

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 hereby gives notice that he has granted the following exemption from the Act:

Ministerial exemption: New Zealand Clearing Limited (NZBN: 9429032489118); New Zealand Depository Limited (NZBN: 9429032489033); and New Zealand Depository Nominee Limited (NZBN: 9429032441406)

1. As the Associate Minister of Justice, and pursuant to section 157 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 ("Act"), I exempt:
 - a. New Zealand Clearing Limited (NZCL);
 - b. New Zealand Depository Limited (NZDL); and
 - c. New Zealand Depository Nominee Limited (NZDNL)From the following provisions of the Act:
 - d. Sections 10-71 inclusive.
2. This exemption is made subject to the following conditions:
 - a. That New Zealand Clearing Limited, New Zealand Depository Limited and New Zealand Depository Nominee Limited ensures that:
 - i. The provision and revocation of access to the BaNCS Settlement System is undertaken by NZX consistent with the Act; and
 - ii. Before establishing a person in the BaNCS Settlement System, NZX Clearing receives appropriate verification that the person is an authorised employee of the Clearing and/or Depository Participant.
 - b. That New Zealand Clearing Limited only accredits persons who meet the eligibility requirements set out in New Zealand Clearing Limited's Clearing and Settlement Rules as Clearing Participants;
 - c. That New Zealand Depository Limited only accredits persons who meet the eligibility requirements set out in New Zealand Depository Limited's Depository Operating Rules as Depository Participants; and
 - d. NZX Clearing must notify the Ministry if there are any changes to their business model within 14 days of the change occurring.
3. The exemption has been made for the following reasons:
 - a. There is a low risk of money laundering and terrorist financing associated with the services offered and the current burden which the entities face is disproportionate to this level of risk.
 - b. The exemption is consistent with other FATF countries' approach to clearing and settlement systems being excluding from anti-money laundering regimes.
 - c. The only competitor NZX have is operated by the Reserve Bank of New Zealand and therefore is exempt from complying to the Act;
 - d. NZX are highly regulated; and
 - e. It will limit duplication of AML/CFT obligations.
4. This exemption came into force **7 February 2018**.
5. This exemption will expire on **30 November 2022**.

Any person wishing to provide comment on this notice should contact the Criminal Law Team at the Ministry of Justice by emailing international.crime@justice.govt.nz.