supervisor in the home jurisdiction is the home supervisor, or group supervisor. We use these terms interchangeably in this consultation paper. If a deposit taker has a holding entity that is not another deposit taker, the jurisdiction of incorporation of the holding entity can impact who is the home supervisor for the group.
143. The guiding principles of BCBS documents are based on the assumption that an entity's core activities take place in its home jurisdiction and that activities in host jurisdictions are relatively minor. As a result, it places a strong emphasis on regulation and supervision by the home authority. However, the 1992 version of the Concordat placed responsibility on the host authority to challenge this balance of oversight, if necessary, and to specify an alternative allocation of supervisory responsibilities.²⁴
144. To clarify, when we talk about group supervision in this context, we are not talking about how subsidiaries of overseas deposit takers in New Zealand are supervised. This scenario has been common practice in New Zealand for many years, and our prudential regulatory framework has been developed with this in mind.

²² Refer to: [IMF \(2017\)](#), New Zealand: Financial Sector Assessment Program: Financial System Stability Assessment

²³ Refer to: [BIS \(2014\)](#), BCP - Core Principles for effective banking supervision

²⁴ Refer to: [BCBS \(1992\)](#), Minimum Standards for the supervision of international banking groups and their cross-border establishments (July 1992)

145. This consultation paper specifically deals with situations where a licensed deposit taker owns one or more subsidiaries, particularly those that are incorporated and operate overseas, and are deposit takers themselves. It also considers situations where a licensed deposit taker may not have a holding entity, may themselves be the holding entity or has a holding entity that is not prudentially regulated.

3 Problem definition

3.1 Summary

146. The absence of a group supervision policy for New Zealand deposit takers presents risks to the safety and soundness of individual deposit takers and to the stability of the New Zealand financial system. Inadequate safeguards can weaken the group's capital and solvency positions as well as reputation owing to conduct of business of related entities.
147. The primary purpose of the DTA is to promote the prosperity and well-being of New Zealanders and contribute to a sustainable and productive economy by protecting and promoting the stability of the financial system.²⁵ This is supported by the additional purpose of promoting the safety and soundness of each deposit taker.²⁶
148. We have also conducted a detailed analysis of the principles in section 4 of the DTA and while all principles have been considered, the most relevant in this context are:
- the desirability of ensuring that the risks referred to in section 3(2)(d) are managed (including long-term risks to the stability of the financial system)
 - the desirability of the deposit-taking sector comprising a diversity of institutions to provide access to financial products and services to a diverse range of New Zealanders
 - the desirability of maintaining awareness of, and responding to:
 - the practices of overseas supervisors that perform functions in relation to any licensed deposit taker or any holding company of any licensed deposit taker; and
 - guidance or standards of international organisations.
149. These risks could be due to:
- contagion, where an entity within a group that is not subject to prudential oversight takes excessive risk, but expects to be supported by other entities within the group when it suffers from losses at the expense of the stability of these entities, leading to contagion between entities within a group;²⁷
 - regulatory arbitrage, where a group shifts the riskiest activities or assets to unregulated entities to avoid compliance or to entities in the group that are subject to different regulatory requirements;

²⁵ Section 3(1) of the DTA

²⁶ Section 3(2) of the DTA

²⁷ Contagion in this context refers to financial instability contagion within groups, but not necessarily contagion between different entities across the New Zealand financial system.

- inadequate supervisory oversight of holding entities of deposit takers that are outside the regulatory perimeter, resulting in lack of or inadequate group-wide governance and risk management policies; and
- inadequate supervisory oversight on the position of the entity itself, taking into account the exposures to other entities within group structures.

3.2 Contagion within groups

150. In situations where the home supervisor does not regulate the activities of the whole of a group, it may be possible for a group to conduct shadow banking activity that is partly or fully outside of the supervisor's regulatory perimeter.²⁸ In these situations, the group could be incentivised to undertake activities outside of the perimeter that would, on average, likely be riskier than the activities inside the perimeter. All else equal, this could artificially improve the capital and liquidity positions of the group without the underlying risk to the safety and soundness of the deposit taker having changed.
151. However, these activities would also open the deposit taker to contagion risks within the group. Entities outside of the prudential regulatory perimeter are likely at a greater risk of failure than those within the perimeter, and failure of any unregulated entity within the group would likely place stress on the deposit taker itself. This could happen if there are material financial linkages between entities or if the deposit taker's reputation is affected by the failure of a related entity.
152. It is therefore important that a prudential supervisor can ensure that the risks relating to all of the business of borrowing and lending activity are adequately captured by the regulatory perimeter or in scope of supervision. This can be achieved either by supervising the whole group or restricting the activity of the ultimate holding entity, directly or indirectly.

3.3 Regulatory arbitrage

153. Within a deposit-taking group, different entities may be subject to different prudential requirements, particularly if the group operates in multiple jurisdictions. For example, if there are multiple deposit takers within a single group that are incorporated in different jurisdictions and one of these jurisdictions has less intensive requirements, there is an incentive for the group to book more of its business in that jurisdiction to reduce the regulatory impost. This practice of "regulatory arbitrage" can result in perverse outcomes, and the Basel Concordat expressly aims to avoid this practice.
154. The likelihood of this practice occurring can be reduced if the home supervisor places requirements on both the whole of the group, and the group's activities in the home jurisdiction. The home supervisor should also satisfy itself that the host supervisor is placing appropriate requirements on the deposit taker incorporated in the host supervisor's jurisdiction.

3.4 Limitations in effective supervision

155. In situations where a deposit taker is a subsidiary of a holding entity, the holding entity can have a substantial impact on the governance of the deposit taker. If the ultimate holding entity is not

²⁸ FSB (2018) defines shadow banking as "credit intermediation involving entities and activities (fully or partially) outside the regular banking system."

within the regulatory perimeter of a prudential supervisor, this can represent a limitation on the supervisor's ability to effectively supervise the deposit taker.

156. In situations where the home supervisor cannot supervise the ultimate holding entity, it may place restrictions on the activities of the immediate holding entity.²⁹ The home supervisor may also require the deposit taker to establish an intermediate holding entity, which the supervisor is then able to oversee.

4 Proposed high-level approach

4.1 Two-step approach

157. The DTA does not currently empower the Reserve Bank to undertake full group supervision in line with the BCPs. This is because the Reserve Bank is not empowered to directly licence and supervise holding entities of licensed deposit takers. This matter is also currently under consideration for insurers as part of the Insurance (Prudential Supervision) Act 2010 (IPSA) Review.³⁰
158. In the absence of these powers in the DTA, we are proposing to take a two-step approach, in which:
- Step 1 sets out requirements that Reserve Bank is empowered to apply given its existing powers under the DTA; and
 - Step 2 supplements Step 1 with a more fulsome approach that will consider changes to primary and secondary legislation. This may cover supervision of holding entities, which can include non-operating holding companies (NOHCs) or the wider financial conglomerate.³¹
159. This consultation paper only deals with Step 1. We expect to undertake further consultation before deciding whether to proceed with Step 2.
160. The four exposure drafts of DTA Standards released in tranche 1 contain some of the proposed Step 1 requirements. More of the proposed requirements will be released for consultation in the following 2 tranches of exposure draft consultation. All the proposed Step 1 requirements are summarised in the following section.

4.2 Key terminology and definitions

161. We have set out the following terminology and definitions for the **consolidation levels** to be used when developing the DTA Standards. Our proposals are aligned with APRA terminology and definitions, which are reasonably understood within the trans-Tasman context.

²⁹ Companies Act 1993 section 2 defines ultimate holding company, in relation to a company, means a body corporate that—(a) is a holding company of the company; and (b) is itself not a subsidiary of any body corporate. Using this definition an intermediate holding company in relation to a company, means a body corporate that—(a) is a holding company of the company; and (b) is itself a subsidiary of another body corporate.

³⁰ Refer to: Reserve Bank of New Zealand (2025), Review of the Insurance (Prudential Supervision) Act 2010.

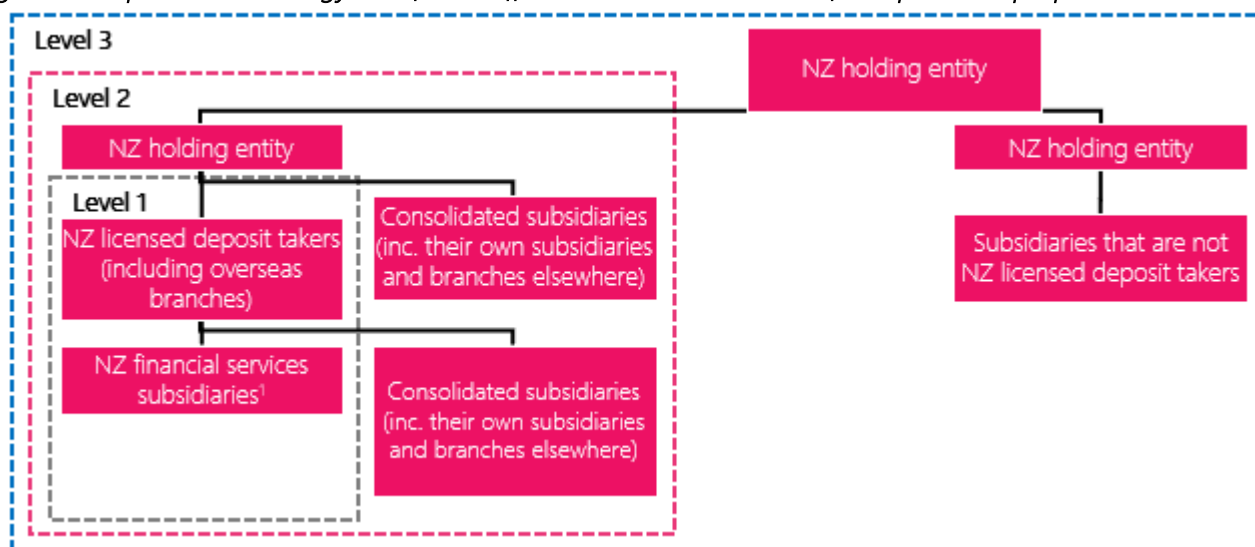
³¹ Following Australia's Banking Act 1959 Section 5, non-operating holding company (NOHC) means, in relation to a body corporate, a body corporate: (a) of which the first body corporate is a subsidiary; and (b) that does not carry on a business (other than a business consisting of the ownership or control of other bodies corporate); and (c) that is incorporated in Australia. We note the definition of NOHC in a relation to a company. It is a body corporate of which a regulated entity is a subsidiary. In Australia, NOHCs can also be a subsidiary of another entity

162. We consider that aligning with the APRA approach will support harmonisation across the jurisdictions. However, terminology may be revised later through the drafting of the DTA Standards. Each of these terms would have the flexibility be defined on a case-by-case basis for each deposit taker, within the principles articulated here.

- **Level 1:** We propose that by default, this refers to the licensed deposit taker and any New Zealand incorporated financial services subsidiaries, particularly those that are in the business of borrowing and lending.³² In this proposal, the Reserve Bank would reserve the option to determine which subsidiaries are included within the Level 1 consolidation. We propose to develop the criteria for Level 1 consolidation in line with the criteria in APRA's APS 222 to support this requirement.³³
- **Level 2:** We propose that this definition has the flexibility to include any member of the licensed deposit taker group, defined in section 6 of the DTA. By default, this includes the licensed deposit taker and its subsidiaries. In some situations, Level 2 may also include one or more holding entities of the licensed deposit taker.
- **Level 2 Group Head:** This would be determined by the Reserve Bank and will typically be the licensed deposit taker itself. In some situations, a holding entity of the licensed deposit taker could be the Level 2 Group Head (including a New Zealand-domiciled holding entity) for the purpose of applying Level 2 requirements.
- **Level 3:** This refers to the conglomerate group at the broadest level.³⁴ Note that our proposed approach in this consultation paper does not include applying any regulation at Level 3, though this can still be a helpful concept for illustrative purposes.

Figure 1 visualises our proposed group supervision levels.

Figure 1. Proposed terminology to refer to different consolidation levels for supervision purposes



Note: These are subsidiaries determined by RBNZ to be part of Level 1 group supervision.

³² We consider adapting the concept of extended license entity in APRA APS 222 in defining Level 1.

³³ Refer to APRA APS 222 Annex C.

³⁴ The proposed definition is consistent with the "Level 3" definition used by APRA.

5 Step 1: proposed approach for DTA Standards

5.1 When to apply additional requirements

163. Our starting point is that the criteria for applying Level 1 and Level 2 requirements must support the objective of mitigating contagion risk within Level 2 groups, and accordingly, promoting transparency in risk exposures between the deposit taker and its deposit taking subsidiaries.
164. A clear use case for applying Level 1 requirements to a licensed deposit taker is in situations where it owns another deposit taker that is incorporated in an overseas jurisdiction.
165. There may be other situations in which we would apply additional group supervision requirements. These include situations when:
- there are concerns about the extent of capital downstreaming to the subsidiary, (for example, when the group does double gearing or double leveraging³⁵) that could leave the New Zealand deposit taker undercapitalised on a standalone basis in stress scenarios
 - the group has a complex structure that may increase financial instability contagion risk or present barriers to effective supervision
 - there are concerns about the deposit taker's ability to manage contagion risk within the group that it heads.
166. Each of the nine standards further explains the factors mentioned above in relation to the risks it aims to mitigate, in determining whether to apply group supervision requirements to a deposit taker. This can be seen in the Liquidity Standard exposure draft that has been released for consultation alongside this paper.

Q27 Do you agree with the proposed situations for applying additional Level 1 requirements to a New Zealand licensed deposit taker?

Q28 Do you have any comments on our proposed terminology for developing group supervision requirements?

5.2 Proposed Step 1 requirements

167. **Table 1** below outlines the proposed Step 1 group supervision requirements to be included in the DTA Standards.³⁶ We have considered the DTA, BCBS guidance and APRA standards in framing these requirements. There is further discussion in the covering material for each exposure draft on the proposed requirements within each standard.

³⁵ BIS (2019), Basel Framework: Scope of application - Executive Summary.

³⁶ According to the BCBS, consolidated supervision should be considered in prudential standards relating to capital adequacy, liquidity, large exposures, exposures to related parties, lending limits and group structure. It also includes corporate governance (Principle 12), financial reporting and external audit (Principle 27), and disclosure and transparency (Principle 28). Additionally, if corporate ownership of banks is allowed, the supervisor has to have the power to establish and enforce fit and proper standards for senior management of parent companies (BCP 12 AC1).

168. For each standard, we discuss the “default approach” that will apply to all locally incorporated deposit takers regardless of whether they are subject to group supervision. We then discuss by comparison to this the “additional approach” that is the one that will apply to deposit takers that are subject to group supervision. Deposit takers that are subject to group supervision will have to comply with both the default approach and additional approach.
169. In some of the proposed standards, the default approach is to only apply requirements at Level 1. Other proposed standards apply requirements at Level 2 or Level 2 Group Head, provided that the Level 2 Group Head is a licensed deposit taker.
170. In general:
- for requirements that are quantitative in nature, a deposit taker subject to group supervision will have to comply on both a Level 1 and Level 2 basis.
 - for requirements that are qualitative in nature, a deposit taker subject to group supervision will have to comply on both a licensed deposit taker (that is, at entity-level) and Level 2 basis.³⁷
171. Table 1 steps through each of the nine proposed DTA Standards and describes what, if any, additional requirements we propose to add in Step 1. In the proposed Step 2, we may consider whether it would be appropriate to apply some of the additional qualitative requirements to the Level 2 Group Head (as opposed to the licensed deposit taker), in the situations where they are the holding entity of a licensed deposit taker.

Table 1. Proposed Stage 1 group supervision policy requirements

(The proposed requirements apply only to relevant deposit takers.)

Standard	Proposal and rationale
Capital Standard	We propose that for relevant deposit takers (deposit takers that are subject to group supervision) requirements relating to capital adequacy would apply at both Level 1 and Level 2. At the group level, in addition to the standard accounting deductions in consolidating group balance sheets and the regulatory capital deductions set out in BPR 110, we propose to enhance the monitoring and supervision of double leveraging. This would mitigate possible contagion risk from entities that are inside the group, but outside the licensed deposit taker. This would also help limit the potential for regulatory arbitrage.
Liquidity Standard	We propose that for relevant deposit takers, most requirements would apply at both Level 1 and Level 2. This would mitigate possible contagion risk from entities that are inside the group, but outside the licensed deposit taker. This would also limit the potential for regulatory arbitrage.
Reporting Standard	We propose to publish both Level 1 and Level 2 data in the Bank Financial Strength Dashboard. On balance, we consider the additional benefits to safety and soundness of deposit takers and supporting market discipline outweigh the additional compliance cost.

³⁷ Note that Level 1 can be just the licensed deposit taker or the licensed deposit taker together with select subsidiaries (similar to the concept of Extended Licensed Entity as defined in Annex C of APRA’s APS 222).

Standard	Proposal and rationale
Disclosure Statement Standard	We propose to apply requirements only at Level 2. We considered requiring additional disclosures on a Level 1 basis, but we determined the additional compliance cost outweighed any additional benefit to the safety and soundness of the deposit taker.
Governance Standard	We propose to apply these requirements both to the licensed deposit taker and at Level 2 for relevant deposit takers. It is consistent with the policy intent for deposit takers to have appropriate governance arrangements in place both in New Zealand and globally. This would mitigate potential limitations in effective supervision.
Related Party Exposures Standard	We propose to set out requirements for related party exposures within group structures and to align these with our proposed terminology. This is an important part of a group supervision policy. It helps ensure that related party exposures within the banking group are considered. It also helps ensure intra-group exposure risks that can impact the safety and soundness of the deposit takers are mitigated. ³⁸ In addition, it would reduce possible contagion risk from entities that are inside the group but outside the licensed deposit taker and also limits the potential for regulatory arbitrage.
Risk Management Standard	We propose to apply requirements both to the licensed deposit taker and at Level 2, as risk management is a whole-of-group issue. This would mitigate potential limitations in effective supervision.
Operational Resilience Standard	We propose to apply requirements both to the licensed deposit taker and at Level 2, as operational resilience is a whole-of-group issue. This would mitigate potential limitations in effective supervision.
Restricted Activities Standard	▪ We propose to set out requirements for the relevant deposit takers in situations where the deposit taker has a holding entity outside the scope of prudential regulation. ▪ This will help to ensure that the holding entity does not carry out any business other than the business of ownership of the deposit taker and other approved specified activities. ▪ We consider that restricting activities requirements is not a first-best approach and may present a barrier to innovation by licensed deposit takers. However, in the absence of being able to directly supervise holding entities, we consider it necessary to have these requirements in place to help ensure the safety and soundness of licensed deposit takers. This would mitigate potential limitations in effective supervision and the potential for regulatory arbitrage. This would also mitigate possible contagion risk from entities that are inside the group, but outside the licensed deposit taker.
Depositor Compensation Scheme (DCS), Lending, Open Bank Resolution (OBR) pre-positioning, Outsourcing and Incorporation outside New	▪ These five standards default to only applying requirements at Level 1, as they are primarily focused on specifically mitigating risks to and from deposit takers in New Zealand. ▪ We do not currently propose to include any additional requirements. We consider that these standards are only relevant either in relation to the licensed deposit taker alone or just at Level 1. ▪ However, we may have to clarify that the definition of “protected deposits” in the DCS Regulations does not include deposits held by the overseas entities of the group.

³⁸ Note that BS8 was updated in 2023 ([RBNZ, 2023](#)).

Standard

Proposal and rationale

Zealand
Standards

Q29

Do you agree with our high-level approach to applying Level 1 and Level 2 requirements to relevant New Zealand licensed deposit takers?

6 Step 2: proposed approach for amending the DTA

172. Implementing only Step 1 would mean we could not directly regulate holding entities that are not licensed deposit takers. Not being able to directly regulate holding entities that are not licensed deposit takers presents notable challenges. Regulating holding entities indirectly through the licensed deposit taker can result in inefficiencies compared to a scenario where the holding entity is directly regulated. For example, when there are two licensed deposit takers under the same holding entity, the Reserve Bank must set out requirements for and supervise two entities to indirectly regulate the holding entity above them, rather than setting requirements for and supervising a single entity. This complicates efforts to ensure regulation and supervision remain responsive to changes in group structures on an ongoing basis.
173. Additionally, we consider that this indirect approach can lead the Reserve Bank to impose tighter requirements on the licensed deposit takers beneath holding entities than it otherwise would, potentially restricting their ability to innovate and compete. Conversely, a clear and direct policy for regulating holding entities of licensed deposit takers reduces uncertainty, enhances supervisory efficiency, and improves New Zealand's attractiveness to potential market entrants.
174. Against this backdrop, we consider directly supervising New Zealand incorporated holding entities of licensed deposit takers in Step 2. This step, however, could involve legislative changes through a DTA amendment bill. This would also require development of secondary legislation proposals (most likely, by amending the relevant standards to set requirements on holding entities if a DTA amendment bill had given the Reserve Bank powers to apply). This is a matter for further consideration and consultation with the Minister of Finance.

Q30

Do you have any feedback to share that may be helpful in developing any possible future Step 2 approach to amending the DTA?

Annex: Consolidated consultation questions

Chapter 1: Liquidity Standard

- Q1** Does the exposure draft accurately set out the Reserve Bank's liquidity requirements (both qualitative and quantitative), including decisions taken as part of the LPR?
If not, what areas of the exposure draft may require revision?
- Q2** Would the exposure draft and draft guidance, as currently drafted, create any unintended outcomes? If so, please specify any issues and potential solutions.
- Q3** Do you have comments on the formulation of caps in the Liquidity Standard, such as caps in relation to cash inflows, undrawn committed lines, and various components of liquid assets?
- Q4** Do you have any views on what deposits from government agencies (if any) should be subject to a 100% run-off rate or the size band approach under the MMR?
- Q5** Do you have any other comments on the attached exposure draft of the Liquidity Standard?
- Q6** Do you have any other comments on the attached draft of the Guidance to support the Liquidity Standard?

Chapter 2: Depositor Compensation Scheme Standard

- Q7** Do you agree that a DCS depositor page should accept alternate account details from any authorised individual even if that person could not manage that account without approval from another person (n to sign)? If not, please provide suggestions on how this could be cost effectively managed by deposit takers.
- Q8** Do you agree with the proposal that the alternate model would only be available to deposit takers who do not offer transactional accounts, and the proposed approach to identify which deposit takers offer transactional accounts?
- Q9** DCS depositor page data will be provided to the RBNZ as it is received (for example, every 24 hours). Will you have any system constraints if subsequent transfers contain only depositor data that is new since any previous data transfers (delta data)?
- Q10** Account authority SDV variables have been included as an account level variable to reflect submissions on the consultation document. We expect that some or many authorities may be provided at the depositor level and welcome submissions on the appropriate treatment.

- Q11** Do you foresee any difficulty in identifying temporary accounts as identified in row 36 of the table in the Guidance? Are there any further actions the DCS Standard could include that would assist, for example a delay in collating this information compared with the other SDV variables, and if so how long would be appropriate?
- Q12** As referred to in the data submission guidelines, are there any technical or non-technical constraints that would prevent your institution from implementing asymmetric encryption?
- Q13** Do you have any other comments on the attached exposure draft of the DCS Standard?
- Q14** Do you have any other comments on the attached draft of the Guidance to support the DCS Standard?

Chapter 3: Lending Standard

- Q15** Do you have comments on the structure of the attached exposure draft of the Lending Standard?
- Q16** Does the attached exposure draft of the Lending Standard and the draft Guidance set out LVR and DTI exemptions clearly enough (noting that these are now framed as 'nature of lending' categories)?
- Q17** Do you have comments on the changes to LVR and DTI exemptions (noting that these are now framed as 'nature of lending' categories)?
- Q18** Do you have comments on including a range of high-LVR and high-DTI thresholds and speed limits, without increments?
- Q19** Do you have comments on the approach to anti-avoidance?
- Q20** Do you have comments on the proposed transitional arrangements?
- Q21** Do you have any other comments on the attached exposure draft of the Lending Standard?
- Q22** Do you have any comments on the attached draft of the Guidance to support the Lending Standard?

Chapter 4: Incorporation outside New Zealand Standard

- Q23** Do you agree that the drafting of the large corporate or institutional client definition reflects the previously announced policy intent?
- Q24** Do you agree that the drafting of the wholesale client definition reflects the previously announced policy intent?
- Q25** Do you have any other comments on the attached exposure draft of the IoNZ Standard?
- Q26** Do you have any comments on the attached draft of the Guidance to support the IoNZ Standard?

Chapter 5: Group Supervision Policy for deposit takers

- Q27** Do you agree with the proposed situations for applying additional Level 1 requirements to a New Zealand licensed deposit taker?
- Q28** Do you have any comments on our proposed terminology for developing group supervision requirements?
- Q29** Do you agree with our high-level approach to applying Level 1 and Level 2 requirements to relevant New Zealand licensed deposit takers?
- Q30** Do you have any feedback to share that may be helpful in developing any possible future Step 2 approach to amending the DTA?