

Legal update on business law reform - April 2015

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Little changed during April, but we've noted the pending developments that are still on the horizon for market participants ...

Securities Law Reform

What's it about?

The Financial Markets Conduct Act 2013 (FMC Act) was (almost) fully implemented on 1 December 2014, together with its associated secondary legislation, the Financial Markets Conduct Regulations 2014 (FMC Regulations). (There are some provisions that are still to come into force, but these are limited to alternative securities markets – Unlisted and Sharemart.)

The FMC Act has replaced the Securities Markets Act 1988 and other legislation relating to the financial markets. The Securities Act 1978 (Securities Act) has been repealed, but will continue in force until December 2016 in a transitional regime contained in the FMC Act. The effect of this is that for the time being there will be two regimes in force, until market participants fully transition to the new FMC Act.

What's next?

The remaining provisions of the FMC Act are expected to be brought into force on 1 December 2015. In the lead up to this period we can expect to see the current alternative trading facilities offered by Sharemart and Unlisted either move to come within exclusions under the FMC Act or seek exemptions along the lines of the NXT Market.

Market participants will need to transition to the new legislation, with such steps obtaining fund manager licences from the Financial Markets Authority (FMA) and moving to the new offering documents.

During March 2015 the FMA published a consultation paper setting out proposals for class exemptions under the FMC Act which it intends to work on during 2015. The FMA's exemption powers under the FMC Act operate in a similar manner to those under the Securities Act, and the publication of the consultation paper and the intention to develop and grant class exemptions suggest that the FMA may be minded to exercise its exemption powers in a similar manner.

For further information

- [FMC Act in final form](#)
- [FMC Regulations in final form](#)
- [FMA's consultation paper on proposed class exemptions](#)

Companies and Limited Partnerships rule changes

What's it about?

The Companies Act 1993 and Limited Partnerships Act 2008 have been amended to strengthen the rules applying to the governance, registration and reconstruction of companies and the registration of limited partnerships.

The amendments received the Royal Assent on 2 July 2014 as the Companies Amendment Act 2014 and the Limited Partnerships Amendment Act 2014.

These changes have mostly now come into force, and have been summarised in our earlier updates.

What's next?

The remaining provisions to come into force are the residency requirements for directors being added to the Companies Act, which are scheduled to come into force on 1 May 2015 (with an additional six month grace period for existing companies).

Australia has been designated as an "enforcement country" for this purpose, so when the new requirements come into force companies must have at least one director who is resident in New Zealand or who is resident in Australia and a director of a company registered in that country. As at the date of this update no other countries have been designated as "enforcement countries".

For further information

- [Companies Amendment Act 2014](#)
 - [Companies Amendment Act 2014 Commencement Order 2014](#)
 - [Companies Act 1993 Amendment Regulations \(No 2\) 2014](#)
 - [Limited Partnerships Amendment Act 2014](#)
 - [Limited Partnership Amendment Act 2014 Commencement Order 2014](#)
 - Buddle Findlay's legal updates - [February 2014](#)
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Cartel criminalisation

What's it about?

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

What's next?

The Commerce (Cartels and Other Matters) Amendment Bill has had its Second Reading, and the Bill is now Number 11 on the most recent Order Paper, and is awaiting the Committee stage.

The Commerce Commission consulted the market during August 2014 on its revised draft *Competitor Collaboration Guidelines*, which the Commission is preparing in anticipation of the Bill becoming law.

For further information

- [Commerce \(Cartels and Other Matters\) Amendment Bill](#)
 - [Draft Competitor Collaboration Guidelines, as prepared by the Commerce Commission](#)
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Credit laws

What's it about?

The Credit Contracts and Financial Services Law Reform Bill was introduced 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 Credit Contracts and Consumer Finance Amendment Act 2014 received the Royal Assent on 6 June 2014.

On March 17 2015 officials published the Responsible Lending Code, which is intended to assist lenders in complying with their new obligations, and confirmed the scheduled commencement date for the new provisions of 6 June 2015.

New requirements under the CCCFA were also published during March 2015, in the form of the Credit Contracts and Consumer Finance Amendment Regulations 2015. These regulations cover matters such as the information that lenders must publish regarding costs of borrowing and minimum repayments.

Buddle Findlay have been working to update clients on these new obligations, and will publish a separate update on the full suite of CCCFA changes.

For further information

- [Credit Contracts and Consumer Finance Amendment Act 2014](#)
 - [Responsible Lending Code](#)
 - [Credit Contracts and Consumer Finance Amendment Regulations 2015](#)
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