

Anti-Money Laundering Communication - Adviser

On 12 December 2006, the Commonwealth Government introduced the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act)*.

The purpose of the AML/CTF Act is to:

- reduce the estimated \$11.5 billion in money laundering per year in Australia;
- prevent and detect money laundering and terrorism financing; and
- bring Australia into line with international standards, including the standards set by the Financial Action Task Force on Money Laundering (FATF).

The obligations set out in the AML/CTF Act come into effect in a phased approach over a two year period which commenced on 12 December 2006. To assist business in implementing the AML/CTF Act obligations, the Government has provided a 15 month assisted compliance period. During this period, businesses will need to show they are taking reasonable steps to comply with the AML/CTF Act obligations.

The main areas affecting Colonial Geared Investments (CGI) under the AML/CTF Act are:

- Customer identification and verification; and
- Suspicious matter reporting

Industry Risk Frameworks and IFSA & FPA AML/CTF Training Programs

In order to address the potential issue of multiple institutions requesting different types of information and training from Independent Financial Advisers, the Commonwealth Bank (the Bank) along with other institutions, have worked closely with both Investment and Financial Services Association Limited (IFSA) and the Financial Planning Association of Australia (FPA) to ensure a consistent approach in relation to the AML/CTF Act requirements is adopted for advisers.

This type of approach is also being used by other industry bodies such as the Mortgage & Finance Association of Australia (MFAA) and the Finance Brokers Association of Australia (FBAA).

Moving forward?

Over the coming few months, CGI will be changing a range of processes to comply with the new legislation. The main areas which will be impacted are:

- The removal of the FTR Act 100 points identification system;
- Collection of additional information for non-individual customers;
- Customer identification and verification changes;
- New and reduced acceptable forms of identification and in some cases, a simplified identification process will be introduced;
- Reporting of suspicious matters;
- Changes to the Colonial Geared Investment product application forms (where applicable);
- Where possible, adoption of the IFSA/FPA identification standards.

Should you have any queries, please email/speak with your Business Development Manager or State office.

Kind Regards,

The team at Colonial Geared Investments