

Financial Services News Alert

25 June 2010

Deposit Taker Regulations Gazetted

The Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010 (**Regulations**) were gazetted yesterday and will come into force on **1 December 2010**. A copy of the Regulations is available [here](#).

What will the Regulations mean for deposit takers?

In very broad terms, the Regulations:

- reiterate the type of rating that a deposit taker is required to have;
- require every deposit taker and trustee to ensure that the deposit taker's trust deed includes a minimum capital ratio which the deposit taker must maintain (being not less than 8% if the deposit taker has a credit rating and not less than 10% if it does not have such a rating);
- declare certain classes of persons to be related parties of deposit takers; and
- require every deposit taker and trustee to ensure that the deposit taker's trust deed includes a maximum capital limit on aggregate exposures to related parties (which must not exceed 15%).

Are the Regulations different from the draft regulations released earlier this year?

The Regulations are largely similar to the draft regulations which were released for consultation in February. Some of the changes to the Regulations include:

- clarification of several definitions (including the definition of "deductions" in regulation 10(3));
- additions to regulations 13 and 14 of the Regulations in relation to the classification of loans;

- addition of a new regulation 18, which sets out how to determine loan-to-valuation ratio for the purpose of classifying loans secured over qualifying moveable machinery; and
- a number of wording changes and additions for clarity.

How can we help you?

If you have any questions on the Regulations or would like further information on how they will apply to your business, please contact one of our team members below.

Further information



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