

CHAPTER 4

Part 4.1 Introduction

4.1.1 These Rules are made pursuant to section 229 of the AML/CTF Act for the purposes of paragraphs 36(1)(b), 84(2)(c), 84(3)(b), 85(2)(c) and 85(3)(b), and sections 106, 107 and 108 of the AML/CTF Act. Sections 136 and 137 of the AML/CTF Act apply to each paragraph of this Chapter. They specify the requirements with which Part A or Part B of a reporting entity's standard AML/CTF program or Part A or Part B of a reporting entity's joint AML/CTF program must comply. The primary purpose of Part A of a standard or joint AML/CTF program is to identify, manage and mitigate money laundering or terrorism financing (ML/TF) risk a reporting entity may reasonably face in relation to the provision by the reporting entity of designated services at or through a permanent establishment in Australia. The sole or primary purpose of Part B is to set out the reporting entity's applicable customer identification procedures.

Note: Reporting entities that collect information about a customer from a third party will need to consider their obligation under subclause 3.6 of the Australian Privacy Principles, which requires that personal information about an individual must be collected only from the individual unless it is unreasonable or impractical to do so and where it is reasonably necessary for the reporting entity's functions or activities.

4.1.2 This Chapter does not apply to:

- (1) a pre-commencement customer; or
- (2) a customer who receives a designated service covered by item 40, 42 or 44 of table 1 in section 6 of the AML/CTF Act.

Note: Subparagraph 4.1.2(1) relates to pre-commencement customers referred to in sections 28 and 29 of the AML/CTF Act.

4.1.3 For the purposes of these Rules, in identifying its ML/TF risk a reporting entity must consider the risk posed by the following factors:

- (1) its customer types; including:
 - (a) beneficial owners of customers; and
 - (b) any politically exposed persons;
- (2) its customers' sources of funds and wealth;