



# **Registered Bank Disclosure Regime**

## **Explanatory information on Orders in Council**

**Prudential Supervision Department  
Document BS7A**

**Issued: May 2009**

Ref #3110478

## **Introduction**

1. This document provides guidance on some general aspects of the disclosure requirements in order to assist banks to prepare and distribute their disclosure statements.
2. It is important to note that responsibility for complying with the requirements of the disclosure Orders in Council (the “Orders”) rests with the bank and each of its directors and, for a bank incorporated overseas, also with the New Zealand chief executive officer. It is therefore incumbent on them to satisfy themselves that the bank has complied fully with the disclosure requirements, having regard to any legal, accounting or other professional advice they may have received. This document should be read in that context.
3. In this document, unless the context indicates otherwise, references to the branches or agencies of a registered bank should be interpreted as including:
  - traditional bank branches and agencies; and
  - any other staffed premises of the registered bank or of an agency of the registered bank (that is, an agency primarily engaged in the business of the registered bank) to which the registered bank’s customers or potential customers have access in order to conduct banking business.

For example, branches or agencies may include supermarket or shopping centre kiosks, or bank franchises.

## **Form of Disclosure Statements**

4. Disclosure statements consist of two main parts: in respect of the half year and end of year, a Key Information Summary and a General Disclosure Statement, and in respect of the “off quarters”, ie the first and third quarters of a bank’s financial year, a Key Information Summary and a General Short Form Disclosure Statement (so called because off-quarter general disclosure statements contain abbreviated disclosures). General Disclosure Statements and General Short Form Disclosure Statements perform similar functions and are subject to the same distribution requirements, and so unless indicated, the comments made in this document on General Disclosure Statements apply equally to General Short Form Disclosure Statements.
5. A third document, called a Supplemental Disclosure Statement, must also be made available if certain kinds of information are not already contained in the General Disclosure Statement (refer paragraph 18 below).
6. **Flexibility in combining disclosure statements.** Banks can combine all parts of the disclosure statement into one document or publish them as separate documents. The disclosure statement may also be combined with another document published by the bank, such as a bank’s annual report, provided that all of the disclosure requirements contained in the Orders are complied with.

## **Key Information Summary**

7. The Key Information Summary is aimed principally at the prudent but non-expert reader and contains a brief summary of key corporate and financial information on the registered bank and its banking group. In the case of a bank operating in New Zealand as a branch of an overseas bank, the Key Information Summary must also contain information in relation to the overseas bank and overseas banking group, where this information is publicly available.
8. **Restrictions on disclosures in the Key Information Summary.** The Key Information Summary is expected to be a brief document. In order to ensure that this is the case, and to facilitate comparison among different banks' Key Information Summaries, there are restrictions on the form and content of the Key Information Summary. The main points to note are:
  - the information required to be disclosed in the Key Information Summary must be disclosed in the same order and under the same headings as specified in the Orders.
  - banks should make it clear to which entity (or part of an entity, where applicable) the information disclosed refers. This is particularly relevant for banks operating in New Zealand as branches of overseas banks.
  - additional information cannot be included in the body of the Key Information Summary unless omission of that information would render the Key Information Summary false or misleading. The judgement as to what is false or misleading rests with the directors of the bank in question and, where the bank is incorporated overseas, also with the New Zealand chief executive officer. In forming this judgement they may have regard to appropriate professional advice.
  - additional information may be added to the end of the Key Information Summary (ie after all required disclosures have been made), even where this additional information is not required in order to ensure that the Key Information Summary as a whole is not false or misleading. Disclosures made in the body of the Key Information Summary may refer to this additional information by way of footnote.
9. **Information to be drawn from the General Disclosure Statement.** The Orders require that disclosures made in the Key Information Summary should be taken from the General Disclosure Statement, where applicable. This means, for example, that the rules relating to such matters as the calculation of peak exposure information, contained in the General Disclosure Statement part of the Orders also apply to the relevant part of the Key Information Summary.
10. **Display and availability of Key Information Summary.** The Key Information Summary must be displayed prominently in the bank's head office, and in all of its branches and agencies, as described in paragraph 3. The Key Information Summary must be provided to any person free of charge, immediately upon request (refer paragraph 22).

The bank must make available or display the Key Information Summary on its internet website.

11. **Customers of Direct Banking Centres.** Customers who hold “direct” banking accounts must be notified every quarter that the registered bank’s most recent Key Information Summary is available immediately on request and at no charge from any branch, or from the bank’s internet website. For this purpose, a direct banking account is a bank account held at a branch of the registered bank that is not normally physically accessible by the customers of that branch (in other words, one that is not held at a traditional bricks-and-mortar branch, but rather at a direct banking centre), and that is operated through remote means of communication, including by telephone, mail, e-mail, fax, or the internet.

### **General Disclosure Statement**

12. The General Disclosure Statement is the substantive disclosure document and is aimed at those readers who wish to obtain comprehensive corporate, financial and risk-related information on a bank and its banking group.
13. Disclosures for the full and half year are generally required in respect of the registered bank and the New Zealand banking group, although for some information items disclosure is required only in respect of the banking group. In the off quarters, financial information focuses on the banking group only.
14. **Additional disclosures permitted. Flexible format.** The General Disclosure Statement must contain all of the required disclosures, but can also contain whatever additional disclosures the registered bank wishes to make (except that banks are not permitted to include in the disclosure statement information relating to the offer of debt securities to the public). Banks have discretion as to the disclosure format. For example, disclosures of capital adequacy information and the short-form financial disclosures contained in General Short Form Disclosure Statements need not be in the format set out in the schedules to the Orders. The formats used in the schedules are indicative only.
15. The overriding requirement is that the General Disclosure Statement must not be false or misleading.
16. **Availability.** The General Disclosure Statement is not required to be displayed at a bank’s head office or its branches or agencies (unless it is contained in a document which also includes the Key Information Summary, in which case the whole document must be displayed and made available immediately on request in the same manner as are Key Information Summaries).

The bank must make available or display the General Disclosure Statement on its internet website.

17. Where the General Disclosure Statement is published as a separate document from the Key Information Summary, it must be made available free of charge to any person requesting it, within five working days where the request is made at a bank’s branches

or agencies, or immediately if the request is made at a bank's head office in New Zealand (refer paragraph 22).

### **Supplemental Disclosure Statement**

18. The Supplemental Disclosure Statement is required to contain a copy of certain guarantee contracts, and the financial statements of guarantors (other than government guarantors). Overseas incorporated banks are also required to include financial statements for the overseas banking group and, if they conduct insurance or non-financial business in New Zealand outside the banking group, to include copies of the most recently available financial statements and group financial statements for each of those businesses. Locally incorporated banks which have calculated their aggregate credit exposure to connected persons on a net basis must include a copy of the relevant bilateral netting agreement and, if the netting agreement is not an industry standard one, must also include a copy of advice from an independent third party expert validating the robustness of the agreement. Locally incorporated banks that have adopted an internal models-based approach to credit risk or operational risk (or both) under the Basel II capital adequacy framework must include a description of those approaches, and a discussion of the control mechanisms surrounding any internal credit risk rating systems.

If these disclosures are contained in the General Disclosure Statement, or are not applicable, a Supplemental Disclosure Statement is not required. In that case the General Disclosure Statement must state that there is no Supplemental Disclosure Statement, and explain why.

19. The Supplemental Disclosure Statement need not be re-published every quarter, unless the information it contains is no longer correct. For example, if a bank's guarantee arrangements (if applicable) have not altered from the previous quarter, there is no need to publish a new Supplemental Disclosure Statement, unless other information in the document needs to be amended.
20. **Availability.** The Supplemental Disclosure Statement need not be displayed in a bank's branches or agencies, but must be made available free of charge within five working days of a request being made for it at a branch or agency in New Zealand, or immediately if the request is made at a bank's head office in New Zealand (refer paragraph 22).

The bank must make available or display the Supplemental Disclosure Statement on its internet website.

21. **Flexibility of publication.** A bank can either:
- publish all of the required content of the Supplemental Disclosure Statement in the one Supplemental Disclosure Statement; or
  - publish each of the different components of the Supplemental Disclosure Statement in separate documents (e.g. separate documents for guarantee information and, in the case of a branch bank, the financial statements of the overseas bank or overseas banking group).

### **Requirements to Make Disclosure Statements Available Immediately on Request**

22. Amongst other distribution requirements, the Orders require the Key Information Summary to be provided to any person free of charge immediately upon request, and similarly, for the General Disclosure Statement and the Supplemental Disclosure Statement to be made available immediately upon request where the request is made at a registered bank's head office. The Reserve Bank takes the view that:
- where a request for any of these documents is received in person at a bank's head office, or a request is received in person for a Key Information Summary at any of the bank's branches or agencies, as described in paragraph 3, the appropriate statements must be provided to the person at the time the request is made;
  - where a request for a document that is required to be provided immediately on request is received by fax, phone, mail, e-mail, or other means of remote communication, the document concerned should be mailed or otherwise sent to the person requesting it on the day the request is received (unless the request is received late in the day and it is impractical to issue the document on the same day, in which case it should be mailed or sent on the following working day).

### **Statements on the Availability of Disclosure Statements**

23. Banks are required to make statements in the Key Information Summary about the availability of General Disclosure Statements and Supplemental Disclosure Statements. And, unless the information is already contained in the General Disclosure Statement, banks are also required to make statements in the General Disclosure Statement about the availability of Supplemental Disclosure Statements.
24. In this context, banks must specify the categories of places where copies of the disclosure statements may be obtained free of charge within 5 working days. For most banks, this will simply require a statement to be made that the disclosure statements are available from the bank's internet website or within 5 working days where the request is made at a branch or agency of the bank. However, flexibility is provided for banks to better describe the nature of their physical distribution outlets where outlets other than traditional branches and agencies are used – for example, by using descriptions such as shopping centre or supermarket kiosks, bank franchises, or descriptions relating to other forms of physical distribution arrangements.

### **Disclosure for Banking Group**

25. Where disclosures are required in respect of the banking group, the group in question is the group used for reporting for the purposes of the Financial Reporting Act 1993, except where the Reserve Bank has specified (by notice in writing to the bank) a different group. The banking group for disclosure purposes will be the same as the banking group used for other banking supervision purposes – such as in respect of a bank's conditions of registration.

## **Publication of Disclosure Statements**

26. **Publication period for the on quarters (half year and end of year).** The disclosure statements in respect of a bank's half year or end of year must be published not later than three months after the bank's interim balance date or balance date, as the case may be. All the components of the half-year and end-of-year disclosure statement must be published on the same date.
27. **Publication period for the off quarters.** In general, the disclosure statements in respect of a bank's off quarters must be published not later than two months after the bank's off-quarter. However, where a bank's off-quarter disclosure statement is subject to external audit or review by an external auditor, of a scope not less than that which applies at the full year end, a bank may have up to three months from the off-quarter end to publish the disclosure statement. All the components of the off-quarter disclosure statement must be published on the same date.
28. **Disclosure statements must be sent to Reserve Bank upon publication.** A copy of the bank's disclosure statement, personally signed by those persons signing the disclosure statement in terms of section 82 of the Reserve Bank of New Zealand Act 1989 ("the Reserve Bank Act" or "the Act"), must be delivered to the Prudential Supervision Department of the Reserve Bank on the day of publication.

## **Materiality**

29. **Supplementary information must be published whether or not it is material.** The Orders require banks to publish supplementary prudential information regardless of its materiality. However, where applicable, banks may round quantitative information in line with normal rounding conventions.

## **Disclosure of Guarantees**

30. The Orders require the disclosure of the nature and amount of the following guarantee arrangements in the General Disclosure Statement:
- guarantees of any material obligations of the registered bank; and
  - material cross-guaranteeing contracts involving the registered bank.

These guarantee arrangements are required to be disclosed regardless of whether the guarantor is a member of the banking group or lies outside the group.

31. The Key Information Summary must state whether or not the registered bank has a guarantee under the New Zealand deposit guarantee scheme, and must also list any other government guarantees that apply to some or all of the registered bank's obligations (whether from the New Zealand government or an overseas government). There is no requirement to disclose the nature and amount of non-government guarantee arrangements within the body of the Key Information Summary. However, if in individual cases a registered bank's obligations are subject to material non-government guarantee arrangements, disclosure of those arrangements in the Key

Information Summary should be made after the required disclosures have been made, so that the Key Information Summary is not false or misleading.

32. **Disclosure of guarantee contract.** Where the contractual arrangements relating to a guarantee are included in legal documentation relating to other matters, banks have the flexibility to disclose only that part of the contractual arrangements that relates to the guarantee.
33. **Copy of guarantee contract.** It is acceptable to disclose a reprinted version of a guarantee contract - eg to make it more presentable, provided that the copy represents fully and accurately the contractual arrangements relating to the guarantee.

### Compliance Issues

34. **No power to exempt.** The Reserve Bank Act does not provide the Reserve Bank with a power to exempt banks from compliance with particular aspects of the disclosure requirements. Instead, clause 13 of the Orders applicable at the half year and end of year and clause 12 of the Orders applicable at the off-quarters enable a bank to make alternative disclosures where system limitations or circumstances beyond its control prevent the bank from making the required disclosure. In invoking these clauses, the bank must state the fact that the required disclosures cannot be made, indicate the reason(s) and disclose information which is the closest available alternative to that required to be disclosed.
35. **Clauses 12 or 13 should not be used with excessive frequency.** The Reserve Bank would expect that these clauses (12 or 13 in the respective Orders) would be used relatively sparingly. These are designed to be used in exceptional circumstances and generally for relatively brief periods – essentially in circumstances where a bank’s accounting systems are unable to provide the required information and pending the implementation of changes to those accounting systems. The Reserve Bank would raise concerns with a bank if it considered that clause 12 or 13 in the respective Order was being invoked with excessive frequency or for long periods in respect of the same disclosure requirement. An exception to this is in the case of disclosures of historical information: in this respect it may be necessary for a bank to invoke clause 13 of the full and half year Orders for a lengthy period, given the five year span of historical information required to be disclosed in Schedule 3 of those Orders (Schedule 3, clause 15 for locally-incorporated banks, Schedule 3, clause 17 for overseas-incorporated banks).

### Credit Rating Disclosure

36. **Disclosure of credit rating steps.** In disclosing in the General Disclosure Statement the descriptions or explanations of the steps in a rating agency’s rating scales, banks should disclose all rating steps in the scale applicable (i.e. from the highest to the lowest rating step in all bands), regardless of what a bank’s particular rating is. The rating step descriptions should follow as closely as possible the descriptions given by the rating agency in question.

37. **Alternative credit rating disclosures.** Some banks may have alternative credit ratings as well as the required ratings applicable to their senior unsecured liabilities payable in New Zealand dollars in New Zealand required pursuant to section 80 of the Reserve Bank Act. If such other ratings exist, a bank may disclose them in the General Disclosure Statement, or after the required disclosures in the Key Information Summary.
- 37A. **Disclosure of credit ratings and qualifications to ratings.** A bank will always need to disclose the general rating category and any associated modifier that applies to its credit rating. A bank's disclosure should use the standard systems of symbols and short-hand expression used by the rating agencies to express their rating opinions, for example, AA- or Aa3.
- 37B. Any rating agency qualifiers, rating outlooks, watches or other qualifications that apply to a bank's credit rating should also be disclosed as a matter of course. Here also a bank's disclosure may use the short-hand expressions of these qualifications commonly used by rating agencies. However, where symbols may not be widely understood or self-explanatory, the bank should include appropriate explanations. For example, an outlook expressed as "positive", "negative" or "stable" would be considered self-explanatory but the symbols "POS", "NEG", or "STA" would require a brief explanation.

### **Disclosure of Assets Not Legally Owned**

38. The Orders require the disclosure of the nature and amount of any assets not legally owned but presented in the statement of financial position. This requirement will mainly relate to assets underlying sale and repurchase agreements that have been accounted for as secured borrowings. However, banks should also consider whether other similar items should be included in these disclosures if the accounting policy for them results in an asset that is not legally owned being included in the statement of financial position. This might be the case, for example, under policies for accounting for forward commitments to purchase assets, or for assets purchased but not yet delivered under a trade date accounting policy.

### **Disclosure of an Overseas Bank's Financial Statements**

39. All banks operating in New Zealand as branches of overseas banks are required to disclose the most recent publicly available financial statements of the overseas bank and overseas banking group of which the branch is part. This disclosure requirement does not require the registered bank to translate financial disclosures into New Zealand dollars – the disclosures need only be in the form which is publicly available in the overseas bank's country of incorporation. However, the Orders do require banks to disclose the currency used where financial statements, or information drawn from financial statements, are disclosed in a currency other than New Zealand dollars.
40. If publicly available financial statements are not available for the overseas bank and overseas banking group, the registered bank should disclose the closest available alternative.

### **Exposure Concentration and Connected Person Exposure Disclosure**

41. The Orders make it clear that, for the purposes of disclosing exposure concentration and exposures to connected persons, banks may disclose either limits or actual exposures, but must disclose which of the two bases for measurement are being used. Where a bank's actual exposure to a counterparty materially exceeds the limit applicable to that counterparty over the accounting period in question, the Orders require disclosure on the basis of the actual exposure.

### **Comparative Information**

42. **Comparative information required.** The Orders provide for the disclosure of comparative information in respect of most of the disclosures required by the Schedules to the Orders. The required comparatives are for the same period one year earlier. (For example, if the current period is for the nine months ending 31 March 2008, the comparative period is for the nine months ending 31 March 2007.) In line with the requirements of Generally Accepted Accounting Practice as they apply to financial statement information, the Orders require registered banks to restate prior period comparative information so that it corresponds with information presented for the current period, and to disclose the nature of, and the reason for, any restatements of prior period amounts.
43. **Flexibility where comparatives are not available.** It is recognised that, in some cases, registered banks may have difficulty extracting comparative information (for example, newly registered banks for the first 12 months under the disclosure regime). In recognition of this possibility, the Orders do not require the disclosure of comparative information where that information is not readily obtainable by the bank, except that the Orders deem comparative information to be available 12 months after the date on which the particular information was first required by the Orders to be published.

### **Definition of Director - Overseas Incorporated Banks**

44. Legislation incorporating overseas banks often requires the establishment of different kinds of administrative or supervisory boards, which can sometimes raise questions as to which persons should be regarded as directors for the purposes of complying with the New Zealand disclosure arrangements. A definition of "director" has been incorporated into the Orders to help identify those persons regarded as having ultimate responsibility for the governance of the overseas bank.

### **Director and Chief Executive Responsibility for Signing Disclosure Statements**

45. **Disclosure statement must be signed by every director.** Section 82 of the Reserve Bank Act requires a registered bank's disclosure statement to be signed by every director of the registered bank (except that a director can authorise someone to sign on his or her behalf).

46. **New Zealand chief executive officer of an overseas incorporated bank must also sign.** Disclosure statements for an overseas incorporated bank must be signed by the bank's New Zealand chief executive officer (except that the New Zealand chief executive officer can authorise someone to sign on his or her behalf) as well as by the bank's directors.
47. **Directors and New Zealand chief executive officers can authorise someone else to sign.** Section 82 of the Reserve Bank Act provides for a director or New Zealand chief executive officer (where applicable) of a registered bank to authorise (in writing) a person to sign the disclosure statement on his or her behalf. Directors and (where applicable) the New Zealand chief executive officer may authorise the same person or may each authorise a different person, as they see fit. The authorisation need not be made every quarter; once is sufficient. In authorising someone to sign the disclosure statement on his or her behalf, however, the director or New Zealand chief executive officer is not relieved from liability under the Act; they can "delegate" the signing of the disclosure statements, but cannot delegate their liability and responsibilities.
48. **"Director" means the person holding office as director.** Section 82 of the Reserve Bank Act makes it clear that the directors with responsibility for signing the disclosure statements (and therefore the directors who face potential liability under the Act) are the persons who hold office as directors – i.e. those actually appointed to the board of directors of the registered bank.
49. **Liability for non-compliance.** Sections 89, 89A, 89B, 89C and 90 of the Reserve Bank Act provide for criminal and civil sanctions against a registered bank, the New Zealand chief executive officer (for banks incorporated overseas) and the directors where there is non-compliance with disclosure requirements. If non-compliance occurs directors and, in the case of an overseas incorporated bank, the New Zealand chief executive officer, may face a term of imprisonment of up to 18 months or a fine of up to \$200,000 while the registered bank may be subject to a fine not exceeding \$2,000,000. Section 90 provides for the directors of the bank, the New Zealand chief executive officer (if the bank is incorporated overseas) and the bank itself to be liable for losses sustained by reason of subscribing to debt securities issued by a bank in reliance on false or misleading information contained in a disclosure statement.
50. The offence and penalty provisions of the Reserve Bank Act are very similar to those provided for in the Securities Act 1978 ("the Securities Act"). Therefore, the treatment of bank directors is similar to the treatment of directors of any issuer of securities to the public under the Securities Act.
51. **Defences to the statutory offences.** Sections 89A and 91 of the Reserve Bank Act provide defences to the offence provisions contained in sections 89A and 90 respectively. In essence, these defences are as follows:
- It is a defence to a prosecution under section 89A of the Act if a director of a registered bank or the New Zealand chief executive officer of an overseas incorporated bank proves that he or she had reasonable grounds to believe and did believe, up to the publication of the disclosure statement, that the information contained in the disclosure statement was true.

- A director or New Zealand chief executive officer (where applicable) is not liable under section 90 of the Act (for losses sustained by reason of subscribing for a debt security issued by a registered bank in reliance on false or misleading information) if the director proves that:
  - o the disclosure statement was published without his or her consent, and that on becoming aware of the publication of the disclosure statement, he or she gave notice to the Reserve Bank and gave public notice that the disclosure statement was published without consent; or
  - o the director or New Zealand chief executive officer (where applicable) became aware of the false or misleading information after publication of the disclosure statement, and withdrew his or her consent to the disclosure statement, and gave notice to the Reserve Bank and gave public notice of the withdrawal of that consent; or
  - o the director or New Zealand chief executive officer had reasonable grounds to believe and did believe, up to the time of subscription for securities issued by the registered bank, that the disclosure statement was true.

52. These defences are similar to those contained in the Securities Act.

### **Director and Chief Executive Attestations**

53. **Flexibility to add explanatory statements to attestations.** Bank directors and, where applicable, New Zealand chief executive officers are not permitted to qualify their attestations. However, there is nothing to prevent additional explanatory statements relating to the matters covered in attestations. For example, inclusion of additional information about internal controls, such as a statement that no system of internal controls can facilitate the perfect management of banking risks, provided that neither the meaning nor the wording of the attestations is changed from that contained in the Orders.
54. **Where should directors and New Zealand chief executive officers sign?** The Reserve Bank Act requires directors and, in the case of an overseas incorporated bank, also the New Zealand chief executive officer, to sign the disclosure statement. Although the Orders define the disclosure statement to include the Key Information Summary, General Disclosure Statement (or General Short Form Disclosure Statement in the off-quarters) and Supplemental Disclosure Statement, it is sufficient for the “sign-offs” to be contained in just the General Disclosure Statement (or General Short Form Disclosure Statement in the off-quarters), rather than necessarily being contained in all three components of the disclosure statement. However, this is a matter for each bank to determine.
55. Regardless of where the director and, in the case of an overseas incorporated bank, also the New Zealand chief executive officer sign-offs are actually contained, it is important for directors and New Zealand chief executive officers to recognise that their sign-off, and the duties imposed on them under the Act, apply in respect of the entire disclosure statement – i.e. all of its components.

56. **Directors' and the New Zealand chief executive officer's signatures in the disclosure statements.** The directors' and, if applicable, the New Zealand chief executive officer's signatures need not appear in every published copy of the disclosure statement, provided that the directors' and, if applicable, New Zealand chief executive officer's names do appear, together with a clear statement indicating that the named persons have signed the disclosure statement.

### **Reserve Bank Roles in Relation to Disclosure Statements**

57. **Reserve Bank does not approve draft disclosure statements, but may provide assistance in interpreting the disclosure requirements.** The Reserve Bank does not have the power to approve draft disclosure statements prior to their publication. Banks must rely primarily on their own judgement and that of their auditors, legal counsel or other advisers in preparing disclosure statements. Nonetheless, the Reserve Bank recognises that banks may wish to seek clarification from it in respect of some aspects of the disclosure requirements as they prepare their disclosure statements. Accordingly, where appropriate, the Reserve Bank is prepared to respond to questions put to it in order to assist banks to comply with the provisions of the Orders. However, it is important to note that the Reserve Bank's view on how the Orders should be interpreted is not legally binding and is not a substitute for banks seeking their own professional advice on this matter.
58. **Reserve Bank's roles in relation to disclosure statements.** The principal roles of the Reserve Bank in relation to the disclosure regime are as follows:
- The Reserve Bank reviews banks' published disclosure statements to monitor banks' compliance with disclosure requirements. Where the Reserve Bank has concerns that a bank may not be complying with the requirements, it will raise those concerns with the bank in question. In cases where the Reserve Bank is satisfied that a bank's disclosure statement is false or misleading, or a disclosure requirement has not been complied with, the Reserve Bank may use its power under section 83 of the Act to require a bank to issue a correction to its disclosure statement or issue a new disclosure statement.
  - The Reserve Bank reviews banks' disclosure statements to monitor each bank's compliance with its conditions of registration. Where the Reserve Bank has reason to doubt that a condition is being complied with, it will raise that concern with the bank. If the breach of condition is confirmed, the Reserve Bank would require the bank to take corrective action so that the relevant condition of registration is complied with.
  - The Reserve Bank uses a bank's disclosure statements as one of the principle sources of information for monitoring the bank's financial condition.
  - The Reserve Bank keeps the Orders under review and prepares recommendations for the Government where changes to the disclosure requirements appear to be necessary. In accordance with the Reserve Bank's obligations under the Act, the Reserve Bank consults banks and other interested parties and has careful regard to their views before recommending changes to the Orders.