

## **Ministerial Exemptions Under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009**

In accordance with section 157(6)(b) of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (“Act”), the Associate Minister of Justice gave notice on 15 March 2021 that he has granted the following exemption from the Act:

### **Ministerial Exemption: Capricorn Society Limited**

Exempting Capricorn Society Limited from the following provisions of the Act:

- a. sections 10–39;
- b. sections 48A to 48C;
- c. sections 49–51; and
- d. sections 56–71.

This exemption is made subject to the following conditions:

- a. This exemption only applies to credit products offered by Capricorn Society Limited that have a maximum repayment term of up to four months.
- b. Capricorn Society Limited must inform the Ministry of Justice of any changes that may affect the exemption and/or conditions imposed by this written instrument within 10 working days from when the change affecting the exemption occurs.

This exemption has been made for the following reasons:

- a. Capricorn does not offer services to the general public as accessing the credit facilities offered requires a person to hold a Capricorn membership.
- b. As Capricorn is exposed to the credit risks of members (by virtue of offering credit for purchases), it subjects members to a significant degree of commercial due diligence. The process of obtaining a Capricorn membership involves an identification process, which requires members to provide references, financial information, and details of beneficial owners. This reduces potential risks of anonymous customers accessing Capricorn’s services.
- c. In addition to the identification process, Capricorn also ensures that it establishes an ongoing relationship with members. This involves a Capricorn Area Manager visiting a prospective member typically six to eight times to understand their business needs. This means that Capricorn will understand their member’s business such that they will be in a position to detect suspicious activity.
- d. As well as subjecting members to commercial due diligence, Capricorn also subjects suppliers to a greater degree of commercial due diligence than any particular member. This is to ensure that the supplier will not negatively impact Capricorn by providing a poor experience to Capricorn’s members.

- e. Capricorn members can only access the trade facilities for limited purposes. Members can only use a Capricorn Trade Account to make purchases of automotive and business supplies from a limited list of preferred suppliers and offers up to two months' credit. Similarly, Capricorn's "Go3" product can only be used to purchase Capital Equipment for their business and is typically only available to businesses which have been a member for at least a year and have a clean payment history with Capricorn.
- f. Capricorn requires suppliers to hold invoices and delivery receipts to evidence transactions on demand and does not accept cash.

This exemption comes into force on 9 March 2021.

This exemption will expire on 9 March 2026.

Any person wishing to provide comment on this notice should contact the Terrorism and Law Enforcement Stewardship Team at the Ministry of Justice by emailing [amlcft.exemptions@justice.govt.nz](mailto:amlcft.exemptions@justice.govt.nz).