

AML/CTF program quick guide for financial planners

As a reporting entity you must develop, maintain and comply with an anti-money laundering and counter-terrorism financing (AML/CTF) program.

Your AML/CTF program protects your business from criminal exploitation through money laundering, terrorism financing and proliferation financing. We refer to these as ML/TF.

You must develop an effective AML/CTF program for your business **before** providing a designated service.

Reporting entities who **only** provide a designated service under item 54 of table 1 in section 6 of the AML/CTF Act are exempt from some AML/CTF obligations. These reporting entities hold an Australian financial services licence and only arrange for a person to receive another designated service.

This AML/CTF quick guide is for reporting entities who **only** provide item 54 designated services. These reporting entities are required to undertake an ML/TF risk assessment and develop and implement AML/CTF policies that deal with how they undertake initial customer due diligence. The AML/CTF policies need to be appropriate to the ML/TF risks the reporting entity may reasonably face in providing its designated services. These reporting entities will have other AML/CTF obligations in addition to what is included in the AML/CTF program itself.

Any business that provides any other designated services must comply with the full range of AML/CTF obligations for those services. To learn more read our [AML/CTF program quick guide for all other reporting entities](#).

Note: This document is a quick guide of the key components of an AML/CTF program for financial planners and is not exhaustive. It should be read in conjunction with AUSTRAC guidance and the AML/CTF Act and Rules. These explain the obligations in relation to AML/CTF programs in more detail. You may wish to seek independent advice to ensure you understand your obligations.

This quick guide outlines the key components of an AML/CTF program.

Identify and assess your risks: risk assessment



- Document your business' ML/TF risk assessment.
- Document approval of your ML/TF risk assessment.
- Outline how you will stay aware of and incorporate AUSTRAC guidance and risk updates into your risk assessment.
- Outline the frequency and triggers for review of your risk assessment.

Customer due diligence



Customer risk rating

- Outline the methods you'll use to assign a risk rating to a customer.
- Outline the processes for checking and verifying your customers' identities.
- Outline the simplified measures you'll apply to low-risk customers.

Initial customer due diligence (initial CDD)

- Outline the types of "know your customer" (KYC) information you'll collect and verify for different customer types.
- Outline when you'll need to collect more information to be satisfied of a person's identity, and what information you'll collect.
- Outline what you'll do if you can't verify a person's identity because of inconsistent information.
- Detail when it's appropriate to delay initial CDD, and how you will manage and mitigate any ML/TF risks that arise.
- Outline any alternative identification procedures, and the circumstances in which you will use them.

Enhanced customer due diligence (enhanced CDD)

- Outline how you'll identify your customer's ML/TF risk and whether enhanced CDD applies before you start providing them with a designated service.
- Outline how you'll determine what additional KYC information you need to collect and verify, based on the ML/TF risk of the customer.
- Outline when you'll collect and verify information on a customer's source of funds and source of wealth.
- Specify a range of enhanced CDD measures.
- Specify when you'll apply different enhanced CDD measures.
- Specify who is responsible for applying enhanced CDD.
- Outline how you'll respond to any enhanced CDD findings, and how you'll decide whether to continue providing designated services to a customer.
- Outline how you'll monitor and review the effectiveness of your enhanced CDD measures.
- Outline how you'll manage your tipping off obligations when conducting enhanced CDD.

Third-party reliance

- Outline any third-party services or reliance arrangements you'll use to carry out CDD.
- Outline how you'll ensure any third party you engage has appropriate measures in place to comply with your AML/CTF obligations and implements these in practice.