



Deposit Takers (Wine Country Credit Union) Exemption Notice 2010

Pursuant to section 157G of the Reserve Bank of New Zealand Act 1989, the Reserve Bank of New Zealand gives the following notice (to which is appended a statement of reasons of the Bank).

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Notice

- 1 Title**
 This notice is the Deposit Takers (Wine Country Credit Union) Exemption Notice 2010.
- 2 Commencement**
 This notice comes into force on the day after the date of its notification in the *Gazette*.
- 3 Expiry**
 This notice expires on the close of 1 March 2012.
- 4 Interpretation**
 (1) In this notice, unless the context otherwise requires,—

Act means the Reserve Bank of New Zealand Act 1989

Wine Country means Wine Country Credit Union.

- (2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.
- (3) Any term or expression that is defined in the Securities Act 1978 and used in this notice but not defined in this notice or the Act has the same meaning as in the Securities Act 1978.

5 Exemption from section 157I of Act

Wine Country is exempted from section 157I of the Act.

6 Conditions of exemption

The exemption in clause 5 is subject to the conditions that—

- (a) Wine Country must, on or before 31 May 2010, deliver to the Registrar of Companies a memorandum of amendments to each registered prospectus relating to an offer of its debt securities in order to ensure that the prospectus—
 - (i) prominently states that the creditworthiness of Wine Country is not rated by a rating agency approved by the Bank under section 157J of the Act; and
 - (ii) discloses that Wine Country is not rated because it is operating under an exemption from the requirement under the Act to have a credit rating; and
 - (iii) describes the general nature and effect of the exemption; and
 - (iv) does not disclose an assessment of the creditworthiness of Wine Country that is in substance a credit rating (whether called a rating, grading, scoring, ranking, or by any other name) issued by an agency that is not approved by the Bank under section 157J of the Act; and
- (b) Wine Country must ensure that every investment statement and other advertisement relating to an offer of its debt securities that is distributed by, or on behalf of, Wine Country to any member of the public after this notice comes into force contains, or is accompanied by,

- the statements and information referred to in paragraph (a)(i) to (iii); and
- (c) Wine Country must not disclose, in any investment statement or other advertisement referred to in paragraph (b), an assessment of its creditworthiness that is in substance a credit rating (whether called a rating, grading, scoring, ranking, or by any other name) issued by an agency that is not approved by the Bank under section 157J of the Act; and
- (d) Wine Country must, at least once in every 6-month period during which this notice is in force, provide to the Bank a report that describes the steps that it has taken, and intends to take, to bring itself into a position where it can comply with section 157I of the Act before 1 March 2012.

Dated at Wellington this 27th day of April 2010.

Grant Spencer,
Deputy Governor.

Statement of reasons

This notice comes into force on the day after the date of its notification in the *Gazette* and expires on 1 March 2012.

The notice exempts Wine Country Credit Union, as a deposit taker within the meaning of Part 5D of the Reserve Bank of New Zealand Act 1989 (the **Act**), from the requirement in section 157I of the Act to have a current credit rating.

The Reserve Bank of New Zealand, after taking into account the principles set out in section 157F of the Act, and satisfying itself as to the matters set out in section 157G(2) of the Act, considers it appropriate to grant the exemption because—

- the Bank is satisfied that the exemption is consistent with the maintenance of a sound and efficient financial system in that it

is an exemption for a limited time within which Wine Country Credit Union is expected to come into compliance with the Act or to operate within the current class exemption available for deposit takers with liabilities of under \$20 million; and

- the additional direct and indirect costs of obtaining a credit rating are unduly onerous and burdensome in the circumstances. The relevant circumstances are that owing to the particular circumstances applying to Wine Country Credit Union, including its current business model, the cost of a credit rating would be a significant portion of its profit and would erode its ability to build and maintain prudent capital levels in the short term; and
- the exemption allows Wine Country Credit Union sufficient time to build appropriate capital levels and to work through an appropriate process to change the nature of its business, either to a point where it can meet the requirement for a credit rating without the obligation being unduly onerous or burdensome or to a point where it will be able to operate within the current class exemption available for deposit takers with liabilities of under \$20 million; and
- the transitional exemption is for a 2-year period and therefore the exemption is not broader than reasonably necessary to address the matters that gave rise to the exemption.

Issued under the authority of the Acts and Regulations Publication Act 1989.
Date of notification in *Gazette*: 29 April 2010.
This notice is administered by the Reserve Bank of New Zealand.
