

Comparison: Current AML/CTF Obligations vs. Proposed AML/CTF Obligations

Area	Requirement	Current AML/CTF Obligations	Proposed AML/CTF Obligations	Potential Impact
AML/CTF Programs (impacts clubs with 16 or more EGMs across a group of clubs).	1. Streamline AML/CTF Program.	Clubs are required to have an AML/CTF program which includes Part A and Part B.	Streamline Part A and Part B by combining them into one single program.	Clubs will be required to update their AML/CTF program.
	2. Conduct a risk assessment.	Clubs are required to conduct a risk assessment.	Establish a clear (rather than implied) requirement for reporting entities to conduct a risk assessment in line with the proposed criteria.	Changes may need to be aligned with the proposed criteria for risk assessments.
	3. Implement risk mitigation measures.	Clubs are required to implement risk mitigation measures.	Clarifying that reporting entities must implement proportionate risk mitigation measures once the risk assessment has been completed as part of its AML/CTF program. The Act would not specify the details of mitigation measures.	Changes may need to be aligned with the proposed criteria for risk mitigation measures.
	4. Maintain internal controls.	Clubs are required to maintain and document internal controls. This includes assigning an AML/CTF Compliance Officer, who has the appropriate authority and resources to meet their responsibilities.	Clarifying that reporting entities must establish internal practices (which must be documented). This would include assigning an AML/CTF Compliance Officer, who would be an employee at the management level. The Board would oversee the AML/CTF Program, and the AML/CTF Compliance Office would be responsible for its day-to-day oversight and coordination.	Changes may need to be aligned with the requirements of the proposed criteria for maintaining internal controls, including appointing a new AML/CTF Compliance Officer (if they do not meet the proposed criteria) and documenting AML/CTF controls.
	5. Allow the Head of Business Group to manage common risks etc	Reporting entities within a group of related entities can choose to manage their common risks, information sharing and compliance obligations by establishing a designated business group (DBG).	Replace the DBG concept with a 'business group' structure. The head of a business group would be allowed to manage common risks, information sharing, and compliance obligations.	No material impact is anticipated.

Customer Due Diligence (impacts clubs with 16 or more EGMs across a group of clubs).	6. CDD exemption threshold. NB: This does not prevent a club from conducting CDD if they believe a customer poses an ML/TF risk (or is in line with existing requirements of their AML/CTF program).	Transactions below \$10,000 are exempt from CDD requirements.	Transactions below \$5,000 are exempt from CDD requirements (unless the reporting entity has determined that enhanced CDD should be applied).	Once a customer transacts \$5,000 or more, clubs will be required to undertake CDD on the customer. Clubs may be required to update their AML/CTF program to reflect this process.
	7. Assign a risk rating to customers.	Clubs are not required to assign a risk rating.	Reporting entities must assign a risk rating to each customer.	Once a customer transacts \$5,000 or more, clubs will be required to assign a risk rating to the customer. Clubs may be required to update their AML/CTF program to reflect this process.
	8. Initial CDD.	Clubs are not required to conduct initial CDD. However, they already conduct simplified CDD via patron sign-in requirements.	Before providing a designated service, reporting entities must collect and verify information about the identity of a customer and understand potential risks.	No material impact is anticipated, as gambling providers are exempt from conducting CDD before providing a designated service. Once a customer transacts \$5,000 or more, reporting entities must collect and verify information about the customer's identity and apply a risk rating.

	9. Ongoing CDD.	Clubs are required to conduct ongoing CDD.	<p>Reporting entities must apply ongoing CDD measures proportionate to customer risk.</p> <p>Simplified CDD (low-risk customers) – reporting entities may apply simplified due diligence measures.</p> <p>Enhanced CDD (high-risk customers) – reporting entities must apply additional measures to high-risk customers, including to some specified relationships.</p> <p>In situations not requiring simplified or enhanced CDD, entities may conduct standard CDD in line with the rules.</p>	Clubs may be required to make changes to their AML/CTF program to reflect these processes.
	10. Issue of 'keep open notices' (which permits reporting entities to keep providing services to a customer for law enforcement or intelligence gathering purposes.	Eligible law enforcement agencies can issue a 'keep open notice' after seeking approval from AUSTRAC.	Eligible law enforcement agencies can issue 'keep open notices' directly to reporting entities (without approval from AUSTRAC).	No material impact is anticipated.
	11. Record keeping for CDD.	Clubs are required to maintain records.	Clarify that reporting entities are required to maintain records obtained through any of the core CDD obligations.	No material impact is anticipated, as clubs are expected to do this already.
	12. Existing customers.	Reporting entities that came under the AML/CTF regime in 2007 are treated differently for customer	Transition pre-commencement customers for new and existing regulated entities into the AML/CTF regime over a specified period of time.	No material impact is anticipated.

		identification and verification purposes.		
	13. Definition of a 'business relationship' and 'occasional transaction.'	Undefined.	<p>The following terms will be defined to support reporting entities in fulfilling their CDD obligations.</p> <p>Business relationship: A relationship between a reporting entity and a customer involving the provision of a designated service that has or is.</p> <p>Occasional transaction: The provision of a designated service to a customer outside a business relationship.</p>	No material impact is anticipated.
Other changes (impacts any club with EGMs).	14. Tipping off offence.	Clubs can disclose SMR or information related to a Section 49 notice under limited circumstances.	Restructuring the tipping-off offence framework so a broader cohort of persons, such as another entity within a business group or Australian Government regulator, could receive SMR and section 49 notice information.	Clubs would need to implement and document controls and protections around such disclosures.
	15. Administrative changes to legislation.	Clubs do not have reporting obligations under the FTR Act.	<p>Repeal the FTR Act.</p> <p>Some exemptions will be remade in the Act rather than the Rules. None of these exemptions will be amended in substance.</p>	No material impact is anticipated.