

The Treasury

Reserve Bank Act Review Phase 2 Consultation 3 Submission Information Release

February 2021

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Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [23] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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C3_006 submission – C3 – From InvestNow – Mike Heath – 31 July 2020

Good afternoon

Please find attached our submission for Phase 2 of the Reserve Bank Act Review, specifically with regards to the proposed Depositor Protection.

Regards

Mike Heath

GENERAL MANAGER

INVESTNOW

E: [35]

M: [23]

F: <https://www.facebook.com/investnow.co.nz/>





22 July 2020

Phase 2 of the Reserve Bank Act Review
The Treasury
PO Box 3724
Wellington 6140

To whom it may concern

RE: Further consultation on the prudential framework for deposit takers and depositor protection

The consultation paper, dated March 2020, is silent on the situation where a retail investor's bank deposits are held in custody for safekeeping purposes.

While we believe that the depositor protection does extend to assets held in custody on behalf of retail investors, the rules should explicitly state this.

The customers using our InvestNow platform are retail investors who are natural persons making their own investment decisions. This includes electing which banks they make deposits with, and the term of these deposits. Each deposit an investor makes is in accordance with the specific bank's terms and conditions. In addition to providing safekeeping, this provides investors with a convenient way to diversify their risk across multiple banking institutions and thus adds to the overall financial stability of the system.

An investor's decision to take advantage of a custodial service should not preclude them from the protection offered by any future deposit insurance scheme – they should also enjoy the same benefit i.e. their deposits insured up to \$50,000 on a per-depositor, per-institution basis.

We are sure that you have received submissions from accountants, advisors, lawyers and wider professional groups noting the same thing i.e. where bank deposits are held in custody on behalf of retail investors, the framework should explicitly say that these deposits are covered.

We fully support any look through arrangements and wish to see this explicitly stated in the final regulation. We are confident this is the intent of the regulation.

Should you wish to discuss this submission further, we would happily make ourselves available. Equally, should you have any questions please do not hesitate to contact us.

Regards

Mike Heath
GENERAL MANAGER
InvestNow.co.nz

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