

Module	ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM
Jurisdictions	NEW ZEALAND
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Module Scope

Does the reporting entity conduct customer due diligence on a customer, any financial advice provider acting on behalf of a customer or any beneficial owner of a customer?

Does the reporting entity report information to the Commissioner of Police about a transaction or activity where it has reasonable grounds to believe that the transaction or activity is suspicious?

Does the reporting entity report prescribed transactions, being transactions involving international wire transfers of \$1000 or more and domestic physical cash transactions of \$10,000 or more?

Does the reporting entity retain all records required to be retained by applicable laws?

Does the reporting entity establish, implement, maintain an anti-money laundering and countering financing of terrorism programme to manage the risk of the reporting entity facilitating money laundering and the financing of terrorism?

Does the reporting entity undertake a risk assessment of the risk it may reasonably expect to face in the course of its business in relation to money laundering and terrorism financing, and apply the risk ratings to resourcing and decision making?

Does the reporting entity report any movements of physical currency equal to or above \$10,000, into or out of New Zealand, including where the reporting entity receives cash from a third party outside New Zealand?

Does the reporting entity comply with all applicable prohibitions and obligations in relating to designated terrorist entities?

Does the reporting entity comply with applicable sanctions?

Does the reporting entity comply with other obligations in the area of anti-money laundering and countering financing of terrorism?

Module Application

\ The NEW ZEALAND ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM module is intended to inform New Zealand businesses including certain financial service providers, designated non-financial businesses or professions, high value dealers, casinos, accountants, lawyers, real estate agents, conveyancers or any entity that is declared to be a reporting entity, about their obligations in the area of anti-money laundering and countering financing of terrorism.

The primary legislation governing the obligations of reporting entities is the Anti-Money Laundering and Countering Finance of Terrorism Act 2009 (NZ) which is complemented by a number of regulations and guidelines and enforced by relevant authorised bodies such the anti-money laundering and countering financing of terrorism supervisor and the Commissioner of Police. The module also covers exemptions to the obligations, if applicable, and how they may or may not apply in particular circumstances.

The NEW ZEALAND ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM module covers the various regulatory instruments that must be followed in order to ensure compliance with legislated obligations:

- › Acts
- › Regulations
- › Notices
- › Guidelines
- › Codes of practice

The NEW ZEALAND ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM module also covers obligations that reporting entities have in specific areas such as:

- › Customer due diligence
- › Suspicious activity reports
- › Prescribed transaction reports
- › Record-keeping
- › AML/CTF programme
- › Risk assessment
- › Other AML/CTF compliance
- › Cross-border transportation of cash
- › Dealing with designated terrorist entities
- › Complying with sanctions

The module covers the circumstances in which standard, simplified or enhanced customer due diligence must be conducted. The module also covers the specific customer due diligence requirements that must be met in respect of:

- › Politically exposed persons
- › Wire transfers
- › Correspondent banking relationship with a respondent financial institution
- › Ongoing customer due diligence and account monitoring in relation to customers with which the reporting entity has an existing business relationship
- › Reliance on third parties in respect of compliance with customer due diligence

The module also covers the obligation of the reporting entity to make a suspicious activity report to the Commissioner of police with particular focus on:

- › The identification of a suspicious activity undertaken by a customer
- › The prescribed content of suspicious activity reports
- › Management of communications with lawyers and the protection of privileged information
- › Provision of access to appropriate systems and forms to auditors for the purpose of making a suspicious activity report
- › Protection of employees and officers making a suspicious activity report from civil, criminal and disciplinary proceedings
- › Non-disclosure of the existence of a suspicious activity report and of the identity of the person who has prepared, made or handled the report to any person except prescribed third parties

The module also advises reporting entities on their obligation to report prescribed transactions and provides guidance on:

- › The prescribed content of a prescribed transaction report
- › Auditor's right to access appropriate systems and forms to report prescribed transactions
- › Protection of persons making a prescribed transaction report from any civil, criminal or disciplinary proceedings
- › Non-disclosure of the existence of a prescribed transaction report and of the identity of the person who has prepared, made or handled the report to any person except prescribed third parties

The module also advises reporting entities on their record-keeping obligations in respect of every transaction undertaken, all customer identity and verification information, reports of suspicious activities, information on the establishment and ongoing management of business relationships, records relating to risk assessments, anti-money laundering and countering financing of terrorism programs and audits.

The module also covers the obligation of a reporting entity to establish, implement and maintain an anti-money laundering and countering financing terrorism programme which must comply with the following requirements:

- › The appointment of an anti-money laundering and countering financing of terrorism compliance officer
- › Relevant policies, procedures and controls for, among other things, the training of employees on anti-money laundering and countering financing of terrorism matters, how the reporting entity will meet customer due diligence obligations, suspicious activity reporting obligations, prescribed transaction reporting obligations, record-keeping obligations, how the reporting entity will manage and monitor its compliance with the programme
- › Review and audit of the anti-money laundering and countering financing of terrorism programme

The module also covers the obligation for reporting entities to conduct a risk assessment of the money laundering and terrorism financing risk it may reasonably expect to face in the course of its business. The module explains in detail the considerations that must be taken into account when a risk assessment is undertaken, the requirement to identify risks involved, methodologies for assessing risk, the requirement to apply the risk assessment to the development of its anti-money laundering and countering financing of terrorism programme and in managing its relevant obligations as well as the requirement to undertake reviews and audits of the risk assessment.

The module also advises reporting entities on the requirement to have compliance arrangements in place to ensure:

- › The submission of an anti-money laundering and countering financing of terrorism annual report
- › Compliance by overseas branches of the reporting entity with the New Zealand anti-money laundering and countering financing of terrorism obligations
- › Providing the anti-money laundering and countering financing of terrorism supervisor with access to the reporting entity's premises, employees, officers and agents for the purpose of an onsite inspection
- › Reporting cross border transportation of cash

The module also covers the prohibitions and obligations with which a reporting entity must comply in relation to designated terrorist entities:

- › The prohibition on collecting or providing funds or material support for terrorist acts
- › The prohibition on dealing with property owned or controlled by a designated terrorist entity and making available property or material support to designated terrorist entities
- › The obligation to report suspicious to the Commissioner of Police

The module also covers all applicable United Nations Security Council sanctions as well as New Zealand sanctions with which reporting entities must comply.

The module also covers the possible consequences to duty holders and organisations that fail to comply with their obligations regarding anti-money laundering and countering financing of terrorism, which include:

- › Monetary fines
- › Criminal charges
- › Imprisonment
- › Formal warning
- › Enforceable undertakings
- › Injunctions

The module also covers the wide range of powers given to enforcement authorities such as the Commissioner of Police including:

- › The power to require reporting entities to produce or provide access to all records, documents or information that are relevant to analysing or investigating information received by the Commissioner of Police under the Russian Sanctions Act 2022 (NZ) with or without court order
- › The power to share information and intelligence with government entities for the purposes of the Russia Sanctions Act 2022 (NZ) and regulations made under it

The module covers how reporting entities are obligated to co-ordinate with AML/CFT supervisors, and various government agencies such as law enforcement and regulatory bodies to achieve compliance with applicable legislation.

The NEW ZEALAND ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM module does not focus on the obligations of individuals or employees of reporting entities.

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