



21 August 2017

Director, Rules
AUSTRAC
PO Box 5516
WEST CHATSWOOD NSW 1515

By email: aml_ctf_rules@austrac.gov.au

Dear Sir/Madam

Draft Indicative Restructure of the AML/CTF Rules Compilation

The Australian Financial Markets Association (AFMA) represents the interests of over 120 participants in Australia's wholesale banking and financial markets. Our members include Australian and foreign-owned banks, securities companies, treasury corporations, traders across a wide range of markets and industry service providers. Our members are the major providers of services to Australian businesses and retail investors who use the financial markets. The majority of AFMA's members are reporting entities for the purposes of the AML/CTF Act.

We are pleased to provide a submission to AUSTRAC in relation to the proposed restructure of the AML/CTF Rules Compilation (**the Compilation**).

General Comments

AFMA is supportive of the proposed compilation to enhance the accessibility of the AML/CTF Rules (**the Rules**). This support is based on our understanding that the compilation will not result in any substantive change to either the Rules or the administration of the Rules and accordingly will not give rise to any requirement for current reporting entities to review their frameworks and ascertain whether any changes are required.

In this light, we have read the accompanying Explanatory Note as suggesting that the Compilation will not proceed until such time as substantive changes to the Rules are to be made and that the Compilation will only be made contemporaneously with such changes. Confirmation from AUSTRAC to this effect would be appreciated.

Specific Comments

The specific comments that have been provided by AFMA members in relation to the proposed Compilation are:

- Members have expressed a preference for the “chapter and paragraph” style adopted in the current Rules be retained, as opposed to being replaced with the “part and division” approach. This would retain familiarity with the Rules and differentiate the structure from that used in the Act, thereby reducing confusion;
- The proposed two parts (Part 4 and Part 5) on customer identification and customer due diligence should be incorporated into one and re-badged under an umbrella term such as “Know Your Customer.” This is particularly the case given the identification part also includes verification;
- It is recommended that Part 6, Division 2 (Standard AML/CTF programs – Part A, formerly Chapter 8) and Part 6, Division 3 (Joint AML/CTF programs – Part A, formerly Chapter 9) be consolidated into one, given they are largely duplicative and that a sole reporting entity is able to follow the requirements of a joint program in a manner consistent with a designated business group;
- It is noted for completeness that the ambit of the restriction against providing a designated service prior to carrying out an identification procedure is currently the subject of separate consultation with the Attorney-General’s Department in terms of implementation of recommendations arising from the Department’s review.

Please contact me if you would like to discuss.

Yours sincerely



Rob Colquhoun
Director, Policy