



Australian Government

AUSTRAC

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**Review into Australia's corporate criminal
responsibility regime**

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Overview

About AUSTRAC

The Australian Transaction Reports and Analysis Centre (AUSTRAC) has responsibility for performing the interconnected and complementary functions of financial intelligence unit (FIU) and anti-money laundering and counter-terrorism financing (AML/CTF) regulator.

As Australia's FIU, AUSTRAC provides financial transactions data and actionable financial intelligence to law enforcement, national security, human services and revenue agencies (AUSTRAC's partner agencies), as well as international counterparts. Partner agencies use this information to assist them to detect, prevent and disrupt money laundering, terrorism financing (ML/TF) and other serious crime.

As a regulator, AUSTRAC oversees the compliance of more than 15,000 Australian businesses with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) and associated Rules. AUSTRAC's regulated population (referred to as "reporting entities") includes a broad range of businesses from across the financial services, gambling, bullion, remittance and digital currency exchange sectors. These businesses range from major banks and casinos to single-operator businesses.

AUSTRAC uses its knowledge of reporting entities, industry trends and ML/TF risks to direct our regulatory efforts towards vulnerabilities and high-risk entities, which increases resilience to criminal abuse within the financial sector. Our regulatory work and engagement with reporting entities improves the volume and value of financial intelligence provided to AUSTRAC and then subsequently disseminated to AUSTRAC's partner agencies.


AUSTRAC's regulatory activities generally focus on working with reporting entities to increase their resilience to ML/TF risk and improve the quality of their reporting under the AML/CTF Act. AUSTRAC aims to achieve this by improving entities' understanding and capability in the area of ML/TF risk management and supporting their voluntary compliance with the AML/CTF Act.

However, because the consequences of non-compliant or ineffective AML/CTF systems and controls can be very serious, AUSTRAC may take enforcement action against a reporting entity for serious and/or systemic non-compliance with the AML/CTF Act. In instances where reporting entities fail to meet their obligations, well-targeted and proportionate enforcement action can benefit reporting entities and the wider community by contributing to the broader integrity of the financial system.

The AML/CTF Regulatory Regime

The AML/CTF Act provides the legal framework for AUSTRAC's regulatory function. It prescribes the risk-based systems and controls that reporting entities are required to develop and maintain, as well as their reporting obligations.

Australia's AML/CTF regime adopts a risk-based and principles-based approach to regulation and places the onus on reporting entities to identify, mitigate and manage their ML/TF risk. The risk-based regulatory approach recognises that reporting entities have the experience and



knowledge needed to assess and mitigate ML/TF risk. This approach reflects the degree of trust Parliament has placed in industry for the operation of the AML/CTF risk management system.¹

The AML/CTF Act imposes five key obligations on regulated businesses:

- enrolment—all regulated businesses need to enrol with AUSTRAC and provide prescribed enrolment details;
- establishing and maintaining an AML/CTF program—to help identify, mitigate and manage the money laundering and terrorism financing risks a business faces;
- customer due diligence—identifying and verifying the customer's identity, and ongoing monitoring of transactions;
- reporting—notifying authorities of suspicious matters, threshold transactions and international funds transfer instructions; and
- record keeping—businesses are required to keep records of transactions, customer identification, electronic funds transfer instructions and details of AML/CTF programs.

¹ Chief Executive Officer of Australian Transaction Reports and Analysis Centre v TAB Limited (No 3) [2017] FCA 1296, paragraphs 3-4