

# AUSTRAC



Australian Government

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Australian Transaction Reports  
and Analysis Centre

## **AUSTRAC's Progress Report**

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14 March 2008



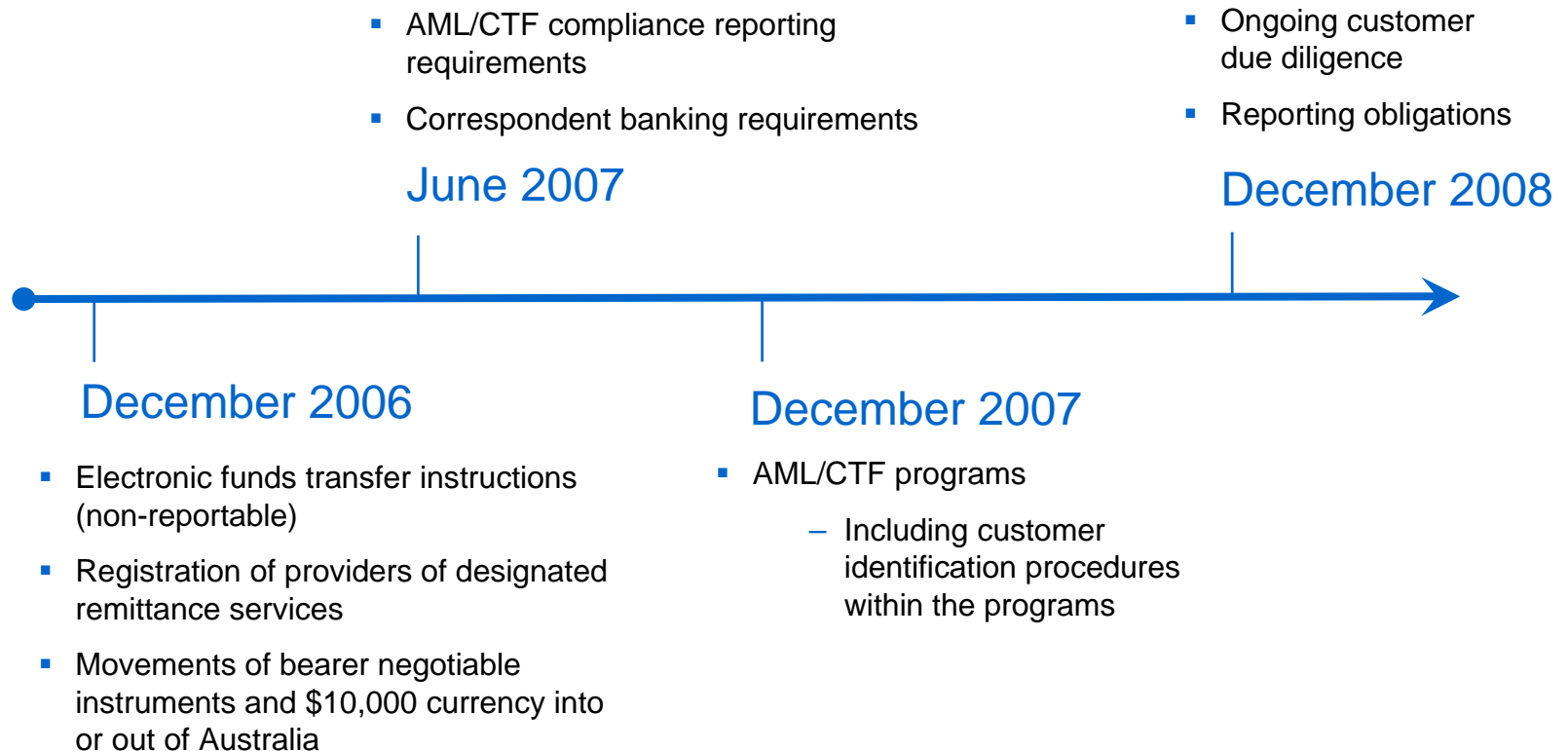
## Overview

Topics to be covered include:

- AML/CTF milestones and obligations
- Current issues affecting industry
- AUSTRAC initiatives and assistance
- Compliance programs
- Terrorism financing indicators.



## AML/CTF implementation of key milestones for tranche one





## Minister's Policy Principles

- No civil penalty action during each 15-month period where the entity has taken **reasonable steps**.
- Reasonable steps are a matter for an **entity's judgment** having regard to its particular circumstances, but entity must demonstrate **steady progress**, not **minimal steps**.
- The regulator may take **alternative** action during 15 months, e.g:
  - negotiate an enforceable undertaking
  - require an external audit
  - issue a remedial direction
- Continued use of the '100 point check' may represent reasonable steps.



## Draft guidance on no-action letters

- Draft guidance note issued, to be released April 2008.
- AUSTRAC may consider issuing no-action letters where reporting entity has/likely to breach AML/CTF Act.
- Not automatic!
- AUSTRAC will consider issuing no-action letters on a case-by-case basis and with regard to all the circumstances.
- AUSTRAC **may** at any time revise or withdraw no-action letter.



## Assistance to industry

- Regulatory Guide
- AUSTRAC e-learning
- AUSTRAC Help Desk
- AUSTRAC Online
- External education seminars
- Website materials
- AML/CTF guidance notes
- Self Assessment Questionnaire



[www.austrac.gov.au](http://www.austrac.gov.au)



## Public Legal Interpretation series

- AUSTRAC will publish series of legal interpretations annually.
- Aim: to assist compliance industry by removing uncertainty regarding complex AML/CTF legal issues.
- Topics include:
  - ‘Item 54, table 1, section 6, AML/CTF Act’
  - ‘What constitutes a reporting entity?’
  - ‘Overview of section 41 and suspicious matters’.
- Establishment of bi-annual industry consultative fora consisting industry and AUSTRAC CEO to discuss future subject areas.



## Industry mail-outs and advertising

- Recent AUSTRAC advertising and mail-outs.
- Aim: alert **potential** reporting entities about compliance reporting obligation.
- Reminder letters sent to over 17,000 reporting entities.
- Where no compliance report received by 31 March 2008, AUSTRAC will issue letter seeking clarification of reporting entity's status.



## AML/CTF Rules

- AUSTRAC has produced AML/CTF Rules to support December 2008 obligations.
- Topics include: new reporting requirements for suspicious matters and threshold reports.
- New draft Rules include:
  - pre-commencement customers under Pt 2 of the AML/CTF Act
  - record-keeping requirements
  - special circumstances for customer identification procedures.
- AUSTRAC will provide draft file specifications for electronic reporting in April 2008.



## Expectations of AML/CTF programs

- AUSTRAC has commenced on-site reviews.
- Common elements for your program to consider:
- A risk assessment model that is:
  - applied consistently
  - integrated
  - comprehensive in coverage
  - methodically evidenced and documented.
- Independent review, testing and verification of activities.
- Culture of compliance.
- Dynamic and open to changing circumstances.



## Terrorism financing

- “The act of providing financial support to terrorists or terrorist organisations to enable them to carry out terrorist acts”.

(UN Convention for the Suppression of Terrorism, 2002)

- Credit cards are one of many tools used in the terrorism financing process. Other methods include:
  - drugs
  - internet scams
  - use of charities/not-for-profit organisations
  - car re-birthing.
- AUSTRAC will release TF Indicators Report in 2008.

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## **AUSTRAC website AUSTRAC Help Desk**

<http://www.austrac.gov.au>

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