

1 Decision Date

1 November 2016

2 Duration of the Exemption

This Exemption comes into force on 1 November 2016, and expires at the close of 1 November 2018, unless varied under regulation 37(3) of the Regulations, or revoked earlier.

3 Interpretation

(1) In this notice, unless the context otherwise requires—

Act means the Overseas Investment Act 2005.

Columbus Receivables means receivables consisting of all rights under revolving credit contract (including any ancillary rights relating to that revolving credit contract) originated by Columbus Financial Services Limited, the Exemption Holder, or any other direct or indirect wholly-owned subsidiary of the Exemption Holder.

Columbus Trust means the Columbus Trust created under the Master Trust and Security Trust Deed dated 31 July 2014 between New Zealand Guardian Trust Company Limited, NZGT Security Trustee Limited and Flexi Financial Services Limited and the Notice of Creation of Trust dated 2 September 2016 between New Zealand Guardian Trust Company Limited, Flexi Cards Limited and Flexi Financial Services Limited.

Exemption means the exemption in paragraph 4.

Exemption Holder means Flexi Cards Limited (company number 1421862).

OIO means the Overseas Investment Office.

Receivables means the Columbus Receivables, the RFS Receivables and the Q Card Receivables.

Regulations means the Overseas Investment Regulations 2005.

RFS Receivables means receivables consisting of all rights under revolving credit contract (including any ancillary rights relating to that revolving credit contract) originated by Retail Financial Services Limited under the Farmers finance brand.

Q Card Receivables means receivables consisting of all rights under revolving credit contract (including any ancillary rights relating to that revolving credit contract) originated by Consumer Finance Limited and its related entities under the Q Card brand.

Trustee means The New Zealand Guardian Trust Company Limited in its capacity as trustee of the Columbus Trust.

(2) Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this Exemption has the same meaning as in the Act or the Regulations (as the case may be).

4 Exemption from the requirement for consent provisions of the Act

- (1) The acquisition of Receivables by the Trustee, being property in New Zealand used in carrying on business in New Zealand for consideration exceeding \$100 million, is exempt from the requirement for consent.

5 Conditions of the Exemption

- (1) The Exemption Holder must report to the OIO annually, detailing:
 - (a) the value of Receivables acquired by the Trustee as at 1 November 2017 and 1 November 2018;
 - (b) confirmation that conditions 5(4) and 5(5) have been complied with; and
 - (c) any other information that would aid the OIO in its function to monitor the conditions of the Exemption.
- (2) The report referred to in condition 5(1) is due on 30 November 2017 and 30 November 2018.
- (3) The Exemption Holder may seek to have the duration of the Exemption extended by submitting an application to vary the Exemption. An application to vary the Exemption must be submitted to the OIO at least 3 months prior to the expiry of the Exemption.
- (4) The Columbus Trust must not have any overseas person beneficiary other than the Exemption Holder or a wholly-owned subsidiary of the Exemption Holder.
- (5) If the Trustee resigns or is removed, any replacement trustee of the Columbus Trust must not be an overseas person unless the overseas person obtains consent or holds an exemption from the requirement for consent under the Act.
- (6) If requested in writing by the OIO, the Exemption Holder must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:
 - (a) the representations and plans made or submitted in support of the application for the Exemption; or
 - (b) the conditions of the Exemption.

6 Amendment or revocation of the Exemption

The Exemption and conditions of the Exemption may at any time be amended or revoked by the Overseas Investment Office.

7 Sanctions

The Act provides for civil and criminal sanctions for breaching the Act, failing to comply with conditions of exemption and failing to provide information required by the Overseas Investment Office. The Overseas Investment Office has an obligation to investigate and act upon alleged and suspected breaches of the Act.

8 Explanatory note

The purpose of the Exemption is to exempt The New Zealand Guardian Trust Company Limited in its capacity as trustee of the Columbus Trust's acquisition of significant business assets from the requirement for consent under the Act.

The transaction is part of a securitisation programme in which the Columbus Trust will acquire receivables, which consist of all rights under a loan contract, including ancillary rights relating to that loan contract. The receivables will be pooled to form security for loans from banks, financial institutions or investors.

The transaction requires consent because Columbus Trust will be an overseas person and the consideration for the assets to be acquired will exceed \$100 million.

The exemption is consistent with the purpose the Act because beneficial ownership and effective control of the receivables will not change as a result of the transaction. The beneficiary of the Columbus Trust will be Flexi Cards Limited. The receivables will originate from Flexi Cards Limited or its wholly-owned subsidiaries. Flexi Cards Limited will also be the servicer and trust manager, exercising day to day management and control of the trust assets.

Any subsequent transactions concerning the assets will remain subject to any applicable requirement for consent under the Act.