**AML/CFT**

**Anti-money laundering and countering financing of terrorism**

**Customer Due Diligence: Clubs and Societies Guideline**

*This guideline should be read together with the Beneficial Ownership and Enhanced Customer Due Diligence guidelines.*

**September 2025**







### Background

1. This guideline is intended to support reporting entities[[1]](#footnote-2) to conduct customer due diligence (**CDD**) under the Anti-Money Laundering and Countering Financing of Terrorism (**AML/CFT**) Act 2009 (the **Act**) on their customers who are clubs or societies.
2. Clubs and societies can take many forms and may vary in size and complexity. Examples include sporting clubs, social clubs, or other relatively informal clubs and interest groups, such as a motorcycle enthusiasts’ club.
3. The type of entity the club or society is, will determine the level of CDD that is undertaken. A club or society may be one of a variety of types of entity, for example a trust. Refer to the **Customer Due Diligence: Trusts Guideline** for a club or society that is a trust. Clubs and societies can be incorporated as protection for members, but this is not a legal requirement.
4. Knowing who a customer is, verifying information provided and establishing their risk profile assists in protecting reporting entities from misuse. Developing a clear understanding of the underlying persons that own or control a club or society is a key part of this.
5. This guideline is based on the requirements of the Act and has been produced by the AML/CFT supervisors under section 132(2) of the Act. This guideline does not constitute legal advice.
6. Section 57(2) of the Act requires you to have regard to this guideline, it is important that you have read and taken this guideline into account when developing your AML/CFT programme. After reading this guideline, if you still do not understand any of your obligations you should contact your AML/CFT supervisor or seek legal advice.

### Customer due diligence

1. CDD is a cornerstone of your AML/CFT programme. CDD is the process through which you develop an understanding of your customers, and the money laundering and terrorism financing risks they pose to your business. CDD is often referred to as “Know your customer” or “KYC”.
2. You must conduct CDD when you establish a business relationship[[2]](#footnote-3) with a new customer requesting services that are captured by the Act, or when a customer seeks to conduct an occasional activity or an occasional transaction. You must also conduct CDD on an existing customer[[3]](#footnote-4) in certain circumstances.
3. Section 11 of the Act requires you to conduct CDD on:[[4]](#footnote-5)
4. your customer;
5. any “beneficial owner” of a customer;
6. any person acting on behalf of a customer.
7. The CDD process you follow for a club or society (standard or enhanced) is determined by the level of risk posed by your customer.[[5]](#footnote-6)
8. Examination of the club or society’s purpose and size may reveal information that changes its risk profile. If the organisation has a social or local community focus, such as a youth sports group, you may decide its risk is different to those that have off-shore links. Clubs and societies with a national profile will have more information available for you to consider. A further risk factor to consider is whether the club or society is cash-intensive and able to be used for the placement of illicit earnings.

### Customers

### Standard CDD

1. When standard CDD applies, you need to collect the following identity information about a club or society:
* name of the club or society (legal name if different),
* legal status and purpose,
* principal or registered office address, and
* any information prescribed by regulations.[[6]](#footnote-7)
1. You must verify this information using documents, data or information issued by a reliable and independent source. You must take reasonable steps to verify the information.[[7]](#footnote-8)
2. You also need to obtain information on the nature and purpose of the proposed business relationship between you and the club or society, and sufficient information to determine whether the club or society should be subject to enhanced CDD.[[8]](#footnote-9)

### Any beneficial owner of a club or society

1. If you want to do business with a customer that is a club or society, you must identify and verify the identity of its beneficial owner(s).
2. A beneficial owner is the individual(s) (i.e. a natural person(s)) who ultimately owns or controls the club or society. It is crucial to know who the beneficial owner(s) is so that you can make appropriate decisions about the level of money laundering and terrorism financing risk presented by the club or society. Refer to the **Beneficial Ownership Guideline** for further information.

1. You must identify all beneficial owners. For each beneficial owner of a club or society, you must obtain the individual’s full name, date of birth, address and their relationship to the club or society. You must then take reasonable steps according to the level of money laundering and terrorism financing risk, to verify this information, so that you are satisfied that you know who the beneficial owner is. You must also take reasonable steps to determine if the beneficial owner of the club or society is a politically exposed person.[[9]](#footnote-10)
2. To identify the beneficial owner(s), you should establish and understand the club or society’s ownership and control structure. For a club or society, the beneficial owner(s) may include:
* the president, secretary and treasurer,
* current committee or management team, and
* other members with effective control of the club or society[[10]](#footnote-11).
1. Beneficial owners of clubs and societies often change. Ongoing CDD requires you to update information on beneficial owners when changes occur. The timing for customer reviews as part of ongoing CDD will be determined by your risk assessment for the customer type.
2. Where there are complex ownership structures with no reasonable explanation, you should consider the possibility that the structure is used to hide the beneficial owner(s), whether enhanced CDD should be conducted and whether a suspicious activity report should be submitted.

### Additional standard CDD requirements for clubs and societies

1. Regulations 11 and 11A of the AML/CFT (Requirements and Compliance) Regulations 2011 introduce additional requirements when conducting standard CDD on clubs and societies.
2. Whether Regulation 11 or 11A will apply to the club or society will depend on the type of entity the club or society is, that is, whether it is a legal person (to which Regulation 11 will apply) or a legal arrangement (to which Regulation 11A will apply).
3. The regulations formalise the information you are required to obtain and verify as part of standard CDD.[[11]](#footnote-12) This is intended to assist you to understand the club or society’s structure, to accurately identify its beneficial owner(s) (refer to paragraph [15] to [20] above) and in turn, assist to determine the level of money laundering and terrorism financing risk associated with the club or society.
4. Under Regulations 11 and 11A, you must obtain, and according to the level of risk, verify information relating to:
* the club or society’s legal form and proof of existence; and
* the club or society’s ownership and control structure; and
* any powers that bind and regulate the club or society.
1. If the club or society is a trust, you must also obtain, and according to the level of risk, verify information relating to the settlor(s) and any protector(s) of the trust (Regulation 11A). Refer to the **Customer Due Diligence: Trusts Guideline** for more information.
2. The AML/CFT supervisors consider that these requirements can be read in combination with each other. For example, information on the powers that bind and regulate the club or society can assist you to understand the club or society’s ownership and control structure. The powers that bind and regulate can also assist you to identify the beneficial owners and the basis on which they are a beneficial owner, whether through ownership or effective control (refer to paragraph [31] below).
3. The supervisors also consider that the regulations will assist you to meet the requirement under the Act to obtain sufficient information to determine whether the club or society should be subject to enhanced CDD (refer to paragraph [14] above).
4. In practice, complying with the regulations can (and should) be aligned with your existing procedures, policies and controls (PPCs) in place to identify and verify the identity of the beneficial owner(s) of a customer that is a club or society.
5. It may be necessary to include some additional questions as part of your onboarding process to comply with Regulations 11 and 11A. However, this does not need to be extensive for clubs or societies you are familiar with and onboard regularly (unless the level of risk requires it).
6. **Obtaining required information –** The first step is to ask for the information from the club or society. This could include asking direct questions (verbally or in writing) or by using yes/no tick box questions (for example on an application form). You should record the club or society’s responses in writing, including retaining any written correspondence you receive. You must obtain information on the following:
* the club or society’s legal form and proof of existence;
* the club or society’s ownership and control structure;
* the powers that bind and regulate the club or society, this could be the club or society’s constitution, charter, rules or written agreement (or equivalent);
* the names, dates of birth and addresses of the beneficial owner(s) and their relationship to the club or society (refer to paragraph [17]) above:
* if the club or society is a trust, the names of the settlor(s) and any protector(s) of the trust (Regulation 11A). For a natural person, this should include obtaining their names and date of birth.[[12]](#footnote-13)
1. You should also obtain information on the basis on which each person meets the definition of beneficial owner (i.e. their position) and whether they meet the definition through ownership and/or effective control. Information relevant to this may include:
* the number and names of any members with effective control, current officers, committee members and/or management team;
* (if applicable) whether there is a constitution, charter, rules or written agreement (or equivalent).
1. **Verification requirements –** You must take reasonable steps to verify the information you have obtained (as set out in paragraph [30] and [31] above) according to the level of risk involved.
2. Your PPCs for verifying the information should be based on the level of risk. For a club or society determined to be lower risk, the verification you undertake can be less extensive. However, if a club or society is higher risk, the extent of the verification you undertake must be robust.[[13]](#footnote-14)
3. In relation to a club or society’s legal form and proof of existence, ownership and control structure and any powers that bind and regulate the club or society, the verification must be on the basis of data, documents or information from a reliable and independent source (if the club or society is a legal person).[[14]](#footnote-15) In many circumstances, you may be able to utilise publicly available information, such as on a Incorporated Societies Register.[[15]](#footnote-16)
4. If the club or society is a legal arrangement, you are only required to verify this using data, documents or information issued by a reliable source. It does not need to be independent.
5. For smaller clubs and societies that may not have a public presence or social footprint, information sources, such as bank statements, may be used as supporting evidence for verification purposes. Club directory websites such as [Clubs New Zealand](https://www.clubsnz.org.nz/), may provide additional information.[[16]](#footnote-17)
6. The provision of the constitution, charter or rules will also assist in establishing the objectives of the club or society and the type of individuals that benefit from the organisation.
7. **Note:** Regulation 11A requires that “reasonable steps” be taken to verify the information according to the level of risk involved. In circumstances where it is not reasonable (or even possible) to verify some identity information relating to the club or society, and this is for a valid reason, you are not required to do so. Instead, you should record on the file your reasons for not being able to verify the required information.

### When is enhanced CDD required?

1. When your customer is a club or society, you must conduct enhanced CDD in specific circumstances:
* if you are establishing a business relationship with a club or society, or the club or society seeks to conduct an occasional transaction or activity, and the club or society appears to be:
* a vehicle for holding personal assets.[[17]](#footnote-18)
* a non-resident customer from a country that has insufficient AML/CFT systems or measures in place[[18]](#footnote-19)
* if the club or society seeks to conduct a complex, unusually large or unusual pattern of transactions that have no apparent or visible economic or lawful purpose.[[19]](#footnote-20)
* you assess the club or society (based on your risk assessment, the situation and your standard CDD) to present a higher money laundering and terrorism financing risk.[[20]](#footnote-21)
* if the club or society is an existing customer or is conducting an occasional transaction or activity and a suspicious activity report (**SAR**) must be reported, as soon as practicable after you become aware you must report a SAR to the New Zealand Police Financial Intelligence Unit (**FIU**).[[21]](#footnote-22) In this circumstance, the supervisors’ view is that conducting enhanced CDD prior to submitting the SAR would strengthen the quality and usefulness of the SAR.[[22]](#footnote-23)
1. When enhanced CDD applies, you must obtain and verify the same identity information as required by standard CDD. You must also obtain and verify, according to the level of risk, information about the source of funds or source of wealth (or both) of the club or society.
2. If this is not sufficient to manage and mitigate the risks of money laundering and the financing of terrorism, additional enhanced CDD measures are required. [[23]](#footnote-24)
3. Refer to the **Enhanced Customer Due Diligence Guideline** for further information.

### Any person acting on behalf of a club or society

1. You must also identify and verify the identity of any person acting on behalf of a club or society, and their authority to act. A person is acting on behalf of a club or society if they are authorised to carry out transactions or other activities with you on the club or society’s behalf. This includes persons such as the treasurer, or another person able to transact on the account. An individual’s authority to act on behalf of a club or society can be established by contacting the club or society.
2. You must obtain the person’s full name, date of birth and address (if an individual), full name, entity identifier or registration number (if applicable), address or registered office (if not any individual), and the person’s relationship to the club or society. In some circumstances, this person may also be a beneficial owner of the club or society. In other circumstances, this may be an additional person that you must conduct CDD on. When entities are appointed, you also need to identify the individual(s) representing the entity. Identification and verification of all such individuals must be to the extent required by the Act.
3. When a club or society is a customer with whom you have an existing business relationship, you must identify the identity of any new person acting on behalf of the club or society. This applies when you have previously conducted CDD on the club or society. You must obtain the full name and date of birth of the new person acting on behalf of the club or society, and their relationship to the club or society.[[24]](#footnote-25)
4. You must take reasonable steps, according to the level of money laundering and terrorism financing risk, to verify the information you have obtained, so that you are satisfied both with who the person is *and* that they have authority to act.
5. Refer to the **Acting on behalf of a customer factsheet** and **Beneficial ownership guideline** for further information.

### AML/CFT programme

1. Your procedures, policies, and controls for CDD must be documented in your AML/CFT programme. This should include how your business will determine the applicable level of CDD required, and what you will do if you are unable to conduct CDD.

**Version history**

|  |  |
| --- | --- |
| April 2013 | Original version  |
| July 2019 | Removal of the word “or” in paragraph (b) under “Introduction” to align with Section 11 of the Act. |
| September 2025 | Updated: * to include additional standard CDD requirements for legal persons and legal arrangements.
* to include a section on enhanced customer due diligence.
* to reflect amendments to the beneficial ownership guideline.
 |

*Disclaimer: This guideline has been produced by the AML/CFT supervisors under section 132(2)(c) of the Act. It is intended to assist reporting entities to understand their customer due diligence obligations under the Act for their customers who are clubs or societies. This guideline does not constitute legal advice.*

*Where AML/CFT guidance material is referenced, it can be accessed at the following websites:*

**Department of Internal Affairs** <http://bit.ly/2gQ3Iev>

**Reserve Bank of New Zealand** <http://bit.ly/2n6RYdp>

**Financial Markets Authority** <https://bit.ly/3fjcKlD>

1. As defined in section 5(1) of the Act. [↑](#footnote-ref-2)
2. As defined in section 5(1) of the Act. [↑](#footnote-ref-3)
3. As defined in section 5(1) of the Act. [↑](#footnote-ref-4)
4. This guideline does not cover CDD requirements for wire transfers, politically exposed persons, new or developing technologies or correspondent banking relationships. [↑](#footnote-ref-5)
5. A reporting entity cannot conduct simplified CDD on its customers that are clubs or societies. [↑](#footnote-ref-6)
6. Refer to section 15 of the Act. [↑](#footnote-ref-7)
7. Refer to section 16(1)(a) of the Act. [↑](#footnote-ref-8)
8. Refer to section 17 of the Act. Refer also to the **Enhanced Customer Due Diligence Guideline** for more information. [↑](#footnote-ref-9)
9. Refer to section 26 of the Act. [↑](#footnote-ref-10)
10. For a club or society that is a trust, refer to the Customer Due Diligence: Trusts Guideline for more information. [↑](#footnote-ref-11)
11. Refer to section 14(1) of the Act. [↑](#footnote-ref-12)
12. **Note:** the supervisors do not consider it necessary to obtain the date of birth of a settlor or protector that is not a beneficial owner. [↑](#footnote-ref-13)
13. There should be controls in your AML/CFT programme to ensure this occurs. This could include escalating decisions to a higher management level for sign off. [↑](#footnote-ref-14)
14. Regulation 11(3)(a) of the AML/CFT (Requirements and Compliance) Regulations 2011 [↑](#footnote-ref-15)
15. For societies incorporated in New Zealand see the [Incorporated Societies Register](https://is-register.companiesoffice.govt.nz/), note incorporated societies are required to reregister under the Incorporated Societies Act 2022 before April 2026 to continue operating as an incorporated society. [↑](#footnote-ref-16)
16. Regulation 11A(3)(a) of the AML/CFT (Requirements and Compliance) Regulations 2011. [↑](#footnote-ref-17)
17. Refer to section 22(1)(a)(i) and 22(1)(b)(i) of the Act. [↑](#footnote-ref-18)
18. Refer to section 22(1)(a)(ii) and 22(1)(b)(ii) of the Act. [↑](#footnote-ref-19)
19. Refer to section 22(1)(c) of the Act. [↑](#footnote-ref-20)
20. Refer to section 22(1)(d) of the Act. [↑](#footnote-ref-21)
21. Refer to section 22A of the Act. [↑](#footnote-ref-22)
22. The supervisors acknowledge it may not always be practicable to complete enhanced CDD prior to submitting the SAR. [↑](#footnote-ref-23)
23. Regulation 12AB AML/CFT (Requirements and Compliance) Regulations 2011. [↑](#footnote-ref-24)
24. Refer to section 18(3) of the Act. Note also Part 19 of the AML/CFT Class Exemptions Notice 2018. This provides an exemption from the requirement to conduct CDD (under s18(3) of the Act) on a person acting on behalf of a customer by electronic means, subject to certain conditions and a written agreement between the reporting entity and the customer. [↑](#footnote-ref-25)