

**Explanatory Statement – Anti-Money Laundering and Counter-Terrorism
Financing Rules for reportable details of international funds transfer
instructions (items 1 and 2 of section 46)**

1. Purpose and operation of Anti-Money Laundering and Counter-Terrorism Financing Rules (AML/CTF Rules) for reportable details of international funds transfer instructions (items 1 and 2 of section 46)

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 AML/CTF Act.

Division 4 of Part 3 of the AML/CTF Act deals with reports about international funds transfer instructions into or out of Australia. Section 45 requires that if a person is the sender of an international funds transfer instruction transmitted out of Australia, or the recipient of an international funds transfer instruction transmitted into Australia, the person must give the AUSTRAC CEO a report about the instruction, in the approved form. The report must be given within 10 business days after the day the instruction was sent or received.

Within the meaning of items 1 and 2 of the table in section 46 of the AML/CTF Act, the report must contain such information as specified in the AML/CTF Rules. The information specified in the AML/CTF Rules pursuant to paragraph 45(3)(b) of the AML/CTF Act includes certain details of the payer, ordering institution, beneficiary institution and payee, relating to instructions transmitted into and out of Australia.

These AML/CTF Rules and Division 4 of Part 3 of the AML/CTF Act commence on 12 December 2008.

2. Legislative instruments

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

3. Likely impact

These AML/CTF Rules will have an impact on any person (reporting entity) within the meaning of section 8 or 9 of the AML/CTF Act who sends or receives international funds transfer instructions.

In terms of any likely costs to consumers, there is no direct cost other than the time taken to complete associated paperwork at the request of a reporting entity, if any.

4. Assessment of benefits

Division 4 of Part 3 of the AML/CTF Act provides for a reporting system in relation to international funds transfer instructions. This system implements the requirements of the Financial Action Task Force's (FATF's) Special Recommendation VII. Special

Recommendation VII provides that countries should take measures to require financial institutions to include accurate and meaningful originator information (name, address and account number) on funds transfers and related messages that are sent, and that the information should remain with the transfer or related message through the payment chain.

Reports about international funds transfer instructions will result in improved financial intelligence which will help Australian law enforcement agencies to combat money laundering and the financing of terrorism. Increased financial intelligence will also help the Australian Taxation Office to detect tax evasion and Centrelink to detect welfare fraud.

5. Consultation

AUSTRAC has consulted the Office of 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.

6. Ongoing consultation

AUSTRAC will conduct ongoing consultation with stakeholders on the operation of the AML/CTF Rules.