

Regulatory Initiatives Calendar

Q2 2022

CoFR agencies are committed to providing industry and their representatives with certainty about the significant pipeline of regulatory change in the financial services sector.

The aim of the calendar is to set out significant pieces of work which involve CoFR agencies and to consider the best ways to manage the pipeline. It also includes selected other initiatives from other agencies which directly relate to CoFR's work (for example the work by the External Reporting Board on climate-related disclosure).

This quarter's Regulatory Initiatives Calendar includes the following new additions:

- Engagement and consultation by the FMA driven by the Conduct of Financial Institutions (COFI) Bill (this bill passed its second reading in May 2022);
- The RBNZ will be continuing industry engagement on a framework for debt serviceability restrictions (DSRs) throughout the year;
- The RBNZ will be undertaking industry engagement on the next draft of the insurance solvency standards;
- The Natural Hazards Insurance Bill has been referred to Parliament's Finance and Expenditure Committee. The deadline for submissions was 13 May and a report is due on 30 September;
- In Q3, the XRB will be consulting on an exposure draft of its first climate statements;
- The RBNZ will be consulting on a cyber data collection plan (timing to be confirmed).

In addition, the following items have been deferred compared to the timetable set out in the Q1 Calendar:

- MBIE's consultation on the licensing fee regime under COFI;
- The RBNZ/FMA joint consultation on FMI Standards;
- The RBNZ consultation on banknote processing machine standards
- The FMA's conduct guide moves to Q4 2022
- Publication of the FMA's regulatory approach framework removed.

We have simplified the sub-headings used in the Calendar from eight to three. These are explained in the notes section at the end of the Calendar. The Calendar also now identifies work that has previously been identified for action, but which is currently on hold.

CoFR agencies are committed to looking at new ways of engagement with the sector to ensure financial services firms are able to fully engage with a consultation, while minimising regulatory burden. This includes trialling 'little and often' engagement on a particular topic, as well as significant pre-engagement and briefings with industry bodies.

CoFR agencies will continue to engage with the sector, including through the Banking Forum and the Insurance Forum, to discuss appropriate ways to manage regulatory burden, while also ensuring CoFR agencies meet their objectives. Based on feedback received, future enhancements under consideration include developing criteria for considering the relative priority of different regulatory initiatives; extending the calendar to a 2-3 year time horizon; and providing more of a narrative around the collective set of initiatives.

Council of Financial Regulators



| Group | Q2 2022 | Q3 2022 | Q4 2022 and beyond |
|-----------------------------------|--|---|--|
| All firms | <p>Consultation</p> <ul style="list-style-type: none"> Intermediated distribution under the Financial Markets (Conduct of Institutions) Amendment Bill (FMA) Monetary Policy Remit Review. Submissions due by 15/07/22 (RBNZ) <p>Compliance monitoring and review</p> <ul style="list-style-type: none"> Governance thematic review information received from sampled entities. Commencement of Phase 1 of the offsite review of information and the onsite visits (RBNZ & FMA) | <p>Consultation</p> <ul style="list-style-type: none"> Exposure draft of climate statements (XRB) Licensing Standard Conditions for Financial Markets (Conduct of Institutions) Amendment Bill (FMA) Intermediated distribution under the Financial Markets (Conduct of Institutions) Amendment Bill (FMA) <p>Compliance monitoring and review</p> <ul style="list-style-type: none"> Governance thematic review – completion of Phase 1 of the onsite visits. Commencement of Phase 2 of the offsite review of information and onsite visits (RBNZ & FMA) | <p>Consultation</p> <p>Options for changes to the operational framework for monetary policy (RBNZ)</p> <ul style="list-style-type: none"> Updated FMA guide to good conduct <p>Implementation</p> <ul style="list-style-type: none"> Cyber data collection plan (RBNZ) <p>Compliance monitoring and review</p> <ul style="list-style-type: none"> Governance thematic review – completion of Phase 2 of the onsite visits. Review and analysis of information gathered onsite. Drafting of feedback letters and thematic report (RBNZ & FMA) |
| Banks and non-bank deposit takers | <p>Consultation</p> <ul style="list-style-type: none"> Deposit Takers Bill – opportunity for the sector to engage through select committee process. (Bill likely to be introduced in Q2 2022) (RBNZ/ Treasury) Targeted consultation on treatment of intermediaries under the Financial Markets (Conduct of Institutions) Amendment Bill (MBIE) <p>Compliance monitoring and review</p> <ul style="list-style-type: none"> Conduct and Culture follow up (FMA/ RBNZ), six monthly | <p>Consultation</p> <ul style="list-style-type: none"> Liquidity policy (B313) – policy review: second consultation (RBNZ) CoFI licensing fee consultation - TBC (MBIE) | |
| Banks | <p>Consultation</p> <ul style="list-style-type: none"> Capital instruments for banks structured as ‘mutuals’ was published in March 2022. Submissions due by 10/06/22 (RBNZ) Detailed topics deferred during Exposure Draft consultation for Banking Prudential Requirements in 2021 due for consultation in Q2 2022 (RBNZ) Review of the Bank Financial Strength Dashboard (RBNZ) Liquidity stress test sensitivity (RBNZ) Bilateral discussions / industry workshops on framework for DSRs (RBNZ). | <p>Consultation</p> <ul style="list-style-type: none"> Operational framework for the countercyclical capital buffer (RBNZ) Policy settings from branches of overseas banks (RBNZ) <p>Compliance monitoring and review</p> <ul style="list-style-type: none"> Regulatory returns for Derivative Issuers (DI) due September 2022 (FMA) Bilateral discussions / industry workshops on framework for DSRs (RBNZ). | <p>Consultation</p> <ul style="list-style-type: none"> Initial consultation on Market Risk Review: principles, timelines and scope (RBNZ) Standardized operational risk (RBNZ) Market risk framework: may carry out some bilateral engagements with banks in Q2/Q3 of 2022, in advance of detailed Consultation Paper in Q4 or Q1 of 2023 (RBNZ) Bilateral discussions / industry workshops on framework for DSRs (RBNZ). Possible follow-up consultation on detailed design of DSRs (RBNZ). |



| Group | Q2 2022 | Q3 2022 | Q4 2022 and beyond |
|--|---|---|--------------------|
| Insurers | <p>Consultation</p> <ul style="list-style-type: none"> • IPSA review – key officers, governance and disclosure (RBNZ) • Targeted consultation on treatment of intermediaries under the Financial Markets (Conduct of Institutions) Amendment Bill (MBIE) • Insurance issues due to climate change and flood risk – consultation through National Adaptation Plan process (led by Ministry for the Environment). Submissions due in Q2 (Treasury) • Solvency Standard discussions with industry on next draft (RBNZ) • Natural Hazards Insurance Bill being considered by Select Committee Q2 and Q3 (Treasury) <p>Compliance monitoring and review</p> <ul style="list-style-type: none"> • Conduct and Culture follow up, six monthly (FMA/RBNZ) | <p>Consultation</p> <ul style="list-style-type: none"> • CoFI licensing fee consultation - TBC (MBIE) | |
| Financial Market Infrastructures | <p>Compliance monitoring and review</p> <ul style="list-style-type: none"> • Information request and SI assessment (RBNZ and FMA) | <p>Consultation</p> <ul style="list-style-type: none"> • FMI Standards (RBNZ and FMA) <p>Compliance monitoring and review</p> <ul style="list-style-type: none"> • Information request and SI assessment (RBNZ and FMA) | |
| Managed investment schemes / KiwiSaver providers | <p>Consultation</p> <ul style="list-style-type: none"> • Exemption proposals for Managed Funds Loan Disclosure Requirements (FMA) • Liquidity Risk Management guidance for managed funds (FMA) • Renewal of an exemption for 'notional' schemes (FMA) | <p>Compliance monitoring and review</p> <ul style="list-style-type: none"> • Reg returns MIS/DIMS due Sep 2022 (FMA) | |
| Financial Advice Providers | <p>Consultation</p> <ul style="list-style-type: none"> • Regulatory returns – financial advice providers (FMA) | | |
| Supervisors | <p>Consultation</p> <ul style="list-style-type: none"> • Liquidity Risk Management guidance for managed funds (FMA) | | |



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|-------------------------------------|---|--|---|
| Credit providers | | | Implementation Regulations specify Annual Return content (to be provided to Commerce Commission by consumer credit providers by 30 June 2024) |
| Cash system operators | Consultation <ul style="list-style-type: none"> Banknote processing machine standards (RBNZ) (Banks, cash in transit industry, independent ATM operators, business equipment manufacturers, retailers) | | |
| FMC reporting entities | | | |
| Retail Payment Network Participants | Consultation Retail payment system regime implementation (Commerce Commission) | Consultation Retail payment system regime implementation (Commerce Commission) | Consultation Retail payment system regime implementation (Commerce Commission) |

Timing to be confirmed

All firms

- Consultation on Cyber data collection plan (RBNZ)
- Money and Cash Stewardship Accountability Framework, CBDC design and policy, and crypto-assets gap analysis (RBNZ)

Banks

- Review of stress-testing framework (RBNZ)
- Residential Mortgage Backed Securities (RBNZ)
 - Development of high grade RMBS standard to address shortages of high quality liquid assets
- Future of Payments: review of New Zealand's electronic payment systems (RBNZ)
 - This review has been established to assess the capabilities and performance of New Zealand's electronic payments systems relative to the public's needs, international peers, and global benchmarks. The output from the review is a bulletin article (targeted for Q2/3 2022) detailing our findings and potential areas of further investigation (RBNZ)

Work currently on hold

Banks

- Restructuring the Banking Supervision Handbook (RBNZ)

Banks, non-bank deposit takers and insurers

- Executive accountability regime (RBNZ, MBIE and FMA)

Notes

- **Consultation** includes planned engagement with the financial sector, whether informally or via the release of discussion documents or consultation papers. It also includes the passage of legislation through Parliament, where further input from the sector may be requested during the select committee stage.
- **Implementation** includes timetables and deadlines for implementation of different phases of a project, plus any additional consultation required to implement policy decisions that have already been taken
- **Compliance monitoring and review** includes information requests and assessments, thematic reviews and post-implementation reviews.