

## **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, the Associate Minister of Justice gave notice on 21 August 2018 that he has granted the following exemption from the Act:

### **Ministerial exemption: The Board of Trustees of the National Provident Fund**

Partially exempting the Board of Trustees of the National Provident Fund (“Board”) from the following provisions of the Act in relation to its role as administrator and manager of the National Provident Fund (“Fund”):

- a. Sections 10–71 inclusive.

This exemption is made subject to the following conditions:

- a. The Board is required to comply with sections 39A–48 of the Act in relation to suspicious activity reports;
- b. The Board is required to comply with section 26 of the Act and take reasonable steps to determine whether any of its existing members are politically exposed persons (“PEP”). Reasonable steps should also be taken to trace the source of funds if any PEPs identified attempt to purchase service or introduce other funds separate from payroll;
- c. The Board is required to prepare a risk assessment in line with the requirements of section 58 of the Act;
- d. The Board is required to review its risk assessment regularly in accordance with section 59(1) of the Act;
- e. If, following a review outlined in paragraph 2(d) above, the Board considers that it faces a materially greater money laundering/terrorism financing risk, the Board is required to notify the Ministry of Justice and the Financial Markets Authority to undertake to work with those bodies to agree how to manage those risks;
- f. The Board continues its current procedure to inquire into the source of funds used to make significant voluntary contributions;
- g. To the extent this exemption relates to the Lump Sum Cash Accumulation Scheme and the Pension Cash Accumulation Scheme, the Board is required to conduct customer due diligence and identity verification on members at the time the first payment of a benefit is made to a member, where the payment has not arisen as a result of a transfer from another National Provident Fund scheme which is not subject to this requirement, in line with the requirements of sections 10–17 of the Act;
- h. If any voluntary contributions are received from international sources, the following sections of the Act apply to such contributions:
  - i. Section 10–17;

- ii. Section 48A–48C; and
  - iii. Section 49.
- i. The Board must appoint an AML/CFT Compliance Officer in accordance with section 56(2) and (4) of the Act to oversee compliance with these conditions;
  - j. The Board is required to report annually on the Board's compliance with the conditions of the exemption, in line with the requirements of section 60 of the Act; and
  - k. The Board must inform the Ministry of Justice of any changes that may affect the exemption within 10 working days of when the change occurs.

The exemption has been made for the following reasons:

- a. The business of the Board is the management and administration of nine superannuation schemes and the Global Asset Trust ("GAT") which collectively make up the Fund. The Board has conducted a risk assessment of the GAT and the schemes in line with section 58 of the Act. That assessment has concluded the GAT and the schemes pose a low risk of money laundering/terrorism financing due to particular features of the GAT and the schemes;
- b. The benefits from the schemes are guaranteed by the New Zealand Government. If the Board were required to comply with the Act in respect of the Fund, the on-going and potentially significant cost of compliance would either be passed onto members of the Fund in the form of lower returns or the New Zealand Government in the form of an increased call on its guarantee; and
- c. In light of the low risk posed by the Fund and the potentially significant cost to members or the New Zealand Government that could result from not granting this exemption, I consider that any benefits of the Board's compliance with the Act in respect of the Fund are not justified by the costs. I consider that any residual money laundering/terrorism financing risk posed by the Fund are adequately addressed by the proposed conditions of this exemption.

This exemption comes into force on 14 August 2018.

This exemption will expire on 30 June 2023.

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).