



## Office of Hon Bill English

Deputy Prime Minister  
Minister of Finance  
Minister for Infrastructure

### **CROWN RETAIL DEPOSIT GUARANTEE SCHEME – ELIGIBILITY FOR EXTENDED SCHEME**

I, Simon William English, Minister of Finance **give notice** under section 5 of the Crown Retail Deposit Guarantee Scheme Act 2009 of:

- a the types of entity in respect of which guarantees may be given under section 6 of that Act; and
- b the criteria for entities to satisfy before such guarantees may be given;

to take effect as from the date of this notice.

#### Types of Entity in respect of which Crown Guarantees may be given

The types of entity in respect of which Crown Guarantees may be given under section 6 of the Crown Retail Deposit Guarantee Scheme Act 2009 are:

- a Banks registered under the Reserve Bank of New Zealand Act 1989;
- b Building Societies as defined in the Building Societies Act 1965;
- c Credit Unions as defined in the Friendly Societies and Credit Unions Act 1982;
- d Other deposit taking institutions such as finance companies.

#### Criteria for Entities to satisfy

Entities must satisfy the following criteria before they can be considered for entry into the extended scheme.

##### **For existing entities**

- a An entity that as at the date of its application for a Crown Guarantee under the extended scheme, is an Approved Institution under the existing scheme:
  - o whose Crown Guarantee has not been withdrawn as at that date; and
  - o that has not been subject to a default event (as that term is defined in the Crown Guarantee under the existing scheme); and
  - o that holds a credit rating from Standard and Poor's or Fitch of BB or above or holds a credit rating from Moody's of Ba2 or above.

### **For new banks**

- b An entity that as at the date of its application for a Crown Guarantee under the extended scheme is an Approved Institution under the existing scheme, that has met the eligibility criteria set out in paragraph a. above and that has gained registration as a bank under the Reserve Bank Act 1989.
- c Any other entity that as at the date of its application for a Crown Guarantee under the extended scheme, has gained registration as a bank under the Reserve Bank Act 1989, and that:
  - o holds a credit rating from Standard and Poor's or Fitch of BB or above; or
  - o holds a credit rating from Moody's of Ba2 or above.

### **Merged Entities and Controlling Institutions**

- d An entity that is a Merged Entity that has been constituted as such, after the date of this notice; and
- e Other bank like entities (such as finance companies), established after 12 October 2008:
  - o that have assumed control over two or more Approved Institutions; and
  - o that have a BB rating or higher.

### **For existing entities, new banks, Controlling Institutions and Merged Entities**

In addition:

- f any existing entity, any new bank or any Controlling Institution that (in each case) already carries on business, when applying for the Crown Guarantee under the extended scheme must meet all of the following further eligibility criteria:
  - o have Debt Securities on issue;
  - o be in the business of borrowing and lending, or providing financial services, or both;
  - o carry out a substantial portion of their business in New Zealand; and
  - o do not primarily provide financial services, or lend to, related parties and/or group members.
- g any new bank or Controlling Institution that is not carrying on business at the time of its application and any Merged Entity, applying for the Crown Guarantee under the extended scheme, must meet all of the following further eligibility criteria:
  - o be in the business of borrowing and lending, or providing financial services, or both;
  - o do not primarily provide financial services, or lend to, related parties and/or group members; and

- h a Controlling Institution applying for the Crown Guarantee under the extended scheme must also meet the following further eligibility criteria:
- o the purpose and intent of that Controlling Institution's assumption of control over those Approved Institutions, is (among other things) to be contractually bound to absorb the businesses of those Approved Institutions; and
  - o the period in which that Controlling Institution is obliged to absorb the businesses of those Approved Institutions is within a time deemed reasonable by the Crown.

## Explanation of Terms

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**Approved Institution** means an entity that is identified as an "approved institution" for the existing scheme on the webpage

<http://www.treasury.govt.nz/economy/guarantee/retail/approved>

or any successor Treasury web page on which "approved institutions" for the existing scheme are listed.

**Controlling Institution** is described in paragraph e. above.

**Existing scheme** means the Crown retail deposit guarantee scheme that was announced by the Minister of Finance, on or about 12 October 2008, and which is due to expire on October 12, 2010.

**Extended scheme** means the scheme that was announced on or about 25 August 2009 by the Minister of Finance, which was established under the Crown Retail Deposit Guarantee Scheme Act 2009, and which must expire no later than 31 December 2011.

**A Merged Entity** means:

- a an entity that:
- o holds a credit rating from Standard and Poor's or Fitch of BB or above or holds a credit rating from Moody's of Ba2 or above; and
  - o is comprised by one or more (but not all) of the entities that are party to a merger, one or more of which is:
    - an Approved Institution under the existing scheme, that has met the eligibility criteria set out in paragraph a. of Eligibility Criteria; and
    - party to the Crown guarantee for the extension scheme;
- b an entity that:
- o holds a credit rating from Standard and Poor's or Fitch of BB or above or holds a credit rating from Moody's of Ba2 or above; and
  - o at law is a successor to all the property, rights, powers and privileges, liabilities and obligations of the entities that are party to a merger, one or more of which is:

- an Approved Institution under the existing scheme, that has met the eligibility criteria set out in paragraph a. of Eligibility Criteria; and
  - party to the Crown guarantee for the extension scheme;
- c any other entity or association of entities that the Crown deems to be a merged entity in its sole and unfettered discretion.

**A merger means:**

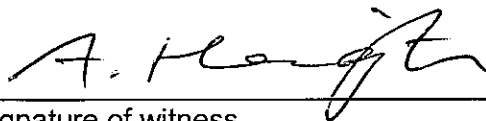
- a in relation to an entity that is a company incorporated under the Companies Act 1993:
- o an amalgamation under part 13 of the Companies Act 1993;
  - o an amalgamation or an arrangement approved by the court approved under part 15 of the Companies Act 1993;
- b in relation to a building society registered under the Building Societies Act 1965:
- o A transfer of engagements under section 33 of the Building Societies Act 1965;
  - o A union of building societies under section 32 of the Building Societies Act 1965;
- c in relation to a credit union registered as such under the Friendly Societies and Credit Unions Act 1982, an amalgamation or transfer of engagements under section 83 of that Act.

**SIGNED** by the **MINISTER OF FINANCE**,  
the Honourable Simon William English



\_\_\_\_\_  
Signature

In the presence of:



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Signature of witness

Name of witness: ALEX HARRINGTON

Occupation: ECONOMIC ADVISOR

Address: PETONE, LOWER HUTT

Date: 16 SEPTEMBER 2009