

6 September 2011
Securities Law Review
Investment Law Team
Ministry of Economic Development
PO Box 1473
Wellington
New Zealand

(Sent via investment@med.govt.nz)

Dear Sir / Madam

Lendit Limited Response to Discussion Paper – Review of Securities Law (June 2010)

Lendit Limited is grateful for the opportunity to respond to the Ministry of Economic Development's Discussion Paper regarding the Review of New Zealand Securities Law.

1. Lendit Limited ("Lendit")

Lendit Limited aims to be a facilitator for social (peer to peer lending in New Zealand).

For further information about Lendit please see our website www.lendit.co.nz.

2. General response to the Consultation Paper

Lendit thoroughly supports the Ministry's efforts to reform New Zealand's securities laws. We agree with the Ministry that our capital markets have evolved at a much faster pace than our regulatory regime and that wholesale reform is needed to bring New Zealand's laws up to date with current market behaviour and products.

Under the current regime social lending is cannot practically operate in New Zealand while it is operating to great success in a number of countries including the United States, United Kingdom, India, China and Japan. Social lending typically has much lower default rates than other forms.

3. Lendit comments on the Consultation Paper

In our view there is a need for more clarity in the definitions of the terms of license under the licensing options of section 371 (1) which specifically references Social Lending as a mechanism and subpart 7 section 289 which explains principles for Licensing of markets for trading financial products.

Compliance costs would become prohibitive in the Social Lending space if clear and easy to follow rules are not provided by the new legislation.

With specific reference to Social Lending we propose the following thresholds to be set to allow for clarity for operators in this space.

- Provide for a low threshold; less than \$1000, to exclude the requirement for investor qualification.
- Provide for a low threshold; less than \$30,000, to exclude the requirement for a prospectus.
- Provide explicit recognition that the trading platform provider is not promoting or brokering loans.

We thank you for the opportunity to make this submission.

John L Walley

Director

Lendit Limited

johnwalley@clear.net.nz

0064 21 809 631