

Submission on discussion document: *Increasing the Transparency of the Beneficial Ownership of New Zealand Companies and Limited Partnerships*

Your name and organisation

Name	David Brown Douglas
Organisation	Trustee Corporations Association

Please select if your submission contains confidential information:

I would like my submission (or specified parts of my submission) to be kept confidential, and attach my reasons for this for consideration by MBIE.

Responses to discussion document questions

1	Do you agree with the nature of the problem? Do you have any views on the size of the problem? Do you have any evidence to support these views?
	Yes. TCA supports transparency of beneficial ownership of companies and limited partnerships.
2	What do you think are the benefits from increased transparency of beneficial ownership information?
	TCA believes that the greatest benefit will be in assisting with AML/CFT compliance obligations for its members and the entities they supervise.
3	Do you have any information on your organisation's current compliance costs to supply or collect beneficial ownership information?
	Do you think your compliance costs would increase, decrease or stay the same under the different options? Would the change be significant?
	Members have assessed this and do not at this stage believe that they will have additional or unintended compliance costs to supply the information sought.
4	What impact do you think the options would have on businesses deciding whether to register as a company or limited partnership?
5	Do you have any comments on our preliminary assessment of the options?
	TCA considers these to be appropriate options.

6	What is your preferred option?
	Option 3 - providing public access to beneficial ownership information.
7	What are your views on who should be captured as a beneficial owner of a corporate entity?
	TCA agrees that alignment of information collected with AML/CFT information is appropriate and necessary in order to help reduce AML/CFT compliance costs and time.
8	What information do you think should be collected about beneficial owners?
	In relation to the information suggested in the Discussion Document, this seem appropriate (noting that there may be privacy concerns in including residential addresses of beneficial owners). It would be sensible that this is determined consistently with the disclosure of addresses of Company directors.
9	What information about beneficial owners do you think should not be publicly available, and in what circumstances?
	See above note regarding residential addresses.
10	What are your thoughts on the obligations that should be placed on beneficial owners? Do you have any views on how these obligations should be enforced?
	Responding to requests from the Company to provide information is consistent with how substantial shareholders are verified. Prohibiting the Company from registering a transfer of a share where the holder has not provided the information is probably the only sanction.
11	When do you think corporate entities should update the beneficial ownership information that they hold?
12	What are your views on the enforcement mechanisms that should be available to the Registrar?
13	Do you think there are any types of corporate entities that should be excluded from the options?
14	What are your thoughts on how frequently, and in what circumstances, the registers should be updated?
15	What are your views on what verification should be undertaken?
16	What are your views on having a unique identification number for beneficial owners?

17	Do you have any views on whether any changes are needed to the requirements for company share registers?
18	Are there any other factors that MBIE should consider?
19	Do you have any thoughts on any additional measures that could be taken to combat the misuse of corporate entities?
20	Are there legitimate purposes for using a nominee director? What would the implications be if nominee directors were expressly prohibited?
21	Do you have any information about problems with companies or limited partnerships on the overseas registers?
22	Do you think there should be obligations on companies and limited partnerships on the overseas registers to provide information about their beneficial owners?
23	Do you have any information about problems related to TCSPs?
24	Are there any other areas of concern?

Other comments

1. This Submission is from Trustee Corporations Association of New Zealand Inc (**TCA**) on the Discussion Document - Increasing the Transparency of the Beneficial Ownership of New Zealand Companies and Limited Partnerships.
2. TCA is the industry body representing New Zealand's licensed Trustee Corporations which have a unique role in maintaining investor confidence in New Zealand's financial markets. All TCA Members provide Corporate Trustee services: –
 - for regulated products pursuant to the Financial Markets Conduct Act where a licensed Supervisor is required, and

- for wholesale products which do not require a licensed Supervisor.

To provide Corporate Trustee services for regulated products, a Corporate Trustee must be licensed by the Financial Markets Authority.

There are 5 licensed Members of TCA: –

- Anchorage Trustee Services Limited
 - Covenant Trustee Services Limited
 - Public Trust The New Zealand Guardian Trust Company Limited
 - Trustees Executors Limited
3. TCA maintains relationships with government ministries, regulatory bodies and financial sector groups. TCA sets minimum standards as practice guidelines for the performance of Corporate Trustees – standards for integrity, competence, financial capacity, internal controls, powers and duties, standards for conflict of interest management and for reports from scheme operators.
 4. Trustee Corporations are most often associated with drawing up wills and trusts, putting in place enduring powers of attorney and handling estates, a service known as Personal Trusts. TCA contends that its members are uniquely qualified to fill this important role which requires independence, experience, professionalism and above all a focus on investor and beneficiary protection.
 5. TCA Members also provide prudential supervision of a wide range of investment products and financial arrangements in a number of ways and at various levels. In certain instances, fund managers must appoint a Corporate Trustee to meet regulatory requirements before they can offer a financial product to the market.
 6. TCA appreciates this opportunity to comment on the Discussion Document, and does so in respect of its supervisory role, noting that individual members are submitting in relation to their Personal Trusts business. It has only responded to those questions which relate directly to its members' Corporate Trust business.