



## First AML Standard Operating Procedure New Zealand



## Introduction and Overview

First AML assists over 300 reporting entities with the collection and processing of CDD/AML documents. This guide shares our methodology for conducting CDD/AML.

Our methodology has been developed in accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2009 (AML/CTF Act) and Department of Internal Affairs & Financial Markets Authority (DIA & FMA) customer due diligence reference guides. We regularly update this guide in line with changes in regulations or evolving best practices (last updated in March 2022).

In this guide, “Reporting Entity” refers to you as a client of First AML and “Customer” refers to the individual or entity on whom we are conducting customer due diligence.

Our guide outlines how we collect and process information on your behalf, as First AML is a specialised CDD service provider operating as an agent under section 34 of the AML/CTF Act.

The Reporting Entity is ultimately responsible for approving whether CDD performed by First AML on a Customer is sufficient for meeting your own internal compliance programme. In accordance with Section 56 of the AML/CTF Act, the Reporting Entity is required to maintain its own compliance programme.

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# 1.0 Levels of Customer Due Diligence

First AML conducts Customer Due Diligence in line with the AML/CFT Act, as follows:

1. Simplified due diligence
2. Standard due diligence
3. Enhanced due diligence

Below outlines the criteria for what falls into each level, and how First AML conducts checks for each level.

## 1.1 Simplified Due Diligence:

### 1.1a Criteria

First AML will conduct Simplified Due Diligence when permitted by the Anti-Money Laundering and Counter Financing of Terrorism 2009 (AML/CFT Act), including when the customer person/entity is:

1. A government department
2. A publicly listed company or subsidiary of a listed parent company with >50% shareholding of the engaging private company<sup>1</sup>
3. A crown entity

Please see the full list of qualifying entities in the AML/CFT Act [Section 18\(2\)](#).

### 1.1b What do we collect?

First AML will collect information regarding the simplified entity and note the relevant legislation that qualifies the customer for simplified due diligence.

For a publicly listed company or company majority-owned by a publicly listed company, we will collect the following information:

- Company full legal name;
- Company number or other registration numbers;
- Stock ticker symbol;
- Registered office address and, if different, the principal place of business; and
- Evidence confirming the company's publicly listed status or if this is a subsidiary, evidence of the parent/subsidiary relationship will be obtained.

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<sup>1</sup> As per [section 5](#) of the Companies Act 1993

### **1.1c Acting on Behalf:**

'Acting on behalf' refers to the individual that is authorised to act on behalf of an entity for a specific Simplified Due Diligence transaction.

First AML will collect the following information as per [Section 19](#) of the AML/CFT Act for a person acting on behalf of a customer.

1. The person's full legal name(s);
2. The person's date of birth;
3. The person's relationship to the customer; and
4. Any information as prescribed by regulations.

First AML will obtain reliable and independent evidence to confirm the person's authority to act on behalf of the customer.

### **1.2 Standard Due Diligence:**

#### **1.2a Criteria**

First AML will conduct Standard Due Diligence when neither Enhanced nor Simplified Due Diligence applies.

Please see the full list of qualifying circumstances in the AML/CFT Act [Section 14\(1\)](#).

#### **1.2b What do we collect?**

First AML collects the following information to verify the customer and all beneficial owner(s) of the customer as per the AML/CFT Act [Section 15](#).

1. The person's full legal name(s);
2. The person's date of birth;
3. If the person is not the customer, the person's relationship to the customer;
4. The person's address or registered office;
5. The company identifier or registration number; and
6. Any information prescribed by regulations.

As per the AML/CFT Act [Section 5\(1\)](#), a beneficial owner means any individual who:

1. has effective control of a customer or person on whose behalf a transaction is conducted; or
2. owns a prescribed threshold of the customer or person on whose behalf a transaction is conducted

Please note the prescribed threshold is more than 25% for the definition of beneficial owner under [section 5\(1\)](#) of the Act. Please refer to the AML/CFT (Definitions) Regulations 2011.

Please note for companies First AML will default to verifying the directors of the customer. First AML will confirm with the Customer there are no other individuals that have beneficial ownership above the threshold for the customer.

First AML will electronically verify the person's name and date of birth against reliable and independent sources. First AML will default to manual verification if electronic verification is not possible. Please see Documental Certification Standards below.

First AML will confirm the existence of a nominee director, shareholders or shares in bearer form directly with the case contact. This confirmation will be collected via email reply, text or phone call. Please refer to the [AML/CFT \(Requirements and Compliance\) Amendment Regulations 2021 sections 11 and 12](#) for further information.

For incorporated societies/charities/clubs that have over four officers/trustees/board members, First AML will request a nomination from the case contact(s) to verify individuals who have day to day involvement or financial control.

For overseas entities, First AML will seek to obtain copies of the relevant entity documents to confirm beneficial ownership of the entity.

### **1.3 Enhanced Due Diligence:**

#### **1.3a Criteria**

Enhanced Due Diligence is conducted whenever instructed by the Reporting Entity to do so (e.g. because the Customer is high risk), and whenever required by the AML/CFT Act, directors including when the customer person/entity is (but not limited to):

1. A trust or another vehicle holding personal assets
2. A company with 1 or more nominee directors, or shareholders or shares in bearer form
3. A limited partnership with nominee general partners
4. A customer deemed by the Reporting Entity to be high risk e.g. customer has been determined to be a politically exposed person

Please see the full list of qualifying circumstances in the AML/CFT Act [Section 22](#).

First AML does not conduct Enhanced Due Diligence on companies with trust(s) in shareholding.

If your compliance programme requires source of wealth/funds evidence to be collected under different requirements, please inform your Implementation Manager/Customer Success Manager.

### 1.3b What do we collect?

In addition to the Standard Due Diligence verification, First AML may collect information to verify the source of funds/wealth of the Customer. The source of wealth/funds evidence will be collected for the direct Customer.

First AML will collect source of funds/wealth evidence in line with our source of funds/wealth guidelines that we send to the Customer. Please ask your Implementation Specialist for a copy if required.

First AML does not collect certified copies of Source of Wealth/Funds evidence.

## 2.0 Electronic Identity Verification:

First AML will verify the identity of individuals electronically through one of the following identity documents:

- New Zealand Passport
- New Zealand Driver Licence
- Australian Passport
- Australian Driver Licence

These documents are verified against the relevant government databases. Individuals are sent the First AML verification web form and asked to supply images of one of the identity documents requested.

Please also note that we will not collect the signature page for New Zealand Passports as it is verified with the underlying electronic source.

First AML will seek explicit consent from the Customer before conducting any electronic verification, excluding PEP checks.

Consent is provided through First AML's web-based verification form. If a Customer does not submit their identity documents through the form, First AML will confirm consent with the Customer before verification.

First AML will perform biometric checks during the electronic identity verification process. These checks involve the use of video to capture liveliness, requesting the end-user to supply evidence via voice and physical movement. Our EID&V form will ask users to repeat a series of numbers while filming their face and then to rotate their head. In the event that a

biometric video cannot be collected (e.g. customer's device does not support the video feature) we will collect a photo of the individual which will be checked using facial recognition and checked for liveness.

For address verification, individuals are asked to provide their current residential address which First AML will verify against one of the following:

- Land Information New Zealand
- Centrix Credit Bureau
- New Zealand Companies Office Register
- White Pages
- New Zealand Transport Agency Vehicle Registration

#### How we meet Safe Harbour

First AML verifies individuals using two independent and reliable electronic sources. Our process is developed in line with Example 2 in the [July 2021 IVCOP Explanatory Note](#). This includes biometric/OCR verification with 'additional measures' such as facial recognition to link the person to the identity they are claiming. Anti-tampering and forgery checks are conducted on all identity documents.

## 3.0 Documental Certification

When First AML can not electronically verify an individual, First AML will revert to manual verification. This may include collecting certified copies of identity and proof of address documents.

Our Identity Verification Guidelines state that it is preferred that the documentation was certified by a Trusted Referee within 3 months of the case request date. However, if the documents supplied have been certified and dated within 12 months of the case request date, these will be accepted.

### **3.1 Approved Certifiers:**

Please note this is not a comprehensive list of approved certifiers, please refer to the [IVCOP 2013 Guidelines](#) Part 2 (8) for further information.



- Lawyers
- Chartered Accountants
- Justice of the Peace/Notary Public
- Sworn Member of the Police
- Registered Medical Doctor
- Registered Teacher
- Minister of Religion
- A person who has the legal authority to take statutory declarations or the equivalent in your country

### **3.2 Certification Wording:**

First AML will request to the Customer that the all certified documents should contain the following information

“I, [Trusted Referee Name], hereby certify that this is a true and correct copy of the original document which I have sighted, and it represents a true likeness of this individual.”

- Date of certification
- Signature of Trusted Referee
- Profession of Trusted Referee
- Registration Number if applicable

In some cases, if the certification wording is not exact but is not materially different it will be accepted.

## **4.0 Trust Verification:**

First AML will request a copy of the Trust Deed and any amendments from the Customer after a Trust case has been initiated unless the Trust Deed is uploaded into the First AML Platform.

First AML will analyse the Trust Deed and determine all Trustees that require verification. Verification requests will be sent to Trustees. If the Trust Deed is not able to be provided, First AML will ask for a letter from the Customer’s lawyer/accountant to confirm the details of the Trust.

First AML does not collect certified copies of Trust Deeds or amendments.

### **4.1 Beneficiaries:**

For a discretionary trust or a charitable trust or a trust that has more than 10 beneficiaries, First AML will obtain a description of

- each class or type of beneficiary; or
- if the trust is a charitable trust, the objects of the trust.

First AML does not obtain the name and date of births for any beneficiaries of discretionary trusts, charitable trusts or any trust with more than 10 beneficiaries.

First AML will verify all non-discretionary beneficiaries for non-discretionary Trusts. Name, date of birth, address and biometrics will be obtained for all non-discretionary beneficiaries.

Please refer to AML/CFT Act [Section 23](#) for further information.

#### **4.2 Corporate Trustees:**

First AML will request that directors of a New Zealand or Australian Corporate Trustee Company are verified as per Standard Due Diligence.

First AML will not verify shareholders of a corporate trustee company set up for the Trust's lawyers or accountants to act on behalf of them.

If the Customer has a trustee company in their personal capacity, First AML will verify any shareholders above the 25% beneficial ownership threshold.

However, if there are four or more Directors of a New Zealand or Australia Corporate Trustee Company First AML will ask the trustee company to nominate a director, a trust lawyer or accountant that is closest to the Trust e.g. direct supervision or day-to-day involvement in the Trust activities.

#### **4.3 Estates**

First AML will conduct standard due diligence if the executor or administrator is not a reporting entity. If instructed, First AML will collect, but not verify, the source of wealth/funds if the reporting entity requires enhanced due diligence to be conducted.

If the executor or administrator is a reporting entity, you are exempt from conducting customer due diligence. For reporting purposes, the transaction should still be submitted via the Platform.

The entity structure will be built out according to the probate/will or other supporting evidence.

Please refer to the [AML/CFT \(Exemptions\) Amendment Regulations 2021](#) sections 24AD and 24AE for further information.

## 5.0 Case Processing Procedure:

### 5.1 Opening Cases

The reporting entity “you” should request new cases in the First AML Platform. The reporting entity provides the name of the Customer, Customer type (Trust, Company etc.) and the name and contact details of at least one contact person.

Any case received by 4.30 pm New Zealand standard time will be assigned to a First AML Analyst and opened on the same day. Cases received during the weekend or after 4:30 pm New Zealand standard time will be opened on the next business day.

If a case is requested and any relevant documentation is held, such as Trust Deeds or Partnership agreements, please use the documents tab to upload these before submitting them through.

Please do not upload any identity documents into the documents tab, as this may delay the verification process of your Customers. Uploading identity documents may not include the essential elements of electronic identity verification. These include photographs of the front and back of the identity document, biometric image, residential address confirmation and consent to electronically verify. All these elements are captured in the form our Analyst team sends to your Customer.

### 5.1 Ongoing Customer Due Diligence (OCDD)

A case request can be lodged for an entity you have previously verified through First AML. When using this functionally, you are able to indicate to First AML whether you would like to opt-out of verification. E.g. if the previous case has been completed recently/nothing has changed.

### 5.2 Urgent Cases

If there are urgent cases, please try to submit the case as soon as possible to give the First AML team a reasonable amount of time to process the case. First AML cannot guarantee that the case will be completed by the deadline.

If the case is urgent, please notify our Analyst team by noting this in our Platform via the Compliance Team Notes with a date the case should be completed on.

### 5.3 Awaiting information from Customers

First AML will request information from the Customer being verified and process information as soon as practicable after it is received. Any delay to case processing is generally due to non-cooperation or slow response from a Customer being verified.

## 5.4 Keeping track of case progress

Reporting Entities can monitor the progress of cases in the First AML Platform. Verification results for individuals who have been verified will be shown, and documents received can be reviewed by the AMLCO.

Any pertinent information will be contained in the 'Activity' section, otherwise, the Reporting Entity can assume that First AML is awaiting information from the Customer if the case is still in progress. Our Analyst team will do everything they can within reason to get the CDD case completed. The Reporting Entity should assume that this is happening behind the scenes. Not every detail of every action will be noted as it is designed to be a summary.

Please refer to the First AML platform before contacting First AML to discuss a case.

## 5.5 Reminders

First AML will send periodic reminders to Customer who are not cooperating or are slow to respond. Reminders may be in the form of

- Text messages
- E-mails
- Phone calls

After each reminder is sent it will be logged in the 'notes' field. First AML is not liable for any further reminders or follow-ups to individuals who are non cooperating with the process.

## 5.6 Email templates

First AML uses email templates when contacting Customers to obtain information. The Reporting Entity name and relevant case information are inserted into the template, but the template cannot otherwise be modified. Please refer to Appendix A for the email templates.

First AML will cc one person from your organisation to our initial CDD request emails. This may be a generic inbox. If one is not chosen, this will default to the case requester. The purpose of this is to add a layer of familiarity and ensure your Customers are comfortable that First AML has been instructed as your CDD provider.

## 5.7 Use of the 'Activity' and 'Note' sections

First AML will use the 'Activity' section to record any pertinent information regarding the case and when reminders have been sent.

If First AML uncovers an anomaly during the case processing, this will be documented in the 'Notes' field and should be reviewed before approving the case. Anything of note e.g. Positive PEP Check will be reported to the Compliance Officer before ready for review.

## 5.8 Dormant case policy

If there has been no response or noncooperation from a Customer for 14 days then First AML will mark the case as 'Dormant'. The Reporting Entity will not be notified, and the case will be invoiced at the end of the month it was marked Dormant.

If a case has been put 'On Hold' for more than 14 days, the case will be moved to 'Dormant.'

The charge for the Dormant case will be the standard case fee.

## 5.9 Abandoned case policy

To abandon a case, please notify the analyst team via the Compliance Team Notes section. If a case is abandoned after a follow up has been done, there will be an abandoned case fee. The charge for abandoned cases will be the standard case fee.

## 5.10 Exceptions Policy

Any exceptions to our usual verification and identification procedures for individuals or entities can be requested within each case. Compliance Officers, Platform Admins and First AML Analysts/Admins can request exceptions by using the "Add exception" tool within an individual or entity's profile. By doing so, First AML can acknowledge any exceptions that a reporting entity would like to make to their compliance program.

Users can choose between Permanent and Temporary exceptions. Permanent exceptions will remain in place for all existing and future client cases. Temporary exceptions can be granted in the temporary absence of materials to complete necessary identification or verification. These temporary exceptions will be labelled "Unresolved" while waiting for further action from the end-user, and "Resolved" once the exception is no longer required.

## 6.1 Retrieval / Consent Process

As part of all new case requests, First AML will complete a database scan before opening the case and contacting the main case contact with an information request. This scan covers our whole ecosystem. Where there is existing valid information within the database, we will seek consent to reuse all possible relevant information and confirm if there have been any changes to the beneficial ownership structure (if not publicly available).

Any documentation that has expired or materially changed will be collected and updated for your records e.g. certified documents that have expired.

All individuals requiring identity verification will be contacted to confirm they consent to such, and name, date of birth and address verification will be re-performed along with PEP checks.

Due to privacy reasons, if there is a close match (but not an exact match i.e. no confirmation

of middle name), First AML will not start with a retrieval request. We will instead ask the Customer to confirm if they have previously been verified by First AML and to confirm the entity/individuals names.

## **6.2 Case Approval Process**

First AML will complete the Customer Due Diligence process per the Standard Operating Procedure (this document) in accordance with the AML legislation. Noting that the legislation does have some room for interpretation and judgement a risk-based approach should be taken for each case. The ultimate approval of a case should be made in accordance with a Reporting Entity's compliance programme, risk assessment and any other internal controls that may be in place. Once a case is completed by First AML, it will be placed in the 'Ready for Review' section of the platform. Then, the elected Case Approver will receive an email to review the case.

## Appendix A – Email Templates

### Email to Client Contact for Body Corporate CDD case

Subject: [Client name] – AML information request for [Case Name]

Dear [Name],

[Client Name] has partnered with First AML for the purpose of conducting Customer Due Diligence. They may not be able to proceed any further until this process is completed.

#### Please provide the following information

- \* List in here that is fed from the List (basic) items as marked by the analyst
- \* List in here that is fed from the List (basic) items as marked by the analyst
- \* List in here that is fed from the List (basic) items as marked by the analyst \* etc.

✪ The paragraph below is included if SoW/SoF is one of the items in the list ✪

There are a number of ways that source of wealth evidence can be provided. These are outlined in the Source of Funds or Wealth Explanation guidelines ([← this links to the relevant pdf.](#))

Button: Open the form ([← This links to the relevant entity form](#))

#### Verification made easy

Check our helpful guide for troubleshooting tips and answers to your verification FAQs. ([← underlined text links to a help centre article that covers the process, including what to do if the individual doesn't have a passport or driver licence](#))

Thank you,  
[Analyst name]

**Please note: This message is sent from an email address that does not accept incoming messages, please do not reply.**

### EID&V Email: Email to Individuals to complete Electronic Verification

Subject: [Client name] – ID verification request for [Individual name]

Dear [Name],

[Client name] has partnered with First AML to conduct Customer Due Diligence on [Individual name].

The next step is to verify your identity.

- \* You can do this on your smartphone or a desktop computer with a webcam.
- \* Allow access to the camera when prompted.
- \* Have your passport or driver licence ready before opening the form.

Button: Verify [First name]'s ID (← link to the EIV form for this individual)

### **Verification made easy**

Check our helpful guide for troubleshooting tips and answers to your verification FAQs. (← underlined text links to a help centre article that covers the process, including what to do if the individual doesn't have a passport or driver licence)

Thank you,  
[Analyst name]

**This message is sent from an email that does not accept responses, please do not reply.**

### **EID&V Email: Follow up email to Individuals to complete Electronic Verification**

Hi [Name],

You still need to verify your ID. [Client Name] may not be able to proceed until this is completed.

**Please use the link below to complete your ID verification.**

Button: Verify [Name]'s ID (← link to the EIV form for this individual)

### **Verification made easy**

Check our helpful guide for troubleshooting tips and answers to your verification FAQs. (← underlined text links to a help centre article that covers the process, including what to do if the individual doesn't have a passport or driver licence)

Thank you,  
[Analyst name]

**This message is sent from an email that does not accept responses, please do not reply.**