

Legal update on business law reform - March 2014

31 March 2014

Securities Law Reform

What's it about?

The Financial Markets Conduct Act 2013 (FMC Act), and its associated regulations, will replace the Securities Act 1978, Securities Markets Act 1988, and other legislation relating to the financial markets.

What's next?

The first batch of regulations required for the FMC Act's implementation have now been made and published.

Buddle Findlay has published a stand-alone [update](#) on the implementation of the FMC Act.

The first phase of the FMC Act will come into force on 1 April 2014.

During the remainder of 2014 we expect officials and the Financial Markets Authority (FMA) to undertake further preparatory work for full implementation of the remaining provisions of the Act in December 2014.

For further information

- MBIE's [website](#) - updated with full background resources on the FMC Act
- [FMC Act in final form](#)
- [FMA's timeline for implementation of the new legislation](#)
- [Financial Markets Conduct \(Phase 1\) Regulations 2014](#)
- [Financial Markets Legislation \(Phase 1\) Commencement Order 2014](#)
- Buddle Findlay's [Financial Markets Conduct Act update - March 2014](#)

Financial Reporting Act 2013

What's it about?

The Financial Reporting Act 2013 received the Royal Assent on 3 December 2013, and will replace the Financial Reporting Act 1993 and make wide-ranging changes to New Zealand's financial reporting requirements.

What's next?

The Financial Reporting Act 2013 and the Financial Reporting (Amendments to other Enactments) Act 2013 will come into force on 1 April 2014.

The External Reporting Board, Inland Revenue, and the New Zealand Institute of Chartered Accountants will be undertaking a series of presentations on the new legislation. Similarly, the FMA has published a guide giving a summary of the new requirements for FMC reporting entities.

For further information

- [Financial Reporting Act 2013](#)
- [Financial Reporting \(Amendments to other Enactments\) Act 2013](#)
- [Ministerial announcement on implementation](#)

Companies and Limited Partnerships Rule Changes

What's it about?

The Government has announced significant changes to the Companies Act 1993 and Limited Partnerships Act 2008 to strengthen the rules applying to the governance, registration and reconstruction of companies and the registration of limited partnerships.

What's next?

The Companies and Limited Partnerships Amendment Bill had its second reading on 2 July 2013. Subsequent to this further amendments to the Bill were introduced on 22 November, which were summarised in our February update.

The Bill is now due for the Committee of the Whole House stage. It is number 25 on the most recent order paper.

For further information

- Buddle Findlay's [February 2014](#) legal update, with more details on the Bill's amendments
- MBIE's [website](#)
- [SOP No 403](#)

Trusts

What's it about?

On 11 September 2013 the Law Commission released its report *Review of the Law of Trusts*.

The report recommends the passing of a new Trusts Act, to replace the current Trustee Act 1956. The report recommends that the new Act should expressly set out trustees' duties, obligations regarding the provision of information to intermediaries, and rules regarding investment.

What's next?

The Government's response, tabled in Parliament on 11 March 2014, agreed with the Commission's core recommendation to replace the Trustee Act, following a more detailed analysis of the Commission's recommendations.

The Commission has indicated that it will undertake additional reviews of charitable and corporate trusts.

For further information

- [Law Commission report](#)
- [March 2014 press release from Minister of Justice](#)

Cartel Criminalisation

What's it about?

The Government has proposed criminalising 'hard-core' cartel conduct in New Zealand.

What's next?

The Commerce Select Committee reported back to the House on 13 May 2013 on the Commerce (Cartels and Other Matters) Amendment Bill.

The Committee recommended a range of amendments to the Bill.

The Bill is currently awaiting its Second Reading and is number 28 on the most recent Order Paper.

For further information

- MBIE's [website](#)
 - [Commerce \(Cartels and Other Matters\) Amendment Bill](#)
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Non-bank Deposit Takers

What's it about?

The Non-bank Deposit Takers Bill received the Royal Assent on 3 December 2013, becoming the Non-bank Deposit Takers Act 2013 (NBDT Act).

The NBDT Act will retain the existing prudential oversight regime for NBDTs, and adds a licensing regime, with suitability requirements for directors and senior managers.

What's next?

The NBDT Act (other than a couple of provisions) will come into force on 1 May 2014.

The coming into force of the NBDT Act will see a stand-alone regime for NBDTs, with a 12 month transitional period for these entities to adjust to the new requirements.

This regime may be subject to revision, depending on the outcome of the Reserve Bank's review of the NBDT sector.

For further information

- [Reserve Bank report on NBDT regime](#)
 - [Reserve Bank announcement on passing of NBDT Act and timing](#)
 - [NBDT Act 2013](#)
 - [NBDT Commencement Order](#)
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Credit Laws

What's it about?

The Credit Contracts and Financial Services Law Reform Bill is intended to strengthen and consolidate the suite of legislation that governs consumer credit contracts.

In particular, the Bill introduces responsible lending requirements to the Credit Contracts and Consumer Finance Act 2003 (CCCFA), in addition to strengthening existing provisions so that borrowers are better informed and protected.

What's next?

The Commerce Select Committee reported back on 17 March 2014, recommending that the Bill be passed with a number of amendments, including staggered commencement dates.

For further information

- Ministry of Consumer Affairs' [website](#)
 - Law Commission's [website](#)
 - Minister of Commerce [statement](#)
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Financial Service Providers

What's it about?

The Credit Contracts and Financial Services Law Reform Bill also amends the Financial Service Providers (Registration and Dispute Resolution) Act 2008, in order to prevent the misuse of our financial services registration scheme to give an appearance of credibility to overseas entities that do not properly undertake financial services business in this country.

What's next?

As mentioned above, the Commerce Select Committee reported back on 17 March 2014.

For further information

- Ministry of Consumer Affairs' [website](#)

- Minister of Commerce [statement](#)
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Financial Advisers

What's it about?

Regulations have been published for the more substantial broker custody requirements under the amended Financial Advisers Act 2008 (FA Act) that will have effect from 1 April 2014.

The FMA will undertake a second consultation on reporting requirements for financial advisers under the FA Act.

On 27 March 2014 the Minister of Commerce announced a revised Code of Professional Conduct for Authorised Financial Advisers.

What's next?

The amendments to the FA Act will take effect in April and December 2014 respectively.

The FMA anticipates incorporating new regulatory reporting requirements into the standard conditions for authorised financial advisers in mid-2014.

The revised code will come into force on 1 May 2014.

For further information

- [Discussion paper](#)
 - [Consultation paper](#)
 - [Minister's announcement](#)
 - [FMA announcement](#)
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