

Customer Due Diligence – Companies

This fact sheet is to be read in conjunction with the beneficial ownership guideline.

New Zealand companies are incorporated under the Companies Act 1993. Overseas companies that carry on business in New Zealand are also required to be registered under Part 18 of the Companies Act.¹

Some companies, such as those listed on an exchange registered under Part 2B of the Securities Market Act 1988, may qualify for simplified customer due diligence (CDD) under section 18(2) of the Act. Regulations due to be published in 2013 will identify additional types of companies that may also qualify for simplified CDD.

Introduction

Section 11 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the Act) requires you to conduct CDD on:

- a) a customer,
- b) any beneficial owner of a customer,
- c) any person acting on behalf of a customer.

Customer identification

a) On the company.

Simplified CDD for companies under section 18(2) of the Act.

The information required for identification is:

- full legal name, and
- confirmation of how the company qualifies for simplified CDD as stated in section 18(2) of the Act.

Standard CDD for companies.

The information required for identification is:

- full legal name,
- trading name (if different),
- principal business address or registered office address,
- jurisdiction of incorporation,
- company identifier or registration number, and
- any additional information prescribed by regulations. At the time of publication no additional information had been prescribed.

¹ Details and documents relating to companies incorporated or registered in New Zealand are publicly available on the Companies Office website (<http://www.business.govt.nz/companies>)

You are required to obtain information on the nature and purpose of the business relationship you will have with the customer.² If you are conducting enhanced CDD, you will also be required to obtain information on the source of funds or wealth of the customer.

Enhanced CDD is required for companies that are vehicles for holding personal assets, companies with nominee shareholders or companies with shares in bearer form.

b) On the beneficial owners of the company:

A beneficial owner is an individual who satisfies any one element, or any combination of the three elements, of the definition of a beneficial owner in section 5 of the Act. You must identify all beneficial owners unless the company has qualified for simplified CDD. If the company qualifies for simplified CDD, there is no requirement to identify or verify a beneficial owner.

Where standard CDD is applicable, the information required to identify the beneficial owners is:

- full name,
- date of birth,
- address, and
- any information prescribed by regulations. At the time of publication of this guidance no additional information had been prescribed for companies.

For companies, the beneficial owners may include:

- shareholders,
- senior management, such as the CEO, and
- any other person with effective control, such as some directors.

The owner(s) of a company may be other legal entities, therefore information on the owner(s) of those entities may be required to establish beneficial ownership of the customer. CDD on the beneficial owners is required to the level stated in the Act.

c) On the persons acting on behalf of the company:

Acting on behalf of the customer is when a person is authorised to carry out transactions or other activities on behalf of the customer. This includes persons who have authority to act on behalf of the business, for example an accountant or persons able to transact on the business account.

The information required to identify the persons acting on behalf of the company is:

- full name,
- date of birth,
- address,
- the relationship to the customer,
- company identifier or registration number (if applicable), and
- any additional information prescribed by regulations. At the time of publication no additional information had been prescribed.

The person acting on behalf of the company must be a properly authorised representative.

² Section 17 of the Act.

Money laundering or financing of terrorism (ML/FT) risks

Complex company structures will require further analysis to determine the ML/FT risk. If the ownership structure includes nominee shareholders, shares in bearer form, or the company is a vehicle for holding personal assets, higher ML/TF risks may be present. A further risk factor to consider is whether the business of the company is cash intensive and able to be used for the placement of illicit earnings.

Verification

The company structure and arrangements should be verified using documents, data or information issued by a reliable and independent source. This may require the provision of a company certificate and list of directors and financial statements. An internet search of the company name will reveal information from directory and stock exchange web sites.

If you have decided that the available company information is insufficient, you should consider what further steps you may need to take and record why you have taken those steps. This may also influence the reasonable steps you choose to take in establishing the beneficial ownership information.

Simplified CDD of persons acting on behalf of a company is allowed in the limited circumstances described in section 18(3) of the Act. These are for existing business relationships with the company and if one of the specified levels of CDD has already been conducted in accordance with the Act and regulations.

You are required to take reasonable steps to verify the identity information you have obtained. The information gathered will assist you with ongoing account monitoring.

April 2013

Disclaimer: This fact sheet is intended to be read in conjunction with the AML/CFT guidelines from the AML/CFT supervisors. While reasonable measures have been taken to ensure the quality and accuracy of the information contained in this fact sheet, it does not replace information contained in the Act or related provisions and regulations. This fact sheet is for general information only and is not a substitute for independent, professional legal advice.

