



**FINANCIAL TRANSACTIONS REPORTING (INTERPRETATION)
REGULATIONS (NO. 2) 1997**

MICHAEL HARDIE BOYS, Governor-General

ORDER IN COUNCIL

At Wellington this 15th day of December 1997

Present:

HIS EXCELLENCY THE GOVERNOR-GENERAL IN COUNCIL

PURSUANT to section 56 (1) (e) of the Financial Transactions Reporting Act 1996, His Excellency the Governor-General, acting by and with the advice and consent of the Executive Council, and on the recommendation of the Minister of Justice, makes the following regulations.

REGULATIONS

1. Title and commencement—(1) These regulations may be cited as the Financial Transactions Reporting (Interpretation) Regulations (No. 2) 1997.

(2) These regulations come into force on 1 January 1998.

2. Overseas pensioner's special bank account deemed not to be facility—(1) For the purposes of this regulation, an overseas pensioner's special bank account is a special bank account in the name of an overseas pensioner that is opened, administered, and operated under the Social Security (Alternative Arrangement for Overseas Pensions) Regulations 1996*.

(2) For the purposes of the Financial Transactions Reporting Act 1996, an overseas pensioner's special bank account is deemed not to be a facility.

MARIE SHROFF,
Clerk of the Executive Council.

EXPLANATORY NOTE

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations come into force on 1 January 1998. They relate to the definition of "facility" in the Financial Transactions Reporting Act 1996 and clarify the position of overseas pensioners' special bank accounts.

Under section 2 of the principal Act, a facility is defined as an account or arrangement—

- (a) That is provided by a financial institution; and
- (b) Through which a facility holder may conduct 2 or more transactions.

According to this definition, overseas pensioners' special bank accounts that are opened, administered, and operated under the Social Security (Alternative Arrangement for Overseas Pensions) Regulations 1996 are facilities. These special bank accounts are used in the off-setting of overseas pensions against New Zealand social security benefits where an overseas pensioner has entered into an alternative arrangement with the Director-General of Social Welfare.

These regulations deem overseas pensioners' special bank accounts not to be facilities for the purposes of the principal Act. The practical effect of the regulations is to exempt banks from the customer verification requirements of the principal Act. A bank does not have to face dealings with a pensioner under an alternative arrangement, and an overseas pensioner's special bank account can be operated only in very limited circumstances. The Director-General of Social Welfare will have verified the identity of the overseas pensioner, and it is considered onerous to apply the verification requirements on banks.

Issued under the authority of the Acts and Regulations Publication Act 1989.
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These regulations are administered in the Ministry of Justice.