

Legal update on business law reform - April 2014

30 April 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.

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

What's next?

The first phase of the FMC Act came 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

- [Buddle Findlay's Financial Markets Conduct Act update - March 2014](#)
- [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](#)

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 came into force on 1 April 2014. The new rules apply to accounting periods commencing on or after 1 April 2014. In the meantime, the Financial Reporting Act 1993 continues to apply.

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 and External Reporting Board have both published guidance on the new reporting requirements.

For further information

- [Financial Reporting Act 2013](#)
- [Financial Reporting \(Amendments to other Enactments\) Act 2013](#)
- [Ministerial announcement on implementation](#)
- [XRB's website – Accounting Standards for SMEs are Changing](#)

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 2013, which were summarised in our February update.

The Bill is now due for the Committee of the Whole House stage. It is number 20 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](#)
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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](#)
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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 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 22 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 Credit Contracts and Financial Services Law Reform Bill had its second reading on 10 April 2014, incorporating the amendments recommended by the Commerce Select Committee.

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 Bill has had its second reading on 10 April 2014.

For further information

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

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

What's it about?

The Financial Advisers Act 2008 (FA Act) has been amended to incorporate new obligations relating to the provision of broking services and, in particular, obligations relating to brokers who provide custodial services. Regulations have also been published for the more substantial broker custody requirements.

What's next?

The amendments to the FA Act and the regulations published under the FA Act came into force on 1 April 2014.

The reporting obligations in the regulations will take effect on 1 December 2014.

For further information

- [Discussion paper](#)
- [Financial Advisers \(Custodians of FMCA Financial Products\) Regulations 2014](#)

What's it about?

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

What's next?

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

What's it about?

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

What's next?

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

For further information

- [Minister's announcement](#)
 - [FMA announcement](#)
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Anti-Money Laundering and Countering Financing of Terrorism annual reports

What's it about?

Reporting entities are required to submit an AML/CFT Annual Report for the 12 month period from 1 July to 30 June. The first annual report will be due from 1 July 2014, and must be submitted by 30 August 2014 at the latest.

What's next?

On 10 April 2014 the three AML/CFT supervisors published a User Guide for AML/CFT Annual Reports, providing guidance for reporting entities on how to prepare their annual reports.

For further information

- [User Guide: AML/CFT Annual Report](#)
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