



## **Anti-Money Laundering and Countering Financing of Terrorism (Designated Issuers of Debt Securities Class Exemption) Notice 2018**

Pursuant to section 157(1) of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, the Minister of Justice gives the following notice,—

- (a) having regard to the matters specified in section 157(3) of that Act; and
- (b) having consulted in accordance with section 158 of that Act.

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### **Schedule**

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### **Notice**

- 1 Title**  
This notice is the Anti-Money Laundering and Countering Financing of Terrorism (Designated Issuers of Debt Securities Class Exemption) Notice 2018.
- 2 Commencement**  
This notice comes into force on 1 March 2018.
- 3 Schedule: class exemption for certain transactions involving debt securities**
  - (1) A class exemption applies to transactions involving the issue of debt securities by designated issuers to specified subscribers through intermediaries—
    - (a) on and after the date set out in the Schedule; and
    - (b) on the terms set out in the Schedule.

- (2) The class exemption expires on the date set out in the Schedule.

## Schedule

### Exemption for designated issuers that issue debt securities to specified subscribers through intermediaries

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- 1 As the Minister of Justice, and under section 157 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, I exempt from sections 10 to 26 and 37 of the Act transactions where a designated issuer issues debt securities to specified subscribers through intermediaries.
- 2 For the purposes of this exemption,—
- Act** means the Anti-Money Laundering and Countering Financing of Terrorism Act 2009
- debt securities** has the meaning set out in section 8(1) of the Financial Markets Conduct Act 2013
- designated issuer** means a registered bank or special purpose vehicle that is a reporting entity under the Act
- intermediary** means any NZX Participant, registered bank, or other entity that—
- (a) is a reporting entity under the Act; and
- (b) receives an allocation of debt securities for distribution to its clients in relation to the offer of the debt securities by a designated issuer
- NZX Participant** means a Market Participant as defined in the NZX Participant Rules issued by NZX Limited and dated 7 March 2016 (as amended or replaced from time to time)
- registered bank** has the meaning set out in section 2(1) of the Reserve Bank of New Zealand Act 1989
- special purpose vehicle** has the meaning set out in regulation 9 of the Non-bank Deposit Takers (Declared-out Entities) Regulations 2015
- specified subscriber** means an investor in debt securities who—
- (a) is a customer of an intermediary before the debt securities are issued; and
- (b) either is the initial subscriber for the debt securities or purchases the debt securities from the intermediary.
- 3 This exemption is subject to the following conditions:
- (a) the designated issuer must take all reasonably practicable steps to satisfy itself that each intermediary will comply fully with its obligations under sections 10 to 26 and 37 of the Act as they apply to specified subscribers; and

- (b) the designated issuer may require each intermediary to provide the designated issuer with the customer due diligence information of all specified subscribers that the intermediary holds or has obtained under the Act; and
  - (c) the designated issuer must comply with all relevant obligations in the Act in relation to customer due diligence information concerning the specified subscribers that the designated issuer receives (excluding obligations under sections 10 to 26 and 37 of the Act but including record keeping and all other obligations).
- 4 The exemption has been granted for the following reasons:
- (a) the low level of risk associated with issuing debt securities to specified subscribers means that requiring designated issuers to comply with their obligations under sections 10 to 26 and 37 of the Act is of little benefit;
  - (b) the regulatory burden of compliance would be disproportionate to the benefits in this context;
  - (c) each specified subscriber for debt securities must be a customer of an intermediary through which that customer applies for debt securities, and each intermediary must be a reporting entity for the purposes of the Act (requiring the designated issuer to conduct customer due diligence on specified subscribers may lead to duplication of customer due diligence obligations).
- 5 This exemption comes into force on 1 March 2018.
- 6 This exemption expires at the close of 30 June 2022.

Dated at Wellington this 2nd day of February 2018.

Honourable Aupito William Sio,  
Associate Minister of Justice.

### **Explanatory note**

*This note is not part of the notice, but is intended to indicate its general effect.*

This notice, which comes into force on 1 March 2018, sets out a new class exemption from sections 10 to 26 and 37 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the **Act**) for transactions where a designated issuer issues debt securities to a specified subscriber through an intermediary.

The new class exemption is subject to the following conditions (*see clause 3 of the Schedule*):

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Explanatory note

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- the designated issuer must take all reasonably practicable steps to satisfy itself that each intermediary will comply fully with its obligations under sections 10 to 26 and 37 of the Act as they apply to specified subscribers; and
- the designated issuer may require each intermediary to provide to the issuer the customer due diligence information of all specified subscribers that the intermediary holds or has obtained under the Act; and
- the designated issuer must comply with all relevant obligations in the Act for customer due diligence information (excluding sections 10 to 26 and 37 of the Act but including record keeping and all other obligations).

The class exemption expires at the close of 30 June 2022.

Issued under the authority of the Legislation Act 2012.  
Date of notification in *Gazette*: 19 February 2018.  
This notice is administered by the Ministry of Justice.