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Australian Transaction Reports
and Analysis Centre

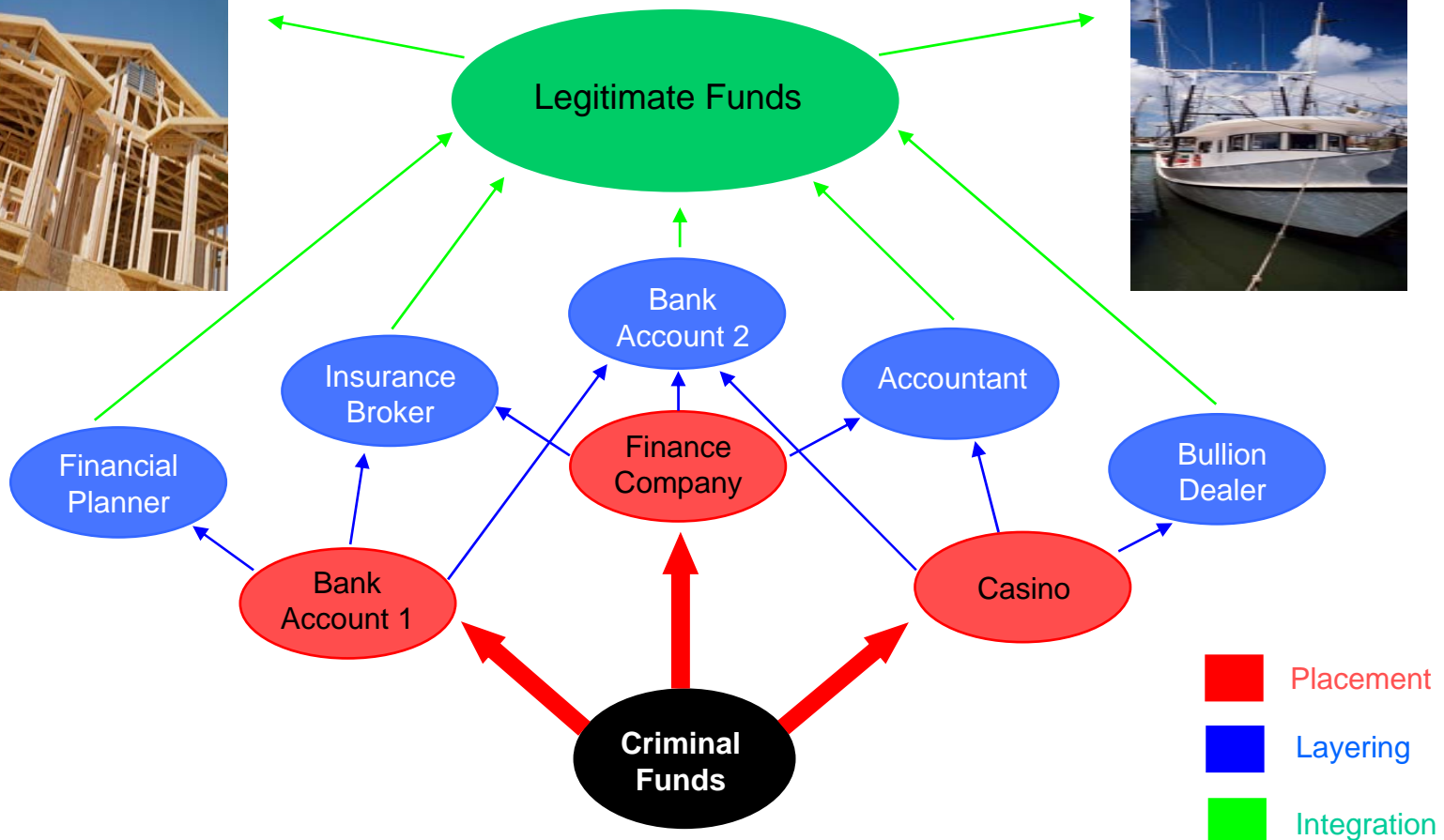
Financial Planners:

***Anti-Money Laundering and
Counter-Terrorism Financing Act
2006***

October 2007



What is Money Laundering?





What is Terrorism Financing?

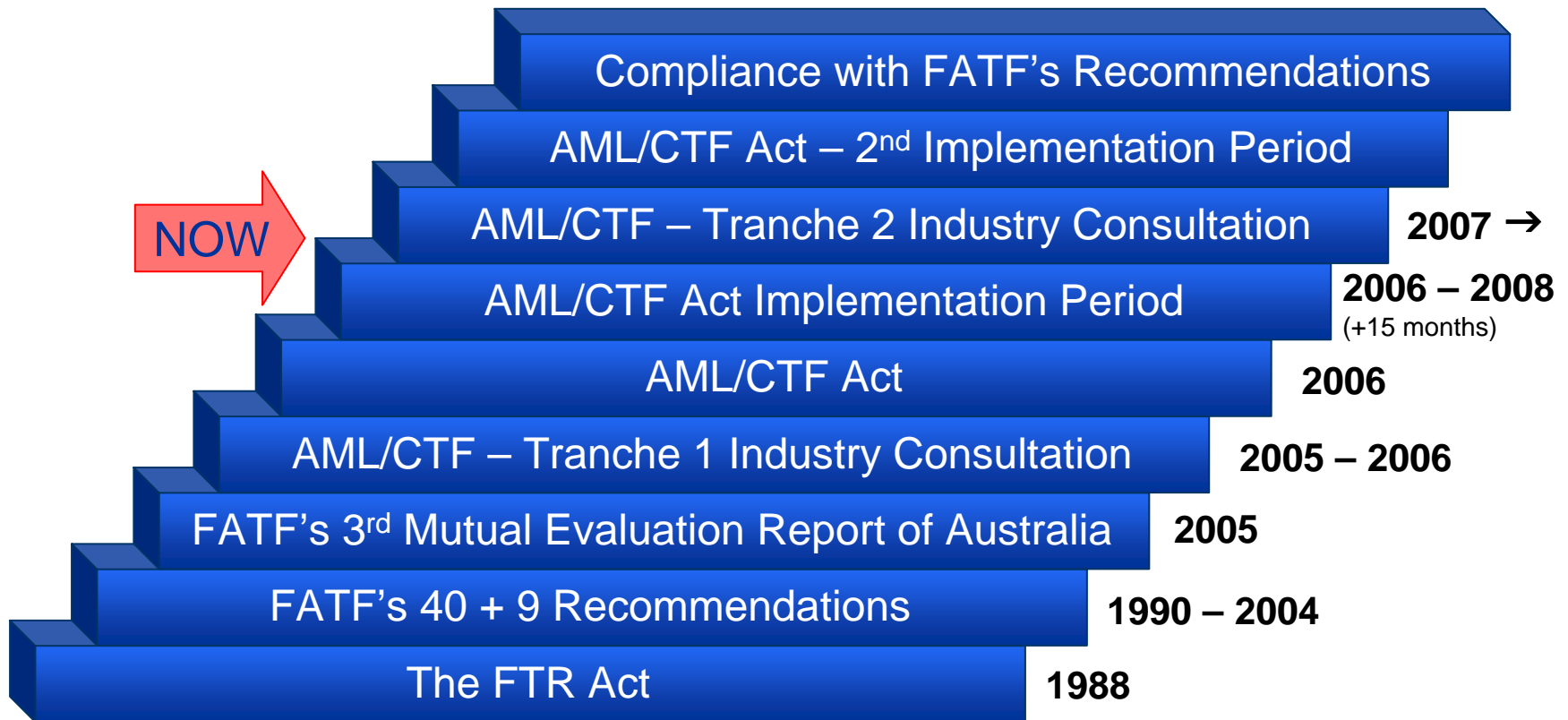
“The act of providing financial support to terrorists or terrorist organisations to enable them to carry out terrorist acts.”

(UN Convention for the Suppression of the Financing of Terrorism, 2002)

- Funds are used to cover costs such as purchase of material, weapons, training, transport and living expenses of people involved.
- Terrorists cannot commit their acts without financial support, despite the small amounts often required. The Australian Federal Police estimate that the first Bali bombing was funded for approximately \$30,000 with the main instigators paying only \$20-\$30.



The AML/CTF Reforms In Context





Tranche One and Two

1

Tranche One Designated Services

1. Financial
2. Bullion
3. Gambling

2

Proposed Tranche Two Designated Services*

1. Bullion, Precious Stones and Precious Jewellery
2. Real Estate
3. Professional Services
4. Business Services

* Refer to AUSTRAC website for more information

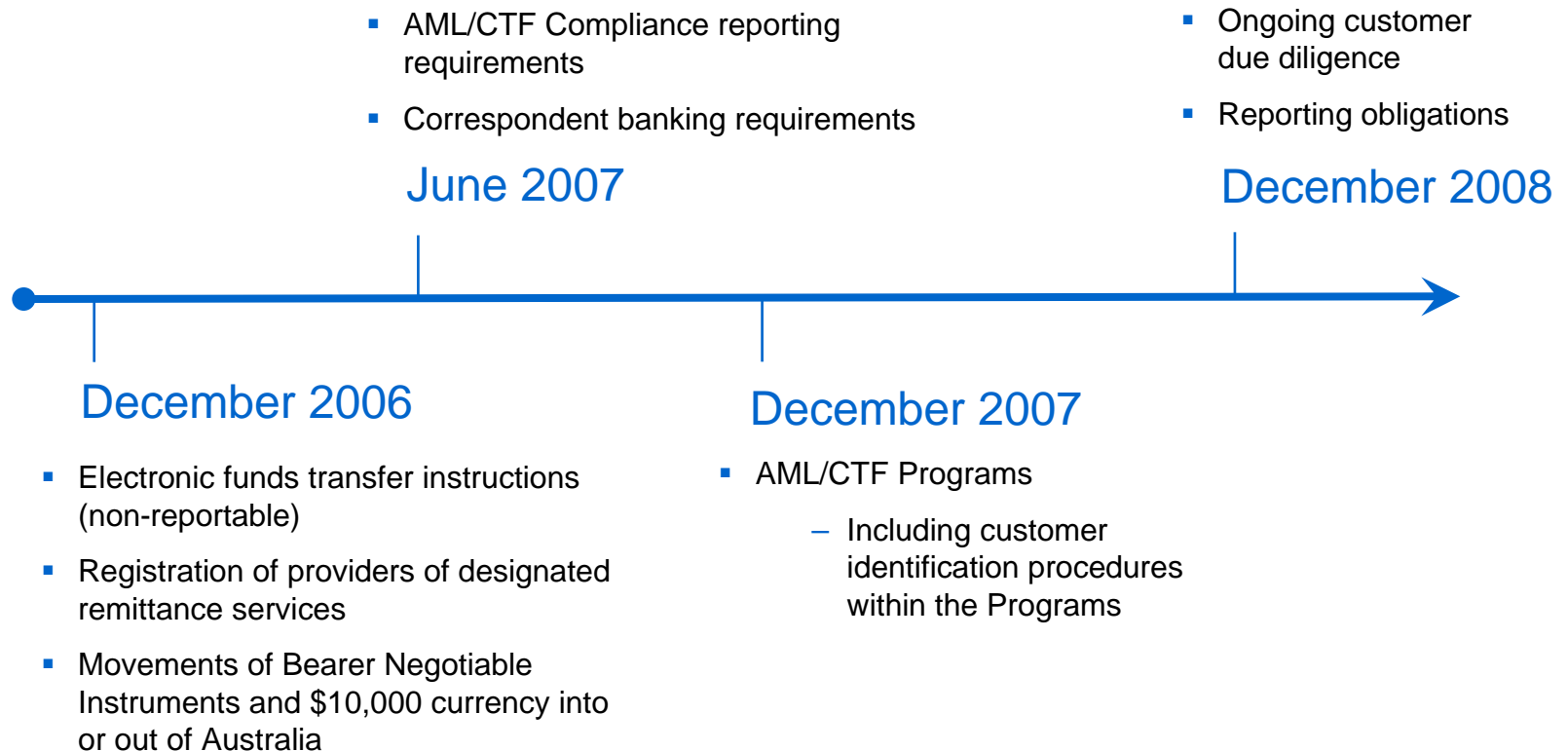


Tranche One Designated Services Which Apply To Financial Planners

Item(s)	Designated Service
54	<ul style="list-style-type: none"><li data-bbox="592 629 1753 843">■ In the capacity of a holder of an Australian financial services license, making arrangements for a person to receive a designated service (other than a service covered by this item).



AML/CTF Implementation of Key Milestones For Tranche One



Note: Various record keeping obligations come into effect in-line with the staggered implementation of the legislation.



The AML/CTF Program

- Part A of an AML/CTF Program sets out a reporting entity's obligations regarding identifying, mitigating and managing the risks of money laundering and terrorism financing occurring through its business activities.
- Part B of an AML/CTF Program sets out the applicable customer identification procedures for customers of the reporting entity.
- AFSL holders merely arranging for the provision of a designated service from another reporting entity (Item 54) are entitled to employ a 'Special Program' consisting of Part B only or a 'Joint Program' (Part A and Part B) as a member of a Designated Business Group (refer to AUSTRAC website for more information).

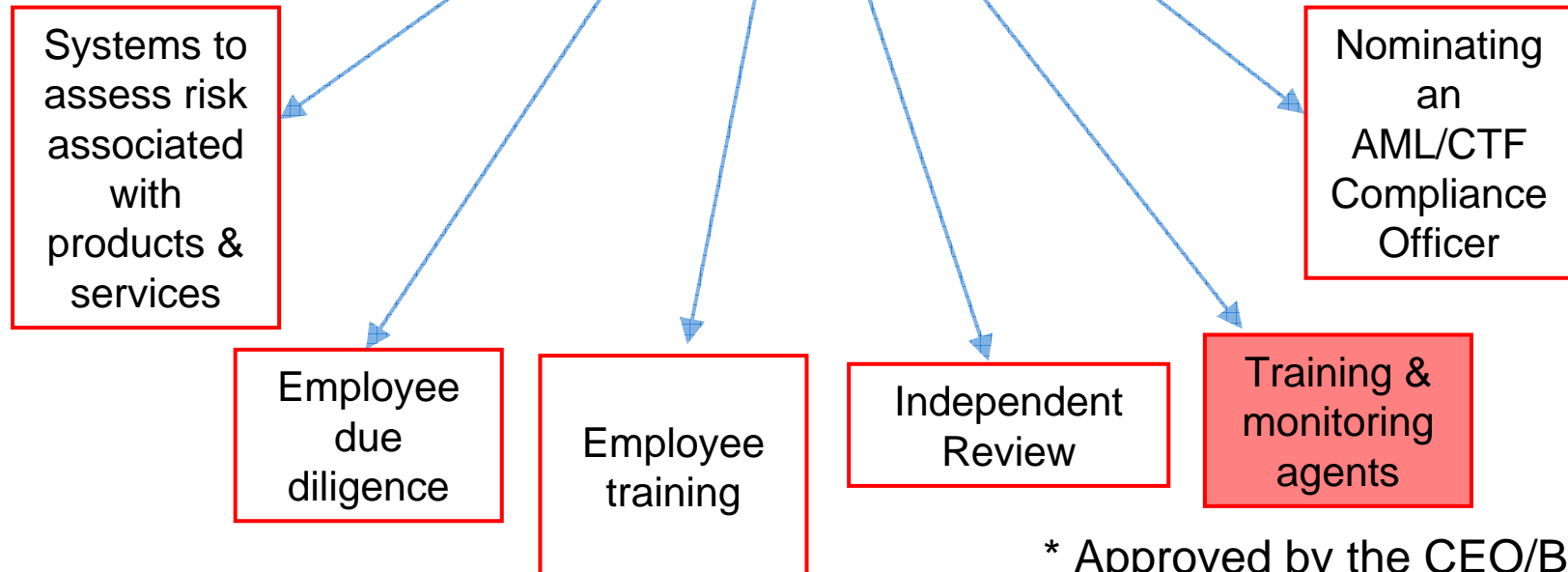


The AML/CTF Program: General

Part A: General

Must be designed to identify, reduce and manage the terrorism financing and money laundering risk a reporting entity may reasonably face through its provision of one or more designated services.

Will include:



* Approved by the CEO/Board



The AML/CTF Program: Customer Identification (1)

Collection of Information

Must be designed to include applicable customer identification procedures for customers of the reporting entity. **Minimum** requirements for low risk situations may include:

Customer
name

Customer
date of birth

Customer
address



The AML/CTF Program: Customer Identification (2)

Verification of Information

Must be designed to include applicable customer identification procedures for customers of the reporting entity. **Minimum** requirements for low risk situations may include:

Customer
name

Customer
date of birth

or

Customer
address



Customer Identification and Record Keeping

- Section 37 of the AML/CTF Act states that “applicable customer identification procedures may be carried out by an agent of a reporting entity”.
- A reporting entity can rely upon its agents to conduct initial customer identification and can use this initial identification procedure to fulfil its obligations under the legislation.
- Records of information obtained and procedures undertaken to verify the customer’s identity will need to be kept by the reporting entity and could be requested as part of the reporting entity’s customer identification and due diligence procedures.
- Customer identifying information needs to be kept for 7 years after the cessation of the customer’s relationship with the reporting entity.

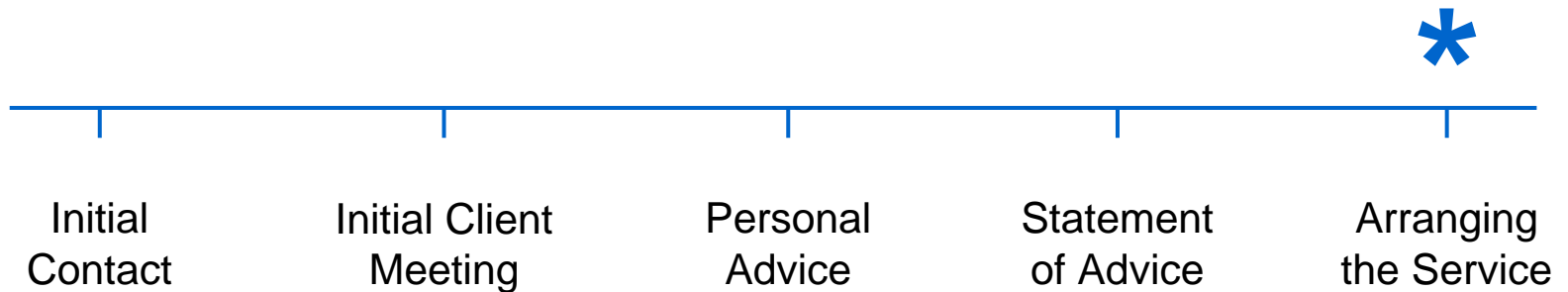


Risks: Financial Planning Industry

- Risks relate to types of:
 - Customers
 - Products & Services
 - Delivery Methods (e.g. face to face vs. over the phone)
 - Foreign Jurisdictions dealt with
 - Organisation/Industry Structure



Item 54 In Practice: Stages of the Adviser – Client Relationship



* = Designated Service.

Customer Identification and Verification must occur prior to this point.



Penalties for Non Compliance

- Breaches of the AML/CTF Act may result in criminal or civil penalties.
- The maximum penalties for criminal offences include imprisonment for up to 10 years and fines of up to \$1.1 million.
- A contravention of a civil penalty provision may attract a maximum penalty of up to \$11 million for a corporation and up to \$2.2 million for an individual.



Support Materials

- AML/CTF Rules
- AML/CTF Guidance Notes
- Self Assessment Questionnaire
- Regulatory Guide
- Regulatory Policies
- External Education Campaigns
- AUSTRAC Help Desk
- Website Materials



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AUSTRAC Website

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

AUSTRAC Help Desk

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