

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: Spark Finance Limited

Exempting Spark Finance Limited (“SFL”) from:

- a. Sections 10–71 of the Act.

This exemption applies in relation to debt securities issued by SFL.

The exemption is subject to the following conditions:

- a. SFL must continue to operate as an administrative funding vehicle for Spark New Zealand Limited and its subsidiaries (“Spark Group”):
- b. SFL must continue to be a wholly owned subsidiary of the Spark Group:
- c. SFL must ensure that at least 95% of subscriptions raised from the issue of debt securities are for on-lending to the Spark Group:
- d. The risk profile of SFL remains consistent with that of an occasional (or one-off) issuer, in that debt securities issued by SFL, whether from within SFL or from other parts of the Spark Group, are not a financial activity carried on in the ordinary course of business of the Spark Group taken as a whole; and
- e. SFL 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 exemption with these conditions was granted because, on balance, SFL presents a low risk of money laundering or terrorism financing (“ML/TF”), for the following reasons:

- a. SFL only issues retail bonds on a very occasional basis. It does not undertake this activity on a regular or frequent basis.
- b. SFL is set up to perform the treasury function for the Spark Group. An exemption would place SFL in substantially the same position as other corporate bond issuers of debt securities which do not have a separate treasury function executed by a separate subsidiary company and are therefore not subject to the AML/CFT Act.
- c. SFL has been granted exemptions in the FMA and the RBNZ regulatory regimes for NBDTs. In those exemptions, the regulatory body also took the view that SFL’s role must be viewed as part of the Spark Group as a whole, as a separate subsidiary company providing a treasury role for the Spark Group. Other companies in the sector do not have a separate subsidiary set up to undertake the treasury function.

The exemption comes into force on 30 June 2023.

The exemption will expire on 30 June 2028.

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