



Anti-Money Laundering and Counter-Terrorism Financing (Correspondent Banking) Policy Principles 2021

I, Karen Andrews, Minister for Home Affairs, give the following policy principles to the AUSTRAC CEO.

Dated 4.6.21

Karen Andrews
Minister for Home Affairs

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1 Name

These policy principles are the *Anti-Money Laundering and Counter-Terrorism Financing (Correspondent Banking) Policy Principles 2021*.

2 Commencement

These policy principles commence on 17 June 2021.

3 Authority

These policy principles are given to the AUSTRAC CEO under section 213 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

4 Definitions

Note: A number of expressions used in these policy principles are defined in section 5 of the Act and have the same meaning as defined in the Act, including the following:

- (a) AML/CTF Rules;
- (b) AUSTRAC CEO;
- (c) financial institution; and
- (d) correspondent banking relationship.

In these policy principles:

Act means the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

Amended Part 8 means Part 8 of the Act as amended by the *Anti-Money Laundering and Counter-Terrorism Financing and Other Legislation Amendment Act 2020*.

Note 1: Under Part 8 of the Act, a financial institution is prohibited from entering into a correspondent banking relationship with:

- (a) a shell bank; or
- (b) another financial institution that has a correspondent banking relationship with a shell bank; or
- (c) another financial institution that permits its accounts to be used by a shell bank.

Note 2: A financial institution must carry out due diligence assessments before it enters, and while it is in, a correspondent banking relationship with another financial institution involving a vostro account.

enforcement action means an action taken by the AUSTRAC CEO under Part 15 of the Act.

policy principles period means the period of time between 17 June 2021 and 16 June 2022.

relevant provision means a provision of Amended Part 8, or any provision of the AML/CTF Rules that is made pursuant to a provision of Amended Part 8.

5 Enforcement action

- (1) During the policy principles period the AUSTRAC CEO may only take enforcement action against a reporting entity for a contravention of a relevant provision if the AUSTRAC CEO is satisfied that:
 - (a) the reporting entity; or
 - (b) if the reporting entity is a member of a designated business group ("DBG") – the DBG;

has failed to take reasonable steps to comply with the relevant provisions.

6 Reasonable steps

- (1) When considering whether a reporting entity has failed to take reasonable steps to comply with a relevant provision of the Act, the AUSTRAC CEO must have regard to all relevant matters, including:
 - (a) whether the reporting entity has complied with Part 8 of the Act as in force on 16 June 2021 until such time as the reporting entity complies with the relevant provision;
 - (b) whether the reporting entity complies with the relevant provision as soon as practicable taking into account:
 - (i) any transition plan or other measures implemented by the reporting entity outlining the actions and timeframes to achieve compliance;
 - (ii) the extent of oversight by the Board or Chief Executive Officer of the reporting entity of any transition plan or other steps towards complying with the relevant provision; and
 - (iii) whether the reporting entity has allocated sufficient resources to enable its compliance with the relevant provision before 16 June 2022.