



First AML

# New Zealand Standard Operating Procedure

# Introduction and Overview

First AML assists reporting entities with collecting and processing KYC/AML documents. This guide shares our methodology for conducting KYC/AML.

Our methodology has been developed in accordance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2009 (AML/CFT 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/CFT Act.

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

[Click to see a visual flowchart of our standard operating procedure](#)

## Revision History

Version	Date	Author	Description
0.1	1 June 2021	Hamish Scarborough	Initial documentation
0.2	30 June 2021	Jessie Mao	Documentation update
0.3	31 March 2022	Jessie Mao	Public-facing markups and reformatting
0.4	26 May 2022	Angus Hook	Exceptions register and biometric EIV on new branding
0.51	24 April 2024	Jessie Mao	Documentation update Biometric Update Regulator guidance
0.52	13 May 2024	Jessie Mao	1.2 Criteria Update Settlor Clarification

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# 1.0 Levels of Customer Due Diligence

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

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

Below are 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
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?

In conducting Simplified Due Diligence, First AML will collect the following information:

1. The full legal name of the entity
2. The registration number of the entity e.g. company number
3. The registered address of the entity
4. One or more of the following where applicable to evidence the entity's simplified status:
  - a. Screenshots of the search of the relevant stock exchange
  - b. Stock Symbol (Ticker)
  - c. Registered scheme/licence number
  - d. Public documents issued by the simplified entity e.g. Annual Report

Please see AML/CFT Act [Section 19-21](#) for more information about Simplified Due Diligence verification procedures.

## 1.1c What do we verify?

Here is an example that helps to explain what we collect for Simplified Due Diligence:

### **Publicly Listed Limited Company**

In the case of a publicly listed limited company, we will collect the following information:

1. Company name
2. Company number
3. Company address
4. Company stock ticker code
5. Copy of the company's listed status on the relevant stock exchange

We will verify the following information:

1. Company name, number and address through a copy of the company extract from the local company registry.
2. Listed status and stock ticker through the stock exchange website

## 1.1d Acting on Behalf

'Acting on behalf' refers to the individual who 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

Standard Due Diligence is conducted when the customer is (but is not limited to):

1. an individual
2. a domestic or registered foreign company operating in a country that is deemed a low or medium risk or a cooperative jurisdiction by the Financial Action Task Force (FATF)

## 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 (more than 25%) of the customer or person on whose behalf a transaction is conducted

## 1.2c What do we verify?

**Here are some examples that help to explain what we collect for Standard Due Diligence for the most common types of entities:**

### Company

In the case of a Company, we will collect the following information:

1. NZ Companies Office company extract and company constitution or a certified copy of a foreign equivalent e.g. certificate of incorporation, register of members.
  - a. If this can not be obtained, First AML will request a beneficial ownership disclosure letter written by a company legal counsel or a similar individual with effective control over the entity.



1. Full legal names, date of birth and address for all beneficial owner(s) (e.g. directors and any shareholders with more than 25% shareholding interest). This will include:
  - a. the number and names of any shareholders, their capital contribution, shareholding interest, distribution rights, voting rights and/or powers
  - b. the number and names of any directors, their powers of management, powers to bind the company and/or voting rights:
2. 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.
  - a. If there is a formal nominee agreement, we will collect a copy of the formal nominee agreement and the reasons for the nominee arrangement

We will then verify the following information:

1. NZ Companies Office company extract or a certified copy of a foreign equivalent e.g. certificate of incorporation, register of members, shareholding register.
2. The identity of all beneficial owners with more than 25% beneficial ownership.
  - a. In the absence of any shareholders that meet the threshold, First AML will verify one individual with effective control over the entity or transaction, e.g., superior voting rights, veto rights, authorised signatories, etc.

For overseas entities, First AML will seek to obtain the relevant company records.

In the absence of a beneficial owner with more than 25% shareholding whether directly or indirectly or where there are more than four officers/trustees/board members, First AML will verify at least one individual with superior control, voting rights, direct day-to-day supervision or financial control.

## **Trust**

In the case of a Trust, we will collect the following information:

1. Copy of the Trust Deed and any amendments
  - a. If this can not be obtained, First AML will request a beneficial ownership disclosure letter from the Trust lawyer or accountant outlining the Trust details.
2. Full Name of the Trust Deed, Trustee(s), Settlor(s), Appointor(s), Protector(s), Guardian(s), and any named beneficiaries
3. Description of the class or type of beneficiaries
4. Objects of the trust (if applicable)

We will then verify the following information:

1. Copy of the Trust Deed and any amendments
2. The identity of the beneficial owners of the Trust. This may include the Trustee(s), Appointor(s), Protector(s), Guardian(s) and any non-discretionary beneficiaries or beneficiaries with more than vested interests in the Trust

- a. Please note that the Settlor will only be verified if they are beneficial owners of the Trust e.g. powers to appoint, add/remove beneficiaries etc. If the Settlor is excluded from any benefit from the trust, we will not verify or collect the date of birth for the Settlor.
3. If this is a Unit Trust, we will verify all unitholders who hold more than 25% of the total units.
4. If the beneficial owner(s) of the Trust are companies or individuals, we will proceed based on the verification standards of an individual or a company.

### **Corporate Trustee Verification**

A corporate trustee company will be verified as per the Standard Due Diligence procedures.

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

Suppose a corporate trustee company has four or more directors. In that case, First AML will request the trustee company to nominate a director, a trust lawyer, or an accountant who has the closest proximity to the Trust, such as direct supervision or day-to-day involvement in Trust activities.

### **Limited Partnership**

In the case of a Limited Partnership, we will collect the following information:

1. NZ Limited Partnership register extract and a copy of the Limited Partnership agreement or a certified copy of a foreign equivalent e.g. register of members, capital schedule.
  - a. If this can not be obtained, First AML will request a beneficial ownership disclosure letter written by the Limited Partnership's legal counsel or a similar individual with effective control over the entity.
3. Full legal names, date of birth and current address for all beneficial owner(s) (e.g. general partner(s) and any limited partners with more than 25% ownership interest). This will include:
  - a. the number and names of any general and limited partners, their capital contribution, partnership interest, distribution rights, voting rights, powers of management and/or powers to bind the limited partnership
  - b. the date on which the limited partnership agreement was entered and any subsequent amendment(s) to it
4. Confirm the existence of a nominee general partner or shares in bearer form directly with the case contact. This confirmation will be collected via email reply.
  - a. If there is a formal nominee agreement, we will collect a copy of the formal nominee agreement and the reasons for the nominee arrangement

We will then verify the following information:



3. NZ Limited Partnership register extract and a copy of the Limited Partnership agreement or a certified copy of a foreign equivalent e.g. register of members, capital schedule.
4. The identity of all beneficial owners with more than 25% beneficial ownership.
  - a. In the absence of any limited partners or general partners that meet the threshold, First AML will verify the individual(s) with effective control over the entity or transaction based on the Limited Partnership agreement e.g. directors of a general partner.

## Estate

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.

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.

For any other legal entity types, First AML will collect and verify relevant documentation in line with the AML guidance from the supervisors.

## 1.3 Enhanced Due Diligence

### 1.3a Criteria

First AML will only conduct Enhanced Due Diligence if instructed by the Reporting Entity to do so (e.g. because the customer is deemed high-risk) or if the customer meets criteria 1 to 5 below, unless otherwise instructed. Please ensure that the risk level and the CDD level are appropriately filled out in the 'AML Profile' section.

Please note that a Reporting Entity **must** apply enhanced customer due diligence in the following high-risk situations (but not limited to):

1. When the risk level for money laundering/terrorism is determined to be high e.g. customer operates in a country/region that is:
  - a. deemed a high-risk or non-cooperative jurisdiction by the Financial Action Task Force (FATF)
  - b. prescribed foreign countries
  - c. subject to sanctions

- d. known tax havens
- e. known to provide support to terrorist organisations; or
2. Where the customer or the beneficial owner(s) of the customer is a foreign (PEP) politically exposed person.
3. A trust or another vehicle holding personal assets
4. A company with nominee directors, shareholders or shareholdings or shares in bearer form
5. A limited partnership with nominee general partners
6. A customer deemed by the Reporting Entity to be high-risk

Please refer to 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 unless instructed otherwise.

### 1.3b What do we collect and verify?

In addition to the Standard Due Diligence verification, First AML may collect (if agreed upon with the Reporting Entity) information to verify the source of funds and/or wealth of the customer. The source of wealth and/or funds evidence will be collected for the direct customer.

By default, the source of wealth evidence will be collected for the customer unless otherwise instructed by the reporting entity within the First AML Notes field. If the reporting entity requires source of funds to be collected or source of funds **and** source of wealth to be collected, this must be noted within the Notes field.

If the reporting entity deems that the source of wealth and/or source of funds information is insufficient, they can 'Rework' the case to ask for more information to be collected.

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

For further information on the types of evidence First AML will collect and verify for source of funds and/or wealth, please refer to our [source of funds/wealth guidelines](#).

## 1.4 Ongoing Due Diligence

There are two ways for a Reporting Entity to request Ongoing Customer Due Diligence (**OCDD**) cases. These cases must be a previously verified entity within the Reporting Entity's own First AML database.

1. "Re-verification required" – First AML will re-verify the entity to ensure the documentation is up to date and there have been no changes to the beneficial ownership structure or entity details.
2. "No verification required" – The case will immediately move to the 'Ready to Review' section on the Platform and will not be checked by Specialists.

For individuals, First AML will send out a new Electronic Verification Form (EIV Form) and will re-verify their details to ensure it is up to date.

## 2.0 Electronic Identity Verification

First AML verifies the identity of individuals by collecting an individual's full name, date of birth and address electronically against reliable and independent sources.

Reporting entities can configure on or off the following:

- Collection and verification of identity documents e.g. Australian Passport, New Zealand Drivers Licence.
  - Please note First AML can only verify Government IDs against government sources for certain countries where it is possible to access government sources publicly.
- Anti-tampering to ensure the identity document's validity and to check for any fraud measures.
- Biometric to ensure the individual is a legitimate live individual and whether they match the photo on their identity document.

For a full list of data sources used for electronic identity verification, a list of countries available for Government ID verification, as well as for PEP, sanctions and adverse media checks, please reach out to your Customer Success Manager or First AML Support at [support@firstaml.com](mailto:support@firstaml.com).

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

First AML will seek explicit consent from the end-user before conducting any electronic verification, excluding screening checks.

Consent is provided through our user-friendly verification forms. If a client has not completed verification through our forms, our Specialists will go back and explicitly ask for their consent. Consent may be collected verbally over the phone (recorded) or via text or email.

### How we meet Safe Harbour

For medium or low-risk individuals, First AML will use 'safe harbour' procedures to verify the individual's identity. First AML will electronically verify the person's name, date of birth and residential address against at least two reliable and independent electronic sources, including at least one government source.

Our process is developed in line with [Example 2 in the July 2021 IVCOP Explanatory Note](#). This includes biometric 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.

First AML will contact the customer to provide certified documents if electronic verification cannot be achieved. Please see the Documental Certification Standards below.

## 3.0 Documental Certification

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

It is preferred that the documentation has been certified by a Trusted Referee within 3 months of the case request date. However, First AML will accept certified copies dated within 12 months of the case request date unless instructed otherwise by the reporting entity.

### 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 state/territory

### 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

# 4.0 Case Processing Procedure

## 4.1 Opening Cases

To open a new case, the reporting entity (“you”) must request a case in the First AML Platform and provide:

- the name of the customer,
- customer type (Trust, Company etc.)
- the name and contact details of at least one contact person. This contact person must not be an internal staff member, i.e. Author or Agent unless it is essential.

Any case received by 4.30 pm NZ time will be assigned to a First AML Specialist and opened on the same day. Cases received during the weekend or after 4.30 pm NZ 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.

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

## 4.2 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 Specialist team by noting this in our Platform via the Compliance Team Notes with a date the case needs to be completed.

## 4.3 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.

## 4.4 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.

Any pertinent information will be contained in the 'notes' section, otherwise, the Reporting Entity can assume that First AML is awaiting information from the customer if the case is still in progress. Our Specialist team will do everything they can within reason to get the KYC 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 designated to be a summary.

Reporting entities will be able to see all contact made from the First AML Specialist team in the 'Activity' tab. The Activity tab within the First AML platform will have all emails, phone calls, and text messages summarised by the First AML Specialist.

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

## 4.5 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 'Activity' tab. First AML is not liable for any further reminders or follow-ups to individuals who are non cooperating with the process.

## 4.6 Email Communication

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 template.

First AML will CC (copy in email) one person from your organisation to our initial CDD/KYC 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/KYC provider.



## 4.7 Use of the 'Notes' Section

First AML will use the 'notes' section to record any pertinent information regarding the case. Reminders and information we are waiting on will be detailed under the 'Activity' tab.

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.

## 4.8 Dormant Case Policy

If there has been no response or noncooperation from a customer for 14 business 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.

## 4.9 Abandoned Case Policy

To abandon a case, please notify the Specialist 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 per-case fee.

## 4.10 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 Specialists/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 its compliance programme.

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.

## 4.11 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. Any outstanding information required will be requested.

Due to privacy reasons, if there is a close match (but not an exact match), 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/individual's name.

## 4.12 Case Approval Process

First AML will complete the CDD/KYC process per our Standard Operating Procedure (this document) and the AML/CTF legislation. Note that the legislation does have some room for interpretation, and so judgement will be applied on a case-by-case basis. The ultimate approval of a case will be dependent on your compliance programme, risk assessment, and any other internal controls that may be in place.

With this in mind, once a case is completed by First AML, it will be placed in the Ready for Review section of the platform. From this point, the elected Case Approver will receive an email to review the case is Ready for Review.

# Appendix A – Email Template

## Email to Client Contact

Dear %Name%,

First AML has partnered with %Customer Name% to conduct CDD/KYC for %Case Name%.

The next step is to collect some additional information from you.

Please provide the following

- [Relevant AML requirements for individuals and entities within the case]

Submit information

Verification made easy

Check out our helpful guide for troubleshooting tips and answers to your verification FAQs. If you need additional help, please create a support ticket to get in touch.

Thank you,  
First AML  
support@firstaml.com