

BACKGROUND AND PURPOSE

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the Act) and its regulations place obligations on New Zealand's financial institutions to detect and deter money laundering and terrorism financing.

The Act imposes a number of obligations on the financial sector including collecting and verifying certain customer information.

NEW ZEALAND LEGISLATION

The Act was passed in 2009 and came fully into effect on 30 June 2013.

The Act requires Enhanced Customer Due Diligence (CDD) be conducted in a number of specific situations, as set out in the Act. These situations may include when certain customers, e.g. trusts or Politically Exposed Persons (PEPs), apply for our products, or when we see transactions that are outside your usual pattern.

Under the Act, Mercer is required to collect and verify information to confirm the customer's identity and the source of their funds or wealth.

WHAT DOES IT MEAN?

Mercer is legally required to ask questions to understand how you acquired your invested funds or overall wealth and to obtain supporting evidence.

INCREASED DUE DILIGENCE

The source of your funds is not simply where the money is being transferred from (e.g. your bank account); rather, it is where your wealth or invested funds originated.

For example, you might receive a bonus from work and add it to your investment. The source of these funds "Employment Bonus" and supporting evidence could be the relevant payslip.

SOURCE OF WEALTH OR FUNDS

EXAMPLES OF EVIDENCE

This is not an exhaustive list. There may be other forms of evidence that would be appropriate, for example a letter from your solicitor or accountant. We encourage you to contact Mercer to discuss concerns or queries.

Source of Funds/Wealth	Supporting Evidence Examples
Business Proceeds	Copy of latest audited company accounts
Property sale	Copy of sale contract
Employment Related	<ul style="list-style-type: none"> • Copy of payslip from past three months, • IRD documents
Savings	Income evidence and time taken to accumulate
Investment Income	<ul style="list-style-type: none"> • Copy of Investment certificates, and • Bank statement clearly showing receipt of funds and investment company name
Inheritance	Grant of Probate / copy of the will including estate value
Superannuation / annuity/ retirement plan	<ul style="list-style-type: none"> • Copy of closing statement • Letter confirming value
Insurance /Compensation	<ul style="list-style-type: none"> • Copy of claim or compensation statement • Letter confirming value
Lottery or Betting win	<ul style="list-style-type: none"> • Lotteries Commission confirmation • Confirmation from betting company
Gift	<ul style="list-style-type: none"> • Donor's source of wealth – see suggested evidence above, and • Letter from donor confirming gift details

FOR FURTHER INFORMATION:

Mercer recommends a review of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and FMA guidance, and/or obtaining legal advice. The websites below provide more information on the Act, and guidance on compliance with the requirements in the Act.

The Act: <http://www.legislation.govt.nz/act/public/2009/0035/latest/DLM2140720.html>

The FMA's AML/CFT pages: <https://fma.govt.nz/compliance/amlcft>

The FMA's enhanced customer due diligence guidance:

https://www.fma.govt.nz/assets/Guidance/_versions/10120/AMLCFT-enhanced-due-diligence-guidance.2.pdf