

## Financial Reporting Act (Lloyds Banking Group) Exemption Notice 2015

Pursuant to section 35A of the Financial Reporting Act 1993, the Financial Markets Authority gives the following notice (to which is appended a statement of reasons of the Financial Markets Authority).

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### Notice

#### 1 Title

This notice is the Financial Reporting Act (Lloyds Banking Group) Exemption Notice 2015.

#### 2 Commencement

This notice comes into force on 11 September 2015.

#### 3 Revocation

This notice is revoked on the close of 30 November 2016.

#### 4 Application

An exemption granted by this notice applies to the accounting period of each LBG overseas bank that ends on 31 December 2015.

#### 5 Interpretation

In this notice, unless the context otherwise requires,—

**Act** means the Financial Reporting Act 1993

**financial statements** means the financial statements that are required to be prepared in respect of a LBG overseas bank

**home jurisdiction**, in relation to a LBG overseas bank, means the country in which that entity is incorporated

**LBG overseas bank** means any of—

- (a) Lloyds Bank plc, a company incorporated in the United Kingdom; or
- (b) Bank of Scotland plc, a company incorporated in the United Kingdom; or
- (c) Lloyds Bank International Limited, a company incorporated in Jersey; or
- (d) Scottish Widows Bank plc, a company incorporated in the United Kingdom.

Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

## **6 Exemptions for directors of the LBG overseas banks**

Every director of a LBG overseas bank is exempted from sections 10(1), 11, 13 to 15, and 18(1) of the Act in respect of the relevant LBG overseas bank.

## **7 Conditions**

The exemptions in clause 6 are subject to the following conditions—

- (a) the relevant LBG overseas bank is licensed or authorised by the central banking authority of its home jurisdiction to carry on banking business in that jurisdiction; and
- (b) the relevant LBG overseas bank has financial statements prepared in respect of it; and
- (c) the financial statements of the relevant LBG overseas bank, comply with the laws of its home jurisdiction that relate to the preparation, content, audit and public filing of those statements; and
- (d) the relevant LBG overseas bank ensures that—
  - (i) its internet site makes available the most recent published financial statements of that LBG overseas bank within 10 working days of the date of publication; and
  - (ii) if as a result of complying with the laws of its home jurisdiction those most recent published financial statements do not give a true and fair view of the matters to which they relate, those financial statements are accompanied by a statement in English containing information and explanations that will give a true and fair view of those matters.

Dated at Auckland this 8<sup>th</sup> day of September 2015.



Liam Mason  
Director of Regulation  
Financial Markets Authority

## **Statement of reasons**

This notice comes into force on 11 September 2015 and is revoked on the close of 30 November 2016.

This notice exempts the directors of each of Lloyds Bank plc, Bank of Scotland plc, Lloyds Bank International Limited and Scottish Widows Bank plc (each a **LBG Overseas Bank**), from compliance

with the requirements under the Financial Reporting Act 1993 (the **Act**), to prepare group financial statements in accordance with New Zealand generally accepted accounting practices, to have the financial statements audited by a qualified auditor (including a New Zealand licensed auditor or New Zealand registered audit firm) and to register the LBG Overseas Bank's financial statements with the Registrar.

The LBG Overseas Banks offers call debt securities to members of the public in New Zealand under the Securities Act (Lloyds Banking Group) Exemption Notice 2014 (2014 Securities Act notice). This exemption relieves compliance with trust deed and prospectus requirements, also certain aspects of the investment statement and advertising requirements. The 2014 Securities Act notice imposes conditions related to financial statements similar to the requirements in this Financial Reporting Act exemption. The 2014 Securities Act notice expires on the close of 30 November 2016.

The exemptions are on the condition that the relevant LBG Overseas Bank's financial statements comply with the laws of its home jurisdiction relating to those financial reporting requirements. The exemption is also on the condition that the most recent published financial statements of the relevant LBG Overseas Bank are available on or through its website.

The Financial Markets Authority (the **FMA**), after satisfying itself as to the matters set out in section 35A of the Act, considers it appropriate to grant the exemptions because—

- there will not be any significant detriment to subscribers as the exemptions are available only to LBG Overseas Banks which are subsidiaries of a major international bank incorporated in the United Kingdom, and are regulated by, and subject to the oversight of their home jurisdiction regulator. We are satisfied that the financial reporting requirements and the nature and extent of the regulatory oversight for these issuers are equivalent to those that exist for New Zealand issuers. As such, investors in securities issued by the LBG Overseas Banks will have access to broadly similar, and equivalent, financial reporting information to that which they would otherwise receive:
- the costs associated with a requirement that any of these LBG Overseas Banks prepare NZ GAAP compliant financial statements and have those audited by a New Zealand licensed auditor or registered audit firm would outweigh the benefit to investors of having available NZ GAAP financial statements rather than financial statements prepared in accordance with their jurisdiction's GAAP:
- the exemptions only address the particular difficulties experienced by the LBG Overseas Banks as an issuer that is incorporated and based in a jurisdiction in respect of which broadly similar financial reporting requirements apply. Given the limited application of the exemptions and that financial statements are still required to be published on the internet site of the relevant LBG Overseas Bank, the exemptions are not broader than is reasonably necessary to address the matters to which they relate.