



FINANCIAL SERVICES FEDERATION

## COVID-19 Deferred Regulatory Activity Summary

### May 12, 2020

Below is a summary of the regulatory activity affected by the current COVID-19 emergency. All FSF's submissions including those mentioned can be seen [here](#).

In addition, on 1 May the Commerce Commission has released guidance for lenders operating under the national Alert Levels which can be downloaded [here](#). This guidance is effective from 1 May and does not apply retrospectively to loans written or varied before this date. On 17 April, the Commission also released guidance for borrowers which may be accessed [here](#).

### COVID-19 Response (Taxation and Other Regulatory Urgent Measures) Act 2020

**Commencement Date: 1 May 2020**

On 30 April, this Act received Royal Assent from Parliament in order to assist the Government's response to the impacts of the COVID-19 outbreak. This notably aims to protect consumers who undertake new borrowing of high-cost credit by amending the commencement dates of the Credit Contracts and Consumer Finance Amendment Act 2019.

As of 1 May, on new loans, lenders will not be able to charge interest and fees of more than 100% of the first advance made under the high-cost loan (or any related loan). Lenders will also not be able to charge compound interest. In addition, default fees of over \$30 in total over the term of a loan will be presumed to be unreasonable. Lenders will also need to disclose additional information in their initial disclosure documents if they are providing high-cost loans.

These changes were previously scheduled to take effect from 1 June 2020. The other provisions affecting high-cost loans, including the introduction of the cap on the rate of charge and restrictions on lending to repeat borrowers, will still come into effect on 1 June 2020.



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## **Credit Contracts and Consumer Finance Amendment Act (CCCFA) 2019**

**Original Commencement Date: 1 April 2021**

**New Commencement Date: No earlier 1 October 2021**

The commencement of new Part 5A of the Credit Contracts Legislation Amendment Act relating to fit and proper person certification will be delayed from 1 September 2020 to no earlier than 1 March 2021. Please also note that these dates will be reviewed by MBIE every three months and any changes will be advised.

Please note also that some CCCFA provisions affecting high cost lenders came into force on 1 May 2020 due to the enactment of the COVID-19 Response (Taxation and Other Regulatory Urgent Measures) Act 2020, as outlined above.

## **Financial Services Legislation Amendment Act 2017**

**Original Commencement Date: 29 June 2020**

**New Commencement Date: Early 2021**

The FSLAA will amend the Financial Markets Conduct Act 2013 to introduce a new regulatory regime for financial advice services. The existing regime under the Financial Advisers Act 2008 will continue to apply in the meantime. Transitional licensing will remain open and the FMA licensing team will continue processing applications as resources are available and in time for the start date of the new regime in early 2021.

## **Financial Markets (Conduct of Institutions) Amendment Bill 2019**

**Original Submission Due Date: 26 March 2020**

**New Submission Due Date: 30 April 2020**

The FSF has submitted on this Bill. This Bill sets out that Financial Institutions (banks, non-bank deposit takers, and licensed insurers) will need to develop a fair conduct programme with which they and their intermediaries must comply. The Bill will also require Financial Institutions to obtain a license under Part 6 of the Financial Markets Conduct Act 2013. The Bill will also allow for the making of Regulations which will regulate incentives.



## **Fair Trading Amendment Bill 2019**

**Original Submission Due Date: 27 March 2020**

**New Submission Due Date: 26 April 2020**

The FSF has submitted on this Bill. Our primary concern was the way in which a 'small trade contract' is defined, which left large and sophisticated businesses open to being unduly protected.

## **Reserve Bank Act Review: Phase 2 Third Round of Consultation**

**Original Submission Due Date: 23 April 2020**

**New Submission Due Date: 23 October 2020**

This consultation concerns the design of the new prudential framework for deposit takers and the deposit insurance scheme.

## **Privacy Bill**

**Original Commencement Date: 1 March 2020**

**New Commencement Date: 1 November 2020**

As the Privacy Bill is still yet to receive Royal Assent despite it being due to come into force on 1 March, Justice Minister Andrew Little tabled a supplementary order paper that amended the commencement date of the Bill to 1 November 2020.