

## AML/CFT

### Anti-Money Laundering and Countering Financing of Terrorism Act 2009

*Note for financial advisers working independently or in a small business*

The [Anti-Money Laundering and Countering Financing of Terrorism Act 2009](#) (AML/CFT) and its associated regulations place obligations on New Zealand's financial institutions to detect and deter money laundering and terrorism financing. The Act came into effect yesterday on 30 June 2013 and advisers are now required to comply with the Act.

The Financial Markets Authority (FMA) supervises financial adviser businesses and will be monitoring compliance with the AML/CFT Act, including assessment of the adequacy and effectiveness of reporting entities' systems and controls, to detect and deter money laundering and terrorist financing, and to take action where these fall below the expected standard. A range of guidance notes can be obtained from the FMA website at:

<http://www.fma.govt.nz/help-me-comply/anti-money-laundering-and-countering-financing-of-terrorism-reporting-entities>

If you are a reporting entity, as defined under the Act, you will be required to do certain things to ensure that you comply with the requirements of the Act and Regulations. The FMA has prepared guidance notes for a range of business types, including *Guide for small financial adviser businesses*.

<http://www.fma.govt.nz/keep-updated/reports-and-papers/guide-for-small-financial-adviser-businesses>

You need to know that if you are an Authorised Financial Adviser (AFA) you will probably have AML/CFT obligations when you advise a customer to buy certain financial products, and then act as an intermediary for the purchase of these products from product providers. Also, if you are a reporting entity because you are an AFA, it is likely the business you provide advisory services through will also be a reporting entity.

Everyone should now be ready and prepared for compliance with the Act. FMA has indicated that it will look to link monitoring visits so adviser may get one monitoring visit that covers both monitoring of the Financial Advisers Act and AML/CFT.

### ***By now you should have the following in place –***

#### **1. A written risk assessment**

Each reporting entity needs to assess the risk of money laundering and terrorist financing with their business. You need to have policies and procedures implemented to keep the risk

assessment up to date, and you need to use the risk assessment to develop your AML/CFT compliance programme.

Guidance for written risk assessment is available at the FMA website at [http://www.fma.govt.nz/media/697925/anti-money\\_laundering\\_and\\_countersing\\_financing\\_of\\_terrorism.pdf](http://www.fma.govt.nz/media/697925/anti-money_laundering_and_countersing_financing_of_terrorism.pdf)

## 2. An AML/CFT programme

Compliance programmes should set out the internal policies, procedures and controls necessary to detect money laundering and financing of terrorism and to manage and mitigate the risk of it occurring.

Your programme should include policies, procedures and controls for:

- Managing and mitigating the risks identified in your risk assessment
- Vetting of staff (if you have any)
- Training of relevant staff
- Applying appropriate customer due diligence (CDD)
- Suspicious transactions reporting (STR)
- Ensuring adequate records are kept
- Keeping your programme up-to-date
- Preventing products and/or transactions that favour anonymity being used for ML/FT
- Ensuring your business adheres to its AML/CFT programme
- The review and audit of your AML/CFT programme

Guidance for a compliance programme is available at the FMA website at [http://www.fma.govt.nz/media/1332584/aml\\_programme\\_guideline\\_for\\_publication\\_docs\\_193244.doc.pdf](http://www.fma.govt.nz/media/1332584/aml_programme_guideline_for_publication_docs_193244.doc.pdf)

### ***Audits of risk assessments and AML/CFT programmes***

Reporting entities are required to have audits of their AML/CFT risk assessment and AML/CFT programme. FMA will use the audit survey as a supervisory tool. They will be looking to see that the reporting entity's AML/CFT regime is robust and effective.

Guidance for audits of risk assessments and AML/CFT programmes is available at the FMA website at

[http://www.fma.govt.nz/media/1339626/guideline\\_for\\_audits\\_of\\_risk\\_assessments\\_and\\_aml\\_cft\\_programmes.pdf](http://www.fma.govt.nz/media/1339626/guideline_for_audits_of_risk_assessments_and_aml_cft_programmes.pdf)

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