

Explanatory Statement – Anti-Money Laundering and Counter-Terrorism Financing Rules for AML/CTF Compliance Reports

Section 229 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) provides that the AUSTRAC Chief Executive Officer (CEO) may, by writing, make AML/CTF Rules prescribing matters required or permitted by any other provision of the Act to be prescribed by the AML/CTF Rules.

Part 3 of the AML/CTF Act deals with the reporting obligations of reporting entities.

This explanatory statement concerns the AML/CTF Rules pursuant to section 47 of the AML/CTF Act regarding AML/CTF compliance reports.

The AML/CTF Rules are registered in the form of numbered chapters and are legislative instruments as defined in section 5 of the *Legislative Instruments Act 2003*.

Chapter 11

Section 47 of the AML/CTF Act places an obligation on reporting entities to give the AUSTRAC CEO reports periodically regarding their compliance with the Act, the regulations and the AML/CTF Rules.

Chapter 11 of the AML/CTF Rules specifies that under paragraph 47(1)(a) of the AML/CTF Act, a reporting period is the period beginning on 13 December 2006 and ending on 31 December 2007 inclusive.

Chapter 11 also specifies that under paragraph 47(1)(b) of the AML/CTF Act, the lodgment period for reports produced under the defined reporting period, is three months beginning from the end of the reporting period (31 December 2007) and ending on 31 March 2008 (inclusive).

Anticipated impact

These AML/CTF Rules will have an impact on all reporting entities to which reporting obligations apply. As a result, costs will likely be incurred by reporting entities due to their compliance with the relevant obligations.

A regulatory impact statement of the AML/CTF Bill was prepared prior to the passage of the Bill.

Benefits arising from the AML/CTF Rules

The report deadline of 31 March 2008 is intended to provide industry with sufficient lead time to make adequate preparations and put in place systems and structures to assist in meeting these new obligations.

Consultation

AUSTRAC has consulted with the Privacy Commissioner, the Australian Customs Service, the Australian Federal Police, the Australian Taxation Office and the Australian Crime Commission in relation to these AML/CTF Rules.

AUSTRAC also published a draft of these AML/CTF Rules on its website for public comment. Industry was consulted extensively in the development of these AML/CTF Rules and AUSTRAC considered all comments which were made.

Ongoing consultation

AUSTRAC will continue to consult with stakeholders on the operation of these AML/CTF Rules.