

# Guidance Document

## PTR - REPORTING OBLIGATIONS

The New Zealand Financial Intelligence Unit

Version 2 | September 2021



## Overview

This document should be read in conjunction with the goAML Web Reporting Reference Guides and other relevant PTR documentation which are available from the Resource Library within goAML.

For further information regarding your reporting obligations, please contact your sector supervisor in the first instance.

## Purpose of Document

This document:

- is for reporting entities with reporting obligations in accordance with the Anti-Money Laundering and Countering Financing of Terrorism (Prescribed Transactions Reporting) Regulations 2016.
- is the property of New Zealand Police and is not for further dissemination; and
- should be read in conjunction with the relevant legislations and PTR supporting documentation.

PTR documents and resources are available from the Resource Library in goAML. The Resource Library is available for reporting entities who have registered with goAML. To access, reporting entities will need to log into goAML and click on the Help icon on the menu bar.

## Version Control

Version Number	Description	Date
2.0	Amendments to formatting and word choice have been made to all sections. The Section title 'Ten (10) working day rule' had sections removed specifically in relation to the acceptance of dummy data post November 2022.	August 2021
1.5	The document has been reformatted in-line with NZ Police document guidelines. Amendments have been made to the following section: 'More than one entity customer party to the transaction' section renamed, reference to 'two individuals' removed from examples. The following topics (sections) have been added: <ul style="list-style-type: none"><li>• Reporting signatories (page 11)</li><li>• Transactions made in error (page 12)</li><li>• Amended transactions (page 12)</li><li>• Ten (10) working day reporting rule (page 13)</li></ul>	April 2018
1.4.1	The following information has been added to the document: <ul style="list-style-type: none"><li>• Person acting on behalf of the customer – account number or unique customer identifier (page 7)</li><li>• Person acting on behalf of the customer – date of birth (page 8)</li><li>• Person acting on behalf of the customer – identification (page 8)</li><li>• Wholesale payments (page 9)</li><li>• Transactions involving multiple currencies or physical cash amounts (page 9)</li></ul>	October 2017

	<ul style="list-style-type: none"> <li>More than one entity customer party to a transaction (page 9)</li> </ul>	
1.4	First issue	September 2017

## Contents

Overview .....	2
Purpose of Document .....	2
Version Control .....	2
Background.....	5
Guidance on Reporting Obligations.....	5
Legislative Amendments .....	5
Designated Business Groups .....	5
Threshold values .....	6
Large Cash Transactions .....	6
Non-Customers and Other Entities .....	6
Walk in currency exchange.....	6
Non-client deposit.....	6
Agency relationship .....	6
Example 1 .....	6
Example 2 .....	7
Multiple Currencies or Multiple Physical Cash Amounts.....	7
Mandatory Customer Identification Details .....	7
Identity document number – individuals .....	7
Date of Birth.....	8
Identity Document Number – non-individuals .....	8
International Funds Transfers – Overseas Account Number .....	9
Person Acting on Behalf of a Customer .....	9
Account Number or Unique Customer Identifier .....	9
Date of Birth.....	10
Identification.....	10
Wholesale Payments .....	10
Example .....	11
Multiple Entity Customers Party to a Transaction .....	11
Reporting signatories .....	11
Transactions made in error .....	11
Amended transactions .....	11
Example 1 .....	12
Example 2 .....	12

Ten (10) working day reporting rule.....	12
Identity document number individuals? .....	12
Date of birth? .....	12
Identity document number non-individuals? .....	13

## Background

### Guidance on Reporting Obligations

From 1 November 2017, some reporting entities were required to report International Wire Transfers (at or above NZD\$1,000) and Large Cash Transactions (at or above NZD\$10,000). These are further defined as:

**International Wire Transfer:** A wire transfer of NZD\$1,000 or more where –

At least one of the following institutions is in New Zealand:

- The ordering institution;
- The intermediary institution;
- The beneficiary institution; and

At least one of the following institutions is outside New Zealand:

- The ordering institution;
- The intermediary institution;
- The beneficiary institution.

**Large Cash Transaction:** A transaction in New Zealand involving the use of physical currency (i.e. cash and coins) of NZD\$10,000 or more.

Operationally, these are referred to as International Funds Transfers (IFTs) and Large Cash Transactions (LCTs) respectively.

### Legislative Amendments

To ensure that the PTR regulatory regime is fit-for-purpose, two important legislative amendments have been made by means of the AML/CFT Amendment Act 2017 (the Act).

### Designated Business Groups

The Act provisions for Designated Business Groups (DBGs) have been amended to allow one reporting entity to submit PTRs on behalf of other members of that DBG. This provision took effect on 10 August 2017.

Prescribed Transaction Report (PTR) files can be submitted in either of the following formats:

1. Each report submitted contains only transactions applicable to that reporting entity  
*Example: ABC Bank Limited (REID123) PTR report contains only transactions from ABC Bank Limited.*
2. Each report submitted may contain a mix of transactions from DBG members  
*Example: ABC Bank Limited (REID123) PTR report contains ABC Bank Limited (REID123) and AAA Securities Limited (REID2345) transactions.*

Format 2 would be achieved via the PTR Data Schema (Dictionary) through reporting ABC Bank Limited (REID123) in node 3.1 Report entity\_id, with the transactions (ABC Bank Limited (REID123) and AAA Securities Limited (REID234)) at node 4.11 institution\_name and institution\_code level.

The recommended reporting option is format 1, each report submitted contains only transactions applicable to that reporting entity, as this format provides transparency for reporting purposes.

Both options require each reporting entity within a DBG to be registered in goAML.

### Threshold values

Due to a discrepancy in the threshold values in the AML/CFT Act (since 2009), threshold values have been amended (to provide consistency). Previously some threshold values were 'above' an amount, whereas others were 'at or over' an amount.

The threshold amounts are now all 'at and over' (as defined below).

- International Wire Transfer: A wire transfer of NZD\$1,000 or more
- Large Cash Transaction: A large cash transaction of NZD\$10,000 or more.

## Large Cash Transactions

### Non-Customers and Other Entities

*My reporting entity carries out cash transactions for non-customers or for other reporting entities. Does my reporting entity need to submit a Large Cash Transaction (LCT)?*

Yes, subject to the guidance below. A customer is defined in the Act as including a person conducting or seeking to conduct an occasional transaction through a reporting entity. There are several scenarios where this may apply, including:

**Walk in currency exchange** – where a person wishes to convert NZD to or from a foreign currency, in which case customer due diligence (CDD) must be conducted to collect sufficient information for submitting an LCT report.

**Non-client deposit** – where a person visits Bank A (who is not a customer of Bank A) and wishes to deposit physical currency into a bank account held by another person. Bank A must conduct CDD and submit an LCT report.

**Agency relationship** – where a reporting entity appoints an agent (which may or may not be another reporting entity) to accept cash deposits on its behalf, the reporting entity that holds the customer relationship (and not the agent) remains responsible for submitting an LCT (refer example 1 below).

If no agency relationship exists, the LCT constitutes an 'occasional transaction' for the reporting entity accepting the deposit, thereby giving rise to the requirement to submit an LCT report (refer example 2 below).

Only one LCT report should be submitted where an LCT scenario involving two reporting entities is present (rather than two separate LCT reports being made by the principal or agent).

### Example 1

A customer of Bank A uses Bank B to deposit into their own Bank A account. Bank B, acting as the agent, passes the transaction and CDD information to Bank A. Bank A submits an LCT report and Bank B does not.

## Example 2

A customer of Bank A uses Bank B to deposit into their own Bank A account. No agency agreement exists; therefore, Bank B completed an 'occasional transaction' and submits an LCT report. Bank A does not.

In this example there may be some circumstances where Bank B may not hold complete information on Bank A's customer. In these cases, an LCT report may contain limited information. A transaction scenario of this type would be reported as from 'not my client' to not my client' by the Bank B.

## Multiple Currencies or Multiple Physical Cash Amounts

*What if my customer conducts multiple physical NZD cash or foreign currency deposit or withdrawal transactions on a given day, and the combined value meets or exceeds \$10,000?*

These are considered individual transactions and an LCT is not required unless any one transaction meets or exceeds the NZD\$10,000 threshold.

For example, Customer A visits Bank B and deposits NZD\$500 cash into their account in the morning, then later that afternoon visits Bank B again and deposits a further NZD\$11,000 cash into their account. The transaction for the \$11,000 deposit must be reported as an LCT, but the transaction for the \$500 deposit doesn't as it does not meet or exceed the \$10,000 threshold.

*What if my customer exchanges multiple physical foreign currency amounts in one transaction, and the combined value meets or exceeds \$10,000?*

These are considered individual transactions and an LCT is not required unless any one transaction meets or exceeds the NZD\$10,000 threshold.

For example, Customer A visits FX Money Exchange to convert three different foreign currencies into New Zealand dollars. The foreign currency amounts are GBP100, AUD1,500 and USD9,250<sup>1</sup>. The transactions for the exchange of GBP100 and AUD1,500 do not need to be reported as they do not meet or exceed the \$10,000 threshold, however the transaction for the USD exchange does.

## Mandatory Customer Identification Details

*What if I cannot provide the required mandatory customer information for a customer's identity document number (e.g. driver's licence) and/or a date of birth?*

The following alternatives can be provided. These subsections (identity document number individuals, non-individuals, and date of birth) should be read in conjunction with each other as they are related.

### Identity document number – individuals

If an identity document number cannot be provided at the time of submitting a PTR, then a customer identification number can be used as an alternative. It is important that this number is unique to that customer.

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<sup>1</sup> Assuming an exchange rate of 0.6811, therefore USD9,250 = NZD13,580.897.

When reporting, if the reporting entity knows the identity document type (but not the number), then that identity document type should be reported in addition to the alternative customer identification number.

### Date of Birth

If a date of birth cannot be provided, then the default '01/01/1900' can be used.

*When can I provide the alternate identity document number and default date of birth information for an individual?*

The alternative document identity number and default date of birth information for an individual can ONLY be applied where your customer was in a business relationship with your organisation prior to 30 June 2013, where your customer was on boarded through an exceptions handling process and a document identity number is not available, or where the documentation was not readily available at the time of reporting the transaction (refer to the section on the 10 Working Day Rule for further information).

### Identity Document Number – non-individuals

An identity document number for a non-individual customer corresponds to an incorporation or company number<sup>2</sup>, however not all non-individual customer will have an incorporation or company number (i.e. trusts and partnerships).

If an identity document number (i.e. an incorporation or company number) cannot be provided at the time of submitting a PTR, then a customer identification number can be used as an alternative. It is important that this number is unique to that customer.

In the case of a non-individual customer, the customer identification number can be used whenever the incorporation or company number cannot be provided or is not relevant to that structure (i.e. an unincorporated entity such as a trust).

*Can I refer to electronic identity verification when providing an identity document number for a customer?*

Yes. An identity document number provided through electronic verification (from a provider in accordance with the Amended Identity Verification Code of Practice 2013) is acceptable. Refer examples below:

*Example 1 – RealMe (node 4.8, t\_person\_identification)*

<b>Type</b>	RealMe
<b>Number</b>	RealMe FIT Number
<b>Issue Date</b>	Report the issue date provided by RealMe if supplied, otherwise leave blank
<b>Expiry Date</b>	Report the expiry date provided by RealMe if supplied, otherwise leave blank
<b>Issued By</b>	RealMe
<b>Issue Country</b>	New Zealand

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<sup>2</sup> Further details are also provided in the 'Understanding the Regulations' document.



*Example 2 – Other electronic verification providers (node 4.8, t\_person\_identification)*

<b>Type</b>	Select 'Unknown' if the provider is not listed
<b>Number</b>	Report the reference provided by the provider to the reporting entity
<b>Issue Date</b>	Report the date of the interaction between the provider and the reporting entity
<b>Expiry Date</b>	No expiry date can be provided
<b>Issued By</b>	Report the name of the electronic verification provider
<b>Issue Country</b>	New Zealand

## International Funds Transfers – Overseas Account Number

*What if my reporting entity does not know the account number of the originator of an International Funds Transfer being sent offshore?*

This requirement can be interpreted more broadly than 'bank account number'. When a bank account number is not present in the payment message (e.g. SWIFT), then another unique number may be used that is applicable to the transaction or originator (the overseas person or business).

For payment received by SWIFT, a unique reference number likely corresponds with field 20 in the SWIFT message.

It is important that this field is populated with unique text, numbers, or alphanumeric string that allows the transaction to be traced by the reporting entity. The FIU cannot accept a non-unique number, as there will otherwise be a risk that unrelated individuals or businesses will be incorrectly linked during analysis conducted by the FIU.

## Person Acting on Behalf of a Customer

### Account Number or Unique Customer Identifier

Regulations 4(2)b and 7(2)b require the 'as available' reporting of the 'account number or unique customer identifier' of the person acting on behalf of the customer (i.e. the conductor).

The requirement to provide the 'account number or unique customer identifier' is not limited to regulations 4(2)b and 7(2)b as it is also required for each customer party to the transaction under regulations 4(1)b and 7(1)b. An example is provided below to assist reporting entities that are automating their PTRs.

Regulations 4(1)b and 7(1)b can be met by including the 'account number or unique customer identifier' of the relevant customer within node 4.11 t\_account\_my\_client | account.

Regulations 4(2)b and 7(2)b can be met by including the 'account number or unique customer identifier' of the person acting on behalf of the customer (where this information

exists) within node 4.31 t\_person\_my\_client | comments (as no specific 'account' field is provided).

Where no 'account number or unique customer identifier' has been assigned to the person acting on behalf of the customer, reporting entities can enter the account number or unique customer identifier for the customer instead.

### Date of Birth

*How can my reporting entity complete the date of birth details if the 'conductor' is a person acting on behalf of the customer?*

Regulations 4(2)c and 7(2)c require the date of birth (if applicable) to be reported of the person acting on behalf of the customer.

For reporting entities that are automating the submission of their PTRs, the format to report the conductor information when the conductor is an individual is within node 4.31 t\_person\_my\_client.

Node 4.31 is a complex node and the business rule for date of birth is stated as 'mandatory, always'. If a date of birth cannot be provided at the time of submitting a PTR for the person acting on behalf of the customer, then a default date of 01/01/1900 can be used.

### Identification

*How can my reporting entity complete the identification (identity document details) for an International Funds Transfer if the 'conductor' is a person acting on behalf of the customer?*

Regulation 4(2)d requires the identity document number to be reported of the person acting on behalf of the customer.

For reporting entities that are automating the submission of their PTRs, the format to report the conductor information when the conductor is an individual is within node 4.31 t\_person\_my\_client.

Node 4.31 is a complex node and the business rule for identification stated as 'mandatory, always'. If the identification details cannot be provided at the time of submitting a PTR, then an account number or unique customer identifier for the conductor can be used as an alternative. It is imperative that this number is unique to that person.

Where no account number or unique customer identifier has been assigned to the person acting on behalf of the customer, reporting entities can provide the account number or unique customer identifier for the customer instead.

## Wholesale Payments

The definition of 'wire transfer' within section 5 of the AML/CFT Act excludes "transfers and settlements between financial institutions if both the originator and the beneficiary are financial institutions acting on their own behalf". Payments of this type are often referred to as 'wholesale payments' and are excluded from Prescribed Transactions Reporting.

### Example

An international wire transfer from 'Bank A' in NZ (who is a financial institution) to an overseas bank where 'Bank A' has an account. 'Bank A' is the originator and is acting on its own behalf. There is no underlying ordering customer. (Please note this is an example only and there may be other transfers or settlements that are excluded as being a 'wire transfer'.)

## Multiple Entity Customers Party to a Transaction

The t\_entity\_my\_client node (4.21) cannot be repeated. Therefore, if a reporting entity associates two or more customers to a single account, not all 'customers' party to the transaction' can be reported.

Examples may include an account held by two family trusts or a joint venture account held by multiple entities.

In such circumstances, please report the primary (or first) customer associated to the account.

## Reporting signatories

When including signatory information in a PTR report, reporting signatory information is not required in the following scenarios:

1. When natural persons are named account holders but are not signatories.
2. When natural persons have access to the account but are not signatories.
3. When natural persons are signatories but are not the named account holders.

In further reference to point three above, 'where natural persons are signatories but are not the named account holders' where the natural person as the signatory is providing the reporting entity with instructions to conduct the transaction, that natural person should be reported in accordance with the 'for each person acting on behalf of a customer' provisions within the Regulations.

## Transactions made in error

*Is our reporting entity required to report transactions that are made in error?*

No, if a transaction is made in error a reporting entity is not required to complete a PTR report. Examples of the types of transactions made in error could be transaction errors internal to the reporting entity (i.e. staff errors) or a customer's transaction is reversed, and funds are returned to the customer's account or facility at the customer's request.

\*Assumption: the transaction(s) have not already been reported by the reporting entity.

## Amended transactions

*How does our reporting entity report transactions where the details have been amended?*

The following examples have been provided to outline how to report a repaired and or amended transaction.

### **Example 1**

If reporting entity A sends funds (via an IMT) to a customer at Bank B, reporting entity A will submit a PTR (for the outward payment).

If Bank B returns the funds to reporting entity A (because there was a problem with the payment for some reason), reporting entity A will submit a PTR (for the inward payment).

If reporting entity A then re-sends the funds to Bank B, reporting entity A will submit a PTR (for the outward payment).

Reporting entity A will submit a PTR for each of these transactions as there has been physical movement of funds; funds have been sent, returned, and re-sent.

If reporting entity A can link each of the transactions, e.g. report the original (and subsequent) transaction number in the “transaction\_description” field in the transaction node that is desirable. However, if reporting entity A is not able to do this, there is no mandatory requirement to do so.

### **Example 2**

If reporting entity A sends funds (via an IMT) to a customer at Bank B, reporting entity A will submit a PTR (for the outward payment).

If Bank B notifies reporting entity A that information on the payment is incorrect (e.g. account number, reference details), and there is correspondence between reporting entity A and Bank B regarding the updating of information in relation to the payment, reporting entity A will update the payment but will not submit a PTR for the amended payment.

Reporting entity A will not submit a PTR for the amended payment as there has been no physical movement of funds; no funds have been returned, it is purely “administrative” changes and therefore there is no requirement to submit another PTR.

## **Ten (10) working day reporting rule**

Where a reporting entity cannot provide the required mandatory customer information that will prevent the reporting of a transaction before the 10-working day reporting requirement, the following alternatives can be provided.

Where the alternatives are utilised by a reporting entity for the 10-day transaction reporting rule, the correct customer information must be provided within 90 days. Refer to the Amended Transactions section for further reporting information.

### **Identity document number individuals?**

If an identity document number cannot be provided at the time of submitting a PTR, then a customer (identification) number can be used as an alternative. It is important that this number is unique to that customer.

When reporting, if the reporting entity knows the identity document type (but not the number) then that identity document type (e.g. driver's licence) should be reported in addition to the alternative customer (identification) number.

### **Date of birth?**

If a date of birth cannot be provided, then the default '01/01/1900' can be used.

### Identity document number non-individuals?

An identity document number for a non-individual (customer) corresponds to an incorporation or company number\*, however not all non-individual customers will have an incorporation or company number (for example, trusts and partnerships) or an 'identity document' number is / was not collected as part of the reporting entity customer due diligence process for entity customers.

If an identity document number (i.e. an incorporation number or company number) cannot be provided at the time of submitting a PTR, then a customer (identification) number can be used as an alternative. It is important that this number is unique to that customer.

In the case of a non-individual the customer (identification) number can be used whenever the incorporation number or company number cannot be provided or is not relevant to that structure (e.g. an unincorporated entity such as a trust).

*\*Further detail is also provided in the document PTR - Understanding the Regulations.*