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Australian Transaction Reports and Analysis Centre

Explanatory note for consultation

Subsection 247(3) of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) allows exemption from the AML/CTF Act in relation to a designated service that is provided in circumstances specified in the AML/CTF Rules.

Exchanging of one currency for another, where the exchange is provided in the course of carrying on a currency exchange business, is a designated service under item 50 of table 1 in subsection 6(2) of the AML/CTF Act.

The purpose of these draft AML/CTF Rules is to exempt providers of traveller accommodation, who also provide low-value currency exchange services to registered guests, from all provisions of the AML/CTF Act.

Complying with all relevant provisions of the AML/CTF Act, including developing and maintaining an AML/CTF program, is considered an unnecessary financial and administrative burden on these businesses, relative to the money laundering and terrorism financing risk of the services.

The exemption from the AML/CTF Act is limited to those businesses which meet the following conditions in all of the currency exchange transactions they offer:

- (1) the service is ancillary to the business of providing traveller accommodation;
- (2) the customer of the service is a registered guest;
- (3) the currency exchanged does not exceed:
 - (a) \$500 (Australian or foreign equivalent) per registered guest per day; and
 - (b) \$1,000 (Australian or foreign equivalent) per room account per day;
- (4) any charge for the service is levied to the room account of the guest; and
- (5) no other designated service under the AML/CTF Act, apart from item 47, is offered by the business.

Because these draft AML/CTF Rules provide exemption from the AML/CTF Act, the monetary limits specified are less than those specified in paragraph 14.4 of the AML/CTF Rules for currency exchanges. Paragraph 14.4 only provides a limited exemption from the customer identification requirements of the AML/CTF Act.



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Draft Anti-Money Laundering and Counter-Terrorism Financing Rules relating to currency exchange transactions

1. These Anti-Money Laundering and Counter-Terrorism Financing Rules (Rules) are made under section 229 for subsection 247(3) of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act).
2. Subject to paragraph 3, the Act does not apply to the provision of a designated service of the kind described in item 50 of table 1 in subsection 6(2) of the AML/CTF Act.
3. The exemption in paragraph 2 applies only if:
 - (1) the designated service is provided in the course of carrying on a business of providing traveller accommodation; and
 - (2) the customer of the designated service is a registered guest at the place of the traveller accommodation; and
 - (3) the currency exchanged must not exceed
 - (a) \$500 (Australian or the foreign equivalent) per registered guest per day; and
 - (b) \$1,000 (Australian or the foreign equivalent) per room account per day; and
 - (4) any charge relating to the designated service that is imposed on the registered guest, is levied to the room account of the registered guest; and
 - (5) the provider of the designated service does not provide any other type of designated services described in subsections 6(2)-(5) of the AML/CTF Act, excepting the provision of the designated service specified in item 47 of table 1 in section 6 of the AML/CTF Act provided in accordance with the conditions of the AML/CTF Rules relating to safe deposit boxes or similar facilities.
4. In these Rules:
 - (1) 'registered guest' means an individual who engages sleeping accommodation at the traveller accommodation, the period of which includes the time at which the designated service is provided; and
 - (2) 'traveller accommodation' means
 - (a) backpacker; or
 - (b) bed and breakfast; or
 - (c) hotel; or

- (d) motel; or
- (e) resort; or
- (f) serviced apartment.

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.