



Australian Government

**Australian Transaction Reports
and Analysis Centre**

**Explanatory Statement – Anti-Money Laundering and Counter-Terrorism
Financing Rules amending Chapter 14 of the AML/CTF Rules**

1. Purpose and operation of Anti-Money Laundering and Counter-Terrorism Financing Rules (AML/CTF Rules) amending Chapter 14 of the AML/CTF Rules

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

Chapter 14 of the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1)* specifies that customer identification procedures under the AML/CTF Act, do not apply for certain designated services under certain circumstances.

Paragraph 14.4 of Chapter 14 currently specifies that, for the designated service of exchanging one currency for another in the course of carrying on a currency exchange business (Item 50 of Table 1 of section 6 and Item 14 of Table 3 of section 6), the customer identification procedures under the AML/CTF Act do not apply to transactions of less than \$500 (Australian or foreign equivalent), unless, in accordance with its enhanced customer due diligence program, a reporting entity decides to obtain and verify any Know Your Customer information about that customer.

2. Notes on sections

Section 1

This section sets out the name of the instrument, i.e. the *Anti-Money Laundering and Counter-Terrorism Financing Rules Amendment Instrument 2008 (No.6)*.

Section 2

This section specifies that the Instrument commences on the day after it is registered.

Section 3

This section contains a schedule which amends the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1)* as follows:

Schedule 1

This schedule amends Chapter 14 of the AML/CTF Rules.

3. Notes on paragraphs

Paragraph 1

This paragraph lifts the transaction value at which a reporting entity must always comply with the customer identification procedures under the AML/CTF Act to \$1000 (Australian or foreign equivalent).

4. Legislative instruments

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

5. Likely impact

These AML/CTF Rules will have a beneficial impact on businesses which provide the designated services in Item 50 of Table 1 of section 6 and Item 14 of Table 3 of section 6 of the AML/CTF Act. These AML/CTF Rules will reduce costs and inconvenience to many consumers.

6. Assessment of benefits

The AML/CTF Rules reduce compliance costs to industry as relevant reporting entities are not required to carry out the customer identification procedures under the AML/CTF Act, unless the reporting entity, in accordance with its enhanced customer due diligence program, decides to obtain and verify any Know Your Customer information about that customer.

7. Consultation

AUSTRAC has consulted with 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.

8. Ongoing consultation

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