Select Committee on the Perth Mint and Commonwealth regulatory compliance

Attorney-General's Department

Hearing date: 27 July 2023

Hansard page: 15

The Committee asked the following question:

In that process, a company that has a Board and also a CEO and an office, and staff - is there any sort of legal obligations that are different or the same because presumably director's responsibilities, which are very high these days, would attach to anti-money laundering compliance.

Alexander Engel (AGD): There are different parts to the AML/CTF program, but there are elements of the AML/CTF program that boards will normally look at.

Could you perhaps take that on notice and particularly for tranche one, larger companies who operate in a medium to high risk money-laundering environment, what responsibilities a Board and a Chair would have?

The response to the question is as follows:

Regulatory obligations relating to board and senior management oversight of Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) programs are contained in Part 8.4 of the AML/CTF Rules Instrument 2007 (No. 1). Part 8.4 provides that:

- A reporting entity's Part A program must be approved by its governing board and senior management.
- Part A must also be subject to the ongoing oversight of the reporting entity's board and senior management.
- Where the reporting entity does not have a board, Part A must be approved and overseen by its chief executive officer or equivalent.

The requirements regarding what constitutes Part A of an AML/CTF program is set out in Part 7 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*. Section 84 of the Act states that Part A of a standard AML/CTF program has the primary purpose of identifying, mitigating and managing the money laundering or terrorism financing risk that the reporting entity may face.