



AML/CFT Standards

THE FINANCIAL ACTION TASK FORCE AND THE AUSTRALIAN REGIME

The Financial Action Task Force

- ▶ An intergovernmental body established in 1989 by the G-7 Summit in Paris
- ▶ Operates under Ministerial mandate, renewed in 2012 till 2020
- ▶ To develop policy and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and emerging threats to the integrity of the financial system
- ▶ Sets standards and evaluates countries against the standards
- ▶ FATF Style Regional Bodies
- ▶ 40 Recommendations for technical compliance and 11 Immediate Outcomes for effectiveness (fatf-gafi.org)

The FATF Recommendations

- ▶ Standards known as the 40 Recommendations
- ▶ Regime is based on risk
- ▶ Countries required to have a national approach to assessing risk, developing policies and coordinating action
- ▶ Requirements relating to laws on money laundering, confiscation, terrorist financing, financing of proliferation and targeted financial sanctions
- ▶ Preventive measures to be imposed on financial institutions and other designated non-financial businesses and professions (DNFBPs)
- ▶ Transparency of legal persons and arrangements
- ▶ Powers and responsibilities of competent authorities
- ▶ International cooperation

Reporting entities

- ▶ Countries are required to apply preventive measures to:
 - ▶ Banks and other financial institutions
 - ▶ Casinos
 - ▶ Real estate agents
 - ▶ Dealers in precious metals and stones
 - ▶ Lawyers, notaries and other independent legal professionals
 - ▶ Trust and company service providers

Australia's AML/CFT regime

- ▶ Anti-Money Laundering and Counter-Terrorism Financing Act 2006
- ▶ Anti-Money Laundering and Counter-Terrorism Financing Rules
- ▶ Apply to financial institutions, bullion dealers and casinos
- ▶ "2nd Tranche"
 - ▶ Other DNFBPs
- ▶ AUSTRAC: Australia's financial intelligence unit and AML/CTF regulator
- ▶ AUSTRAC partner agencies

Australian Effectiveness

- ▶ Risk, policy and coordination – substantial
- ▶ International cooperation – high
- ▶ Supervision – moderate
- ▶ Preventive measures – moderate
- ▶ Legal persons & arrangements – moderate
- ▶ Financial intelligence – substantial
- ▶ Money Laundering investigation & prosecution – moderate
- ▶ Confiscation – moderate
- ▶ Terrorism financing investigation & prosecution – substantial
- ▶ Terrorism financing preventive measures & sanctions – moderate
- ▶ Proliferation financing financial sanctions – substantial