

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

In accordance with section 157 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (“Act”), the Associate Minister of Justice granted the following exemption from the Act:

Ministerial Exemption: Toi Foundation

Exempting the Toi Foundation from:

- a. Sections 10–39 and 48A-71 of the Act for its Investing for Impact Fund activities.

The exemption is subject to the following conditions:

- b. Excluded from this exemption are Toi Foundation’s subsidiaries and any activities not relating to its Investing for Impact Fund.
- c. Toi Foundation’s Investing for Impact Fund must comply with sections 39A to 48 of the Act, relating to suspicious activity reporting obligations.
- d. Toi Foundation must:
 - i. State in its terms and conditions document that it does not accept cash for the repayment of loans.
 - ii. Continue to manually monitor its transactions to ensure they are made in accordance with its loan policy and to be able to identify any suspicious activity.
 - iii. Continue to maintain a close relationship with its borrowers.
- e. Toi Foundation 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 which the change affecting the exemption occurs.

The reasons for granting the exemption takes into account that Toi Foundation’s Investing for Impact Fund activities involve:

- f. A known source of funds - social loans will be made using income from Toi Foundation’s trust fund. That fund is entirely sourced from dividends from Fisher Funds and TSB Bank, both of which are themselves reporting entities under the Act. Toi Foundation does not accept donations.
- g. Domestic and non-cash transactions only – Toi Foundation will advance each social loan through domestic wire transfer. No physical cash will change hands in granting the loan or receiving repayments. No international wire transfers will be accepted.
- h. An intention for a small number of social loans each year – Toi Foundation intends to borrow only to non-profit organisations or social enterprises (so the number of entities eligible to apply to the Fund will be constrained), and only in the Taranaki Community (so the geographical coverage of the Fund will be constrained).

- i. Strict social loan eligibility criteria and application processes – Toi Foundation has systems and processes to ensure that its funding is used to further the purposes of its trust deed. It has a thorough process for assessing funding applicants and its use of funds and generally meets with applicants face to face (though sometimes over the phone) to discuss the need for funds.
- j. Appropriate internal controls and monitoring activities – Toi Foundation will continue to have a close working relationship with each borrower throughout the term of the loan as part of the requirement to deliver specified project outcomes with the loan.
- k. Trustees making the final decision on all lending applications - adding an additional level of scrutiny to the process.
- l. Ongoing and longstanding relationships with loan recipients - most of Toi Foundation's borrowers will already have a close relationship with Toi Foundation, spanning many years.

The exemption comes into force the day after publication.

The exemption will expire on 17 January 2028.

Any person wishing to provide comment on this notice should contact the Criminal Law Team at the Ministry of Justice by emailing amlcft.exemptions@justice.govt.nz.