

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 (“Act”), the Associate Minister of Justice gave notice on 12 January 2022 that he has granted the following exemption from the Act:

Ministerial Exemption: Pacific Custodians (New Zealand) Limited

Exempting Pacific Custodians (New Zealand) Limited (PCNZ) from sections 10–39 and 50–55 (inclusive) of the Act in relation to individual security holders using its Share Sale Centre (SSC) service.

- a. This exemption is made subject to the following conditions:
- b. Securities sold via the SSC must be listed on either the NZX Main Board (or any other equity market operated by NZX) or the Australian Stock Exchange, and Link Market Services Limited must be the registrar for those securities;
- c. Transactions must involve the sale of an individual’s entire holding of the relevant security, and the sale must occur on-market;
- d. The exemption does not apply to transactions exceeding NZD 30,000;
- e. The listed security holding must be in the customer’s name and with a registered New Zealand address. The security holding cannot be held in a deceased estate, a trust (beneficially or as trustee) or be a joint or company holding;
- f. PCNZ must only transfer proceeds of a sale of a security holding to a bank account which PCNZ has taken reasonable steps to verify is held by the relevant security holder; and
- g. PCNZ must inform the Ministry of Justice of any changes that may affect the exemption within 10 working days from which the change affecting the exemption occurs.

The exemption has been made for the following reasons:

- a. The risk of money laundering/terrorism financing associated with PCNZ is low. Only NZX and ASX listed securities can be sold using PCNZ’s SSC service. Money from all sales is paid to investor-customer’s nominated New Zealand Bank Account;
- b. This exemption would have little to no impact on the prevention, detection, investigation and prosecution of money laundering/terrorism financing offences;
- c. There is a transaction limit of NZD 30,000 and the entire holding must be sold. Investor-customers are not quoted a price when they decide to use the service, they are paid market price for which the broker is able to sell the securities when the shares are sold;
- d. In the absence of an exemption, PCNZ would be subject to an undue regulatory burden, since the extensive compliance requirements imposed under the Act are likely to be disproportionate to the low level of money laundering/terrorism financing risk; and

- e. Granting this exemption is unlikely to provide a competitive advantage to PCNZ. Exemptions with similar terms have previously been granted to third-party reporting entities.

This exemption comes into force on 17 December 2021.

This exemption will expire on 17 December 2026.

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.