

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

In accordance with section 157(4) of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (“Act”), the Associate Minister of Justice gave notice on 25 October 2022 that he has granted the following exemption from the Act:

### **Ministerial Exemption: Raizor New Zealand Limited**

Exempting Raizor New Zealand Limited (RNZL) with respect to Raizor Rebate activities:

- a. From sections 10–39 of the Act for services relating to payments by purchasing customers, where those purchasing customers:
  - i. Operate a registered New Zealand bank.
  - ii. Make payments to a retailer customer.
- b. From sections 10–29, 31 and 37 of the Act for services relating to donations of accrued Raizor Rebates to Donee customers where:
  - i. They are non-profit organisations with Donee status approved by the IRD and:
    - a. The total value of money paid to the Donee customer in any consecutive 12-month period is less than \$10,000.
    - b. The cause in relation to which the Donee customer is raising funds has no connection with any country which is high risk from a money laundering or terrorist financing perspective. This must be determined in accordance with the Countries Assessment Guideline published by the AML/CFT supervisors.
  - ii. They are a non-profit organisation without Donee status and:
    - a. The total value of money paid to the organisation in any consecutive 12-month period is less than \$1,000.

The exemption is subject to these conditions:

- a. All sections in the Act apply to retailer customers. RNZL must carry out its own due diligence and assessment processes before approving the involvement of retailer customers in its online platform.
- b. All sections in the Act apply to purchasing customers other than sections 10–39.
- c. If any of the circumstances in section 22 of the Act apply, RNZL is required to conduct enhanced customer due diligence on its purchasing customers.
- d. All sections of the Act apply to Donee customers other than sections 10–29, 31 and 37.

- e. RNZL must identify, monitor, and conduct customer due diligence in compliance with sections 10–39 of the Act on any Donee customer not meeting the criteria or exceeding the specified thresholds set out in this exemption.
- f. The donations of Raizor Rebates must be paid into accounts held by the relevant Donee at a New Zealand financial institution.
- g. RNZL must inform the Ministry of Justice of any changes that may affect the exemption within 10 working days from when the change affecting the exemption occurs.

In this exemption:

- a. Donation is defined as a gift of money that does not confer any right, good, or service.
- b. Payment is defined as an exchange of money for a good or a service.
- c. Purchasing customer is defined as an individual who accrues Raizor Rebates by making purchases with retailers who have agreed to participate.
- d. Raizor Rebates are:
  - i. A percentage of each payment made by a purchasing customer when making a purchase from a retailer customer.
  - ii. Accrued and stored in RNZL's Trust account.
  - iii. Transferred to Donee customers chosen by the purchasing customers.
- e. Retailer customer is defined as a retailer which:
  - i. Participates in the Razoir Rebate scheme.
  - ii. Implements a maximum percentage rebate not exceeding 25%, excluding single promotional events which may have a maximum percentage rebate of 50%.

The exemption reflects these points:

- a. While RNZL's services are similar to those provided by several reporting entities with full or partial exemptions under the Act, the nature, scale, and scope of its activities differ from each of these precedents and so the money laundering and terrorism financing (ML/TF) risks associated with it are higher.
- b. Factors which reduce the ML/TF risks of RNZL include:
  - i. RNZL's small and simple structure.
  - ii. The absence of a cash component to RNZL's business and no ability for Purchasing Customers to make deposits directly into the RNZL Account.
  - iii. Its low volume of transactions, low average values of rebates, and low average donations to Donees, to date.
- c. However, RNZL is vulnerable to ML/TF because:
  - i. It intends to increase its services with its shareholder Southland Building Society (SBS Bank).
  - ii. It has limited visibility over all types of customer (Purchasing, Retailer, Donee).

- iii. Its rebate limits included in the current AML/CFT exemption help to reduce ML risks but are less effective as a mitigation against TF risks.
- iv. It may be an attractive target for credit card fraud.
- v. It relies heavily on other entities (such as banks) having robust AML/CFT processes rather than establishing its own.
- vi. It has insufficient safeguards to detect ML/TF or the risk of ML/TF through emerging technologies.
- vii. It can be accessed from overseas and so is open to illegitimate funds from overseas flowing to non-profit organisations (NPOs) including any that have been established by local extremist groups.
- viii. It bundles together rebates accrued by different customers when making payments to NPOs. This makes identification of any illegitimate money flows more difficult.
- ix. It intends to widen the types of NPOs that could receive donations, thereby increasing the risk that an NPO may be illegitimate.

The exemption comes into force the day after publication.

The exemption will expire on **21 October 2027**.

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).