

Implementation of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009

Consultation Paper on Draft Regulations

(Tranche 1)

October 2017



New Zealand Government

Contents

- About this paper** 1
 - How to have your say 1
 - Personal information and confidentiality 1
- Overview** 2
 - The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 2
 - Regulations 3
 - Scope of first tranche of regulations 3
 - Timing 3
- Substantive changes**..... 4
 - Suspicious activity report requirements 4
 - Annual reporting form 6
 - Classes of ‘occasional activity’ 8
- Technical amendments**.....10
 - Table 1: Summary of technical amendments11
- Appendices**.....13
 - Appendix 1: AML/CFT Tranche 1 Draft Regulations (Requirements and Compliance) ..13
 - Appendix 2: AML/CFT Tranche 1 Draft Regulations (Exemptions)44
 - Appendix 3: AML/CFT Tranche 1 Draft Regulations (Cross-border Transportation of Cash)50
 - Appendix 4: AML/CFT Tranche 1 Draft Regulations (Definitions)54

About this paper

The Ministry of Justice is seeking submissions on proposed regulations under the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Act 2009.

The proposed regulations outline how various AML/CFT measures will work in practice. There are specific questions we're particularly interested in your feedback on. We also welcome any other comments you may have. Your feedback will help ensure the regulations are fit for purpose.

How to have your say

You can:

- read about the proposals and give your feedback online at consultations.justice.govt.nz
- download and read the consultation document (including draft regulations) and either:
 - email a submission to aml@justice.govt.nz
 - post a written submission to AML/CFT consultation team, Ministry of Justice, SX10088, Wellington, New Zealand

Please send us your views by 5pm, Tuesday 31 October 2017.

Personal information and confidentiality

We will hold your personal information in accordance with the Privacy Act 1993.

We accept submissions made in confidence or anonymously. Please clearly indicate if you want your submission to be treated as confidential.

We may be asked to release submissions in accordance with the Official Information Act 1982 and the Privacy Act 1993. These laws have provisions to protect sensitive information given in confidence but we can't guarantee the information can be withheld. However, we won't release individuals' contact details.

Overview

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the AML/CFT Act) aims to detect and deter money laundering and terrorism financing. It requires certain businesses to put AML/CFT measures in place. These include assessing the money laundering and terrorism financing risks their business may face, establishing a compliance programme, confirming their customers' identities, and reporting suspicious activities and certain transactions. The AML/CFT Act is intended to strike a balance between combating crime, minimising costs and enabling New Zealand to meet its international obligations.

Banks, casinos and a range of financial service providers ('Phase 1 reporting entities') have been subject to the AML/CFT Act since 2013.

Recent amendments to the AML/CFT Act¹ extended the current AML/CFT regime to cover more businesses at risk of being targeted by criminals to launder money and finance terrorism (referred to here as 'Phase 2 reporting entities'). A staged approach is being taken to implementation of these businesses, which include:

- lawyers, conveyancers and trust and company service providers – required to comply from 1 July 2018
- accountants – required to comply from 1 October 2018
- real estate agents – required to comply from 1 January 2019
- the New Zealand Racing Board (which administers all racing and sports betting in New Zealand) and certain businesses that deal in high value goods (such as cars, boats, jewellery, art) – required to comply from 1 August 2019.

The amendments also made changes to the AML/CFT Act which will apply to both Phase 1 and 2 entities, for example expanding reporting to Police from suspicious transactions to a broader class of suspicious activities.

The [AML/CFT Act 2009](http://www.legislation.govt.nz) can be found at: www.legislation.govt.nz

General information on the [AML/CFT regime](http://www.justice.govt.nz/aml-cft) is available at: www.justice.govt.nz/aml-cft
This includes [Cabinet papers](#) setting out policy decisions on the recent changes.

The existing and proposed regulations are discussed below.

¹ AML/CFT Amendment Act 2017

Regulations

A range of regulations have been made under the AML/CFT Act to date (completing the first phase of reforms). Additional regulations are required to implement the 'Phase 2' AML/CFT reforms.

Consistent with the staged implementation of the Phase 2 sectors, new regulations will be made in different rounds or 'tranches'. The first tranche covers matters that need to be addressed before the first Phase 2 reporting entities (lawyers, conveyancers and trust and company service providers) are required to comply on 1 July 2018. Wider changes to the AML/CFT regime such as suspicious activity report requirements, also due to come into effect on 1 July 2018, and which affect all (Phase 1 and Phase 2) reporting entities, are also being addressed.

Other technical changes and sector-specific regulations, for example, timing of customer due diligence for real estate agents, will be addressed in 2018.

Alongside the work on regulations, the New Zealand Police's Financial Intelligence Unit (FIU) will provide a revised National Risk Assessment (intended to be available in November 2017). Phase 2 Sector Risk Assessments and sector-specific guidance to help businesses understand, prepare for and meet their AML/CFT obligations, are also in development by the Department of Internal Affairs.

Scope of first tranche of regulations

The first tranche of draft regulations proposes:

- prescribing the information that needs to be contained in a Suspicious Activity report
- prescribing the annual report form for many of the Phase 2 entities
- clarifying the scope of an 'occasional activity' under the AML/CFT Act.

Several minor and technical amendments are also proposed.

Timing

We anticipate that final decisions on the first tranche of regulations will be made in December 2017, and they will be in force by February 2018.

As noted, other technical changes and sector-specific regulations, will be addressed in 2018.

Substantive changes

Suspicious activity report requirements

The FIU currently receives suspicious transaction reports (STRs) from existing (Phase 1) reporting entities under the AML/CFT Act, and from some Phase 2 entities (for example, lawyers) under the Financial Transactions Reporting Act 1996.

The FIU receives and analyses financial intelligence from reporting entities and if it considers there are reasonable grounds to suspect criminal activity, refers a package of financial intelligence to an investigative team (for example, within Police, IRD, Customs). The type and quality of information received from reporting entities is important to FIU's decision whether a matter is referred to investigators.

The 2017 amendments to the AML/CFT Act provided for reporting on suspicious *transactions* to be extended to suspicious *activities*. This was because reporting entities might have suspicions about broader activities rather than just transactions, which could provide valuable financial intelligence for detecting crime.

The Suspicious Activity report (SAR) requirements come into effect on 1 July 2018. Section 41(1) of the AML/CFT Act requires that SARs must contain the details prescribed by regulations.

As noted, the FIU will provide a revised National Risk Assessment. It will also update its website and *goAML* to accommodate the new suspicious activity reports and provide new guidance on suspicious activities.

Proposal

We propose replacing the existing STR requirements in Schedule 1 of the Anti-Money Laundering and Countering Financing of Terrorism (Requirements and Compliance) Regulations 2011, with the details to be contained in SARs (**refer Appendix 1, page 4**).

The reporting requirements (subject to being 'applicable' or 'available' as indicated) include general details of the entity making the SAR, along with details of where, when and the mode of transaction/service or proposed transaction/service being reported. Other requirements include providing details of the customer conducting or seeking to conduct the transaction/service being reported, and beneficial owners of the customer (if applicable). A 'tick-box' is provided for reporting entities to indicate to the Police the types of documents they hold that are relevant to the grounds for suspicion.



Questions

1. Are the details to be contained in suspicious activity reports clear?
2. Do you anticipate any challenges for reporting entities to provide the details to complete suspicious activity reports?
3. Are there other matters that should also be required in suspicious activity reports?

Annual reporting form

Businesses captured under the AML/CFT Act are referred to as 'reporting entities'. A reporting entity is required to prepare an annual report on its risk assessment and AML/CFT programme. The annual report includes questions on organisational structure, products and services, and customers.

Annual reports help supervisors:

- understand more about money laundering and terrorism financing risks faced by businesses and across relevant industries or sectors
- identify areas where further guidance is required
- understand how businesses meet their AML/CFT obligations, assess and lessen their risk of money laundering and terrorism financing, and manage their financial activities.

Under section 60 of the AML/CFT Act the annual report must (among other requirements) be in the prescribed form and contain any information prescribed by regulations.

The AML/CFT (Requirements and Compliance) Regulations 2011 set out the information that reporting entities must provide to their supervisor in their annual report. Schedule 2 currently contains the annual report form for Phase 1 entities: this, with a few minor amendments, will continue to be the appropriate form for 'financial institutions' and casinos to complete.

Proposal

We seek your comments on the draft annual report form proposed for most Phase 2 entities (designated non-financial businesses or professions (DNFBPs)) as defined in section 5 of the AML/CFT Act. Once this form (**refer Appendix 1, page 19**) is finalised, it will be included as Schedule 2A of the AML/CFT (Requirements and Compliance) Regulations 2011.

DNFBPs include lawyers, conveyancers, accountants, real estate agents, and trust and company service providers, when they carry out activities captured by the AML/CFT Act.

The proposed annual report form for DNFBPs requires details about the entity's AML/CFT risk assessment and programme, structure of business, and number of customers and includes specific questions relating to the types of activities undertaken by these entities.

We note that businesses caught by a narrower definition of 'trust and company service provider' (TCSP) were already covered under Phase 1 of the AML/CFT Act, and those TCSPs were required to complete the existing (Schedule 2) annual report form.

Now that the definition of TCSP has expanded under the 2017 amendments, more entities will be caught under this definition from the middle of 2018. Accordingly, from the middle of 2018, all TCSPs will be required to complete the new annual report form being consulted on here.



Questions

4. Are the questions in the new draft annual report form (Schedule 2A) clear?
5. Do you anticipate any challenges for the relevant reporting entities to provide the information to complete the form?
6. Are there other matters that should also be required in the new draft annual report form?
7. Do you have any other comments about the new draft annual report form?

Classes of ‘occasional activity’

The AML/CFT Act requires a reporting entity to conduct customer due diligence (CDD) if a customer seeks to conduct an ‘occasional transaction’ or an ‘occasional activity’, through that reporting entity.

An ‘occasional transaction’ is a cash transaction that occurs outside of a business relationship and is equal to or above the applicable threshold value, currently \$10,000 (the transaction may be carried out in a single operation or several operations that appear to be linked).

An ‘occasional activity’ is an activity specified in section 6(4) of the AML/CFT Act (other than an ‘occasional transaction’) that does not involve a business relationship between the reporting entity and the customer, i.e. can be classified as a ‘one-off’. It can include specific activities undertaken either by financial institutions or by DNFBPs. For example, a one-off arrangement to set up a company which did not involve a business relationship with the customer would constitute an ‘occasional activity’ and would therefore require CDD.

However, it has become clear that there may be unintended consequences when the CDD (identity verification) obligations in respect of an ‘occasional activity’ are applied to activities contained within the definition of ‘financial institution’.

Proposal

We propose to clarify the definition of ‘occasional activity’ through regulations (**refer Appendix 2, page 3**). This proposal is intended to be new regulation 24A of the Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Regulations 2011.

As noted, applying the ‘occasional activity’ concept to activities contained within the definition of ‘financial institution’ may lead to some unintended consequences. For example, ‘accepting deposits or other repayable funds from the public’, outside a business relationship would fall within the parameters of an ‘occasional activity’, and technically require CDD, even if the amount is beneath the threshold for an ‘occasional transaction’ (i.e. under \$10,000). This would mean that people making small, one-off bank deposits and/or non-customers of a bank exchanging New Zealand currency amounts below the ‘occasional transaction’ threshold, would be subject to CDD.

In order to avoid the unintended capture of one-off, low risk activities which fall below the ‘occasional transaction’ threshold, it is proposed to limit the ‘occasional activity’ concept to activities which fall under the definition of ‘designated non-financial business or profession’ (DNFBP). This would mean that the ‘occasional activity’ definition would not, for example, capture \$50.00 deposits into bank accounts that occur outside a business relationship, but would still apply to activities (such as a one-off formation of a company) undertaken outside a business relationship, by DNFBPs.

Accordingly, it is proposed to amend the Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Regulations 2011 to exclude financial institution activities (as defined in the definition of 'financial institution' in section 5 of the AML/CFT Act) from being an 'occasional activity' for the purposes of this Act.



Questions

8. Do you agree that financial institution activities should be excluded from being an 'occasional activity' for the purposes of the AML/CFT Act?
9. Why/why not?

Technical amendments

A range of minor and technical amendments are proposed to four AML/CFT Regulations. These include aligning terminology to the recent amendments in the AML/CFT Act (e.g. amending 'suspicious *transaction* report' to 'suspicious *activity* report'); rounding thresholds to align with changes already made in the AML/CFT Act (e.g. for an occasional transaction; cross-border movement of cash); removing some matters from the regulations that are now dealt with specifically in the AML/CFT Act; and ensuring regulation commencement/revocation dates match those in the AML/CFT Act).

We have attached the four draft regulations for consultation (**refer Appendices 1 – 4**):

- Anti-Money Laundering and Countering Financing of Terrorism (**Requirements and Compliance**) Amendment Regulations 2017
- Anti-Money Laundering and Countering Financing of Terrorism (**Exemptions**) Amendment Regulations 2017
- Anti-Money Laundering and Countering Financing of Terrorism (**Cross-border Transportation of Cash**) Amendment Regulations 2017
- Anti-Money Laundering and Countering Financing of Terrorism (**Definitions**) Amendment Regulations 2017

We have also summarised the changes to the relevant regulations in the table below. We welcome your feedback on the technical amendments.

The existing regulations can be found at www.legislation.govt.nz

- Anti-Money Laundering and Countering Financing of Terrorism (Requirements and Compliance) Regulations 2011
- Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Regulations 2011
- Anti-Money Laundering and Countering Financing of Terrorism (Cross-border Transportation of Cash) Regulations 2010
- Anti-Money Laundering and Countering Financing of Terrorism (Definitions) Regulations 2011

Table 1: Summary of technical amendments

Regulation being amended	Proposed change	Reference
<p><i>Anti-Money Laundering and Countering Financing of Terrorism (Requirements and Compliance) Regulations 2011</i></p>	<p>Staggered implementation of amendment regs to reflect when SAR requirements come into force, and when the new annual report form needs to be in effect</p>	<p>New reg 2</p>
	<p>Replace regulations 4 – 7 to clarify that the AML/CFT Act now contains all the relevant details on these matters</p>	<p>Replacing regs 4-7</p>
	<p>New regulation 8 to align regulation with requirements in Act relating to suspicious activity reports.</p>	<p>Replace reg 8</p>
	<p>Minor amendments to the form in Schedule 2 to reflect that from 1 July 2018, TCSPs will be required to complete the new form at Schedule 2A.</p>	
	<p>Note: New Schedule 1 Details to be contained in suspicious activities report and inclusion of Part 2 in Schedule 2A are discussed in the section on substantive amendments above.</p>	
<p><i>Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Regulations 2011</i></p>	<p>Staggered implementation of amendment regs to reflect when SAR requirements come into force</p>	<p>Reg 2 of amendment regulations</p>
	<p>The Exemptions regulations currently expire on 29 June 2018. We propose an extension of 2 years for all the Exemptions regulations. During that extended period, a review of the Exemptions Regulations will be undertaken to ensure that they reflect current risk profiles. That review will include consideration of the impact the regulations have on the integrity of, and compliance with, the AML/CFT regime.</p>	<p>Amendment to Reg 3</p>
	<p>Aligning cross references and terminology to the recent amendments in the AML/CFT Act (e.g. amending ‘suspicious transaction report’ to ‘suspicious activity report’)</p>	<p>Amendment to Regs 6A, 9, 10, 19, 20, 21, 22</p>
	<p>Note: Inclusion of new Reg 24A ‘Classes of occasional activities’ is discussed in the section on substantive amendments, above.</p>	

Regulation being amended	Proposed change	Reference
<i>Anti-Money Laundering and Countering Financing of Terrorism (Cross-border Transportation of Cash) Regulations 2010</i>	Removal of expiry date	Amendment to Reg 3
	Rounding-up threshold for cash movements to reflect the AML/CFT Act and the Border Cash Report form	Amendment to Reg 5
	Aligning wording in regulation 6(b) with that in amended Act (inserting 'appropriate' before 'prescribed form').	Amendment to Reg 6
<i>Anti-Money Laundering and Countering Financing of Terrorism (Definitions) Regulations 2011</i>	Staggered commencement and revocation to reflect the phased implementation of 'Phase 2' sectors over the next 2 years	Revocation of reg 17, amendment to Reg 20
	Aligning cross references and the threshold for occasional transactions with the amended Act	Amendments to Regs 3 – 8(1), 10
	Revoke regulation 7(2) because the relevant definitions are now in s5(2) of the principal Act	New Reg 8(2)
	Replace regulation 9 (Prescribed condition of membership of designated business group) because the prescribed conditions are now set out in the AML/CFT Act.	Amendment to Reg



Questions

10. Do you have any comments on the proposed technical amendments? Please be clear which regulation you are referring to.

Appendices

Appendix 1: AML/CFT Tranche 1 Draft Regulations (Requirements and Compliance)

DRAFT FOR CONSULTATION

Anti-Money Laundering and Countering Financing of Terrorism (Requirements and Compliance) Amendment Regulations 2017

Governor-General

Order in Council

At Wellington this day of 2017

Present:
in Council

These regulations are made under sections 60(2)(c) and 153 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 on the advice and with the consent of the Executive Council.

Contents

		Page
1	Title	2
2	Commencement	2
3	Principal regulations	2
4	New regulation 3A inserted	2
	3A Transitional, savings, and related provisions	2
5	Regulations 4 to 7 replaced	2
	4 Existing anonymous accounts: other circumstances	3
	5 Entities that are customers for purposes of section 18(1) of Act	3
	6 Enhanced customer due diligence required for certain transactions requiring suspicious activity report	3
	6A Identity requirements: additional information about beneficiaries of trusts	3

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

r 1

	7	Identifying information prescribed in relation to wire transfers	3
6		Regulation 8 replaced (Details to be contained in written suspicious transaction report)	3
	8	Details to be contained in written suspicious activity report	3
7		Schedule 1 replaced	3
8		Schedule 2 replaced	3
		Schedule 1AA	3
		Transitionals, savings, and related provisions	
		Schedule 1	4
		New Schedule 1 inserted	
		Schedule 2	7
		New Schedules 2 and 2A inserted	

Regulations

1 Title

These regulations are the Anti-Money Laundering and Countering Financing of Terrorism (Requirements and Compliance) Amendment Regulations 2017.

2 Commencement

- (1) These regulations (except regulations 6, 7, and 8 and Schedules 1 and 2) come into force on the 28th day after the date of their notification in the *Gazette*.
- (2) Regulations 6, 7, and 8 and Schedules 1 and 2 come into force on 1 July 2018.

3 Principal regulations

These regulations amend the Anti-Money Laundering and Countering Financing of Terrorism (Requirements and Compliance) Regulations 2011 (the **principal regulations**).

4 New regulation 3A inserted

Insert after regulation 3:

3A Transitional, savings, and related provisions

The transitional, savings, and related provisions set out in Schedule 1AA have effect according to their terms.

5 Regulations 4 to 7 replaced

Replace regulations 4 to 7 and the cross-headings above regulations 5 and 5A with:

- 4 Existing anonymous accounts: other circumstances**
The only circumstances specified for the purposes of section 14(1)(d) of the Act are those specified in section 14(2) of the Act.
- 5 Entities that are customers for purposes of section 18(1) of Act**
The only entities that are customers for the purposes of section 18(1) of the Act are those specified in section 18(2) of the Act.
- 6 Enhanced customer due diligence required for certain transactions requiring suspicious activity report**
The only circumstances specified for the purposes of section 22(1)(e) of the Act (which relates to prescribed circumstances where enhanced due diligence is required) are those set out in section 22A of the Act.
- 6A Identity requirements: additional information about beneficiaries of trusts**
The only additional information required to be supplied by a reporting entity for the purposes of section 23(1)(b) of the Act is that specified in section 23(2) of the Act.
- 7 Identifying information prescribed in relation to wire transfers**
The only additional information referred to in section 27(1)(d) of the Act is the information specified in section 27A of the Act.
- 6 Regulation 8 replaced (Details to be contained in written suspicious transaction report)**
Replace regulation 8 with:
- 8 Details to be contained in written suspicious activity report**
Every written suspicious activity report under section 40 of the Act must contain the details set out in Schedule 1.
- 7 Schedule 1 replaced**
Replace Schedule 1 with the Schedule 1 set out in Schedule 1.
- 8 Schedule 2 replaced**
Replace Schedule 2 with the Schedules 2 and 2A set out in Schedule 2.

Schedule 1AA
Transitionals, savings, and related provisions

r 3A

- 1 Form of annual report**
A reporting entity must—

- (a) complete its annual report for any annual period ending on or before 30 June 2018 in the form set out in Schedule 2 of the principal regulations (as it read before the commencement of regulation 3A of the Anti-Money Laundering and Countering Financing of Terrorism (Requirements and Compliance) Amendment Regulations 2017); but
- (b) must in relation to any subsequent annual report complete it in the form (as appropriate) in either Schedule 2 or 2A of the principal regulations (as inserted by regulation 3A of the Anti-Money Laundering and Countering Financing of Terrorism (Requirements and Compliance) Amendment Regulations 2017).

**Schedule 1
New Schedule 1 inserted**

r 6

**Schedule 1
Details to be contained in suspicious activity report**

r 10

- 1 General:
- (a) signature of person authorised by the reporting entity to sign the suspicious activity report (the **SAR**) (unless the report is forwarded by email or another similar means of communication):
 - (b) name of person authorised by the reporting entity to sign the SAR:
 - (c) name of reporting entity:
 - (d) business address of reporting entity:
 - (e) name of the reporting entity's AML/CFT supervisor:
 - (f) the reporting entity's internal reference numbering for the suspicious activity report (if any):
 - (g) statement of the grounds on which the reporting entity holds the suspicions referred to in section 39A of the Act:
 - (h) any indicators of suspicious activity identified by the reporting entity.
- 2 For each suspicious activity:
- (a) branch or location where the transaction or service took place or was proposed to take place or an inquiry about the service was made:
 - (b) date and time of transaction or service or proposed transaction or service or inquiry about service:
For each transaction or proposed transaction:
 - (c) mode of transaction or proposed transaction (eg, in person, electronic):

- (d) type of funds (eg, cash, cheque, securities, deposit, casino chip):
- (e) amount of transaction in NZD:
For each service or proposed service or service that is the subject of an inquiry
- (f) description of the service or proposed service or service inquired about.
- 3 Indicate whether any of the following types of documents are held by the reporting entity (or DBG member) relevant to the grounds for suspicion [tick boxes]:
- identity documents (for customers, people acting on behalf of customers, and beneficial owners of customers):
 - transactional documents:
 - company, charity, trust or partnership formation documents:
 - other.
- 4 For each customer conducting or seeking to conduct a transaction or proposed transaction, or service or proposed service, or making an inquiry about a service, or for each person acting on behalf of any such customer:
- (a) name:
 - (b) date of birth (if applicable):
 - (c) if not the customer, the person's relationship to the customer:
 - (d) address or registered office:
 - (e) company identifier or registration number (if applicable):
 - (f) whether the customer is a politically exposed person:
 - (g) source of wealth or funds of customer (if applicable):
 - (h) details of any relevant documents or other evidence that may be used to verify the identity of the person and the person's authority to act on behalf of the customer (if applicable):
 - (i) information on the proposed nature and purpose of the business relationship or proposed business relationship between the reporting entity and customer (if applicable).
- 5 Any beneficial owners of a customer (if applicable):
- (a) name:
 - (b) date of birth:
 - (c) person's relationship to the customer:
 - (d) address:
 - (e) whether the beneficial owner is a politically exposed person:
 - (f) details of any relevant documents or other evidence that may be used to verify the identity of a beneficial owner (if applicable).

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 1

- 6 Details for each customer that is a trust (if applicable):
- (a) where the customer is a trust other than a trust specified in paragraph (b), the name and date of birth of each beneficiary of the trust:
 - (b) in relation to a discretionary trust, charitable trust, or trust with more than 10 beneficiaries, a description of each type or class of beneficiary:
 - (c) the objects of any charitable trust.
- 7 Details of wire transfers (if applicable); information in paragraphs (a) to (c) is to be provided where reporting entity is the ordering institution:
- (a) if the transaction or proposed transaction is a domestic wire transfer or involves a domestic wire transfer, the originator's account number or any other information that enables the transaction itself to be identified and traced to the originator:
 - (b) if the transaction or proposed transaction is not a domestic wire transfer,—
 - (i) originator's full name:
 - (ii) originator's account number or other identifying information that is prescribed and that allows the transaction to be traced back to the originator:
 - (iii) name of the beneficiary:
 - (iv) beneficiary's account number or the beneficiary's unique transaction reference number:
 - (v) country where the account is held:
 - (c) one of the following:
 - (i) originator's physical address:
 - (ii) originator's national identity number:
 - (iii) originator's customer identification number:
 - (iv) originator's place and date of birth:
 - (d) information to be provided where reporting entity is the beneficiary institution:
 - (i) beneficiary's full name; and
 - (ii) beneficiary's date of birth; and
 - (iii) beneficiary's address.
- 8 For each account or arrangement involved in a transaction or proposed transaction:
- (a) if operated by the reporting entity or another member of a designated business group (**DBG**):
 - (i) type and identifying number of the account or arrangement:

- (ii) for each person in whose name the account or arrangement is operated, the name, date of birth, relationship to customer (if applicable), address, and the company identifier or registration number (if applicable):
 - (iii) name, date of birth, address, and relationship to customer of each signatory to the account or arrangement:
 - (b) information on any other facilities involved in the transaction but not provided by the reporting entity or another member of a DBG.
- 9 For each third party involved in a suspicious activity, to the extent not covered by 8 above, information about the third party, which is—
- (a) relevant to the suspicious activity; and
 - (b) already held by the reporting entity under the Act.

Schedule 2

New Schedules 2 and 2A inserted

r 8

Schedule 2

Annual AML/CFT report by financial institutions and casinos

This form is to be completed by financial institutions and casinos.

Part 1

Answer **all** questions in this part.

1 Period of report

1.1 Period that this report covers: [*specify*]

Note: This is the period referred to as “during the year” or “at the end of the year” by this form.

2 Contact details

Entity registration details

2.1 The reporting entity’s legal name:

Registered or company incorporation number (or equivalent):

FSPR number (if applicable):

Registered charity number (if applicable):

Trading name(s):

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 2

Physical address

2.2 Street name and number:

Suburb/town:

City:

Postcode:

Postal address (if different from physical address)

2.3 Street name and number or PO Box:

Suburb/town:

City:

Postcode:

Other contact details

2.4 AML/CFT compliance officer (full name):

AML/CFT contact telephone number:

AML/CFT contact email address (if available):

Website (if available):

3 Organisation structure

3.1 Is this reporting entity a branch or a subsidiary? Yes/No

If **yes**, specify: [*branch/subsidiary*]

3.2 In what country is your largest owner based? [*country*]

3.3 Number of physical branch office locations in New Zealand (exclude agent's office locations). If none, record nil: [*number/nil*]

3.4 Number of New Zealand subsidiaries (or nil): [*number/nil*]

3.5 If known, number of physical branch office locations outside New Zealand (or nil): [*number/nil/unknown*]

3.6 Number of subsidiaries outside New Zealand (or nil): [*number/nil*]

Part 2

Answer **all relevant** questions.

Note: A member of a designated business group (**DBG**) can rely on another member to carry out some obligations on their behalf, as set out in section 32 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the **Act**). These include risk assessments, parts of an AML/CFT Programme, and making suspicious activity reports or prescribed transaction reports. If you are a member of a DBG you may allow another member to answer this Part on your behalf. However, please note that you are responsible for the information provided. If you are eligible, use the Notes in Part 6 of this form to state this, together with the legal name and registered

number of the member answering this part on your behalf. Then leave this Part blank and go to Part 3. You are required to answer all other parts of this form.

4 AML/CFT risk assessment

- 4.1 Does your risk assessment meet the requirements of section 58 of the Act?
Meets all/Meets some/Meets none*
*Select one.
- 4.2 If your risk assessment meets only some of the requirements of section 58 of the Act, please list all subsections that it is not fully compliant with (eg, sections 58(1), 58(2)(a)–(h), 58(3)(a)–(c)). (Use commas to separate each entry.)
[list]
- 4.3 When was the most recent internal review of the risk assessment completed?
[date]
- 4.4 Has the risk assessment been independently audited?
Yes/No*
*Select one.
- 4.5 If yes to 4.4, when was the most recent audit of the risk assessment completed?
[date]
- 4.6 If yes to 4.4, did the most recent audit of the risk assessment highlight any deficiencies?
Yes/No*
*Select one.
- 4.7 If yes to 4.4 and 4.6, have you made the changes identified as being necessary in the most recent audit?
Yes, complete/Not yet complete*
*Select one.
- 4.8 During the year, did you make available a new activity regulated by the Act (eg, a new product, service, or channel)?
Yes/No*
*Select one.
- 4.9 If yes to 4.8, before making this activity available, did you assess the ML/TF risk?
Yes/No*
*Select one.

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 2

5 AML/CFT programme

5.1 Does your AML/CFT programme meet the requirements of section 57 of the Act?

Meets all/Meets some/Meets none*

*Select one.

5.2 If your AML/CFT programme meets only some of the requirements of section 57 of the Act, please list all paragraphs that it is not fully compliant with. Use commas to separate each entry: [*list relevant paragraphs from section 57(a) to (l)*]

5.3 When was the most recent internal review of the programme completed? [*date*]

5.4 Has the programme been independently audited?

Yes/No*

*Select one.

5.5 If yes to 5.4, when was the most recent audit of the programme completed? [*date*]

5.6 If yes to 5.4, did the most recent audit of the programme highlight any deficiencies?

Yes/No*

*Select one.

5.7 If yes to 5.4 and 5.6, have you made the changes identified as being necessary in the most recent audit?

Yes, complete/Not yet complete*

*Select one.

5.8 Do you have procedures to identify and verify the identity of—

(a) a new customer (including the customer's beneficial owners or any person acting on behalf of a customer)?

Yes/No*

*Select one.

(b) a person seeking to conduct an occasional transaction through your reporting entity?

Yes/No*

*Select one.

(c) an existing customer, according to the level of risk involved, if there has been a material change in the nature or purpose of the business relationship and your reporting entity considers that it has insufficient information about the customer?

Yes/No*

*Select one.

5.9 Do you have exception handling procedures for issues related to customer due diligence (**CDD**) (eg, clause 4 of the Amended Identity Verification Code of Practice 2013)?

Yes/No*

*Select one.

5.10 Outside a DBG, do you outsource any CDD requirements to third parties (as set out in sections 32 to 34 of the Act)?

Yes/No*

*Select one.

5.11 Do you use electronic processes to fulfil the statutory requirement to monitor accounts as required under section 31 of the Act?

Yes/No*

*Select one.

Part 3

Answer **all** questions in this part.

6 Products and services

6.1 Estimate the value and number of all transactions settled by your reporting entity during the year. Add the number of receipts and payments together, record the total number, and repeat for value—

Gross number of transactions: [*number*]

Gross value of transactions (NZD): \$[*amount*]

6.2 If your reporting entity offers the products and services listed in the table below, enter “yes” and estimate the proportion of annual revenue of your business during the year:

	Products and services	Yes/No	Estimate percent of annual revenue of your business (%)
	<i>Domestic</i>		
1	Domestic account and deposit taking services		
2	Domestic lending (excluding residential mortgages and motor vehicle finance)		
3	Residential mortgage lending		
4	Motor vehicle finance		
5	Debt instrument/bonds		
6	Finance and leasing		
7	Government/specialist finance and leasing		

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 2

	Products and services	Yes/No	Estimate percent of annual revenue of your business (%)
8	Domestic wire transfer/electronic funds transfer services <i>International</i>		
9	International wire transfer/electronic funds transfer services		
10	International mobile telephone transfer services		
11	Forex trading and multi-currency and foreign currency accounts		
12	Foreign currency/money exchange services		
13	Issuing travellers cheques and bearer negotiable instruments		
14	Cashing travellers cheques and bearer negotiable instruments		
15	International correspondent banking		
16	Trade finance and related bonds/guarantees, forfeiting, and export/import finance <i>Service provision</i>		
17	Debt collection		
18	Factoring services		
19	Cash transport or courier services		
20	Safe deposit boxes, cash storage		
21	Payroll remittance services		
22	Securities registry duties and other fiduciary duties associated with securities/debt issuance <i>Cash and card services</i>		
23	Credit cards (as card issuer only)		
24	Credit cards (all other roles)		
25	Card merchant facilities		
26	Cash transactions (excluding ATM withdrawals, foreign currency)		
27	Stored value instruments/cards <i>Investing</i>		
28	Sharebroking		
29	Derivatives trading		
30	Issuing derivatives, including derivatives or futures contracts, contracts for difference (CFDs), margin foreign exchange, forward foreign exchange contracts, and rolling spot contracts		
31	Providing a brokers' cash management account		
32	Providing other brokering services		

	Products and services	Yes/No	Estimate percent of annual revenue of your business (%)
33	Funds management and administration of superannuation and KiwiSaver funds		
34	Funds management and administration of retail and wholesale funds, including—		
	(a) unit trusts, PIE, hedge funds, option funds, commodity funds, fund of funds, foreign unit trusts, group investment funds, collective investment schemes, and listed investment trusts:		
	(b) property investment schemes, land investment products, property syndicates, forestry syndicates, listed property trusts, unlisted property trusts, and real estate investment trusts:		
	(c) venture capital and private equity funds:		
	(d) exchange traded funds (ETFs):		
	(e) all other funds (list these types in the notes section in Part 6)		
35	Discretionary investment management services (including class and personalised)		
36	Financial advice or financial planning		
37	Custodian services		
38	Issuing debt securities (including investment grade bonds, below investment grade bonds, warrants, perpetual or subordinated debt, structured debt issues (such as collateralised debt obligations (CDOs) and mortgage backed securities), and capital guaranteed and capital protected investments)		
39	Issuing equity securities (including ordinary and preference shares, and private equity)		
40	Supervisory activities		
41	Treasury functions (including services provided between related entities)		
42	Operating a financial product market		
43	Peer-to-peer lending services		
44	Crowd funding services		
	<i>Life insurance</i>		
45	Term life insurance		
46	Permanent (whole life, universal, limited-pay, endowment, accidental death)		

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 2

	Products and services	Yes/No	Estimate percent of annual revenue of your business (%)
47	Other life-related products and services associated with annuities, surrender options, etc)		
48	Reinsurance associated with life insurance <i>Casinos</i>		
49	Conducting electronic international money transfers in		
50	Conducting electronic international money transfers out		
51	Conducting electronic domestic money transfers in		
52	Conducting electronic domestic money transfers out		
53	Foreign currency exchange in (including travellers cheques and cash)		
54	Foreign currency exchange out		
55	Cash take from table games (including chip purchase vouchers)		
56	Cash take from electronic gaming machines (including tickets/tokens)		
57	Do you have foreign holding accounts?		n/a
58	If yes , specify number [<i>number</i>]		
59	Do you have domestic casino operating accounts?		n/a
60	If yes , specify number and locations [<i>number; locations</i>]		
61	Do you have cheque cashing facilities?		n/a
62	If yes , specify number during the year and average value [<i>number; average value</i>]		
63	Do you offer stored value instruments? (do not include casino chips)		
64	If yes , what sort of stored value instrument is it? [<i>describe</i>]		n/a
65	What estimated percentage of your gambling activity utilises stored value instruments?		
66	Debit/credit card facilities out (exclude food and beverage purchases)		
67	Cheque in		
68	Cheque out <i>Other</i>		
69	Loyalty schemes provided, e-cash, and virtual credit provided		
70	Auction house		
71	Online auctions		

Products and services	Yes/No	Estimate percent of annual revenue of your business (%)
72 Other relevant products/services (and list these in notes in Part 6, together with estimates)		
Total		100
7 Customers/members		
7.1	Estimate the number of customers your reporting entity had a business relationship with during the year: <i>[number]</i>	
7.2	How many customers (question 7.1 above) are classified as politically exposed persons (PEP)? (Include your customers that are beneficially owned, controlled by, or for the benefit of a PEP.) <i>[number]</i>	
7.3	How many customers (question 7.1 above) are a trust or another vehicle for holding personal assets? <i>[number]</i>	
7.4	How many customers (<i>refer</i> question 7.1 above) are non-residents? <i>[number]</i>	
7.5	Estimate, as at the end of the reporting period, the percentages of the following types of customers:	
	Types of customer	Estimate percentages as at end of the year for: (%)
1	New Zealand resident individuals	
2	Non-resident individuals	
3	New Zealand resident entities (including companies, partnerships, trusts, charities, and incorporated/unincorporated entities)	
4	Non-resident entities (including companies, partnerships, trusts, charities, and incorporated/unincorporated entities)	
5	Overseas government bodies (or similar)	
6	Other (and list these types in the notes section in Part 6)	
	Total	100
8 Channels		
8.1	Estimate the proportion of your new customers who were accepted via the following methods during the year:	
	Methods of acceptance	%
1	Face-to-face (over the counter, other than intermediaries)	
2	Non face-to-face (including electronic, telephone, post, and all other types of remote access—other than intermediaries)	
3	Domestic intermediaries/agents/third-party referral (exclude your reporting entity's employees)	
4	Overseas intermediaries/agents/third-party referral (exclude your reporting entity's employees)	
5	Other (list these other methods of acceptance in the notes section in Part 6)	

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 2

Total

100

Part 4

Answer **all** questions from your relevant AML/CFT supervisor, which is —

- the Reserve Bank of New Zealand; or
- the Department of Internal Affairs; or
- the Financial Markets Authority.

9 Questions from Reserve Bank of New Zealand

Institutions that your reporting entity deals with

9.1 For this section,—

- (a) count the number of relationships you have, according to the 4 types stated in the table in question 9.2; and
- (b) use your own country risk assessment document to categorise these relationships into the 3 categories stated in the table in question 9.2; and
- (c) record the version and date of your country risk assessment in the notes to Part 6.

9.2 Count your relationships with all entities for the purpose of establishing accounts, authenticating instructions, and providing payment or other clearing-related services and provide the results in the following table:

		Lower-risk or medium-risk countries	Higher-risk countries	Other/unknown- risk countries
RB 1	Correspondent banking relationships (cross-border only)			
RB 2	Other respondents (including partial-SWIFT key/RMA, telex and all alternative and non-electronic channels) (domestic and cross-border)			
RB 3	Relationships where there is a written agreement (ie, lending syndication, card payment programme, mobile banking, etc)			
RB 4	Other relationships relevant to the delivery of products and services			

Transactions

9.3 Using your answers to the question in 6, estimate the gross value and number of transactions settled during the year for the following (add all receipts and record the total):

	Number	Value (\$)		
RB 5	Domestic (New Zealand) receipts and payments			
RB 6	International receipts and payments			
10 Questions from Financial Markets Authority				
10.1	Identify the sub-sector(s) that your reporting entity belongs to: issuer of securities/licensed supervisors/fund managers/brokers and custodians/financial advisers/derivative issuers/DIMS providers/peer-to-peer lenders/equity crowd funding service providers/other (specify in the notes section in Part 6)* *Select all that are relevant.			
10.2	Refer to your previous answer to question 7.4 (“how many of your total customers are non-resident customers?”). List the top 5 countries (high to low in descending order) according to where the largest numbers of your non-resident customers are: [<i>list</i>]			
11 Questions from Department of Internal Affairs				
<i>Money remittance and mobile phone remittance</i>				
11.1	Name the 3 countries your business receives the most transactions from, and estimate the average monthly number of inward transactions:			
	Name of country	Average monthly number of transactions (\$)		
	1			
	2			
	3			
11.2	Name the 3 countries your business sends the most transactions to, and estimate the average monthly number of outward transactions:			
	Name of country	Average monthly number of transactions (\$)		
	1			
	2			
	3			
11.3	Do you provide the following payment methods? If yes , estimate the average monthly value of all transactions settled during the year (Enter nil or value):			
	Total monthly average (NZD\$)	Monthly \$ average as an ordering institution	Monthly \$ average as a beneficiary institution	Monthly \$ average as an intermediary institution
	Cash	n/a	n/a	n/a
	Bearer negotiable instruments	n/a	n/a	n/a
	Domestic wire transfers/			

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 2

	Total monthly average (NZDS)	Monthly \$ average as an ordering institution	Monthly \$ average as a beneficiary institution	Monthly \$ average as an intermediary institution
electronic funds transfers				
Foreign wire transfers/ electronic funds transfers				
<i>Providers of safe deposit boxes</i>				
11.4	Estimate the total number of safe deposit boxes you currently have in use: [<i>number</i>]			
11.5	Estimate the average number of times these boxes are accessed each month: [<i>number</i>]			
Part 5				
12 Conditions of ministerial exemption				
12.1	Have you been granted any ministerial exemption that is subject to conditions? Yes/No* *Select one.			
12.2	Please provide a description of your compliance with all conditions on any such exemption.			
Part 6				
Answer all questions				
Your notes here: [<i>notes</i>]				
Declaration and signature				
I confirm that I have the authority to submit this report on behalf of the reporting entity. I have reviewed the answers and information and I confirm that I am satisfied that, to the best of my knowledge, after undertaking all reasonable inquiries, all answers are true and correct.				
A reminder: “A person commits an offence if, without reasonable excuse, the person provides information to an AML/CFT supervisor knowing that information to be false or misleading in any material respect”. (See section 103 of the Act.)				
Date signed:				
Signature:				
Full name:				
Position/Job Title:				

Schedule 2A
**Annual AML/CFT report by designated non-financial businesses
and professions**

r 8

This form is to be completed by designated non financial businesses and professions.

Part 1

Answer **all** questions in this part.

1 Period of report

Period that this report covers: [*specify*]

Note: This is the period referred to as “during the year” or “at the end of the year” by this form.

2 Contact details

Entity registration details

2.1 The reporting entity’s legal name:

Type of entity (natural person, company, partnership, other legal person, trust):

Registered or company incorporation number, or equivalent (if applicable):

Trading name(s) (if different from legal name):

Physical address

2.2 Street name and number:

Suburb/town:

City:

Postcode:

Postal address (if different from physical address)

2.3 Suburb/town and number or PO Box:

City:

Postcode:

Other contact details

2.4 Your reporting entity’s AML/CFT compliance officer (full name):

Your reporting entity’s AML/CFT contact email address (if available):

Your reporting entity’s AML/CFT contact telephone number (if available):

Your reporting entity’s Website (if available):

2.5 About your organisation (tick box or boxes)

What sector(s) best describe your business services?

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 2

- accountancy:
- bookkeeping:
- barrister sole:
- barrister and solicitor:
- conveyancer:
- real estate agent:
- trust and company service provider:
- other [*please specify*].

3 Organisation structure

- 3.1 Is your reporting entity a branch or a subsidiary of an offshore parent? Yes/No
If **yes**, specify: [*branch/subsidiary*]
- 3.2 In what country is your largest owner based? [*country*] (*or*, where is your parent's head office, if applicable)
- 3.3 How many people work for your reporting entity?
- 3.4 Number of physical branch office locations in New Zealand (exclude agent's office locations). If none, record nil: [*number/nil*]
- 3.5 Number of New Zealand subsidiaries (or nil): [*number/nil/unknown*]
- 3.6 If known, number of physical branch office locations outside New Zealand (or nil): [*number/nil*]
- 3.7 Number of subsidiaries located or incorporated outside New Zealand (or nil): [*number/nil*]

Part 2

Answer **all relevant** questions.

Note: A member of a designated business group (**DBG**) can rely on another member to carry out some obligations on their behalf, as set out in section 32 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the **Act**). These include risk assessments, parts of an AML/CFT Programme, and making suspicious activity reports or prescribed transaction reports. If you are a member of a DBG you may allow another member to answer this Part on your behalf. However, please note that you are responsible for the information provided.

Are you a member of a DBG? *Yes	*No (complete Part 2 and rest of this form as applicable)
If yes, are you completing Part 2? *Yes	*No
Are you completing subpart 2 on behalf of the DBG? *Yes/No	Legal name of DBG reporting entity completing Part 2 for you

Then leave Part 2 blank and go to Part 3. You are required to answer all other parts of this form

*Select one.

4 AML/CFT risk assessment

4.1 Does your risk assessment meet the requirements of section 58 of the Act?

Meets all/Meets some/Meets none*

*Select one.

4.2 If your risk assessment meets only some of the requirements of section 58 of the Act, please list all subsections that it is not fully compliant with (eg, sections 58(1), 58(2)(a)–(h), 58(3)(a)–(c)). (Use commas to separate each entry.)
[list]

4.3 When was the most recent internal review of the risk assessment completed?
[date]

4.4 Has the risk assessment been independently audited?

Yes/No*

*Select one.

4.5 If yes to 4.4, when was the most recent audit of the risk assessment completed?
[date]

4.6 If yes to 4.4, did the most recent audit of the risk assessment highlight any deficiencies?

Yes/No*

*Select one.

4.7 If yes to 4.4 and 4.6, have you made the changes identified as being necessary in the most recent audit?

Yes, complete/Not yet complete*

*Select one.

4.8 During the year, did you make available a new activity regulated by the Act (eg, a new product, service, or channel)?

Yes/No*

*Select one.

4.9 If yes to 4.8, before making this activity available, did you assess the ML/TF risk?

Yes/No*

*Select one.

5 AML/CFT programme

5.1 Does your AML/CFT programme meet the requirements of section 57 of the Act?

Meets all/Meets some/Meets none*

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 2

- *Select one.
- 5.2 If your AML/CFT programme meets only some of the requirements of section 57 of the Act, please list all paragraphs that it is not fully compliant with. Use commas to separate each entry: *[list relevant paragraphs from section 57(a) to (l)]*
- 5.3 When was the most recent internal review of the programme completed? *[date]*
- 5.4 Has the programme been independently audited?
Yes/No*
*Select one.
- 5.5 If yes to 5.4, when was the most recent audit of the programme completed? *[date]*
- 5.6 If yes to 5.4, did the most recent audit of the programme highlight any deficiencies?
Yes/No*
*Select one.
- 5.7 If yes to 5.4 and 5.6, have you made the changes identified as being necessary in the most recent audit?
Yes, complete/Not yet complete*
*Select one.
- 5.8 Do you have procedures to identify and verify the identity of—
- (a) a new customer (including the customer’s beneficial owners or any person acting on behalf of a customer)?
Yes/No*
*Select one.
- (b) a person seeking to conduct an occasional transaction through your reporting entity?
Yes/No*
*Select one.
- (c) an existing customer, according to the level of risk involved, if there has been a material change in the nature or purpose of the business relationship and your reporting entity considers that it has insufficient information about the customer?
Yes/No*
*Select one.
- 5.9 Do you have exception handling procedures for issues related to customer due diligence (**CDD**) (eg, clause 4 of the Amended Identity Verification Code of Practice 2013)?
Yes/No*

*Select one.

5.10 Outside a DBG, do you outsource any CDD requirements to third parties (as set out in sections 32 to 34 of the Act)?

Yes/No*

*Select one.

5.11 Do you use electronic processes to fulfil the statutory requirement to monitor accounts as required under section 31 of the Act?

Yes/No*

*Select one.

Part 3

Answer **all** questions in this subpart.

A Products and services

6.1 Do you act as a formation agent of legal persons or arrangements?

Yes/No*

*Select one.

If yes, please estimate how many of the following you have formed in the last year [*estimate number*]:

Companies:

Trusts (excluding charitable trusts):

Partnerships (including limited partnerships):

Charities (including charitable trusts and other charitable entities):

Other [*specify*].

6.2 Do you act or arrange for a person to act as, a nominee director or nominee shareholder or trustee in relation to legal persons or legal arrangements?

Yes/No*

*Select one.

If yes, please estimate the number of nominee directorship roles your firm holds.

If yes, please estimate the number of nominee shareholder roles your firm holds.

If yes, please estimate the number of trustee roles your firm holds.

6.3 Do you provide a registered office or a business address, a correspondence address, or an administrative address for a company, or a partnership, or for any other legal person or arrangement**.

Yes/No*

*Select one.

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 2

**Unless the office or address is provided solely as an ancillary service to the provision of other services.

6.4 Do you manage client funds (other than sums paid as fees for professional services), accounts, securities, or other assets?

Yes/No*

*Select one.

If yes, please estimate the value of funds managed.

6.5 Do you provide real estate agency work (within the meaning of section 4(1) of the Real Estate Agents Act 2008) to effect a transaction (within the meaning of section 4(1) of the Real Estate Agents Act 2008)?

Yes/No*

*Select one.

6.6 Do you *engage in* or *give instructions* on behalf of a customer to another person for any of the services listed:

Please tick where applicable

	Engage in	Give instructions
• any conveyancing (within the meaning of section 6 of the Lawyers and Conveyancers Act 2006) to effect a transaction (within the meaning of section 4(1) of the Real Estate Agents Act 2008):	<input type="checkbox"/>	<input type="checkbox"/>
• a transaction (within the meaning of section 4(1) of the Real Estate Agents Act 2008):	<input type="checkbox"/>	<input type="checkbox"/>
• the transfer of a beneficial interest in land or other real property:	<input type="checkbox"/>	<input type="checkbox"/>
• a transaction on behalf of any person in relation to the buying, transferring, or selling of a business or legal person (for example, a company) or any other legal arrangement:	<input type="checkbox"/>	<input type="checkbox"/>
• a transaction on behalf of a customer in relation to creating, operating, and managing a legal person (for example, a company) or any other legal arrangement; and	<input type="checkbox"/>	<input type="checkbox"/>
• please estimate the total value of the services listed above (excluding your professional fees) for the last year. NZ\$		

B Financial institution activities

6.7 Do you provide any of the following activities:

Please tick where applicable

- accepting deposits or other repayable funds from the public:
- lending to or for a customer, including consumer credit, mortgage credit, factoring (with or without recourse), and financing of commercial transactions (including forfeiting):
- financial leasing (excluding financial leasing arrangements in relation to consumer products):
- transferring money or value for, or on behalf of, a customer:
- undertaking financial guarantees and commitments:
- trading for, or on behalf of, a customer in any of the following using the person's account or the customer's account:
 - money market instruments (for example, cheques, bills, certificates of deposit, or derivatives):
 - foreign exchange:
 - exchange, interest rate, or index instruments:
 - transferable securities:
 - commodity futures trading:
- participating in securities issues and the provision of financial services related to those issues:
- managing individual or collective portfolios:
- safe keeping or administering of cash or liquid securities on behalf of other persons:
- investing, administering, or managing funds or money on behalf of other persons:
- issuing, or undertaking liability under, life insurance policies as an insurer.

C Supplementary questions

6.8 Do you accept cash (physical currency or bearer negotiable instruments)?

Yes/No*

*Select one.

If yes, estimate what percentage of your business involves cash.

6.9 Do you send/receive funds from other countries?

Yes/No*

*Select one.

If yes, estimate total value of transactions for the past year.

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 2

Please list, from Part 6 subparts A–C, your top 3 products and/or services from 1–3

- 1 *[Select from drop down list]*
- 2 *[Select from drop down list]*
- 3 *[Select from drop down list]*

7 Customers/members

7.1 In the past year, have you dealt with any of the following customer (including client) types?

- New Zealand resident individuals *[number]*?
- non-resident individuals *[number]*?
- New Zealand resident entities (including companies, partnerships, trusts, charities and incorporated/unincorporated entities) *[number]*?
- non-resident entities (including companies, partnerships, trusts, charities and incorporated/unincorporated entities) *[number]*?
- overseas government bodies *[number]*?
- other (if selected, specify the type of customer/client in the space provided *[number]*?)

7.2 Estimate how many customers are currently held by your reporting entity *[number]*?

7.3 Estimate how many new business relationships your reporting entity established in the last year?

7.4 Estimate how many customers (question 7.1 above) are classified as politically exposed persons (**PEP**)? (Include your customers that are beneficially owned, controlled by, or for the benefit of a PEP.) *[number]*?

7.5 Estimate how many customers (question 7.1 above) are a trust or another vehicle for holding personal assets? *[number]*?

7.6 Estimate how many customers (*refer* question 7.1 above) are non-residents? *[number]*?

7.7 Please list the top 5 countries (from high to low in descending order), based on where your non-resident customers are located?

8 Channels

8.1 Indicate the proportion of your new customers who requested activities caught by the AML/CFT Act and were subject to customer due diligence (using the following methods of acceptance) during your most recent full financial year:

- | How do you meet your customers (including clients)? | (Indicate from 1–5 which is the most common acceptance method for you) |
|---|---|
| 1 Face-to-face (over the counter, other than intermediaries) | <input type="checkbox"/> |

	How do you meet your customers (including clients)?	(Indicate from 1–5 which is the most common acceptance method for you)
2	Non face-to-face (including electronic, telephone, post, and all other types of remote access—other than intermediaries)	<input type="checkbox"/>
3	Domestic intermediaries/agents/third-party referral (exclude your reporting entity’s employees)	<input type="checkbox"/>
4	Overseas intermediaries/agents/third-party referral (exclude your reporting entity’s employees who are acting as advisors working outside the main offices)	<input type="checkbox"/>
5	Other [<i>please specify</i>]	<input type="checkbox"/>
	Total	

Part 4

Answer **all** questions from your relevant AML/CFT supervisor, which is the Department of Internal Affairs

9 Sector-specific questions

All DNFBPs

9.1 Do you incorporate companies; form trusts and other legal structure or arrangements in overseas jurisdictions (outside NZ)?

Yes/No*

*Select one.

9.2 If 9.1 above is yes, specify all countries. [***Select from drop down list***]

Transactions

9.3 Do you handle the receipt and transmission of client money?

Yes/No*

*Select one.

9.4 Do you manage client’s bank accounts?

Yes/No*

*Select one.

9.5 For your clients who are overseas corporations with shares in bearer form, do your policies provide for maintaining the physical control of those bearer-shares to ensure that ownership of the corporate entity does not change without your knowledge?

Yes/No*

*Select one.

9.6 Do you provide services to other DNFBPs in NZ?

Yes/No*

*Select one.

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Schedule 2

- 9.7 Do you provide services to the other DNFBP equivalents located overseas?
Yes/No*
*Select one.
- 9.8 Do you use intermediaries/agents within New Zealand?
Yes/No*
*Select one.
- 9.9 Do you use intermediaries/agents based overseas?
Yes/No*
*Select one.
- 9.10 If yes to 9.9 please list the overseas countries your intermediaries are based in.
Yes/No*
*Select one.
- Real estate agent and conveyancing services questions*
- 9.11 Have you received cash as part of a real estate transaction?
Yes/No*
*Select one.
If so, how often in the last year?
How much?
- 9.12 Are you providing residential sales and services? (eg, people buying homes)
Yes/No*
*Select one.
- 9.13 Are you providing commercial or business investment services?
Yes/No*
*Select one.
If yes to both 9.12 and 9.13 what is the estimated split?
- 9.14 Do you use intermediaries/agents within New Zealand?
Yes/No*
*Select one.
- 9.15 Do you use intermediaries/agents based overseas?
Yes/No*
*Select one.
If yes to 9.15 please list the overseas countries your intermediaries are based in.

Part 5

10 Conditions of ministerial exemption

10.1 Have you been granted any ministerial exemption that is subject to conditions?

Yes/No*

*Select one.

10.2 Please provide a description of your compliance with all conditions on any such exemption.

Part 6

Answer **all** questions

Your notes here: [*notes*]

Declaration and signature

I confirm that I have the authority to submit this report on behalf of the reporting entity. I have reviewed the answers and information and I confirm that I am satisfied that, to the best of my knowledge, after undertaking all reasonable inquiries, all answers are true and correct.

A reminder: “A person commits an offence if, without reasonable excuse, the person provides information to an AML/CFT supervisor knowing that information to be false or misleading in any material respect”. (*See* section 103 of the Act.)

Date signed:

Signature:

Full name:

Position/Job Title:

Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations, which come into force on various dates—

- make changes to the principal regulations consequential on the passage of the Anti-Money Laundering and Countering Financing of Terrorism Amendment Act 2017;
- prescribe transitional rules;
- prescribe the form of suspicious activities reports;

**Anti-Money Laundering and Countering Financing of
Terrorism (Requirements and Compliance) Amendment
Regulations 2017**

Explanatory note

- prescribe 2 different forms of annual report for different types of reporting entity.

Regulatory impact statement

The [name(s) of agency/agencies] produced [a regulatory impact statement/regulatory impact statements] on [date] to help inform the decisions taken by the Government relating to the contents of this instrument.

[A copy of this regulatory impact statement/Copies of these regulatory impact statements] can be found at—

- [Insert URL link(s) to the RIS on the agency's/agencies' Internet site(s)]
- <http://www.treasury.govt.nz/publications/informationreleases/ris>

Issued under the authority of the Legislation Act 2012.

Date of notification in *Gazette*:

These regulations are administered by the Ministry of Justice.

Appendix 2: AML/CFT Tranche 1 Draft Regulations (Exemptions)

DRAFT FOR CONSULTATION

Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Amendment Regulations 2017

Governor-General

Order in Council

At Wellington this day of 2017

Present:
in Council

These regulations are made under section 153 and 154 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009—

- (a) on the advice and with the consent of the Executive Council; and
- (b) in relation to regulations made under section 154 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, on the recommendation of the Minister (as defined by section 5 of that Act) made in accordance with section 154(2) and (3) of that Act.

Contents

	Page
1 Title	2
2 Commencement	2
3 Principal regulations	2
4 Regulation 3 replaced (Expiry)	2
3 Expiry	2
5 Regulation 6A amended (Certain entities exempt from reporting under section 48A of Act)	2
6 Regulation 9 amended (Certain current exchange transactions in hotels, etc)	2
7 Regulation 10 amended (Relevant services provided in respect of certain remittance card facilities)	3

Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Amendment Regulations 2017		
8	Regulation 19 amended (Relevant services provided in respect of certain low value insurance policies)	3
9	Regulation 20 amended (Relevant services provided in respect of certain superannuation schemes)	3
10	Regulations 21 amended (Securities registry services)	3
11	Regulation 22 amended (Debt collection services)	3
12	New regulation 24A and cross-heading inserted	3
<i>Classes of occasional activities</i>		
24A	Certain financial activities not occasional activities	3

Regulations

1 Title

These regulations are the Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Amendment Regulations 2017.

2 Commencement

- (1) These regulations (except regulations 6, 7, 10, and 11) come into force on the 28th day after the date of their notification in the *Gazette*.
- (2) Regulations 6, 7, 10, and 11 come into force on 1 July 2018.

3 Principal regulations

These regulations amend the Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Amendment Regulations 2017 (the **principal regulations**).

4 Regulation 3 replaced (Expiry)

Replace regulation 3 with:

3 Expiry

These regulations expire at the close of 30 June 2020.

5 Regulation 6A amended (Certain entities exempt from reporting under section 48A of Act)

Regulation 6A is amended by replacing “reporting agency” with “reporting entity”.

6 Regulation 9 amended (Certain current exchange transactions in hotels, etc)

In regulation 9(2)(b), replace “suspicious transaction report” with “suspicious activity report”.

- 7 Regulation 10 amended (Relevant services provided in respect of certain remittance card facilities)**
In regulation 10(2)(b), replace “suspicious transaction report” with “suspicious activity report”.
- 8 Regulation 19 amended (Relevant services provided in respect of certain low value insurance policies)**
In regulation 19(3), replace “14(d)” with “14(1)(d)”.
- 9 Regulation 20 amended (Relevant services provided in respect of certain superannuation schemes)**
In regulation 20(3), replace “14(d)” with “14(1)(d)”.
- 10 Regulations 21 amended (Securities registry services)**
In regulation 21(2)(b), replace “suspicious transaction report” with “suspicious activity report”.
- 11 Regulation 22 amended (Debt collection services)**
In regulation 22(1)(b), replace “suspicious transaction report” with “suspicious activity report”.
- 12 New regulation 24A and cross-heading inserted**
After regulation 24, insert:

Classes of occasional activities

- 24A Certain financial activities not occasional activities**
- (1) The financial activities described in subclause (2) are not an occasional activity for the purposes of this Act.
- (2) The financial activities referred to in subclause (1) are—
- (a) accepting deposits or other repayable funds from the public; and
 - (b) lending to or for a customer, including consumer credit, mortgage credit, factoring (with or without recourse), and financing of commercial transactions (including forfeiting);
 - (c) financial leasing (excluding financial leasing arrangements in relation to consumer products);
 - (d) transferring money or value for, or on behalf of, a customer;
 - (e) issuing or managing the means of payment (for example, credit or debit cards, cheques, traveller’s cheques, money orders, bankers’ drafts, or electronic money);
 - (f) undertaking financial guarantees and commitments:

- (g) trading for, or on behalf of, a customer in any of the following using the person's account or the customer's account:
 - (i) money market instruments (for example, cheques, bills, certificates of deposit, or derivatives):
 - (ii) foreign exchange:
 - (iii) exchange, interest rate, or index instruments:
 - (iv) transferable securities:
 - (v) commodity futures trading:
- (h) participating in securities issues and the provision of financial services related to those issues:
 - (i) managing individual or collective portfolios:
- (j) safe keeping or administering of cash or liquid securities on behalf of other persons:
- (k) investing, administering, or managing funds or money on behalf of other persons:
- (l) issuing, or undertaking liability under, life insurance policies as an insurer:
- (m) money or currency changing.

Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations (except regulations 6, 7, 10, and 11) come into force on the 28th day after the date of their notification in the *Gazette*. Regulations 6, 7, 10, and 11 come into force on 1 July 2018. Most of these regulations make changes consequential on changes made to the principal Act by the Anti-Money Laundering and Countering Financing of Terrorism Amendment Act 2017.

Regulation 4 extends the expiry date of the principal regulations until 30 June 2020.

Regulation 12 inserts a *new regulation 24A* into the principal regulations. *New regulation 24A* declares a number of financial activities not to be occasional activities for the purposes of the principal Act.

Regulatory impact statement

The [name(s) of agency/agencies] produced [a regulatory impact statement/regulatory impact statements] on [date] to help inform the decisions taken by the Government relating to the contents of this instrument.

[A copy of this regulatory impact statement/Copies of these regulatory impact statements] can be found at—

- [Insert URL link(s) to the RIS on the agency's/agencies' Internet site(s)]
- <http://www.treasury.govt.nz/publications/informationreleases/ris>

Issued under the authority of the Legislation Act 2012.

Date of notification in *Gazette*:

These regulations are administered by the Ministry of Justice.

Appendix 3: AML/CFT Tranche 1 Draft Regulations (Cross-border Transportation of Cash)

DRAFT FOR CONSULTATION

Anti-Money Laundering and Countering Financing of Terrorism (Cross-border Transportation of Cash) Amendment Regulations 2017

Governor-General

Order in Council

At Wellington this day of 2017

Present:
in Council

These regulations are made under sections 70(a), (b), and (c), 153(c) and (j), and 154(1)(e) of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 by the Governor-General on the advice and with the consent of the Executive Council.

Contents

	Page
1 Title	2
2 Commencement	2
3 Principal regulations	2
4 Regulation 3 revoked (Expiry)	2
5 Regulation 5 amended (Threshold value and its application prescribed)	2
6 Regulation 6 amended (Form of cash report prescribed)	2

Regulations

1 Title

These regulations are the Anti-Money Laundering and Countering Financing of Terrorism (Cross-border Transportation of Cash) Amendment Regulations 2017.

2 Commencement

These regulations come into force on the 28th day after the date of their notification in the *Gazette*.

3 Principal regulations

These regulations amend the Anti-Money Laundering and Countering Financing of Terrorism (Cross-Border Transportation of Cash) Regulations 2010 (the **principal regulations**).

4 Regulation 3 revoked (Expiry)

Revoke regulation 3.

5 Regulation 5 amended (Threshold value and its application prescribed)

In regulation 5(1), replace “\$9,999.99” with “\$10,000”.

6 Regulation 6 amended (Form of cash report prescribed)

In regulation 6(b), after “in the”, insert “appropriate”.

Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations which come into force on the 28th day after the date of their notification in the *Gazette*, revoke the expiry date for the principal regulations so that they continue in force subject to any amendments until replaced or revoked. Regulation 5 of the principal regulations is amended to set the threshold values of \$1,000 for the purposes of sections 68 and 69 of the principal Act. Regulation 6 of the principal regulations is amended consequentially on changes made to the principal Act by the Anti-Money Laundering and Countering Financing of Terrorism (Cross-Border Transportation of Cash) Amendment Regulations 2017.

Regulatory impact statement

The [name(s) of agency/agencies] produced [a regulatory impact statement/regulatory impact statements] on [date] to help inform the decisions taken by the Government relating to the contents of this instrument.

[A copy of this regulatory impact statement/Copies of these regulatory impact statements] can be found at—

- [Insert URL link(s) to the RIS on the agency's/agencies' Internet site(s)]
- <http://www.treasury.govt.nz/publications/informationreleases/ris>

Issued under the authority of the Legislation Act 2012.

Date of notification in *Gazette*:

These regulations are administered by the Ministry of Justice.

Appendix 4: AML/CFT Tranche 1 Draft Regulations (Definitions)

DRAFT FOR CONSULTATION

Anti-Money Laundering and Countering Financing of Terrorism (Definitions) Amendment Regulations 2017

Governor-General

Order in Council

At Wellington this day of 2017

Present:
in Council

These regulations are made under sections 5, 153 and 154 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009—

- (a) on the advice and with the consent of the Executive Council; and
- (b) in relation to regulations under section 154 of that Act, on the recommendation of the Minister (as defined by section 5(1) of that Act) made in accordance with section 154(2) and (3) of that Act.

Contents

	Page
1 Title	2
2 Commencement	2
3 Principal regulations	2
4 Regulation 3 amended (Expiry)	2
5 Regulation 4 amended (Interpretation)	2
6 Regulation 5 amended (Prescribed threshold)	2
7 Regulation 6 amended (Prescribed election process)	2
8 Regulation 7 amended (Prescribed member: certain money transfer service agents and sub-agents)	2
9 Regulation 8 amended (Prescribed member: overseas companies, etc)	3

9	Prescribed condition of membership of designated business group	3
10	Regulation 10 amended (Applicable threshold value)	3
11	Regulation 17 revoked (Inclusion: trust and company service providers)	3
12	Regulation 20 amended (Exclusion: lawyers, etc)	3

Regulations

1 Title

These regulations are the Anti-Money Laundering and Countering Financing of Terrorism (Definitions) Amendment Regulations 2017.

2 Commencement

- (1) These regulations (except regulations 11 and 12) come into force on the 28th day after the date of their notification in the *Gazette*.
- (2) Regulations 11 and 12(1) come into force on 1 July 2018.
- (3) Regulation 12(2) comes into force on 1 October 2018.
- (4) Regulation 12(3) comes into force on 1 January 2019.

3 Principal regulations

These regulations amend the Anti-Money Laundering and Countering and Financing of Terrorism (Definitions) Regulations 2011 (the **principal regulations**).

4 Regulation 3 amended (Expiry)

In regulation 3, delete “, in accordance with section 154(5) of the Act.”.

5 Regulation 4 amended (Interpretation)

In regulation 4, definition of **financial activity**, replace “section 5” with “section 5(1)”.

6 Regulation 5 amended (Prescribed threshold)

In regulation 5, replace “section 5” with “section 5(1)”.

7 Regulation 6 amended (Prescribed election process)

In regulation 6(1), replace “section 5” with “section 5(1)”.

8 Regulation 7 amended (Prescribed member: certain money transfer service agents and sub-agents)

- (1) In regulation 7(1), replace “paragraph (d)(v)” with “paragraph (d)(xiii)”.
- (2) Revoke regulation 7(2).

9 Regulation 8 amended (Prescribed member: overseas companies, etc)

- (1) In regulation 8, replace “paragraph(d)(v)” with “paragraph(d) (xiii)”.
- (2) Replace regulation 9 with:

9 Prescribed condition of membership of designated business group

The only prescribed conditions of membership of a designated business group are those set out in section 5(3) of the Act.

10 Regulation 10 amended (Applicable threshold value)

Replace regulation 10(1) with:

- (1) For the purposes of paragraph (a) of the definition of occasional transaction in section 5(1) of the Act, the applicable threshold value is \$10,000.

11 Regulation 17 revoked (Inclusion: trust and company service providers)

Revoke regulation 17.

12 Regulation 20 amended (Exclusion: lawyers, etc)

- (1) In regulation 20(1)(a), delete “a lawyer, an incorporated law firm, a conveyancing practitioner, an incorporated conveyancing firm,”.
- (2) In regulation 20(1)(a), delete “an accountant, or”.
- (3) Revoke 20(1)(a).

Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations, which come into force on different dates, make a number of changes to the principal regulations that are consequential on the amendments to the principal Act made by the Anti-Money Laundering and Countering Financing of Terrorism Amendment Act 2017. The most important changes include—

- prescribing a figure of \$10,000 as the applicable threshold value for paragraph (a) of the definition of occasional transaction in section 5(1) of the Act;
- progressively amending and finally revoking regulation 20(1)(a) of the principal regulations (which provides exemptions from the status of reporting entity for lawyers, conveyancers, accountants, incorporated law firms, incorporated conveyancing firms, and real estate agents), to harmonise with the staged application of the principal Act to those professions.

Regulatory impact statement

The [name(s) of agency/agencies] produced [a regulatory impact statement/regulatory impact statements] on [date] to help inform the decisions taken by the Government relating to the contents of this instrument.

[A copy of this regulatory impact statement/Copies of these regulatory impact statements] can be found at—

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- <http://www.treasury.govt.nz/publications/informationreleases/ris>

Issued under the authority of the Legislation Act 2012.

Date of notification in *Gazette*:

These regulations are administered by the Ministry of Justice.

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New Zealand Government

October 2017