



4 April 2014

Director - Rules  
AUSTRAC  
PO Box 13173  
Law Courts  
MELBOURNE VIC 8010

By email: [aml\\_ctf\\_rules@austrac.gov.au](mailto:aml_ctf_rules@austrac.gov.au)

Dear Sir/Madam,

### **AUSTRAC Supervisory Approach Draft Policy Principles – Customer Due Diligence**

The Australian Financial Markets Association welcomes the opportunity to provide additional comments in relation to AUSTRAC's implementation of the amendments to the Customer Due Diligence requirements, and particularly the issuance of the "Policy (Additional Customer Due Diligence Requirements) Principles 2014" (**the draft Principles**).

AFMA maintains that a preferable approach with respect to the implementation of the additional customer due-diligence requirements would be a reasonable transitional period with an achievable commencement date, well beyond 1 June 2014. Notwithstanding, AFMA appreciates the draft Principles incorporate much of the feedback provided by industry, including AFMA, in respect of the issuance of the draft Supervisory Approach. In particular, we note that the escalation of the draft Supervisory Approach to draft Principles issued by the Minister, and the removal of the ability of AUSTRAC to withdraw the Supervisory Approach on an unfettered basis will assist Australian reporting entities in certifying to overseas counterparties/regulators that they are compliance with local AL/KYC requirements. The amendments to the approvals process, detailed in paragraph 4(c) of the draft Principles, are also more workable from an industry perspective.

Our only submission point in respect of the draft Principles is in respect of paragraph 4(c). As currently drafted, the requirement to obtain written approval to delegate approval of the transition plan extends to every entity within the designated business group (**DBG**). AFMA requests that this be amended such that written approval is only required for each DBG member that is subject to the additional customer due-diligence requirements. This will ensure that no approval is required in respect of, for example, foreign subsidiaries that technically form part of the DBG.

Please contact me on (02) 9776 7996 if you have any queries or comments.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rob Colquhoun', written in a cursive style.

Rob Colquhoun  
Director, Policy