



Australian Government

Australian Transaction Reports  
and Analysis Centre

# Guidance note 09/03

## International funds transfer instruction reporting requirements for items 1 and 2 of section 46 of the AML/CTF Act

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

### 1 Introduction

- 1.1 The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) is designed to assist in combating money laundering and the financing of terrorism. To achieve these aims, the AML/CTF Act places certain obligations on 'reporting entities' (defined in section 5 of the Act).
- 1.2 Under section 229 of the AML/CTF Act, the Chief Executive Officer (CEO) of the Australian Transaction Reports and Analysis Centre (AUSTRAC) may, in writing, make Anti-Money Laundering/Counter-Terrorism Financing Rules (AML/CTF Rules). The AML/CTF Rules are legislative instruments and are therefore binding.
- 1.3 The primary purpose of this guidance note is to provide reporting entities with a comparison of key terms (in table form) regarding international funds transfer instructions (IFTIs) under the *Financial Transaction Reports Act 1988* (FTR Act) and the AML/CTF Act. A summary (in table form) of reporting entity obligations under the AML/CTF Act and AML/CTF Rules is also provided.
- 1.4 This guidance note focuses on the reporting requirements for IFTIs covered by items 1 and 2 of section 46 of the AML/CTF Act, relating to electronic funds transfer instructions (EFTIs), but does not consider the requirements relating to IFTIs which fall within items 3 and 4 of section 46, which deal with IFTIs made under designated remittance arrangements.<sup>1</sup>
- 1.5 Division 4 of Part 3 (International funds transfer instructions) of the AML/CTF Act and Chapter 16 (Reportable details for IFTIs, items 1 and 2) of the AML/CTF Rules, both came into effect on 12 December 2008.

### 2 Interaction between FTR Act and AML/CTF Act

- 2.1 Cash dealers are required to report IFTIs under the FTR Act. IFTI reporting obligations under the AML/CTF Act came into force on 12 December 2008.
- 2.2 In November 2008, the Commonwealth Parliament passed the *Financial Transaction Reports Amendment (Transitional Arrangements) Act 2008* to allow regulated entities who currently report to AUSTRAC under the FTR Act to continue to report in the same way during their transition to the new reporting format. Regulated entities will have an option to continue to report under the FTR Act until no later than 12 March 2010 or to transition earlier to reporting under the AML/CTF Act. See the AUSTRAC website for further information:  
[www.austrac.gov.au/amlctfact\\_reporting\\_implementation.html](http://www.austrac.gov.au/amlctfact_reporting_implementation.html).

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<sup>1</sup> Further information about electronic funds transfer instructions is contained in Chapter 10 of the *AUSTRAC Regulatory Guide*.

- 2.3 Chapter 16 of the AML/CTF Rules sets out the details required for IFTI reports and will replace the reportable details under the *Financial Transaction Reports Regulations 1990* (FTR Regulations) which set out what must be reported under the FTR Act.

### **3 Legal requirements under the AML/CTF Act**

- 3.1 Under Division 4 of Part 3 of the AML/CTF Act, when a person is the sender of an IFTI transmitted out of Australia or the recipient of an IFTI transmitted into Australia, that person must send a report to AUSTRAC about the instruction within 10 business days after the day on which the instruction was sent or received. A 'person' includes not only individuals, but also companies, trusts and partnerships.

### **4 What is an IFTI?**

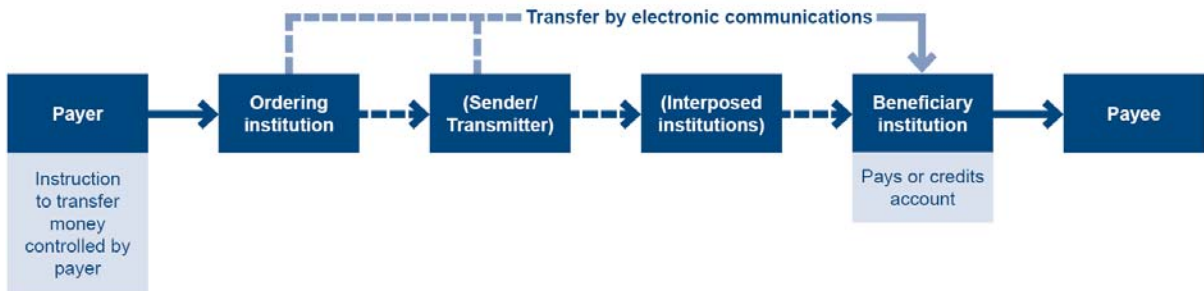
- 4.1 There are two types of instructions which are IFTIs. The first type is also an EFTI and involves the electronic transfer of money from Australia to a foreign country and vice versa, while the second involves a person transferring money or property under a designated remittance arrangement from Australia to a foreign country or vice versa. The second type of IFTI is not considered in this guidance note.

### **5 Who are the key parties involved in an IFTI?**

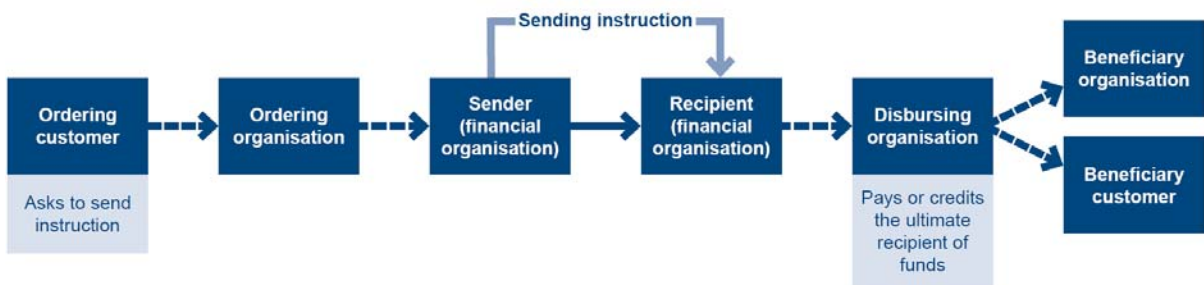
- 5.1 Chapter 16 of the AML/CTF Rules and the FTR Regulations set out the reportable details which must be included in IFTI reports for each of the parties involved in the transfer.
- 5.2 Under the AML/CTF Rules the roles of the parties are:
- (a) the 'payer' requests the 'ordering institution' (institution who accepts the instruction from the payer) to transmit the instruction
  - (b) the 'sender' (which may be the ordering institution or another institution), transmits the instruction to the 'beneficiary institution' via any 'interposed institutions' (institutions between the sender and beneficiary institution)
  - (c) the beneficiary institution makes the funds available to the 'payee' who receives the transferred money.
- 5.3 Under the FTR Regulations, the roles of parties are:
- (a) the 'ordering customer' (or organisation) gives a request to the 'ordering organisation' to transmit the instruction
  - (b) the 'sender' ('financial organisation'), which may be different from the ordering organisation, sends the instruction to the 'recipient' (financial organisation to which an instruction is sent)
  - (c) the 'disbursing organisation' is the financial organisation at which the 'beneficiary customer', who is the ultimate recipient of the funds, is to be paid, or which is instructed to pay or credit the 'beneficiary organisation' which is the ultimate recipient of the funds.

5.4 The diagram below shows these relationships. A dotted line signifies that some transactions may not involve all the parties. For example, under the AML/CTF Rules, there may be no 'interposed institutions' when the transfer is made directly between the ordering institution and the beneficiary institution. Under the FTR Regulations, the recipient (financial organisation), the disbursing organisation and the beneficiary organisation may all be the same financial organisation.

#### Anti-Money Laundering and Counter-Terrorism Financing Rules, Chapter 16



#### Financial Transaction Reports Regulations, Regulation 11AA



## 6 Differences in terms between the AML/CTF Act and AML/CTF Rules and the FTR Act and FTR Regulations

6.1 The following table compares the key terms under the FTR Regulations and the AML/CTF Rules.

### Comparison of key terms

	FTR Regulations (Definitions)	AML/CTF Rules Chapter 16, AML/CTF Act sections 8 and 9	Comment
a)	Ordering customer	Payer	<p>These parties play a similar role. Under the FTR Regulations, the ordering customer is the person on whose behalf the instruction is sent.</p> <p>Under the AML/CTF Act, the payer instructs the ordering institution to transfer money controlled by the payer.</p>
b)	Ordering organisation	Ordering institution	<p>These parties play a similar role. Under the FTR Regulations, the ordering organisation is a financial organisation that:</p> <ul style="list-style-type: none"> <li>• is asked by the ordering customer to send the instruction; or</li> <li>• initiates the instruction on its own behalf.</li> </ul> <p>(Under the FTR Regulations, a 'financial organisation' is an organisation that transmits, receives, handles or executes instructions.)</p> <p>Under the AML/CTF Act, the ordering institution is instructed by the payer to transfer money and must be an ADI, bank, building society, credit union or person specified in the AML/CTF Rules.</p> <p>For IFTIs transmitted into Australia, the AML/CTF Rules only require specific details about the ordering institution if different from the sender/transmitter.</p>
c)	Sender (financial organisation)	Sender/transmitter	<p>These parties play a similar role. Under the FTR Regulations, the sender is the financial organisation that sends the instruction.</p> <p>Under the AML/CTF Rules, the sender transmits the instruction to the beneficiary institution.</p> <p>For IFTIs transmitted out of Australia, the AML/CTF Rules only require specific details about the sender/transmitter if they are different from the ordering Institution.</p>

	<b>FTR Regulations (Definitions)</b>	<b>AML/CTF Rules Chapter 16, AML/CTF Act sections 8 and 9</b>	<b>Comment</b>
d)	Financial organisation	Interposed institutions	<p>These parties play a similar role. Under the FTR Regulations, the reportable details required include the identity of the branch or department of a financial organisation as it appears in the instruction.</p> <p>A 'financial organisation' is an organisation that transmits, receives, handles or executes instructions.</p> <p>Under the AML/CTF Rules, the reportable details required include the name or identity of any interposed institution in the funds transfer chain as it appears in the instruction. As defined under the AML/CTF Act, the 'funds transfer chain' includes any interposed entities between the ordering institution and the beneficiary institution.</p>
e)	Recipient (financial organisation)	Beneficiary institution	<p>Under the FTR Regulations, the recipient is the financial organisation to which an instruction is sent.</p> <p>Under the AML/CTF Rules, money controlled by the payer is transferred to the beneficiary institution where it is made available to the payee. The beneficiary institution must be an ADI, bank, building society, credit union or person specified in the AML/CTF Rules.</p> <p>These parties play a similar role in accepting the instruction/transfer of money. However, where the beneficiary institution also pays or credits the account of the payee under the AML/CTF Act, under the FTR Regulations this role is performed by the disbursing organisation – see row f) below.</p>

	<b>FTR Regulations (Definitions)</b>	<b>AML/CTF Rules Chapter 16, AML/CTF Act sections 8 and 9</b>	<b>Comment</b>
f)	Disbursing organisation	Beneficiary institution	<p>Under the FTR Regulations, the disbursing organisation is the financial organisation at which the beneficiary customer or beneficiary organisation is to be paid.</p> <p>Under the AML/CTF Rules, money controlled by the payer is transferred to the beneficiary institution where it will be made available to the payee. The beneficiary institution must be an ADI, bank, building society, credit union or person specified in the AML/CTF Rules.</p> <p>These parties play a similar role in paying or making funds available to the beneficiary customer/payee. However, where the beneficiary institution also receives the transfer of money under the AML/CTF Act, under the FTR Regulation this role is performed by the recipient – see row e) above.</p>
g)	Beneficiary organisation/customer	Payee	<p>These parties play a similar role. Under the FTR Regulations, the beneficiary organisation/customer is the person or organisation designated by the ordering customer/organisation as the ultimate recipient of funds.</p> <p>Under the AML/CTF Rules, the payee has the transferred money made available to them by the beneficiary institution.</p>

6.2 The FTR Regulations contain a distinction between a 'customer transfer instruction' (instructions to transfer funds where at least one customer is not a financial organisation) and a 'financial organisation transfer instruction' (instructions to transfer funds between financial institutions only). The AML/CTF Rules simplify these requirements so that the IFTI reportable details are the same for both types of transaction.

## **7 'Complete payer information' and 'tracing information'**

7.1 Reporting entities have obligations under the AML/CTF Act to report information about IFTIs to the AUSTRAC CEO. The required information for IFTIs includes either 'complete payer information' or 'tracing information'.

7.2 'Complete payer information' is, in summary:

- (a) the name of the payer;
- (b) one of the following:
  - (i) the payer's full business or residential address;
  - (ii) a unique identification number given to the payer by the Commonwealth (for example, an Australian Business Number or an Australian Company Number) or by a foreign government;

- (iii) the identification number given to the payer by the ordering institution;
  - (iv) if the payer is an individual—the payer's date of birth, the country of the payer's birth and the locality of the payer's birth; **and**
- (c) the account number for the account if the money is, or will be, transferred from a single account held by the payer with the ordering institution in Australia, or if this does not apply, either:
- (i) a unique reference number for the transfer instruction; or
  - (ii) the account number for the account if the money is, or will be, transferred from a single account held by the payer with the ordering institution.

Reporting entities considering including a unique identification number given to the payer by the Commonwealth (such as an Australian Company Number) as part of the complete payer information in an IFTI report, should note their obligations under the *Privacy Act 1988*, in particular National Privacy Principle 7.

7.3 'Tracing information' is:

- (a) the account number (if the money is to be transferred from an account held by the payer with the ordering institution); or
- (b) a unique reference number for the transfer instruction (which enables the ordering institution to identify the payer).

## 8 When complete payer information or tracing information is required

### *Instructions transmitted out of Australia*

8.1 The AML/CTF Rules require complete payer information in the following circumstances:

- (a) where there is a non-batched electronic funds transfer instruction:
  - (i) accepted by an ordering institution in Australia; and
  - (ii) the beneficiary institution makes or will make money available in another country; and
  - (iii) where money is not paid by way of a credit card transaction and does not involve e-currency.

8.2 The AML/CTF Rules for IFTI reportable details require tracing information to be supplied in the following circumstances:

- (a) where transfer instructions relate to the payment of money by the use of a credit card, except for those transactions dealing with e-currency
- (b) where there is a batched electronic funds transfer instruction:
  - (i) accepted by an ordering institution at or through a permanent establishment in Australia; and
  - (ii) the beneficiary institution makes or will make money available in another country; and
  - (iii) where money is not paid by way of a credit card transaction and does not involve e-currency.

- 8.3 A 'batched electronic funds transfer instruction' is a transfer instruction accepted by an ADI or a bank, which is then despatched in a single file ('batch'), with the complete payer information provided for each EFTI in that batch.

*Instructions transmitted into Australia*

- 8.4 Instructions transmitted into Australia may contain varying degrees of information and as a result, paragraph 16.3 of the AML/CTF Rules specifies certain details which must be reported, *if* they appear in the instruction. Complete payer information is required if it appears in the instruction when the ordering institution in another country does not batch transfer instructions to a beneficiary institution, and the transfer instructions do not involve a credit card transaction.
- 8.5 The AML/CTF Rules require that the tracing information should be reported if it appears in the instruction in the same circumstances as an outgoing IFTI, except that the beneficiary institution will be in Australia and the ordering institution in another country.

**9 IFTI relationship table**

- 9.1 The following table provides an overview of which paragraphs of Chapter 16 of the AML/CTF Rules relate to which party, and the reportable details which must be submitted by a reporting entity to AUSTRAC in an IFTI report.

**Instructions transmitted out of Australia**

	<b>AML/CTF Rules, Chapter 16, paragraph:</b>	<b>Information about:</b>	<b>Summary of required information:</b>
a)	16.2(1) and (2)	Payer	<ul style="list-style-type: none"> <li>The 'complete payer information' for IFTIs under paragraph 70(c) of the AML/CTF Act.</li> <li>The 'tracing information' for IFTIs under paragraph 70(a) or (b) of the AML/CTF Act.</li> </ul>
b)	16.2(3) and (4)	Ordering institution	<ul style="list-style-type: none"> <li>Name or identity of the ordering institution.</li> <li>Where applicable, the name or identity of any branch or department of the ordering institution which the payer requested to transmit the instruction.</li> </ul>
c)	16.2(5), (6) and (7)	Sender/transmitter	<ul style="list-style-type: none"> <li>Name or identity of the sender, if different from the ordering institution.</li> <li>Name or identity of sender's branch or department.</li> <li>The date on which the sender transmits or will transmit the instruction to the beneficiary institution.</li> </ul>

	<b>AML/CTF Rules, Chapter 16, paragraph:</b>	<b>Information about:</b>	<b>Summary of required information:</b>
d)	16.2(8) and (9)	Beneficiary institution	<ul style="list-style-type: none"> <li>• Name or identity of the beneficiary institution.</li> <li>• Name or identity of the branch or department of the beneficiary institution at which funds will be made available to payee.</li> </ul>
e)	16.2(10) and (11)	Payee	<ul style="list-style-type: none"> <li>• Name of the payee.</li> <li>• One or more of: <ul style="list-style-type: none"> <li>○ payee's full business or residential address (not a post box address);</li> <li>○ the type and number of identification relating to the payee;</li> <li>○ the number of any account held by the payee with the beneficiary institution through which the transferred money will be made available to payee.</li> </ul> </li> </ul>
f)	16.2(12)(b), (c) and (d)	Ordering, interposed and other institutions (see also row 'h' below)	<p>If the following appear in the instruction:</p> <ul style="list-style-type: none"> <li>• Name or identity of any interposed institution in the funds transfer chain.</li> <li>• Name or identity and account number of any institution through which the beneficiary institution will be reimbursed.</li> <li>• Any information or directions provided by the ordering institution or interposed institution.</li> </ul>
g)	16.2(12)(a) and (e)	Payer	<p>If the following appear in the instruction:</p> <ul style="list-style-type: none"> <li>• Any information or directions provided by the payer to the payee regarding the instruction.</li> <li>• Any other details of the instruction.</li> </ul>
h)	16.2(13), (14) and (15)	Payee (see also row 'f' above)	<ul style="list-style-type: none"> <li>• The amount and currency referred to in the instruction.</li> <li>• The date on which the transferred money becomes available to the payee.</li> </ul>

## Instructions transmitted into Australia

	AML/CTF Rules, Chapter 16, paragraph:	Information about:	Summary of required information:
a)	16.3(1) and 16.3(3)(a) and (b)	Payer/transfer instruction	<ul style="list-style-type: none"> <li>• Name of the payer</li> </ul> <p>If the following appear in an instruction under paragraph 70(c) of the AML/CTF Act:</p> <ul style="list-style-type: none"> <li>• One of the following: <ul style="list-style-type: none"> <li>○ payer's full business or residential address (not a post box address);</li> <li>○ a unique identification number given to the payer by the Commonwealth or government of a foreign country;</li> <li>○ identification number given to the payer by ordering institution; or</li> <li>○ payer's date, country and locality of birth.</li> </ul> </li> <li>• Account number (if money is transferred from single account held by payer with ordering institution in Australia) or if this does not apply: <ul style="list-style-type: none"> <li>○ a unique reference number for the transfer instruction; or</li> <li>○ the account number (if money is transferred from a single account held by the payer with the ordering institution).</li> </ul> </li> </ul> <p>If the following appears in an instruction under paragraph 70(a) or (b) of the AML/CTF Act:</p> <ul style="list-style-type: none"> <li>• the tracing information.</li> </ul>
b)	16.3(3)(c) and (d)	Ordering institution	<p>If the following appear in the instruction:</p> <ul style="list-style-type: none"> <li>• Name or identity of the ordering institution (if different from the sender).</li> <li>• Name or identity of any branch or department of the ordering institution which the payer requested to transmit the instruction (if different from the sender's branch/department).</li> </ul>

	<b>AML/CTF Rules, Chapter 16, paragraph:</b>	<b>Information about:</b>	<b>Summary of required information:</b>
c)	16.3(2) and 16.3(3)(e) and (f)	Sender/transmitter	<ul style="list-style-type: none"> <li>Name or identity of the sender transmitting the instruction to the beneficiary institution.</li> </ul> <p>If the following appear in the instruction:</p> <ul style="list-style-type: none"> <li>Name or identity of sender's branch or department.</li> <li>The identification code assigned to the instruction by the sender.</li> </ul>
d)	16.3(3)(g), (h) and (i)	Beneficiary institution	<p>If the following appear in the instruction:</p> <ul style="list-style-type: none"> <li>Name or identity of beneficiary institution and any branch or department of the beneficiary institution where funds will be available to payee.</li> <li>Date on which the beneficiary institution received the instruction.</li> </ul>
e)	16.3(3)(j), (k) and (l)	Payee	<p>If the following appear in the instruction:</p> <ul style="list-style-type: none"> <li>Name of the payee.</li> <li>Payee's full business or residential address (not a post box address).</li> <li>Account number held by payee with beneficiary institution through which the transferred money will be made available to the payee.</li> </ul>
f)	16.3(3)(m), (n) and (p)	Ordering, interposed and other institutions	<p>If the following appear in the instruction:</p> <ul style="list-style-type: none"> <li>Name or identity of any interposed institution in the funds transfer chain.</li> <li>Name or identity and account number of any institution through which the beneficiary institution will be reimbursed.</li> <li>Any information or directions provided by the ordering or interposed institution.</li> </ul>

	<b>AML/CTF Rules, Chapter 16, paragraph:</b>	<b>Information about:</b>	<b>Summary of required information:</b>
g)	16.3(3)(o) and (q)	Payer	<p>If the following appear in the instruction:</p> <ul style="list-style-type: none"> <li>• Any information or directions provided by the payer to the payee regarding the instruction.</li> <li>• Any other details regarding the instruction.</li> </ul>
h)	16.3(4), (5) and (6)	Payee	<ul style="list-style-type: none"> <li>• The amount and currency referred to in the instruction.</li> <li>• The date on which the transferred money becomes available to the payee.</li> </ul>

## 10. Penalties

10.1 Civil penalties may apply if the sender or recipient of an IFTI fails to send AUSTRAC an IFTI report within 10 business days.

### Further information

AUSTRAC officers are able to assist reporting entities, their staff and the public in providing general information relating to the AML/CTF Act. Enquiries can be directed to the AUSTRAC Help Desk via:

- email to [help\\_desk@austrac.gov.au](mailto:help_desk@austrac.gov.au)
- telephone 02 9950 0827 or 1300 021 037 (a local call within Australia).

The information contained in this document is intended only to provide a summary and general overview on these matters. It is not intended to be comprehensive. It does not constitute, nor should it be treated as, legal advice or opinions. This document may contain statements of policy which reflect AUSTRAC's administration of the legislation in carrying out its statutory functions. The Commonwealth accepts no liability for any loss suffered as a result of reliance on this publication. AUSTRAC recommends that independent professional advice be sought.

The information contained herein is current as at the date of this document.

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.

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