

## **WHY WE NEED INFORMATION**

*Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) legislative requirements on Lawyers requires Nicholsons to ask its clients for information relating to instructions you give us for legal services undertaken after 1 July 2018.*

Before you commit yourself to any binding agreement it is important that you understand what information we are likely to require from you.

As your lawyers we provide services that need to comply with the requirements of the AML/CFT legislation and in order to meet our requirements we need to obtain very specific information about our clients. This information is what is known as Customer Due Diligence. Due Diligence requirements vary depending on the type of entity that our customer is. Trusts and Companies require Enhanced Due Diligence whereas individuals require Standard Due Diligence. We also need to understand the Nature & Purpose of what you are instructing us to do. In those instances that Enhanced Due Diligence is required we will need to identify your source of wealth with documents that are verifiable.

We appreciate that this is a big change for our existing clients and indeed will likely also be a big change for our new clients. Both new and existing clients are captured by the AML/CFT legislation so even though Nicholsons may have acted for you for many years we are still required to go through the Due Diligence process. There are very limited exceptions that we can make for individual clients that are elderly and no longer have any current ID and clients that are very young and likewise don't have ID. Exemptions cannot be made for any clients holding the position of Director in a Company or as Settlor or Trustee of a Family Trust. Care should be taken to make sure that clients holding those positions are able to provide the necessary ID. The sanctions Nicholsons would face for failing in its compliance requirements are significant.

We do appreciate that some of our clients may feel that the information you need to provide us with is a breach of your privacy and causes both inconvenience and disruption. The reality is that we have no choice but to comply. The information you provide us with will be made available to our auditors, the Department of Internal Affairs and the Police Financial Intelligence Unit. By instructing us to act you understand that these entities will have access to your information. Also, by instructing us you understand that if we form a suspicion that a transaction might involve money laundering or financing of terrorism that we must report our suspicions to the authorities. We will do this without consulting you or seeking your approval. You need to appreciate that the threshold applied to us is whether we ought to be suspicious given the circumstances. Part of what might cause us to form a suspicion will be your refusal to provide documents required. It makes sense that you provide us documents that are clear and concise so that we do not err and report transactions unnecessarily.

The purpose of this document is to explain to you what we will require from you in order to be able to act upon your instructions. If you are unable or unwilling to provide us with the information required then we will have no choice but to refuse your instructions and notify the authorities. A refusal to act would likely result in you suffering losses and damages for which we accept no liability and by instructing us you accept that Nicholsons reserves the right to unilaterally terminate its retainer with you and immediately cease acting on your instructions. We hope that you can appreciate that Nicholsons will do all it can to help but ultimately we need to be satisfied that you have provided us with all the information and supporting documents.

We often have clients entering into documents in their own names and subsequently ask to nominate a Company or Trust to complete settlement. Whilst you are legally entitled to nominate we do not presume that a nomination will be done. It is imperative that you advise us as soon as possible of the identity of the nominee and allow us sufficient time for the nominee to satisfy the Due Diligence and Nature and Purpose.