



First AML Standard Operating Procedure New Zealand



Introduction and Overview

This document outlines the way in which First AML conducts customer due diligence (CDD), and how First AML operates and interacts with its users. Unless agreed in writing with the Reporting Entity, First AML's process will not deviate from what is outlined in this document.

This document does not include all necessary information required to be included in an AML/CFT Compliance Programme or within policies in respect of your compliance with the AML/CFT Act.

Revision History

Version	Date	Author	Description
0.1	1 July 2020	Hamish Scarborough	Initial documentation
0.2	3 December 2020	Milan Cooper	Clarification of Case Processing Procedures
0.3	10 February 2021	Jessie Mao	Addition of definitions and Act clauses
0.4	26 February 2021	Molly Smith	Adding Activity Log information
0.5	29 April 2021	Molly Smith	General clarification
0.6	10 June 2021	Hamish Scarborough	Dormant days
0.7	5 June 2021	Jessie Mao	Legislation updates
0.7.1	10 August 2021	Molly Smith	Clarification around legislation updates
0.8	23 September 2021	Jessie Mao	Source of Wealth/Source of Funds trigger levels added
0.9	2 November 2021	Molly Smith	Nominations and SoW/SoF guidelines
0.91	25 January 2021	Jessie Mao	Clarification around beneficiary verification

1.0 Levels of Customer Due Diligence

1.1 Simplified Due Diligence 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 ¹
3. A crown entity

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

1.2 Simplified Due Diligence verification:

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

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

First AML will electronically verify the person acting on behalf. Information verified will be the person's name and date of birth against reliable and independent sources. If electronic verification can not be achieved First AML will contact the customer to provide certified documents. Please see Documental Certification Standards below.

First AML will accept the following forms of evidence for the person acting on behalf of the customer (not limited to):

- An email confirming authority to act on behalf and their relationship to the customer from Senior Management
- Listed as a Director on the Companies Office Register

¹ As per section 5 of the Companies Act 1993

1.3 Standard Due Diligence criteria:

First AML will conduct Standard Due Diligence when neither Enhanced or Simplified Due Diligence apply.

As per 1.2 and 1.5 of the Standard Operating Procedure.

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

1.4 Standard Due Diligence verification:

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); and
2. The person's date of birth; and
3. If the person is not the customer, the person's relationship to the customer; and
4. The person's address or registered office; and
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
 - a. Please note for companies First AML will default to verifying the directors of the customer. First AML will confirm with the client there are no other individuals that have beneficial ownership above the threshold for the customer.
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.

First AML will electronically verify the person's name and date of birth against reliable and independent sources. If electronic verification can not be achieved First AML will contact the customer to provide certified documents. 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 the relevant company records. These documents will not be certified. Where a copy of official documentation cannot be obtained, First AML can rely on confirmation from a case contact.

1.5 Enhanced Due Diligence 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, 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

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.

Please see the full list of qualifying circumstances in the AML/CFT Act Section 22.

1.6 Enhanced Due Diligence verification:

In addition to the Standard Due Diligence verification, First AML may collect (if agreed upon) 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 case contact(s). Please ask your Implementation Specialist for a copy if required.

This must be confirmed during the Implementation phase whether the First AML is to conduct source of funds/wealth verification.

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

2.0 Electronic Identity Verification:

First AML will verify the identity of individuals electronically by 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.

First AML requires 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 client has not completed verification through the form, First AML Analysts will go back and explicitly ask for their consent.

Consent can also be collected via phone call, text message and email. The activity log and notes in the First AML platform will be updated accordingly if provided over the phone. Please note any relevant screenshots will also be attached e.g. email chain or text message.

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

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

Please note First AML verifies individuals using two independent and reliable sources. If an individual's address does not pass electronic verification, First AML will obtain an uncertified proof of address document as a supporting document to verify the individual's name and address.

First AML's process also includes Biometric verification with 'additional measures' to link the person to the identity they are claiming. For the full list of data sources and description of the biometric process please refer to the First AML Compliance Programme Addendum document.

Please note the Biometric process is conducted in live time. The end-user cannot manually upload a photo to the camera software. It is preferred that the client and the ID document are both within the biometric image. However, if the ID document is not within frame, we will use the photo of the ID itself to make a biometric match

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

3.0 Documental Certification

When First AML can not electronically verify an individual, First AML will revert to acquiring certified copies of Identification and a non-certified copy of an address document.

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:

- 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 certification must have 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 CDD 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 need to be verified. 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 client's lawyer/accountant to confirm the details of the Trust.

First AML will 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:
- if the trust is a charitable trust, the objects of the trust.

First AML will not obtain 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. First AML will only collect but not verify the source of wealth/funds if the reporting entity requires enhanced due diligence to be conducted. The reporting entity will notify First AML that source of wealth/funds evidence is required in the notes section on the Platform.

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” must request new cases in the First AML Platform. The reporting entity needs to provide the name of the customer, customer type (Trust, Company etc.) and the name and contact details of at least one contact person. This contact person must not be an internal staff member of your firm i.e. Author or Agent, unless it is essential.

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 will delay the verification process of your clients. 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 clients.

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 functionality, you must 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.

Please note our OCDD feature currently only applies to entity requests e.g. Trusts and Companies.

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 needs to be completed by.

5.3 Awaiting information from customers

First AML will request information from customers 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 customers 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 in 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 clients 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

First AML will contact the AMLCO directly for all exceptions that may need to be made. They will not process any exceptions from any other individuals. If there are multiple individuals able to grant exceptions, please nominate only one individual for the team to contact.

Exception decisions should be communicated to the analyst team via email. A copy of the

exceptions email will be attached to the case under 'Documents'. This will also be noted in the 'Notes' section.

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 must be applied on a case by case basis. Hence the ultimate approval of a case will need to 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.