



Australian Government

**Australian Transaction Reports
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Explanatory note for consultation

Subsection 39(4) of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) allows exemption from a specified provision of Part 2 of the AML/CTF Act in relation to a designated service that is provided in circumstances specified in the AML/CTF Rules.

These draft Rules exempt trustees of a superannuation fund from carrying out the customer identification requirements of the AML/CTF Act on customers where the superannuation account balance is not greater than \$1,000, the whole of the interest of the customer in the superannuation fund has been cashed out and the customer's account is closed as soon as practicable after the cashing out.

It is considered that carrying out the applicable customer identification procedure on such low balance accounts is an unnecessary financial and administrative burden on reporting entities, however, the exemption is balanced with appropriate conditions to manage any potential money-laundering/terrorism-financing risk.



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Draft Anti-Money Laundering and Counter-Terrorism Financing Rules relating to cashing out of low balance superannuation accounts

1. These Anti-Money Laundering and Counter-Terrorism Financing Rules (Rules) are made under section 229 for subsection 39(4) of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act).
2. Subject to paragraph 3, Division 4 of Part 2 of the AML/CTF Act does not apply to a designated service that is of a kind described in item 43(a) of table 1 in subsection 6(2) of the AML/CTF Act.
3. The exemption in paragraph 2 applies only if:
 - (1) the interest of the member in the superannuation fund immediately before being cashed out is not greater than \$1,000; and
 - (2) the whole of the interest of the member in the superannuation fund is cashed out; and
 - (3) the account in which the interest of the member in the superannuation fund was held is closed as soon as practicable after the cashing out of the interest of the member.
4. In this Chapter:
 - (1) 'member' has the same meaning as the customer of the designated service in item 43 of table 1 in subsection 6(2) of the AML/CTF Act.

Reporting entities should note that in relation to activities they undertake to comply with the AML/CTF Act, they will have obligations under the Privacy Act 1988, including the requirement to comply with the National Privacy Principles, even if they would otherwise be exempt from the Privacy Act. For further information about these obligations, please go to <http://www.privacy.gov.au> or call 1300 363 992.