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Sent: Monday, 13 December 2021 3:29 pm
To: [REDACTED]
Subject: ICNZB AML Submission
Attachments: ICNZB AML Statutory Review Submission Final.pdf

Hi Nick

Please find attached our submission on the statutory review of the AML/CFT Act.

Thank you for the extension of time to submit and please advise if you need any clarification or if we need to send it to any other recipients.

Regards,

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AML Statutory Review

SUBMISSION ON BEHALF OF NEW ZEALAND'S BOOKKEEPING
PROFESSIONALS

Institute of Certified NZ Bookkeepers
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Introduction

The Institute of Certified NZ Bookkeepers is the leading professional body for bookkeepers in New Zealand - setting the standards while providing guidance and support to our community. We empower Bookkeepers to be trusted and valued business professionals and drive industry standards, advocate for the profession and provide a supportive community for our members.

Our members have a significant role in providing services for businesses throughout New Zealand. This largely focuses on being responsible for the day to day recording of financial transactions and we have been operating under the AML regime since October 2018.

Executive Summary

We have undertaken significant consultation with our members and have identified the following issues that we comment on:

Preparation and processing of invoices

We fully support clarity around where invoice preparation and processing will be trigger AML obligations. This task is fundamental to the operation of a business and has wide implications if it becomes a captured activity. If preparation or processing is undertaken by a third party like bookkeepers not employed by the business, there needs to be a clear link to the payment of funds on behalf of the client or engaging in or giving instruction to warrant AML obligations.

Preparation of annual accounts and tax statements

We do not support preparation of annual accounts and tax statements as a captured activity. The vast majority of annual accounts and tax activity is outsourced to accounting and bookkeeping practices who do not have the knowledge to a transactional level to require them to be captured. We support requiring the reporting of suspicious transactions or activity as the alternative.

Risk based Approach and Compliance costs

There is no doubt that the AML/CFT regime is a positive step to protect NZ. However it places a significant compliance burden on the business community and it is important that a risk based approach is refined so that low risk small businesses have a reduced pathway to compliance. If the obligations were reduced for these entities to just reporting there would be a greater acceptance and uptake, supervisors would get a better picture of the number of entities involved. As an example the criteria for acceptance as a low risk business is a company, sole trader (or maybe with one staff) up to say 100 clients, no trust accounts, customers NZ resident/citizens/registered, all NZ institutions that don't do any captured activities then obligations could be to report suspicious activity. This would make the AML regime more acceptable to smaller businesses, counter any moves to remove themselves from AML obligations and provide supervisors with more oversight on who is active in the different sectors.

Businesses would be required to provide sufficient details to prove the risk is low and consideration of whether the business is a member of a recognised industry organization such as The Law Society/REINZ/CAANZ/ICNZB so they would have access to AML information and training.

This change would ensure compliance costs are in proportion to risks, a fundamental of the risk based approach to AML in NZ.

As a member of the Ministry of Justice Industry Advisory Group we have provided feedback on the statutory review in meetings and workshops preceding submissions. We congratulate the Ministry of Justice for the organisation of the consultation period which was thorough and inclusive.

Response to Consultation Document Questions

Further to the specific issues raised in the Executive Summary above we have responded to the questions in the consultation document

Our responses below follow the consultation document format with its six sections. Answers and comment are on areas of concern to our members. We have attempted to answer as many questions where members have had some engagement with the issue but for those not answered we have no comment.


Thank you for the opportunity to put forward a submission on the statutory review of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009

For and on behalf of the Institute of Certified NZ Bookkeepers



, President



, Executive Officer

13 December 2021

Section 1: Institutional arrangements and stewardship

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
1.1	Are the purposes of the Act still appropriate for New Zealand's Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) regime?	Yes the purposes are sufficient	No further comment
1.2	Should a purpose of the Act be that it seeks to actively prevent money laundering and terrorism financing, rather than simply deterring or detecting it?	No	Prevention is the domain of enforcement agencies who have the expertise in this area. It is unfair to place additional pressure and burden on businesses to make these decisions around what constitutes an offence
1.3	If you answered 'yes' to Question 1.2, do you have any suggestions how this purpose should be reflected in the Act, including whether there need to be any additional or updated obligations for businesses?	Not applicable	Not applicable
1.4	Should the purposes of the Act be that it also seeks to counter the financing of proliferation of weapons of mass destruction?	Yes	It is consistent to add this as a purpose
1.5	If you answered 'yes' to Question 1.4, should the purpose be limited to proliferation financing risks emanating from Iran and the Democratic People's Republic of Korea?		It should apply to all countries.
1.6	Should the Act support the implementation terrorism and proliferation financing targeted financial sanctions, required under the Terrorism Suppression Act 2002 and United Nations Act 1946?	Yes	It should be flexible enough to include risks wherever they present around the world.
1.7	What could be improved about New Zealand's framework for sharing information to manage risks?		Use data sources within govt that already collect information for the Customer Due Diligence process.

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
1.8	Are the requirements in section 58 still appropriate? How could the government provide risk information to businesses so that it is more relevant and easily understood?	Yes	Provide additional guidelines more suited to smaller reporting entities within each sector
1.9	What is the right balance between prescriptive regulation compared with the risk-based approach?	The requirements are aimed at medium-higher risk entities and low risk businesses are caught even though the risks are significantly lower. The overwhelming feedback from our members is the compliance costs burden outweighs the risks they face.	The Act professes to adopt a risk-based approach which would suggest that lower risk entities would have a lower level of compliance. This is not what we see. Many smaller low risk entities end up changing their business model to opt out of AML obligations which is counter to the intent of AML. If the obligations were reduced for these entities to just reporting there would be a greater acceptance and uptake, supervisors would get a better picture of the number of entities involved.
1.10	Do some obligations require the government to set minimum standards? What role should guidance play in providing further clarity?	Yes	The level of compliance obligations should map to the risk. E.g. low level risk entities could just have reporting as their compliance obligation whilst high level risk entities would have all current minimum obligations and possibly more. Guidance should always provide clarity, currently it appears to sit somewhere between what the legislation says (but not fully interpreted) and what and ideal FATF requirement looks like.
1.11	Could more be done to ensure that businesses' obligations are in proportion to the risks they are exposed to?	Yes	Treating all businesses as having the same obligations creates unintended consequences of cost and time for small businesses and driving some businesses to 'opt out' of AML by either changing business products being offered to 'going underground' and ignoring obligations as too onerous. A risk based approach whereby business's need to 'prove' they are low risk could have lower

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
			obligations e.g just reporting (Like High value dealers) and those businesses that are higher risk full obligations.
1.12	Does the Act appropriately reflect the size and capacity of the businesses within the AML/CFT regime?	No	Needs a truly risk-based approach to business risk and obligations. The burden of cost and time is too onerous for small entities.
1.13	Could more be done to ensure that businesses' obligations are in proportion to the risks they are exposed to and the size of the business?	Yes	Yes, you could have an approach whereby a company, sole trader (or maybe one staff) up to say 100 clients, no trust accounts, customers NZ resident/citizens/registered, NZ institutions etc and do any captured activities then obligations would be simpler e.g. no risk assessment/compliance programme, but simple ID CDD and obligations to report ie SARs - not too dissimilar to high value dealers. This would make the AML regime more palatable to smaller business who may then be ok with this rather than actively avoiding AML. this would also provide supervisors with more oversight in who is active in the different sectors. Businesses would need to fill in a form to provide sufficient details to assess risk is low and maybe we say needs to be a member of an organisation e.g. ICNZB/CAANZ/ATAINZ/Law Society/REINZ etc so would have access to AML information and training etc.
1.14	Are exemptions still required for the regime to operate effectively?	Unsure	
1.15	Is the Minister of Justice the appropriate decision maker for exemptions under section 157?	No	This decision should be able to be answered within the ministry of justice if all the correct information is available. The minister can be a back stop for unusual requests.
1.16	Are the factors set out in section 157(3) appropriate?	No	If risk-based approach used and obligations changed to suit risk level then it may be possible to

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
			do away with exemptions and just have obligations to report as the starting level (no RA/CP/Audit required)
1.17	Should it be specified that exemptions can only be granted in instances of proven low risk?	Yes	If risk-based approach used and obligations changed to suit risk level then it may be possible to do away with exemptions and just have obligations to report as the starting level (no RA/CP/Audit required)
	Should this be the risk of the exemption, or the risk of the business?		It should be the risk of the business.
1.18	Should the Act specify what applicants for exemptions under section 157 should provide?	Yes	Scope to improve clarity here now that we have had some experience.
	Should there be a simplified process when applying to renew an existing exemption?		Definitely if exemptions still in place
1.19	Should there be other avenues beyond judicial review for applicants if the Minister decides not to grant an exemption?	Yes	
1.20	Are there any other improvements that we could make to the exemptions function	Yes	See above comments about a broader risk-based approach and need for exemptions.
1.21	Can the AML/CFT regime do more to mitigate its potential unintended consequences?	Yes	Exclusion only forces people into a cash based higher risk situation and goes against the intention of the AML regime in protecting society.
1.22	How could the regime better protect the need for people to access banking services to properly participate in society?		There needs to be additional options for inclusion e.g an alternative COP for IDV.
1.23	Are there any other unintended consequences of the regime?	Yes	High compliance costs for small low risk entities - they either do not comply with ACT, actively avoid doing captured activities to opt out or under resource.

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
1.24	Can the Act do more to enable private sector collaboration and coordination?	Yes	I think the IRD and MSD should be brought into the AML regime as appropriate.
1.25	What do you see as the ideal future for public and private sector cooperation?	No comment	
1.26	Should there be greater sharing of information from agencies to the private sector?	Yes	The Typology reports and FIU reports are helpful for reporting entities to understand how ML/FT actually occurs. Additional information around specific examples would be useful as at the moment many reporting entities cannot comprehend how ML/FT could occur through their businesses, this limits their interest and active participation in AML efforts.
1.27	Should the Act require have a mechanism to enable feedback about the operation and performance of the Act on an ongoing basis?	Yes	A Regular review process would enable the Act to quickly respond to changes in the effectiveness of the legislation. A statutory review every 5 years should also be mandatory.
1.28	Should the New Zealand Police Financial Intelligence Unit (FIU) be able to request information from businesses which are not reporting entities in certain circumstances (e.g. requesting information from travel agents or airlines relevant to analysing terrorism financing)?	Yes	With a warrant.
1.29	If the FIU had this power, under what circumstances should it be able to be used and should there be any constraints on using the power?		With a warrant - in other words there needs to be a valid reason to request information.
1.30	Should the FIU be able to request information from businesses on an ongoing basis?	Yes	With a warrant
1.31	If the FIU had this power, what constraints are necessary to ensure that privacy and human rights are adequately protected?	Unsure	
1.32	Should the Act provide the FIU with a power to freeze, on a time limited basis, funds or	Yes	With a warrant. Requests need to be within the bounds of the business to act.

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
	transactions in order to prevent harm and victimisation?		
1.33	How can we avoid potentially tipping off suspected criminals when the power is used?	I am sure the police have their methods	
1.34	Should supervision of implementation of Targeted Financial Sanctions (TFS) fall within the scope of the AML/CFT regime?	Yes	Makes sense
1.35	Which agency or agencies should be empowered to supervise, monitor, and enforce compliance with obligations to implement TFS?	Not sure what other agency could do this.	
1.36	Are the secondary legislation making powers in the Act appropriate, or are there other aspects of the regime that could benefit from having regulation making powers created?	Yes, but I think they need to be reviewed more regularly. Care needs to be taken that the secondary legislation doesn't undermine or make more difficult the primary legislation and intent of the Act.	
1.37	How could we better use secondary legislation making powers to ensure the regime is agile and responsive?	Reviewed more regularly.	
1.38	Are the three Ministers responsible for issuing Codes of Practice the appropriate decision makers, or should it be an operational decision maker such as the chief executives of the AML/CFT supervisors? Why or why not	COP's are binding unless you opt out so does need to have some higher level government decision making behind it, much like any legislative changes. Guidance is non-binding and non-mandatory so Supervisors are the appropriate source for these.	
1.39	Should the New Zealand Police also be able to issue Codes of Practice for some types of FIU issued guidance? If you answered yes, what should the process be?	Yes	Unsure
1.40	Are Codes of Practice a useful tool for businesses?	Unsure	It is good to have something prescriptive for some things but the current COP does not allow enough flexibility for low risk situations, so exceptions are then needed to be used,. Again a risk-based approach would be more beneficial.
1.41	Does the requirement for businesses to demonstrate they are complying through some	Yes	This is a judgmental area that needs clarity to counter reporting entities becoming too scared of

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
	equally effective means impact the ability for businesses to opt out of a Code of Practice?		falling foul of the legislation to seek out alternatives.
1.42	What status should be applied to explanatory notes to Codes of Practice? Are these a reasonable and useful tool?	The COP should be written so that explanatory notes aren't needed.	
1.43	Should operational decision makers within agencies be responsible for making or amending the format of reports and forms required by the Act?	Yes	Provides more accountability
1.44	If you answered 'yes' to the previous question (question 1.43), which operational decision makers would be appropriate, and what could be the process for making the decision? For example, should the decision maker be required to consult with affected parties, and could the formats be modified for specific sectoral needs?	Depends on the forms being made or amended. The examples given are good and appropriate. Consultation should always be with affected parties and should definitely be formatted to suit specific sectoral needs. You will get greater buy in if the formats are easy and understandable to the reporting entities using them.	
1.45	Would AML/CFT Rules (or similar) that prescribed how businesses should comply with obligations be a useful tool for business?	Yes	These may be better than guidance, but agree care who is responsible for issuing them. Currently guidance seem to be a collective document between supervisors, but reality is some sectors required more specific situational rules or help.
1.46	If we allowed for AML/CFT Rules to be issued, what would they be used for, and who should be responsible for issuing them?	see above	
1.47	Would you support regulations being issued for a tightly constrained direct data access arrangement which enables specific government agencies to query intelligence the FIU holds?	Yes	
1.48	Are there any other privacy concerns that you think should be mitigated?	Yes	Normal data protection required
1.49	What, if any, potential impacts do you identify for businesses if information they share is then shared with other agencies? Could there be potential negative repercussions notwithstanding the protections within section 44?	No comment	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
1.50	Would you support the development of data-matching arrangements with FIU and other agencies to combat other financial offending, including trade-based money laundering and illicit trade?	Yes	More responsive actions could be undertaken.
1.51	What concerns, privacy or otherwise, would we need to navigate and mitigate if we developed data-matching arrangements? For example, would allowing data-matching impact the likelihood of businesses being willing to file Suspicious Activity Reports (SARs)?	Shouldn't impact SAR reporting. Would need to be developed alongside the Privacy Act to allow reporting entities the ability to include in their own privacy act policies.	
1.52	Should there be an AML/CFT-specific registration regime which complies with international requirements	Yes	<p>Could connect in with the Companies Register and NZBN to produce a list, but that would require all businesses to have an NZBN that is not a company. That way the business doesn't have to manually register themselves.</p> <p>The businesses you are trying to capture are those that don't already belong to a recognised sector-based group such as ATAINZ/CPA/CAANZ/ICNZB/ law society RBNZ / REINZ / FSP etc. Question is how can you compel them to register, many don't want to know. Cost would also be a factor for example the bookkeeper or accountant who only has a few clients and low turnover.</p>
1.53	If such a regime was established, what is the best way for it to navigate existing registration and licensing requirements?	see 1.52 above	
1.54	Are there alternative options for how we can ensure proper visibility of which businesses require supervision and that all businesses are subject to appropriate fit-and-proper checks?	None we are aware of	
1.55	Should there also be an AML/CFT licensing regime in addition to a registration regime?	Yes	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
1.56	If we established an AML/CFT licensing regime, how should it operate? How could we ensure the costs involved are not disproportionate?	Unsure	
1.57	Should a regime only apply to sectors which have been identified as being highly vulnerable to money laundering and terrorism financing, but are not already required to be licensed?	Unsure	
1.58	If such a regime was established, what is the best way for it to navigate existing licensing requirements?	No comment	
1.59	Would requiring risky businesses to be licensed impact the willingness of other businesses to have them as customers? Can you think of any potential negative flow-on effects?	No comment	
1.60	Would you support a levy being introduced for the AML/CFT regime to pay for the operating costs of an AML/CFT registration and/or licensing regime?	Levies are problematic and having varying effects on businesses mainly based on size.	Cost to smaller reporting entities is already an issue. Perhaps levy is tiered based on size
1.61	If we developed a levy, who do you think should pay the levy (some or all reporting entities)?	Maybe the levy is scaled, smaller entities pay a little, larger entities pay more. Or do it based on cents or \$ per client of the entity. e.g. 10 clients \$5 per year. 1000 clients \$500 per year or similar.	
1.62	Should all reporting entities pay the same amount, or should the amount be calculated based on, for example, the size of the business, their risk profile, how many reports they make, or some other factor?	Answered above	
1.63	Should the levy also cover some or all of the operating costs of the AML/CFT regime more broadly, and thereby enable the regime to be more flexible and responsive?	Yes	If there is going to be a levy then it needs to be utilised as broadly and effectively as possible.
1.64	If the levy paid for some or all of the operating costs, how would you want to see the regime's operation improved?	Education	

Section 2: Scope of the AML/CFT Act

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
2.1	How should the Act determine whether an activity is captured, particularly for Designated Non-Financial Businesses and Professions (DNFBPs)?	There needs to be some flexibility in service provision. For example there are some things that are only done occasionally for a client and never for others for example a tax transfer where a client has inadvertently paid GST into a PAYE account and needs this moved over to GST. If the word ordinary was removed this could potentially impact businesses who are not captured in the current ordinary course of business. If this was removed then there needs to be some way of navigating around the full compliance obligations. So that an accountant who may do one or two company formations over a few years, a couple of tax transfers during the year (for the one client who constantly pays it into the wrong account!) and no other captured activities isn't burdened so much.	Probably. Currently there is uncertainty in the sectors around what this actually means in practice.
2.2	If 'ordinary course of business' was amended to provide greater clarity, particularly for DNFBPs, how should it be articulated?	"a regular action of service provision" Something that is done with a regular pattern of activity e.g annual statements and tax returns, GST returns, PAYE returns	
2.3	Should 'ordinary' be removed? If so, how could we provide some regulatory relief for businesses which provide activities infrequently? Are there unintended consequences that may result?	Unsure	I think it needs to be further defined, but if removed then definitely some regulatory relief e.g obligation to report only
2.4	Should businesses be required to apply AML/CFT measures in respect of captured activities, irrespective of whether the business is a financial institution or a DNFBP?	Yes	This change would also avoid any competitive advantage businesses may have and ensure all businesses that provide the particular activity have the same obligations.

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
2.5	<p>If you answered yes to the previous question (Question 2.4), should we remove 'only to the extent' from section 6(4)?</p> <p>Would anything else need to change, e.g. to ensure the application of the Act is not inadvertently expanded?</p>	Yes	Unsure
2.6	Should we issue regulations to clarify that captured activities attract AML/CFT obligations irrespective of the type of reporting entity which provides those activities?	Yes	An area that our members have specifically requested greater information. Clarity will engender buy in.
2.7	<p>Should we remove the overlap between 'managing client funds' and other financial institution activities?</p> <p>If you answered 'yes', how could we best do this to avoid any obligations being duplicated for the same activity?</p>	Yes	Provide a one source of truth for captured activities rather than separate under DNFBP and Financial institution definitions.
2.8	<p>Should we clarify what is meant by 'professional fees'?</p> <p>If you answered 'yes', what would be an appropriate definition?</p>	Yes	Professional services include the businesses own fees and any fees paid by the business on behalf of the client to be reimbursed. Reimbursements would be for any fees the business paid to enable them to provide the service being undertaken for the client.
2.9	Should the fees of a third party be included within the scope of 'professional fees'?	Unsure	<p>Yes, if part of the service provision e.g. when forming a company or filing an annual return for a client the business is invoiced and this would form part of the total fees billed to the client.</p> <p>No, if not part of the service being provided. The 3rd party can bill the client directly.</p>
2.10	Does the current definition appropriately capture those businesses which are involved with a particular activity, including the operation and management of legal persons and arrangements?	No	<p>Really unclear and only involves legal persons and arrangements. Sole traders/individuals also launder money. How could it be improved?</p> <p>Needs to be more guidance around what this actually means per sector. The Supervisors could do</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
			more work with providing examples from each sector within its guidance. Examples are always useful
2.11	Have you faced any challenges with interpreting the activity of 'engaging in or giving instructions'?	Yes	
2.12	Should the terminology in the definition of financial institution be better aligned with the meaning of financial service provided in section 5 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008?	Yes	Clarity
2.13	Are there other elements of the definition of financial institution that cause uncertainty and confusion about the Act's operation?	Nothing that springs to mind	No comment
2.14	Should the definition of high-value dealer be amended so businesses which deal in high value articles are high-value dealers irrespective of how frequently they undertake relevant cash transactions?	Yes	Greater clarity Can you think of any unintended consequences that might occur? No
2.15	What do you anticipate would be the compliance impact of this change?	HVD have very low compliance requirements now so minimal impact	
2.16	Should we revoke the exclusion for pawnbrokers to ensure they can manage their money laundering and terrorism financing risks?	No comment	
2.17	Given there is an existing regime for pawnbrokers, what obligations should we avoid duplicating to avoid unnecessary compliance costs?	No comment	
2.18	Should we lower the applicable threshold for high value dealers to enable better intelligence about cash transactions?	Yes	Greater visibility on use of cash and methods of structuring
2.19	If you answered 'yes' to the previous question (Question 2.18), what would be the appropriate threshold? How many additional transactions would be captured? Would you stop using or	\$5,000 as an estimate	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
	accepting cash for these transactions to avoid AML/CFT obligations?		
2.20	Do you currently engage in any transactions involving stores of value that are not portable devices (e.g. digital stored value instruments)?	No	
2.21	What risks do you see with stored value instruments that do not use portable devices?	No comment	
2.22	Should we amend the definition of “stored value instruments” to be neutral as to the technology involved?	Unsure	
2.23	Should acting as a secretary of a company, partner in a partnership, or equivalent position in other legal persons and arrangements attract AML/CFT obligations?	Yes	
2.24	If you are a business which provides this type of activity, what do you estimate the potential compliance costs would be for your business if it attracted AML/CFT obligations?	Not applicable	
2.25	Should criminal defence lawyers have AML/CFT obligations?	Unsure	
2.26	If you are a criminal defence lawyer, have you noticed any potentially suspicious activities?	Not applicable	
2.27	Are there any unintended consequences that may arise from requiring criminal defence lawyers to have limited AML/CFT obligations, that we will need to be aware of?	Unsure	
2.28	Should non-life insurance companies become reporting entities under the Act?	Yes	Including non-life insurance businesses in the Act could address money laundering vulnerabilities and provide a useful source of financial intelligence.
2.29	If you answered 'yes' to the previous question (Question 2.28), should non-life insurance companies have full obligations, or should they be tailored to the specific risks we have identified?	Tailored to specific risks	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
2.30	If you are a non-life insurance business, what do you estimate would be the costs of having AML/CFT obligations (including limited obligations)?	Not applicable	
2.31	Should we use regulations to ensure that all types of virtual asset service providers have AML/CFT obligations, including by declaring wallet providers which only provide safekeeping or administration are reporting entities?	Yes to ensure that New Zealand is not out-of-step with the rest of the world.	
2.32	Would issuing regulations for this purpose change the scope of capture for virtual asset service providers which are currently captured by the AML/CFT regime?	Unsure	
2.33	Is the Act sufficiently clear that preparing or processing invoices can be captured in certain circumstances?	No	Never been made clear in legislation or guidance. Only come to light as a result of this legislative review.
2.34	If we clarified the activity, should we also clarify what obligations businesses should have?	Yes	Definitely needs clarification. Obligations to report only if included because the process of preparing or processing invoices is done under instruction of the business owner, the bookkeeper/accountant does not have visibility to ensure product is moving or that the details are correct outside of the details provided by the business management/payroll system or job management system.
2.35	Should preparing accounts and tax statements attract AML/CFT obligations?	No	Shouldn't be included persay as information is generally historic, however if included this would create greater oversight by supervisors, but as it would be a catch all for all accountants the obligations need to be tailored to reporting suspicious activities only.
2.36	If you answered 'yes' to the previous question (Question 2.35), what would be the appropriate obligations for businesses which provide these services?	Tailored to reporting suspicious activities only.	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
2.37	Should tax-exempt non-profits and non-resident tax charities be included within the scope of the AML/CFT Act given their vulnerabilities to being misused for terrorism financing?	Unsure	Need to ensure that any measures are risk-based and in proportion to the organisation's vulnerability to being misused for terrorism financing and did not undermine the ability of these organisations to provide charitable services.
2.38	If these non-profit organisations were included, what should their obligations be?	SAR only	
2.39	Are there any other regulatory or class exemptions that need to be revisited, e.g. because they no longer reflect situations of proven low risk or because there are issues with their operation?	Unsure	if a risk based approach to obligations were introduced we could do away with all exemptions and replace with tailored obligations such as reporting.
2.40	Should the exemption for internet auctions still apply, and are the settings correct in terms of a wholesale exclusion of all activities?	No.	Should be included due to volume of transactions undertaken, however could be difficult to monitor
2.41	If it should continue to apply, should online marketplaces be within scope of the exemption?	Unsure	
2.42	What risks do you see involving internet marketplaces or internet auctions?	No comment	
2.43	If we were to no longer exclude online marketplaces or internet auction providers from the Act, what should the scope of their obligations be? What would be the cost and impact of that change?	No comment	
2.44	Do you currently rely on this regulatory exemption to offer special remittance card facilities?	Unsure	
2.45	Is the exemption workable or are changes needed to improve its operation?	No comment	
2.46	Do you consider the exemption properly mitigates any risks of money laundering or terrorism financing through its conditions?	No comment	
2.47	Should we amend this regulatory exemption to clarify whether and how it applies to DNFBPs?	Yes if unclear, needs to be clarified	
2.48	Should we issue any new regulatory exemptions?	Yes	Tax transfers as per Tax administration Act 1994 S173M (2) (a) to (fb) but not including (g) who could

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
			be an unidentified party. Are there any areas where Ministerial exemptions have been granted where a regulatory exemption should be issued instead?
2.49	Do you currently use a company to provide trustee or nominee services?	No	
2.50	Should we issue a new regulatory exemption to exempt legal or natural persons that act as trustee, nominee director, or nominee shareholder where there is a parent reporting entity involved that is responsible for discharging their AML/CFT obligations?	Yes	Double up in responsibilities and obligations
2.51	If so, what conditions should be attached to such an exemption to ensure it does not raise other money laundering or terrorism financing vulnerabilities?	Include in risk assessment and compliance programme	
2.52	Should we issue a new regulatory exemption to exempt Crown entities, entities acting as agents of the Crown, community trusts, and any other similar entities from AML/CFT obligations?	Unsure Don't know enough about the impact	
2.53	If you answered 'yes' to the previous question (Question 2.52), what should be the scope of the exemption and possible conditions to ensure it does not raise other money laundering or terrorism financing vulnerabilities?	No comment	
2.54	Should we issue an exemption for all reporting entities providing low value loans, particularly where those loans are provided for social or charitable purposes?	Yes for the reasons given in the explanatory above	
2.55	If so, what conditions should be attached to such an exemption to ensure it does not raise other money laundering or terrorism financing vulnerabilities?	No comment	
2.56	Should the AML/CFT Act define its territorial scope?	Yes to avoid confusion	
2.57	If so, how should the Act define a business or activity to be within the Act's territorial scope?	No comment	

Section 3: Supervision, regulation, and enforcement

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
3.1	Is the AML/CFT supervisory model fit for purpose or should we consider changing it?	No	Please indicate why? Model is working in general
3.2	If it were to change, what supervisory model do you think would be more effective in a New Zealand context?	Can't think of anything more suitable	
3.3	Do you think the Act appropriately ensures consistency in the application of the law between the three supervisors? If not, how could inconsistencies in the application of obligations be minimised?	Yes	Please provide options for how inconsistencies in the application of obligations could be minimised: Joint training of all supervisors
3.4	Does the Act achieve the appropriate balance between ensuring consistency and allowing supervisors to be responsive to sectoral needs? If not, what mechanisms could be included in legislation to achieve a more appropriate balance?	Yes in general	
3.5	Are the statutory functions and powers of the supervisors appropriate or do they need amending? If so, why?	The functions and powers are appropriate	
3.6	Should AML/CFT Supervisors have the power to conduct onsite inspections of REs operating from a dwelling house? If so, what controls should be implemented to protect the rights of the occupants?	Yes- AML/CFT Supervisors should be able to conduct onsite inspections where REs are operating from a dwelling house. Many people operate a home office environment and meet clients there as well. The supervisors should be able to access the same environment as the client.	What controls are required to protect the rights of occupants? Limited to office space, no access to rest of dwelling.
3.7	What are some advantages or disadvantages of remote onsite inspections?	No comment	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
3.8	Would virtual inspection options make supervision more efficient? What mechanisms would be required to make virtual inspections work?	Yes	<p>Technology allows greater inquiry online these days.</p> <p>What mechanisms would be required to make virtual inspections work? Save sharing of information, good internet connections for virtual meetings.</p>
3.9	Is the process for forming a designated business group (DBG) appropriate? Are there any changes that could make the process more efficient?	Unsure	<p>Please explain your answer: Have no experience with DBG's</p> <p>Are there changes that could make the process more efficient? No comment</p>
3.10	Should supervisors have an explicit role in approving or rejecting formation of a DBG? Why or why not?	Yes	<p>Why or why not? Supervisors should be in the position of knowing the sector and how the DBG would work within that sector.</p>
3.11	Should explicit standards for audits and auditors be introduced? If so, what should those standards be and how could they be used to ensure audits are of higher quality?	Yes	<p>If yes, what should the standards be? Some form of AML qualifications e.g. CAMS/NZAMLCO certificates AML Audit specific qualifications e.g Advanced CAMS-Audit Experience</p> <p>They do not need to be financial auditors</p> <p>How could standards be used to ensure audits are of higher quality?</p> <p>Standards can only be used to ensure the auditor is appropriately qualified, to ensure audits are of higher quality there could be an auditors forum for peer discussions and</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
			training by supervisors around what a high quality audit looks like from their perspective.
3.12	Who would be responsible for enforcing the standards of auditors?	AML/CFT supervisors	<p>If other, which agency/organisation would enforce the standards?</p> <p>The Supervisors can request audit reports. The audit reports should align with Supervisor reviews and requirements therefore they would be in the best position to enforce the standards of auditors. But, it would require a joint body from all three supervisors as auditors work across all three supervisory areas.</p>
3.13	What impact would that have on cost for audits? What benefits would there be for businesses if we ensured higher quality audits?	<p>Please share your thoughts:</p> <p>Any costs or liabilities enforced on auditors would result in increased costs for reporting entities. Businesses should be able to rely of audits and auditors need to take responsibility for poor audits.</p>	<p>What benefits would there be for businesses if we ensured higher quality audits?</p> <p>Better educational outcomes of audits and greater compliance with remediation. The business should enjoy the audit process more.</p>
3.14	Should there be any protections for businesses which rely on audits, or liability for auditors who do not provide a satisfactory audit?	Yes	Businesses should be able to rely on their audits for accurate assessment and information. Auditors need to take responsibility for poor audits. If yes, what protections would you want? What should be the nature of the liability for auditors?
3.15	Is it appropriate to specify the role of a consultant in legislation, including what obligations they should have? If so, what are appropriate obligations for consultants?	Yes	<p>Consultants form a link for businesses in addressing their obligations with the legislation</p> <p>If a consultant's rule should be specified in legislation, what are the appropriate obligations:</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
			Obligations to report if something is found during a consultation process similar to Auditors.
3.16	Do we need to specify what standards consultants should be held to? If so, what would it look like? Would it include specific standards that must be met before providing advice?	Yes	Because of the reliance on the consultant to provide good advice there needs to be minimum standards or qualification for consultants. If yes, what should the standards look like? academic qualifications around AML/CFT, experience
3.17	Who would be responsible for enforcing the standard of consultants?	AML/CFT supervisor(s)	If other, please indicate which agency/organisation you see having responsibility: Auditors, supervisors are best placed to provide oversight
3.18	Do you currently use agents to assist with your AML/CFT compliance obligations? If so, what do you use agents for?	No	Not applicable
3.19	Do you currently take any steps to ensure that only appropriate persons are able to act as your agent? What are those steps and why do you take them?	No	
3.20	Should there be any additional measures in place to regulate the use of agents and third parties? For example, should we set out who can be an agent and in what circumstances they can be relied upon?	Unsure	
3.21	Does the existing penalty framework in the AML/CFT Act allow for effective, proportionate, and dissuasive	No	The framework doesn't consider the size of the reporting entity and impact non compliance has made.

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
	sanctions to be applied in all circumstances, including for larger entities? Why or why not?		
3.22	Would additional enforcement interventions, such as fines for non-compliance or enabling the restriction, suspension, or removal of a license or registration enable more proportionate, effective, and responsive enforcement?	Yes	It would be more risk-based approach
3.23	Are there any other changes we could make to enhance the penalty framework in the Act?	Unsure	
3.24	Should the Act allow for higher penalties at the top end of seriousness to ensure sufficiently dissuasive penalties can be imposed for large businesses? If so, what should the penalties be?	Yes	Penalties are not high enough to be a deterrent.
3.25	Would broadening the scope of civil sanctions to include directors and senior management support compliance outcomes? Should this include other employees?	Yes	Ultimately the directors or senior managers are responsible for making decisions about how the business operates and whether it complies with the AML/CFT obligations.
3.26	If penalties could apply to senior managers and directors, what is the appropriate penalty amount?	Not sure	Because ultimately the directors or senior managers are responsible for making decisions about how the business operates and whether it complies with the AML/CFT obligations
3.27	Should compliance officers also be subject to sanctions or provided protection from sanctions when acting in good faith?	Agree with comments for this section	
3.28	Should the Department of Internal Affairs (DIA) have the power to apply to liquidate a business to recover penalties and costs obtained in proceedings undertaken under the Act?	Yes	Consistency

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
3.29	Should we change the time limit by which prosecutions must be brought by? If so, what should we change the time limit to?	Yes	<p>If it results in more prosecutions</p> <p>If you answered yes, what should we change the time limit to?</p> <p>1years max. This aligns with the time period reporting entities need to keep their records for.</p>

Section 4: Preventive measures

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.1	What challenges do you have with complying with your customer due diligence (CDD) obligations? How could these challenges be resolved?	No comment	
4.2	Have you experienced any situations where trying to identify the customer can be challenging or not straightforward? What were those situations and why was it challenging?	No	Not applicable
4.3	Would a more prescriptive approach to the definition of a customer be helpful? For example, should we issue regulations to define who the customer is in various circumstances and when various services are provided?	Yes	Please share your thoughts: Possibly but needs to be pretty broad and cover a lot of different scenarios
4.4	If so, what are the situations where more prescription is required to define the customer?	No comment	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.5	Do you anticipate that there would be any benefits or additional challenges from a more prescriptive approach being taken?	Possible benefits if compliance costs are reduced. Challenges if not flexible enough to cover different situations	
4.6	Should we amend the existing regulations to require real estate agents to conduct CDD on both the purchaser and vendor?	No comment	Purchasers are the ones transacting through trust accounts. Although the lawyers also do CDD as purchasers are their clients. Allowing the sharing of CDD between the two would reduce compliance cost for real estate agents.
4.7	What challenges do you anticipate would occur if this was required? How might these be addressed? What do you estimate would be the costs of the change?	Not applicable	Compliance cost and purchaser reluctance due to repeated requests for information How might the challenges be addressed? Ability to share CDD between Lawyers and Real estate
4.8	When is the appropriate time for CDD on the vendor and purchaser to be conducted in real estate transactions?	Later - when contracts are signed	Later would provide time for real estate agents to conduct CDD on the vendors and then the Purchaser prior to a transaction being conducted.
4.9	Are the prescribed points where CDD must be conducted clear and appropriate? If not, how could we improve them?	No comment	
4.10	For enhanced CDD, is the trigger for unusual or complex transactions sufficiently clear?	Yes	
4.11	Should CDD be required in all instances where suspicions arise?	Yes	Anything that would enhance the ability to detect and deter is a good thing. but care not to tip off may be a barrier to being able to do this.

QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.12	If so, what level of CDD should be required, and what should be the requirements regarding verification? Is there any information that businesses should not need to obtain or verify?	<p>Standard customer due diligence</p> <p>What should be the requirements regarding verification?</p> <p>Depends on the circumstances. if no or low transaction involved there would be no need for source of wealth/funds so Standard CDD would be the minimum.</p> <p>Is there any information that businesses should not need to obtain or verify?</p> <p>Address verification and possibly source of wealth/funds</p>
4.13	How can we ensure that this obligation does not put businesses in a position where they are likely to tip off the person?	<p>Please provide your comments in the box below:</p> <p>Not sure</p>
4.14	What money laundering risks are you seeing in relation to law firm trust accounts?	<p>Please provide your comments in the box below:</p> <p>Third party transactions/refunds. Discrepancies in amounts being deposited to what was requested. Deposits from unidentified parties</p>
4.15	Are there any specific AML/CFT requirements or controls that could be put in place to mitigate the risks? If so, what types of circumstances or transactions should they apply to and what should the AML/CFT requirements be?	<p>Yes</p> <p>Requiring CDD before refunding money to a third party Only refunding back to party who deposited Holds on transactions if discrepancies found CDD if deposits come from unidentified parties</p>
4.16	Should this only apply to law firm trust accounts or to any DNFBP that holds funds in its trust account?	<p>Apply to any DNFBP that holds funds in its trust account Please provide your comments in the box below:</p> <p>Risks are potentially the same regardless of DNFBP</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.17	What do you estimate would be the costs of any additional controls you have identified?	Please provide your comments in the box below: no comment	
4.18	Is the information that the Act requires to be obtained and verified still appropriate? If not, what should be changed?	Unsure	Please share your thoughts: Not applicable
4.19	Are the obligations to obtain and verify information clear?	Yes	Please provide your comments in the box below: Requirements are clear
4.20	Is the information that businesses should obtain and verify about their customers still appropriate?	No	Please provide your comments in the box below: Address verification - value minimal but can cost more to get completed.
4.21	Is there any other information that the Act should require businesses to obtain or verify as part of CDD to better identify and manage a customer's risks?	No comment	
4.22	Should we issue regulations to require businesses to obtain and verify information about a legal person or legal arrangement's form and proof of existence, ownership and control structure, and powers that bind and regulate? Why?	Yes	
4.23	Do you already obtain some or all of this information, even though it is not explicitly required? If so, what information do you already obtain and why?	Yes	If so, what information do you already obtain and why? Companies extract - provides details of registration, status, directors and

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
			shareholders, addresses Trust Deed and variations - Settlor and Trustee details, beneficiary details or type of trust
4.24	What do you estimate would be the impact on your compliance costs for your business if regulations explicitly required this information to be obtained and verified?	Please estimate the impact on your compliance costs in the box below: None if already being collected	
4.25	Should we issue regulations to prescribe when information about a customer's source of wealth should be obtained and verified versus source of funds? If so, what should the requirements be for businesses?	Yes	Please provide further details below: Allows greater clarity so ease of compliance.
4.26	Are there any instances where businesses should not be required to obtain this information? Are there any circumstances when source of funds and source of wealth should be obtained and verified?	Yes	It should be risk based for example a family trust that has held the family home for many years is selling the house - ECDD applies but title shows mortgages involved in funding the house and details become sketchy over time - so should be assessed as low risk and no need to provide further proof.
4.27	Would there be any additional costs resulting from prescribing further requirements for source of wealth and source of funds?	Unsure	
4.28	Should we issue regulations to require businesses to obtain information about the beneficiary/ies of a life insurance or investment-related insurance policy and prescribe the beneficiary/ies as a relevant risk factor when determining the appropriate level of CDD to conduct? Why or why not?	Yes	Recognised international risk but agree only require this information to be obtained for insurance policies which we identify as representing moderate or high risks in line with FATF guidance for a risk-based approach to the life insurance sector.[1] This would not impose any additional obligations on life insurers unless they started issuing risky policies.

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.29	If we required this approach to be taken regarding beneficiaries of life and other investment-related insurance policies, should the obligations only apply for moderate or high-risk insurance policies? Are there any other steps we could take to ensure compliance costs are proportionate to risks?	Yes	<p>Please provide your comments in the box below:</p> <p>As above</p> <p>Are there any other steps we could take to ensure compliance costs are proportionate to risks?</p> <p>No comment</p>
4.30	Have you encountered issues with the definition of a beneficial owner? If so, what about the definition was unclear or problematic?	Yes	<p>If so, what about the definition was unclear or problematic?</p> <p>How far down a company structure to go to fully identify beneficial owners.</p> <p>How to define who has effective control e.g trust where trustees are elderly and there is potential of a beneficiary having more control</p>
4.31	How can we improve the definition in the Act as well as in guidance to address those challenges?	No comment	
4.32	Should we issue a regulation which states that businesses should be focusing on identifying the "ultimate" beneficial owner? If so, how could "ultimate" beneficial owner be defined?	Yes	<p>The ultimate beneficial owner is the goal</p> <p>If so, how could "ultimate" beneficial owner be defined:</p> <p>the person(s) who hold the most effective control of the entity.</p>
4.33	To what extent are you focusing beneficial ownership checks on the "ultimate" beneficial owner, even though it is not strictly required?	Always	<p>Please provide any comments you have on "ultimate" beneficial owner checks in the box below:</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
			Always try and get to the person who holds the most interest in the entity.
4.34	Would there be any additional costs resulting from prescribing that businesses should focus on the “ultimate” beneficial owner?	Yes	Probably as may require additional time and resources to trace. If yes, can you please indicate the level of costs you think apply: no comment
4.35	Should we issue a regulation which states that for the purposes of the definition of beneficial owner, a person on whose behalf a transaction is conducted is restricted to a person with indirect ownership or control of the customer (to align with the Financial Action Task Force (FATF) standards)? Why or why not?	Yes	Please provide your thoughts below: Greater clarity and alignment with FATF
4.36	Would this change make the “specified managing intermediaries” exemption or Regulation 24 of the AML/CFT (Exemption) Regulations 2011 unnecessary? If so, should the exemptions be revoked?	Unsure	
4.37	Would there be any additional compliance costs or other consequences for your business from this change? If so, what steps could be taken to minimise these costs or other consequences?	Unsure	
4.38	What process do you currently follow to identify who ultimately owns or controls a legal person, and to what extent is it consistent with the process set out in the FATF standards?	NZ AML/CFT Supervisor guidance on Beneficial Ownership	To what extent is the process you follow consistent with the process set out in the FATF standards? Fairly consistent
4.39	Should we issue regulations or a Code of Practice which is consistent with the FATF standards for identifying the beneficial owner of a legal person?	Issue regulations	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.40	Are there any aspects of the process the FATF has identified that are not appropriate for New Zealand businesses?	No	
4.41	Would there be an impact on your compliance costs by mandating this process? If so, what would be the impact?	No	
4.42	Should we issue regulations or a Code of Practice that allows businesses to satisfy their beneficial ownership obligations by identifying the settlor, the trustee(s), the protector and any other person exercising ultimate effective control over the trust or legal arrangement?	Issue regulations	<p>Please provide any comments you have in the box below:</p> <p>Align legislation with FATF</p>
4.43	Would there be an impact on your compliance costs by mandating that this process be applied? If so, what is the impact?	Unsure	
4.44	Are the standards of verification and the basis by which verification of identity must be done clear and still appropriate? If not, how could they be improved?	No	<p>Please provide your thoughts:</p> <p>A drivers license is issued by a reliable and independent source and yet is not allowable as a form of identity in NZ.</p>
4.45	Do you encounter any challenges with using Identity Verification Code of Practice (IVCOP)? If so, what are they, and how could they be resolved?	Yes	<p>If so, what are they, and how could they be resolved?</p> <p>As above information there are gaps, does not allow for other forms of ID, does not allow for drivers licenses only, allows for use of credit cards which may be against terms and conditions for holding a card, along with guidance specified only current/valid</p>

QUESTION	RESPONSE	ADDITIONAL INFORMATION
		passports can be used - expiry does not negate who the person is, so could still be used as a form of ID.
4.46	Is the approach in IVCOP clear and appropriate? If not, why? No	Please provide your comments in the box below:
		As per above too many gaps, not flexible enough, encourages using credit cards against the terms and conditions of using a credit card.
4.47	Should we amend or expand the IVCOP to include other AML/CFT verification requirements, e.g. verifying name and date of birth of high-risk customers verifying legal persons or arrangements, ongoing CDD, or sharing CDD information between businesses? Yes	What other verification requirements could be included?
		If it provides clarity and ease of use
4.48	Are there any identity documents or other forms of identity verification that businesses should be able to use to verify a customer's identity? Please provide your comments in the box below: Drivers License on its own.	
4.49	Do you have any challenges in complying with Part 3 of IVCOP in relation to electronic verification? What are those challenges and how could we address them? Yes	What challenges have you faced?
		Uncertainty that the method being use is acceptable - seems to be pushing for biometric identity so increases in cost of compliance How could those challenges be addressed?
		Providing a realistic risk based approach to ID verification where manual identification and verification can easily be use. This would reduce compliance costs.

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.50	What challenges have you faced with verification of address information? What have been the impacts of those challenges?	What challenges have you faced with verification of address information? Failures due to insufficient documentation for address. Particularly for women where everything is in the husbands/partners name	
4.51	What have been the impacts of those challenges?	Delays in completing CDD - extra time to follow up, obtain alternative documents, etc	
4.52	In your view, when should address information be verified, and how should that verification occur?	When should address information be verified? amend the requirement in the Act itself to still require address information to be obtained, but only verified in instances where it is valuable to do so (e.g. as part of a wire transfer or when suspicions are raised)	How should verification occur? Customer letter - although the use of post for letters does not align with paperless office situations where emails/txt are the main forms of communication with customers.
4.53	How could we address challenges with address verification while also ensuring law enforcement outcomes are not undermined? Are there any fixes we could make in the short term?	How could we address challenges with address verification while also ensuring law enforcement outcomes are not undermined? : Amend the requirement in the Act itself to still require address information to be obtained, but only verified in instances where it is valuable to do so (e.g. as part of a wire transfer or when suspicions are raised) Are there any fixes we could make in the short term?: Issue regulations to only require address verification to occur for higher risk customers that are natural persons. We could also amend IVCOP to include how businesses should verify address information to ensure a consistent and robust approach. We could also change the basis for verifying address	

QUESTION		RESPONSE	ADDITIONAL INFORMATION
		information and enable verification through other means, such as businesses sending their customer a letter.	
4.54	Do you currently take any of the steps identified by the FATF standards to manage high-risk customers, transactions or activities? If so, what steps do you take and why?	No	
4.55	Should we issue regulations or a Code of Practice which outlines the additional measures that businesses can take as part of enhanced CDD?	<p>Issue a Code of Practice</p> <p>Please provide any further comments you have in the box below:</p> <p>This may provide more clarity around the risks of dealing with high-risk entities.</p> <p>However there needs to be some flexibility build into this so that a low risk family trust is not treated the same as a high risk corporate trust.</p>	
4.56	Should any of the additional measures be mandatory? If so, how should they be mandated, and in what circumstances?	Yes	<p>If you answered yes, what measures should be mandatory?</p> <p>Obtaining additional information on the customer (e.g. occupation, volume of assets, information available through public databases, internet, etc.), and updating more regularly the identification data of customer and beneficial owner.</p> <p>obtaining additional information on the intended nature of the business relationship.</p> <p>obtaining information on the reasons for intended or performed transactions.</p> <p>How should we make the measures</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
			<p>mandatory?</p> <p>Unsure</p> <p>When should the measures be mandatory?</p> <p>At the time the risk is assessed.</p> <p>Please provide further detail below:</p> <p>Agree - could issue regulations to allow employees to be delegated to act on behalf of the customer by a senior manager but without triggering CDD.</p>
4.57	Are there ways we can enhance or streamline the operation of the simplified CDD obligations, in particular where the customer is a large organisation?	Yes	
4.58	Should we issue regulations to allow employees to be delegated by a senior manager without triggering CDD in each circumstance? Why	Yes	<p>Why? Please provide your response in the box below:</p> <p>Agree - This would ensure that the compliance burden of engaging with persons who act on behalf of a large organisation is in proportion to the risks identified.</p>
4.59	Should we remove the requirement for enhanced CDD to be conducted for all trusts or vehicles for holding personal assets? Why or why not?	Yes	<p>Why or why not? Please elaborate:</p> <p>There needs to be more flexibility for low risk family trust type situations, local charitable trusts and focus on the higher risk end of trusts</p>
4.60	If we removed this requirement, what further guidance would need to be provided to enable businesses to appropriately identify high risks trusts and conduct enhanced CDD?	Help in guidance around identifying high risk trusts. Specifically identify high risk categories of trusts which do require enhanced CDD to provide further clarity	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.61	Should high-risk categories of trusts which require enhanced CDD be identified in regulation or legislation? If so, what sorts of trusts would fall into this category?	Yes	<p>Please provide further detail below:</p> <p>Separate in legislation</p> <p>If so, what sorts of trusts would fall into this category?:</p> <p>Unsure</p>
4.62	Are the ongoing CDD and account monitoring obligations in section 31 clear and appropriate, or are there changes we should consider making?	No comment	<p>What changes should we consider making to clarify CDD and account monitoring obligations in section 31?:</p> <p>No comment</p>
4.63	As part of ongoing CDD and account monitoring, do you consider whether and when CDD was last conducted and the adequacy of the information previously obtained?	Yes	<p>Please provide any further comments in the box below:</p> <p>Make it clear that if a passport/drivers license expires then the identity doesn't change and there shouldn't be a need to collect an updated one</p>
4.64	Should we issue regulations to require businesses to consider these factors when conducting ongoing CDD and account monitoring? Why?	Yes	<p>Why? Please provide your comments in the box below:</p> <p>Close the gap and make it clear</p>
4.65	What would be the impact on your compliance costs if we issued regulations to make this change? Would ongoing CDD be triggered more often?		<p>What would be the impact on your compliance costs if we issued regulations to make this change?</p> <p>Nil</p> <p>No - ongoing CDD would not be triggered more often</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.66	Should we mandate any other requirements for ongoing CDD, e.g. how frequently it needs to be conducted?	No	<p>Why? Please provide further detail below:</p> <p>It should be left risk based dependent on the entities business. some guidance on suitable frequencies would be beneficial</p>
4.67	If you are a DNFBP, how do you currently approach your ongoing CDD and account monitoring obligations where there are few or no financial transactions?	For some entities it makes sense to align with business touch points such as GST return filing (1.2 or 6 monthly) or it could be when doing annual accounts at year end. for others it could be when a transaction is going to occur such as a property sale settlement. I'm not sure you could mandate a specific time as this would create undue burden on reporting entities.	
4.68	Should we issue regulations to require businesses to review activities provided to the customer as well as account activity and transaction behaviour? What reviews would you consider to be appropriate?	No	<p>Please provide further information below:</p> <p>Activities provided to the customer is already reviewed as part of ongoing CDD when checks for changes in nature and purpose of the relationship occurs. What reviews would you consider to be appropriate? none</p>
4.69	What would be the impact on your compliance costs if we issued regulations to make this change?	What would be the impact on your compliance costs if we issued regulations to make this change: No comment	
4.70	Do you currently review other information beyond what is required in the Act as part of account monitoring? If so, what information do you review and why?	No	
4.71	Should we issue regulations requiring businesses to review other information where appropriate as part of account monitoring? If so, what	No	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
	information should regulations require businesses to regularly review?		
4.72	How could we ensure that existing (pre-Act) customers are subject to the appropriate level of CDD? Are any of the options appropriate and are there any other options we have not identified? What would be the cost implications of the options?	<p>Changing what is meant by a 'material change' Why? Please provide further details below:</p> <p>Makes more sense for long term clients of reporting entities. A change that would be relevant to risk is more appropriate. Changes to services being offered (business relationship), changes to client ownership.</p> <p>Are there any other options for ensuring existing (pre-Act) customers are subject to the appropriate levels of CDD? no comment</p> <p>What would be the cost implications of the options?</p> <p>Slight increase</p>	
4.73	Should the Act set out what can constitute tipping off and set out a test for businesses to apply to determine whether conducting CDD or enhanced CDD may tip off a customer?	Yes	<p>Why? Please provide more information below:</p> <p>May provide more confidence to reporting entities to conduct CDD/ECDD at the appropriate times</p>
4.74	Once suspicion has been formed, should reporting entities have the discretion not to conduct enhanced CDD to avoid tipping off?	Yes	<p>Please provide any further information below:</p> <p>There needs to be some flexibility in having to do ECDD in these circumstances. May enable more entities to report if they don't feel comfortable with conducting ECDD.</p>
4.75	If you answered yes to question 4.73, in what circumstances should this apply? For example, should it apply only to business relationships (rather than occasional transactions or activities)? Or should it only apply to certain types of business	<p>Or should it only apply to certain types of business relationships where the customer holds a facility for the customer? If other, please provide details in the box below:</p> <p>Why? Please provide further detail below:</p>	No comment

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
	relationships where the customer holds a facility for the customer (such as a bank account)?	More risk when the reporting entity holds a facility for the customer	
4.76	Are there any other challenges with the existing requirements to conduct enhanced CDD as soon as practicable after becoming aware that a SAR must be reported? How could we address those challenges?	Yes	<p>What are those challenges?</p> <p>Challenges in terminology - what does as soon as practicable mean - before the SAR is filed or can it be after?</p> <p>If yes, how could we address those challenges?</p> <p>Provide more clarity</p>
4.77	Do you have any challenges with complying with your record keeping obligations? How could we address those challenges?	No	
4.78	Are there any other records we should require businesses to keep, depending on the nature of their business?	No	
4.79	Does the exemption from keeping records of the parties to a transaction where the transaction is outside a business relationship or below the occasional transaction threshold hinder reconstruction of transactions? If so, should the exemption be modified or removed?	No	<p>Why? Please provide any additional information:</p> <p>The basis for this exemption is that the parties will not have been subject to CDD, so the business may not have the information about who the parties are in the first place.</p>
4.80	Do you have any challenges with complying with the obligations regarding politically exposed persons? How could we address those challenges?	Yes	<p>Please provide any additional information below:</p> <p>Although there is additional guidance around a risk based approach for PEP checking, it can</p>

QUESTION	RESPONSE	ADDITIONAL INFORMATION
		<p>still be challenging for reporting entities to record the search undertaken and result unless they are paying for it as part of electronic ID services.</p> <p>Also difficult to manually check whether an individual is related/associated to a PEP. Additional changes with ex-pats returning to NZ as a result of pandemic If you answered yes, how could we address those challenges?</p> <p>It would be easier if all PEP checks were done electronically but that increases compliance cost for businesses and for entities who have long-term NZ residents/citizens the risk is really one of association and that can be difficult to check</p>
4.81	Do you take any additional steps to mitigate the risks of politically exposed persons (PEPs) that are not required by the Act? What are those steps and why do you take them?	<p>No</p> <p>If yes, what are those steps and why do you take them:</p>
4.82	How do you currently treat customers who are domestic PEPs or PEPs from international organisations?	<p>How do you currently treat customers who are domestic PEPs or PEPs from international organisations?</p> <p>No comment</p>
4.83	Should the definition of “politically exposed persons” be expanded to include domestic PEPs	<p>No</p> <p>Please provide any additional information below: Risk is too low for the costs involved.</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
	and/or PEPs from international organisations? If so, what should the definitions be?		
4.84	If we included domestic PEPs, should we also include political candidates and persons who receive party donations to improve the integrity of our electoral financing regime?	Yes	Please provide any further comments in the box below: More likely to be where bribery and corruption sits
4.85	What would be the cost implications of such a measure for your business or sector?	What would be the cost implications of such a measure for your business or sector? Significant	
4.86	How do you currently treat customers who were once PEPs?	Not applicable	
4.87	Should we require a risk-based approach to determine whether a customer who no longer occupies a public function should still nonetheless be treated as a PEP?	Yes	
4.88	Would a risk-based approach to former PEPs impact compliance costs compared to the current prescriptive approach?	Yes	Please provide any further comments you would like to make in the box below: Additional monitoring costs
4.89	What steps do you take, proactive or otherwise, to determine whether a customer is a foreign PEP?	What steps do you take, proactive or otherwise, to determine whether a customer is a foreign PEP?: Asking them, google, media check, 2Shakes namesan	
4.90	Do you consider the Act's use of "take reasonable steps" aligns with the FATF's expectations that businesses have risk management systems in place	No	If not, how can we make it clearer? Reasonable steps is not defined so that leaves

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
	to enable proactive steps to be taken to identify whether a customer or beneficial owner is a foreign PEP? If not, how can we make it clearer?		a reporting entity with lots of choices as to how to undertake a PEP check.
4.91	Should the Act clearly allow businesses to consider their level of exposure to foreign PEPs when determining the extent to which they need to take proactive steps?	Yes	Please provide any further comments you would like to make in the box below: Risk based approach in action
4.92	Should the Act mandate that businesses undertake the necessary checks to determine whether the customer or beneficial owner is a foreign PEP before the relationship is established or occasional activity or transaction is conducted?	Yes	Please provide any further comments in the box below: Should be before so that any additional measures can be completed at the same time as onboarding e.g ECDD
4.93	How do you currently deal with domestic PEPs or international organisation PEPs? For example, do you take risk-based measures to determine whether a customer is a domestic PEP, even though our law does not require this to be done?	Do you follow the requirements in the Act	If there are other ways you currently deal with domestic PEPs or international organisation PEPs please indicate what you do in the box below:
4.94	If we include domestic PEPs and PEPs from international organisations within scope of the Act, should the Act allow for businesses to take reasonable steps, according to the level of risk involved, to determine whether a customer or beneficial owner is a domestic or international organisation PEP?	Yes	Please provide any further comments in the box below: It should be risk based.
4.95	What would the cost implications of including domestic PEPs and PEPs from international organisations be for your business or sector?	What would the cost implications of including domestic PEPs and PEPs from international organisations be for your business or sector?	
		No comment	
4.96	Should businesses be required to take reasonable steps to determine whether the beneficiary (or	Yes	Please provide any comments you have in the

QUESTION	RESPONSE	ADDITIONAL INFORMATION
	beneficial owner of a beneficiary) of a life insurance policy is a PEP before any money is paid out?	box below: The lack of any requirements for determining whether a life insurance beneficiary is a PEP is a vulnerability that could be exploited.
4.97	What would be the cost implications of requiring life insurers to determine whether a beneficiary is a PEP? No comment	
4.98	What steps do you currently take to mitigate the risks of customers who are PEPs? Do not have any	What steps do you currently take to mitigate the risks of customers who are PEPs?:
4.99	Should the Act mandate businesses take the necessary mitigation steps the FATF expects for all foreign PEPs, and, if domestic or international organisation PEPs are included within scope, where they present higher risks?	Yes Please provide your comments in the box below: More consistency with FATF
4.100	What would be the cost implications of requiring businesses to take further steps to mitigate the risks of customers who are PEPs?	Could be significant for some reporting entities
4.101	Should businesses be required to assess their exposure to designated individuals or entities?	Yes Please provide your comments in the box below: Would help inform the nature of the policies, procedures, and controls a business should implement

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.102	What support would businesses need to conduct this assessment?	Please provide your comments in the box below: Access to automatic screening solutions	
4.103	If we require businesses to assess their proliferation financing risks, what should the requirement look like? Should this assessment be restricted to the risk of sanctions evasion (in line with FATF standards) or more generally consider proliferation financing risks?	Please provide your comments in the box below: Given out low exposure, but increased lone operators, it would be difficult for reporting entities to implement. goAML already provides details of designation individuals/entities/sanctions so not sure how effective additional requirements would be.	
4.104	Should legislation require businesses to include, as part of their AML/CFT programme, policies, procedures, and controls to implement TFS obligations without delay? How prescriptive should the requirement be?	Please provide your comments in the box below: Agree- with comments above.	
4.105	What support would businesses need to develop such policies, procedures, and controls?	Please provide your comments in the box below: Very clear guidelines of how to implement with examples for different sectors. Banking/FI are very different from DNFBP's so opening accounts/conducting transactions etc are not always available with DNFBPs	
4.106	How should businesses receive timely updates to sanctions lists?	Please provide your comments in the box below: Maybe is should be compulsory to register with goAML. All reporting entities have reporting obligations so should be prepared even if unlikely to submit.	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.107	Do we need to amend the Act to ensure all businesses are receiving timely updates to sanctions lists? If so, what would such an obligation look like?	<p>Please provide your comments in the box below:</p> <p>Maybe is should be compulsory to register with goAML. All reporting entities have reporting obligations so should be prepared even if unlikely to submit.</p>	
4.108	How can we support and enable businesses to identify associates and persons acting on behalf of designated persons or entities?	No comment	
4.109	Do you currently screen for customers and transactions involving designated persons and entities? If so, what is the process that you follow?	Not applicable	
4.110	How could the Act support businesses to screen customers and transactions to ensure they do not involve designated persons and entities? Are any obligations or safe harbours required?	No comment	
4.111	If we created obligations in the Act, how could we ensure that the obligations can be implemented efficiently and that we minimise compliance costs?	<p>Please provide your comments in the box below:</p> <p>A COP is more appropriate but again it needs to be flexible enough to suit a wide range of reporting entities, and there would be a lot who would not be able to manage the cost of this, let alone be proportional to the risk that reporting entity is exposed to.</p>	
4.112	How can we streamline current reporting obligations and ensure there is an appropriate notification process for property frozen in compliance with regulations issued under the United Nations Act?	No comment	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.113	If we included a new reporting obligation in the Act which complies with UN and FATF requirements, how could that obligation look? How could we ensure there is no duplication of reporting requirements?	No comment	
4.114	Should the government provide assurance to businesses that have frozen assets that the actions taken are appropriate?	Yes	Please provide your comments in the box below: Feedback would encourage ongoing compliance
4.115	If so, what could that assurance look like and how would it work?	No comment	
4.116	Are the requirements for managing the risks of correspondent banking relationships set out in section 29 still fit-for-purpose or do they need updating?	Unsure	No comment
4.117	Are you aware of any correspondent relationships in non-banking sectors? If so, do you consider those relationships to be risky and should the requirements in section 29 also apply to those correspondent relationships?	Unsure	No comment
4.118	If you are a money or value transfer service (MVTs) provider which uses agents, how do you currently maintain visibility of how many agents you have?	Not applicable	
4.119	Should a MVTs provider be required to maintain a current list of its agents as part of its AML/CFT programme?	Yes	No comment

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.120	Should a MVTs provider be explicitly required to monitor and manage its agents for compliance with its AML/CFT programme (including vetting and training obligations)?	Yes	
4.121	Should the Act explicitly state that a MVTs provider is responsible and liable for AML/CFT compliance of any activities undertaken by its agent? Why or why not?	Yes	<p>Why or why not?:</p> <p>As agents they are acting for the MVTs</p>
4.122	If you are an MVTs provider which uses agents, do you currently include your agents in your programme, and monitor them for compliance (including conducting vetting and training)? Why or why not?	Yes	<p>Why or why not?</p> <p>Of the MVTs that I know of yes they do - treated like staff/employees</p>
4.123	Should we issue regulations to explicitly require MVTs providers to monitor and manage its agents for compliance with its AML/CFT programme (including vetting and training obligations)? Why or why not?	Yes	<p>Why or why not?</p> <p>Not sure what the wider sector is doing but yes it should be included. Reduces risk.</p>
4.124	What would be the cost implications of requiring MVTs providers to include agents in their programmes?	No comment	
4.125	Who should be responsible for the AML/CFT compliance for sub-agents for MVTs providers which use a multi-layer approach? Should it be the MVTs provider, the master agent, or both?	<p>Please provide your comments in the box below:</p> <p>Both have responsibilities</p>	
4.126	Should we issue regulations to declare that master agents are reporting entities under the Act in their own right? Why or why not?	No	<p>Why or why not?</p> <p>Treat like a DBG</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.127	What would be the cost implications of requiring MVTs providers to include agents in their programmes?	No comment	
4.128	What risks with new products or technologies have you identified in your business or sector? What do you currently do with those risks?	Please provide your comments in the box below: Use of virtual assets and wallets Use of electronic ID systems for onboarding	
4.129	Should we issue regulations to explicitly require businesses to assess risks in relation to the development of new products, new business practices (including new delivery mechanisms), and using new or developing technologies for both new and pre-existing products? Why or why not?	Yes	Why or why not? This would align with business practices now
4.130	If so, should the risks be assessed prior to the launch or use of any new products or technologies?	Please provide your comments in the box below: Prior to launch or use	
4.131	What would be the cost implications of explicitly requiring businesses to assess the risks of new products or technologies?	No comment	
4.132	Should we issue regulations to explicitly require businesses to mitigate risks identified with new products or technologies? Why or why not?	Yes	Why or why not?: Might make it clearer
4.133	Would there be any cost implications of explicitly requiring business to mitigate the risks of new products or technologies?	Yes	If yes, what are your views?: Yes probably
4.134	Are there any obligations we need to tailor for virtual asset service providers? Is there any further support that we should provide to assist them with complying with their obligations?	Unsure	No comment

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.135	Should we set specific thresholds for occasional transactions for virtual asset service providers? Why or why not?	Yes	Why or why not?: The FATF's expectation is that countries set an occasional transaction threshold at EUR/USD 1,000 for all transactions involving virtual assets (including virtual asset to virtual asset transfers), which would translate to approximately NZD 1,500.
4.136	If so, should the threshold be set at NZD 1,500 (in line with the FATF standards) or NZD 1,000 (in line with the Act's existing threshold for currency exchange and wire transfers)? Why?	Yes Why? In line with the Act's existing threshold for currency exchange and wire transfers as would be more consistent and easier for reporting entities to manage	
4.137	Are there any challenges that we would need to navigate in setting occasional transaction thresholds for virtual assets?	Unsure	No comment
4.138	Should we issue regulations to declare that transfers of virtual assets to be cross-border wire transfers? Why or why not?	Yes	Why or why not?: Make it clear - resolve this uncertainty by issuing regulations to declare these transactions as a type of wire transfers. We could also issue regulations declaring that a transfer of virtual assets is always cross-border to address the risks these types of transactions pose. This would mean that the existing identity and verification requirements for wire transfers (set out in sections 27 to 29) would apply to these transactions, as well as the requirements to file prescribed transaction reports (section 48C).
4.139	Would there be any challenges with taking this approach? How could we address those challenges?	Unsure	No comment

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.140	What challenges have you encountered with the definitions involved in a wire transfer, including international wire transfers?	<p>Please provide your comments in the box below:</p> <p>Complicated and difficult to fully understand how to interpret for reporting entities</p>	
4.141	Do the definitions need to be modernised and amended to be better reflect business practices? If so, how?	Yes	<p>If so, how?</p> <p>Needs to cover the different situations occurring in a modern banking system</p>
4.142	Are there any other issues with the definitions that we have not identified?	Not aware of any	<p>If yes, what are your views?</p> <p>Not applicable</p>
4.143	What information, if any, do you currently provide when conducting wire transfers below NZD 1000?	<p>Please provide your comments in the box below:</p> <p>Not applicable</p>	
4.144	Should we issue regulations requiring wire transfers below NZD 1000 to be accompanied with some information about the originator and beneficiary? Why or why not?	Yes	<p>Why or why not?</p> <p>Probably given the nature of terrorist financing and human trafficking etc where small amounts are used</p>
4.145	What would be the cost implications from requiring specific information be collected for and accompany wire transfers of less than NZD 1000?	<p>Please provide your comments in the box below:</p> <p>Significant</p>	
4.146	How do you currently treat wire transfers which lack the required information about the originator or beneficiary, including below the NZD 1000 threshold?	<p>Please provide your comments in the box below:</p> <p>Not applicable</p>	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.147	Should ordering institutions be explicitly prohibited from executing wire transfers in all circumstances where information about the parties is missing, including information about the beneficiary? Why or why not?	Yes	Why or why not? Anonymity is a risk
4.148	Would there be any impact on compliance costs if an explicit prohibition existed for ordering institutions?	Unsure	If yes, what are your views? Probably
4.149	When acting as an intermediary institution, what do you currently do with information about the originator and beneficiary?	Please provide your comments in the box below: Not applicable	
4.150	Should we amend the Act to mandate intermediary institutions to retain the information with the wire transfer? Why or why not?	Yes	Why or why not? Not in line with the FATF standards and risks transfers being delayed or information being lost about the originator and beneficiary.
4.151	If you act as an intermediary institution, do you do some or all of the following: • keep records where relevant information cannot be passed along in the domestic leg of a wire transfer where technical limitations prevent the information from being accompanied? • take reasonable measures to identify international wire transfers lacking the required information? • have risk-based policies in place for determining what to do with wire transfers lacking the required information?	Unsure	
4.152	Should we issue regulations requiring intermediary institutions to take these steps, in line with the FATF standards? Why or why not?	Unsure	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.153	What would be the cost implications from requiring intermediary institutions to take these steps?	No comment	
4.154	Do you currently take any reasonable measures to identify international wire transfers that lack required information? If so, what are those measures and why do you take them?	Unsure	
4.155	Should we issue regulations requiring beneficiary institutions to take reasonable measures, which may include post-event or real time monitoring, to identify international wire transfers that lack the required originator or beneficiary information?	Yes	If yes, what are your views? Bring into line with FATF
4.156	What would be the cost implications from requiring beneficiary institutions to take these steps?	Please provide your comments in the box below: Unsure	
4.157	Are the prescribed transaction reporting requirements clear, fit for purpose, and relevant? If not, what improvements or changes do we need to make?	Yes	
4.158	Have you encountered any challenges in complying with your prescribed transaction reporting (PTR) obligations? What are those challenges and how could we resolve them?	No	
4.159	Should we issue regulations or a Code of Practice to provide more clarity about the sorts of transactions that require a PTR?	Yes	Please provide your comments in the box below: Provide greater clarity - We could issue regulations or a Code of Practice to identify the common types of transactions where obligations are unclear and clarify whether

QUESTION	RESPONSE	ADDITIONAL INFORMATION
		and in what circumstances a PTR is required. This approach could also identify who is required to report in each transaction, and what information is required.
4.160	If so, what transactions have you identified where the PTR obligation is unclear? What makes the reporting obligation unclear, and how could we clarify the obligation?	No comment
4.161	Should non-bank financial institutions (other than MVTs providers) and DNFBPs be required to report PTRs for international fund transfers?	<p>Yes in principle</p> <p>Please provide your comments in the box below:</p> <p>It makes sense to provide full details</p>
4.162	If so, should the PTR obligations on non-bank financial institutions and DNFBPs be separate to those imposed on banks and MVTs providers?	No comment
4.163	Are there any other options to ensure that New Zealand has a robust PTR obligation that maximises financial intelligence available to the FIU, while minimising the accompanying compliance burden across all reporting entities?	No
4.164	Should we amend the existing regulatory exemption for intermediary institutions so that it does not apply to MVTs providers?	<p>Unsure</p> <p>Please provide your comments in the box below:</p> <p>Amend the existing regulatory exemption so that it does not apply to MVTs providers. This would not impact the status quo position for banks or other businesses involved in international wire transfers.</p>
4.165	Are there any alternative options that we should consider which ensure that financial intelligence	Unsure

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
	on international wire transfers is collected when multiple MVTs providers are involved in the transaction?		
4.166	Are there any other intermediary institutions that should be included in the exemption?	Unsure	
4.167	Are there situations you have encountered where submitting a PTR within the required 10 working days has been challenging? What was the cause of that situation and what would have been an appropriate timeframe?	Unsure	
4.168	Do you consider that a lower threshold for PTRs to be more in line with New Zealand's risk and context? If so, what would be the appropriate threshold for reporting?	Yes	If so, what would be the appropriate threshold for reporting? Unsure
4.169	Are there any practical issues not identified in this document that we should address before changing any PTR threshold?	Unsure	
4.170	How much would a change in reporting threshold impact your business?	Please provide your comments in the box below: Not at all	
4.171	How much time would you need to implement the change?	Please provide your comments in the box below: None	
4.172	Do you use any of the reliance provisions in the AML/CFT Act? If so, which provisions do you use?	No	
4.173	Are there any barriers to you using reliance to the extent you would like to?	No	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.174	Are there any changes that could be made to the reliance provisions that would mean you used them more? If so, what?	No	
4.175	Given the ‘approved entities’ approach is inconsistent with FATF standards and no entities have been approved, should we continue to have an ‘approved entities’ approach?	No	<p>Please provide your comments in the box below:</p> <p>This approach is not consistent with FATF standards, and as no entities have been approved, cannot be used in practice.</p>
4.176	If so, how should the government approve an entity for third party reliance? What standards should an entity be required to meet to become approved?	No comment	
4.177	If your business is a reporting entity, would you want to be an approved entity? Why or why not?	No	
4.178	Are there any alternative approaches we should consider to enable liability to be shared during reliance?	No	
4.179	Should we issue regulations to enable other types of businesses to form DBGs, if so, what are those types of businesses and why should they be eligible to form a DBG?	Unsure	
4.180	Should we issue regulations to prescribe that overseas DBG members must conduct CDD to the level required by our Act?	Yes	<p>Please provide your comments in the box below:</p> <p>Consistency and protection of reporting entities in NZ</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.181	Do we need to change existing eligibility criteria for forming DBGs? Why?	Yes	<p>Why?</p> <p>It may be beneficial for smaller entities all providing the same services to be able to form a DBG to keep compliance costs down. An example could be a group of Bookkeepers who provide similar services and maybe belong to the same institution. Or a group of Accountants etc. All would need to be a similar size, with similar risk profiles.</p>
4.182	Are there any other obligations that DBG members should be able to share?	Yes	<p>Please provide your comments in the box below:</p> <p>Share Compliance Officer, CDD, Reporting</p>
4.183	Should we issue regulations to explicitly require business to do the following before relying on a third party for CDD:• consider the level of country risk when determining whether a third party in another country can be relied upon;• take steps to satisfy themselves that copies of identification data and other relevant documentation will be made available upon request without delay; and• be satisfied that the third party has record keeping arrangements in place.	Yes	<p>Please provide your comments in the box below:</p> <p>Potentially it increases confidence in using a 3rd party</p>
4.184	Would doing so have an impact on compliance costs for your business? If so, what is the nature of that impact?	Unsure	
4.185	Are there any other issues or improvements that we can make to third party reliance provisions?	Yes	<p>Please provide your comments in the box below:</p> <p>Require the 3rd party to be 'qualified' in NZ legislation particularly if offshore.</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.186	Are there other forms of reliance that we should enable? If so, how would those reliance relationships work?	Yes	<p>If so, how would those reliance relationships work?</p> <p>We should be able to rely on another reporting entities CDD e.g an accountants or lawyers or real estate agent in the case of a real estate transaction -privacy issues are a concern as well as quality of CDD undertaken</p>
4.187	What conditions should be imposed to ensure we do not inadvertently increase money laundering and terrorism financing vulnerabilities by allowing for other forms of reliance?	<p>Please provide your comments in the box below:</p> <p>Secure movement of information between parties - ie no interception with client</p>	
4.188	Are the minimum requirements set out still appropriate? Are there other requirements that should be prescribed, or requirements that should be clarified?	Yes	<p>Please provide your comments in the box below:</p> <p>Yes still appropriate</p>
4.189	Should the Act mandate that compliance officers need to be at the senior management level of the business, in line with the FATF standards?	No	<p>Please provide your comments in the box below:</p> <p>Not always practical or possible to have a senior manager be the compliance officer. Many smaller reporting entities use an administrator/receptionist as the compliance officer. Mandating that it must be a senior manager may be impossible for the reporting entity to implement if there is only one senior operator.</p>
4.190	Should the Act clarify that compliance officers must be natural persons, to avoid legal persons being appointed as compliance officers?	Yes	<p>Please provide your comments in the box below:</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
			Needs to be a natural person - a company cannot operate as a point of contact and drive compliance culture within the business.
4.191	If you are a member of a financial or non-financial group, do you already implement a group-wide programme even though it is not required?	Not applicable	
4.192	Should we mandate that groups of financial and non-financial businesses implement group-wide programmes to address the risks groups are exposed to?	Yes	Please provide your comments in the box below: Drives commonality across the organisation/group
4.193	Do we need to clarify expectations regarding reviewing and keeping AML/CFT programmes up to date? If so, how should we clarify what is required?	Yes	If so, how should we clarify what is required? Timeframes for internal reviews could be made clearer. Audit timeframes are relatively clear and prescribed.
4.194	Should legislation state that the purpose of independent audits is to test the effectiveness of a business's AML/CFT system?	Yes	Please provide your comments in the box below: We like the definition used in Canada etc The FATF states that the purpose of the independent audit function is to "test the system" and some countries (e.g., Canada, United States, United Kingdom) explicitly state that the purpose of the audit function is to test whether the system is effective at detecting money laundering or terrorism financing.
4.195	What other improvements or changes could we make to the independent audit or review requirements to ensure the obligation is useful for	Please provide your comments in the box below: I think more clarity around the level of assurance to	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
	businesses without imposing unnecessary compliance costs?	<p>expect. using the terminology reasonable and limited is very financial audit speak. I think an audit should provide a clear indication of whether a reporting entity has met their obligations or not and whether it has implemented their policies, procedures and controls as intended or not.</p> <p>Either compliant or non compliant. Sampling done until clear pattern/picture is established.</p>	
4.196	How can we better enable businesses to understand and mitigate the risk of the countries they deal with, and determine whether countries have sufficient or insufficient AML/CFT systems and measures in place? For example, would a code of practice (rather than guidance) setting out the steps that businesses should take when considering country risk be useful?	<p>Please provide your comments in the box below:</p> <p>COP with options for checking would be helpful</p>	
4.197	Should we issue regulations to impose proportionate and appropriate countermeasures to mitigate the risk of countries on FATF's blacklist?	Yes	<p>Please provide your comments in the box below:</p> <p>Agree - issue regulations under section 155 to prohibit or regulate business relationships and transactions with persons in particular countries. We could use this power to require effective and proportionate countermeasures against countries on the blacklist, such as limiting or prohibiting business relationships with persons in these countries, requiring enhanced CDD, or requiring systematic reporting of transactions with these countries.</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.198	If so, what do you think would be appropriate measures to counter the risks these countries pose?	<p>Please provide your comments in the box below:</p> <p>Agree - limiting or prohibiting business relationships with persons in these countries, requiring enhanced CDD, or requiring systematic reporting of transactions with these countries. - Dependant on country</p>	
4.199	Is the FATF blacklist an appropriate threshold? If not, what threshold would you prefer?	Unsure	<p>If not, what threshold would you prefer?</p> <p>FATF is a useful starting point but as mentioned does not cover all countries. Perhaps the COP could include other resources to check</p>
4.200	Should we use section 155 to impose countermeasures against specific individuals and entities where it is necessary to protect New Zealand from specific money laundering threats?	Unsure	<p>Please provide your comments in the box below:</p> <p>Needs further work</p>
4.201	If so, how can we ensure the power is only used when it is appropriate? What evidence would be required for the Governor-General to decide to impose a countermeasure?	<p>Please provide your comments in the box below:</p> <p>No comment</p>	
4.202	How can we protect the rights of bona fide third parties?	No comment	
4.203	Should there be a process for affected parties to apply to revoke a countermeasure once made? If so, what could that process look like?	Yes	<p>If so, what could that process look like?</p> <p>Need to apply to the body who made the decision in the first place.</p>
4.204	How can we improve the quality of reports received by the FIU and avoid low-quality, defensive reporting?	Allow updates as information comes to hand, added as an addendum to original filing so the original stays intact.	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.205	What barriers might you have to providing high quality reporting to the FIU?	Insufficient information on client if suspicion was a result of a query or prior to full onboarding CDD processes being undertaken. Time to file if unable to access or obtain additional evidence	
4.206	Should the threshold for reporting be amended to not capture low level offending?	Unsure	<p>Please provide your comments in the box below:</p> <p>Low level offending may lead to larger offending - would this be useful information to have?</p>
4.207	Should we expand the circumstances in which SARs or SAR information can be shared? If so, in what circumstances should this information be able to be shared?	Yes	<p>If so, in what circumstances should this information be able to be shared?</p> <p>Where there is a need for additional quality information</p>
4.208	Should there be specific conditions that need to be fulfilled before this information can be shared? If so, what conditions should be imposed (e.g. application to the FIU)?	Unsure	<p>If so, what conditions should be imposed (e.g. application to the FIU)?</p> <p>No comment</p>
4.209	Should we issue regulations to state that a MVTs provider that controls both the ordering and beneficiary ends of a wire transfer is required to consider both sides of the transfer to determine whether a SAR is required? Why or why not?	Yes	<p>Why or why not?</p> <p>Align with FATF</p>
4.210	If a SAR is required, should it be explicitly stated that it must be submitted in any jurisdiction where it is relevant?	Yes	<p>Please provide your comments in the box below:</p> <p>Align with FATF</p>

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
4.211	Should we extend additional AML/CFT obligations to high value dealers? Why or why not? If so, what should their obligations be?	Yes	<p>Why or why not? If so, what should their obligations be?</p> <p>Obligation to submit SARs</p>
4.212	Should all high value dealers have increased obligations, or only certain types, e.g., dealers in precious metals and stones, motor vehicle dealers?	Yes	<p>Please provide your comments in the box below:</p> <p>Greater coverage and information for FIU</p>
4.213	Are there any new risks in the high value dealer sector that you are seeing?	Unsure	<p>Please provide your comments in the box below:</p> <p>No comment</p>

Section 5: Other issues or topics

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
5.1	Should the AML/CFT Act define the point at which a movement of cash or other instruments becomes an import or export?	Yes	clarify for ease of reporting
5.2	Should the timing of the requirement to complete a BCR be set to the time any Customs trade and/or mail declaration is made, before the item leaves New Zealand, for exports, and the time at which the item arrives in New Zealand, for imports?	Unsure	
5.3	Should there be instances where certain groups or categories of vessel are not required to complete a BCR (for example, cruise ships or other vessels with items on board, where those items are not coming off the vessel)?	Unsure	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
5.4	How can we ensure the penalties for non-declared or falsely declared transportation of cash are effective, proportionate, and dissuasive?	No comment	
5.5	Should the Act allow for Customs officers to detain cash even where it is declared appropriately through creating a power, similar to an unexplained wealth order that could be applied where people are attempting to move suspiciously large volumes of cash?	Yes	To detain until checked out satisfactorily
5.6	If you answered 'yes' to the previous question (Question 5.5), how could we constrain this power to ensure it does not constitute an unreasonable search and seizure power?	Would need a suspicion formed similar to SAR requirements	
5.7	Should BCRs be required for more than just physical currency and bearer-negotiable instruments and also include other forms of value movements such as stored value instruments, casino chips, and precious metals and stones?	Yes	Closes off another form of money laundering
5.8	Does the AML/CFT Act properly balance its purposes with the need to protect people's information and other privacy concerns?	Yes	
5.9	Should we specify in the Act how long agencies can retain information, including financial intelligence held by the FIU?	Yes	
5.10	If you answered 'yes' to the previous question (Question 5.9), what types of information should have retention periods, and what should those periods be?	No comment	
5.11	Does the Act appropriately protect the disclosure of legally privileged information?	Yes	Are there other circumstances where people should be allowed not to disclose information if it is privileged? No comment
5.12	Is the process for testing assertions that a document or piece of information is privileged set out in section 159A appropriate?	Unsure	

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
5.13	What challenges or barriers have you identified that prevent you from harnessing technology to improve efficiencies and effectiveness?	uncertainty and cost	
5.14	What additional challenges or barriers may exist which would prevent the adoption of digital identity once the Digital Identity Trust Framework is established and operational?	Elderly or disabled may have difficulty establishing a digital identity How can we overcome those challenges? avenues for inclusion for people who may not have the normal forms of identity ie valid passport/drivers licence or access to a computer/smart phone or email address.	
5.15	Should we achieve greater harmonisation with Australia's regulation?	Yes	Harmonisation of our legal frameworks is generally a good thing but need to be aware of differences where this may not be beneficial
5.16	How can we ensure the AML/CFT system is resilient to long- and short-term challenges?	Embed more risk based decision making options for businesses.	

Section 6: Minor changes

	QUESTION	RESPONSE	ADDITIONAL INFORMATION
6.1	What are your views regarding the minor changes we have identified?	Generally agree with amends proposed	
6.2	Are there any other minor changes that we should make to the Act or regulations?	Unsure	