

Modernising Australia's anti-money laundering and counter-terrorism financing regime

PEXA Submission, 16 June 2023

We are responding to the Consultation Paper titled 'Modernising Australia's anti-money laundering and counter-terrorism financing regime' dated April 2023, issued by the Attorney-General's Department (the Consultation Paper)¹. We thank the Attorney-General's Department for the opportunity to make this submission.

As a leading platform for property transactions in Australia, PEXA recognises the importance of the AML/CTF regime in safeguarding the integrity of our financial system and combatting financial crimes. The Consultation Paper outlines potential reforms aimed at simplifying and modernising the regime's operation, including the extension of the regime to high-risk professionals such as lawyers, accountants, trust and company service providers, real estate agents, and dealers in precious metals and stones (tranche-two entities).

Our submission principally focuses on opportunities to reduce the burden on participants such as lawyers and real estate agents involved in real estate transactions if the AML/CTF regime is extended to those professions. PEXA considers that there is a significant opportunity to simplify implementation and reduce the cost and administrative burden on small businesses by leveraging the network and platform for electronic conveyancing established by PEXA which is used by lawyers, conveyancers and financial institutions across the country, and which now processes over 90% of all land transfers in Australia.

If the proposed reforms progress, it is crucial to fully consider their impact on the real estate sector, particularly concerning the potential duplication of existing requirements and the added burden on lawyers, conveyancers and real estate agents who are already subject to professional standards and already have to carry out many of the same activities (e.g. customer identification) for the purpose of the property transaction and/or associated financing activities. It is essential to recognise that these new obligations primarily affect small businesses, who are not resourced or equipped to carry substantial additional regulatory burdens.

It is essential to adopt a contextual approach that acknowledges the diverse nature of the real estate sector and the existing context into which any extension of the AML/CTF regime to tranche-two entities in that sector would operate. By considering these factors, if the reforms progress,

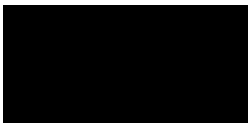
¹ Attorney-General Department. (2023) *Consultation Paper on modernising Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime*, available at <https://consultations.ag.gov.au/crime/aml-ctf/>

they can be implemented to minimise duplication, ensure consistency, and alleviate the compliance burden on small businesses.

PEXA is committed to actively engaging in the public consultation process and recognizes the value of collaboration among industry participants, regulatory bodies, and other stakeholders in shaping an effective regulatory framework and an efficient, practical approach to operationalising regulatory requirements across an extensive and diverse range of industry participants. We understand that open dialogue and collective expertise are crucial in addressing the complexities of the AML/CTF regime. Therefore, we welcome any opportunity for further discussion or inquiries related to sector-specific matters.

Thank you once again for providing us with the opportunity to make this submission.

Yours sincerely,



Group Managing Director & Chief Executive Officer



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1. Executive Summary

This submission responds to the Attorney-General's Department's Consultation Paper on modernizing Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime (the Consultation Paper)².

In addressing Part 1 of the Consultation Paper, we recommend leveraging technological innovations to simplify and modernize the AML/CTF regime's operation, with the aim of creating a more efficient and effective framework. To align with this objective, we propose the introduction of a sector-specific model that incorporates these technological advancements. This model would enable reporting entities to share procedures in a real estate transaction context, utilising the Electronic Lodgement Network Operator (ELNO) as part of the procedures in a compliant sector-specific AML/CTF program. By utilising technological innovation, there is an opportunity to streamline compliance efforts and improve the overall efficiency of the AML/CTF regime.

Part 2 of the Consultation Paper relates to the potential extension of the AML/CTF regime to tranche-two entities including those involved in the real estate sector. PEXA makes no submission on whether the AML/CTF regime should be extended as proposed. We do however submit that assessment of the proposed extension should also include practical operationalisation considerations to mitigate the impact on tranche-two entities, particularly on the numerous small businesses who will be brought into the regime. In this context, we examine the potential of existing platforms such as the PEXA Exchange and e-conveyancing to facilitate streamlined compliance processes, improve the detection of high-risk transactions, and ensure transparent beneficial ownership information.

We present a conceptual framework for integrating AML/CTF compliance measures within the established electronic property settlement platforms if the AML/CTF regime is extended to tranche-two entities involved in real estate transactions. Building on the proposed changes to Part 1 of the Consultation Paper, this framework illustrates how a sector-specific model, leveraging technological advancements, could be applied to the real estate sector. By adopting this framework, compliance processes can be simplified using existing infrastructure, workflows and information sharing among reporting entities. This approach offers the potential for improved efficiency, collaboration, and knowledge-sharing within the industry.

² Attorney-General Department. (2023) *Consultation Paper on modernising Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime*, available at <https://consultations.ag.gov.au/crime/aml-ctf/>

By incorporating a contextual approach that recognises the diverse nature of the real estate sector, the proposed reforms can be implemented in a manner that minimises duplication, provides consistency, and alleviates the compliance burden on small businesses.

This submission outlines potential benefits and considerations of integrating AML/CTF program and measures within electronic conveyancing, presenting it as an initial proposal for further discussion. Our aim, if the extension of the AML/CTF regime is to proceed, is to contribute to designing and implementing a modern and practical approach that satisfies policy and regulatory expectations, meets industry needs, minimises the impact on industry stakeholders particularly small businesses who will become subject to new requirements and recognises the existing context in the real sector into which the expanded regime would operate.

1. Background and Context

The consultation paper, released in April 2023, introduces reforms to simplify and modernise the AML/CTF regime while incorporating technological innovations to enhance effectiveness³. These proposals align with the recommendations outlined in the 2022 Statutory Review, which emphasised the need for more straightforward obligations, consultation on technological efficiencies, and a risk-based regulatory approach⁴.

The regulatory impact statement (RIS) highlights the significance of the proposed reforms in reducing the regulatory burden for reporting entities⁵. As recommended in the RIS, the preferred reform option allows reporting entities to rely on third-party CDD procedures, leading to substantial time and cost savings. For tranche-one entities, this option is projected to reduce customer identification time by 66% and verification costs by 80%, resulting in estimated cost savings of \$3,106,996,010 over ten years⁶.

Overall, the proposed reforms in the Consultation Paper, informed by the recommendations of the Statutory Review and supported by the regulatory impact statement, recommend a comprehensive approach to modernising the AML/CTF regime. Through simplified obligations, technological innovations, and the provision of greater reliance on third-party CDD procedures, these reforms aim to enhance the effectiveness, reduce the regulatory burden, and achieve significant cost savings for reporting entities.

³ Attorney-General Department. (2023) *Consultation Paper on modernising Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime*, p 5-9, 16, available at <https://consultations.ag.gov.au/crime/aml-ctf/>

⁴ Parliament of Australia. (2022) *The adequacy and efficacy of Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime*, available at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Legal_and_Constitutional_Affairs/AUSTRAC

⁵ Department of the Prime Minister and Cabinet. (2019) *Regulation Impact Statement*, p 3, available at https://oia.pmc.gov.au/sites/default/files/posts/2020/02/ris_-_amlctf_amendment_bill_2019_-_final.pdf

⁶ Department of the Prime Minister and Cabinet. (2019) *Regulation Impact Statement*, p 3, available at https://oia.pmc.gov.au/sites/default/files/posts/2020/02/ris_-_amlctf_amendment_bill_2019_-_final.pdf

2. Challenges and Gaps

Part 1: Existing Regime

The existing AML/CTF regime faces several challenges and gaps that the proposed reforms aim to address, focusing on the following key areas:

Cost and Administrative Burden: One significant challenge is the high cost and administrative burden associated with CDD procedures. Reporting entities are required to obtain extensive information from customers, verify their identities, and maintain up-to-date records. These obligations are intensive and ongoing, resulting in substantial compliance costs for reporting entities. The Attorney-General's Department has identified the absence of regulation for professionals such as lawyers, conveyancers, and real estate professionals as a challenge for financial institutions dealing with customers involved in real estate transactions^{7,8}. Consequently, Financial Institutions must implement additional measures to mitigate these risks^{9,10}.

Limited Scope of Third-Party Reliance and Designated Business Groups (DBG): One of the critical gaps in the existing framework is the limited scope of reliance on CDD procedures performed by trusted third parties. Industry feedback¹¹ has indicated that additional options for reliance would enable reporting entities to fulfill their CDD obligations more efficiently and cost-effectively. Concerns regarding the liability and the existing restrictive conditions have

⁷ Australian Government Attorney-General's Department. (November 2016). *Real estate professionals: a model for regulation under Australia's anti-money laundering and counter-terrorism financing regime*, p 4-5, available at <https://www.homeaffairs.gov.au/how-to-engage-us-subsite/files/amf-ctf-regime/real-estate-model-regulation.pdf>

⁸ Australian Government Attorney-General's Department. (November 2016). *Legal practitioners and conveyancers: a model for regulation under Australia's anti-money laundering and counter-terrorism financing regime*, p 4-5, available at <https://www.homeaffairs.gov.au/how-to-engage-us-subsite/files/amf-ctf-regime/legal-practitioners-model-regulation.pdf>

⁹ Australian Government Attorney-General's Department. (November 2016). *Real estate professionals: a model for regulation under Australia's anti-money laundering and counter-terrorism financing regime*, p 4-5, available at <https://www.homeaffairs.gov.au/how-to-engage-us-subsite/files/amf-ctf-regime/real-estate-model-regulation.pdf>

¹⁰ Australian Government Attorney-General's Department. (November 2016). *Legal practitioners and conveyancers: a model for regulation under Australia's anti-money laundering and counter-terrorism financing regime*, p 4-5, available at <https://www.homeaffairs.gov.au/how-to-engage-us-subsite/files/amf-ctf-regime/legal-practitioners-model-regulation.pdf>

¹¹ Department of the Prime Minister and Cabinet. (2019) *Regulation Impact Statement*, p 5-7, available at https://oia.pmc.gov.au/sites/default/files/posts/2020/02/ris_-_amlctf_amendment_bill_2019_-_final.pdf

been raised, emphasizing the need for broader reliance within corporate structures¹². The provisions in Section 37A of the Act¹³ have expanded the circumstance under which a reporting entity may rely on third parties' CDD, introducing new 'safe harbor' provisions. However, these provisions only partially mitigate the compliance burden. While the best protection is available when a reporting entity enters into a written agreement with the third party and regularly assesses the arrangement to establish reasonable grounds that the third party is satisfying the CDD requirement. Section 37A provisions provide a precedent framework for reliance but with limited opportunity for scale and tailoring to the unique roles played by parties in a transaction chain. This limitation may adversely affect the efficiency and cost-effectiveness in the context of the expansion of the AMF/CTF regime to tranche-two entities involved in real estate transactions.

Consequently, it is preferable to adopt a sector-specific model for sharing procedures in a transaction chain context. By allowing reporting entities to utilise the CDD conducted by known third parties participating in the transaction chain, the burden on individual entities can be alleviated. Additionally, when addressing these gaps, it is essential to consider the unique challenges and requirements of tranche-two entities, including potential coverage of real estate transactions. Exploring alternative approaches that allow multiple entities involved in a shared transaction chain – such as a real estate transaction to engage in shared CDD procedures, and to enable that to occur on a sector-specific basis, would contribute to a more comprehensive and practical AML/CTF framework.

Part 2: Tranche-Two Entities

Cost and Administrative Burden: It is important to evaluate the potential cost burden associated with these reforms carefully given the potential impact of tranche-two reforms on small businesses and the increased regulatory burden¹⁴. The reforms represent a significant expansion of the AML/CTF regime and would capture as many as 100,000 additional businesses, the majority of which are small businesses or sole traders and practitioners¹⁵. The experiences of international jurisdictions, such as New Zealand and the United Kingdom, provide insights into the high costs that may arise from implementing AML/CTF regulation on certain professions, including the legal and real estate sectors.

¹² Department of the Prime Minister and Cabinet. (2019) *Regulation Impact Statement*, p 5-7, available at https://oia.pmc.gov.au/sites/default/files/posts/2020/02/ris_-_amlctf_amendment_bill_2019_-_final.pdf.

¹³ The Anti-Money Laundering and Counter-Terrorism Financing Act 2006, p2, s 37A.

¹⁴ Department of Home Affairs, Submission 32, p. 5, Available at <https://www.aph.gov.au/DocumentStore.ashx?id=ce3f594f-bb2f-440c-b4fc-cf70459c560e&subId=716616>

¹⁵ Department of Home Affairs, Submission 32, p. 12, Available at <https://www.aph.gov.au/DocumentStore.ashx?id=ce3f594f-bb2f-440c-b4fc-cf70459c560e&subId=716616>

A study on implementing AML obligations in the UK property market reveals practical obstacles to effective compliance with AML regulations¹⁶. These challenges include conducting CDD checks with limited face-to-face contact¹⁷, subjective risk assessments for verifying the source of funds¹⁸, difficulties in identifying politically exposed persons (PEPs)¹⁹, the "suspicion" requirement in AML regulations²⁰, and ambiguity within the rules themselves²¹.

Feedback from small and sole practitioners in New Zealand, where similar reforms have been implemented, indicates high compliance costs. Some businesses have resorted to outsourcing their compliance processes at high costs per client, raising concerns about the financial viability of small firms²². These costs may be passed on to clients and customers, underscoring the need for a comprehensive cost-benefit analysis to assess the impact of the reforms²³.

The New Zealand Report acknowledges the concerns raised by submitters regarding the cost of compliance with the AML/CFT regime²⁴. The cost estimates projected that, with the way that the respective roles interact in the New Zealand market, lawyers and conveyancers have an average compliance cost of \$37.76 per client, while real estate professionals face an average cost of \$355.88 per transaction²⁵. Submissions to that report emphasize the impact on business profitability, productivity, and the viability of specific transactions, particularly for small businesses. They also express concerns about the extensive work required to understand and

¹⁶ Zavoli, I., & King, C. (2021). *The Challenges of Implementing Anti-Money Laundering Regulation: An Empirical Analysis*. *The Modern Law Review*, p 20-22, available at <https://doi.org/10.1111/1468-2230.12628>

¹⁷ Zavoli, I., & King, C. (2021). *The Challenges of Implementing Anti-Money Laundering Regulation: An Empirical Analysis*. *The Modern Law Review*, p 22-25, available at <https://doi.org/10.1111/1468-2230.12628>

¹⁸ Zavoli, I., & King, C. (2021). *The Challenges of Implementing Anti-Money Laundering Regulation: An Empirical Analysis*. *The Modern Law Review*, p 25-27, available at <https://doi.org/10.1111/1468-2230.12628>

¹⁹ Zavoli, I., & King, C. (2021). *The Challenges of Implementing Anti-Money Laundering Regulation: An Empirical Analysis*. *The Modern Law Review*, p 27-32, available at <https://doi.org/10.1111/1468-2230.12628>

²⁰ Zavoli, I., & King, C. (2021). *The Challenges of Implementing Anti-Money Laundering Regulation: An Empirical Analysis*. *The Modern Law Review*, p 38-44, available at <https://doi.org/10.1111/1468-2230.12628>

²¹ Zavoli, I., & King, C. (2021). *The Challenges of Implementing Anti-Money Laundering Regulation: An Empirical Analysis*. *The Modern Law Review*, p 53-57, available at <https://doi.org/10.1111/1468-2230.12628>

²² New Zealand Ministry of Justice. (2022) *Report on the review of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009*, p 84-85, available at <https://www.justice.govt.nz/assets/Documents/Publications/AMLCFT-Statutory-Review-Final-Report-v2.pdf>

²³ New Zealand Ministry of Justice. (2022) *Report on the review of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009*, p 86, available at <https://www.justice.govt.nz/assets/Documents/Publications/AMLCFT-Statutory-Review-Final-Report-v2.pdf>

²⁴ New Zealand Ministry of Justice. (2022) *Report on the review of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009*, p 83-84, available at <https://www.justice.govt.nz/assets/Documents/Publications/AMLCFT-Statutory-Review-Final-Report-v2.pdf>

²⁵ New Zealand Ministry of Justice. (2022) *Report on the review of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009*, p 85, available at <https://www.justice.govt.nz/assets/Documents/Publications/AMLCFT-Statutory-Review-Final-Report-v2.pdf>

comply with the regulations, posing challenges for small businesses. The emergence of a service industry charging significant fees for compliance support raises questions about the quality and value of the services provided²⁶.

Duplication of existing regulatory obligations and practices: One of the challenges highlighted in the Senate paper is the potential duplication of existing regulatory obligations and practices²⁷. Various professions and industries, including legal, accountants, and real estate agents, have expressed concerns about the burden of overlapping regulations²⁸. Legal professionals, such as lawyers and conveyancers, already comply with stringent professional and ethical standards and regulatory obligations under the Legal Profession Uniform Law and other state and territory legislative frameworks²⁹. Similarly, accountants adhere to professional and ethical standards set by the Accounting Professional and Ethical Standards Board³⁰. At the same time, real estate agents undergo licensing processes managed by state and territory jurisdictions and adhere to state-level codes of conduct³¹.

Conveyancers, as legal professionals specialising in property transactions, play a crucial role in facilitating the conveyancing and registration of land transactions. This process inherently involves the verification of identity requirements mandated by both the Australian Registrars' National Electronic Conveyancing Council (ARNECC) and the Registrar of Land Titles. These

²⁶ New Zealand Ministry of Justice. (2022) *Report on the review of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009*, p 84, available at <https://www.justice.govt.nz/assets/Documents/Publications/AMLCTF-Statutory-Review-Final-Report-v2.pdf>

²⁷ Parliament of Australia. (2022) *The adequacy and efficacy of Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime*, p24-32 available at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Legal_and_Constitutional_Affairs/AUSTRAC

²⁸ Parliament of Australia. (2022) *The adequacy and efficacy of Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime*, p 24-32, available at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Legal_and_Constitutional_Affairs/AUSTRAC

²⁹ Australian Government Attorney-General's Department. (November 2016). *Legal practitioners and conveyancers: a model for regulation under Australia's anti-money laundering and counter-terrorism financing regime*, p 4-5, available at <https://www.homeaffairs.gov.au/how-to-engage-us-subsite/files/amf-ctf-regime/legal-practitioners-model-regulation.pdf>

³⁰ Australian Government Attorney-General's Department. (November 2016). *Accountants: a model for regulation under Australia's anti-money laundering and counter-terrorism financing regime*, p 4-5, available at <https://www.homeaffairs.gov.au/how-to-engage-us-subsite/files/amf-ctf-regime/accountants-model-for-regulation.pdf>

³¹ Australian Government Attorney-General's Department. (November 2016). *Real estate professionals: a model for regulation under Australia's anti-money laundering and counter-terrorism financing regime*, p 4-5, available at <https://www.homeaffairs.gov.au/how-to-engage-us-subsite/files/amf-ctf-regime/real-estate-model-regulation.pdf>

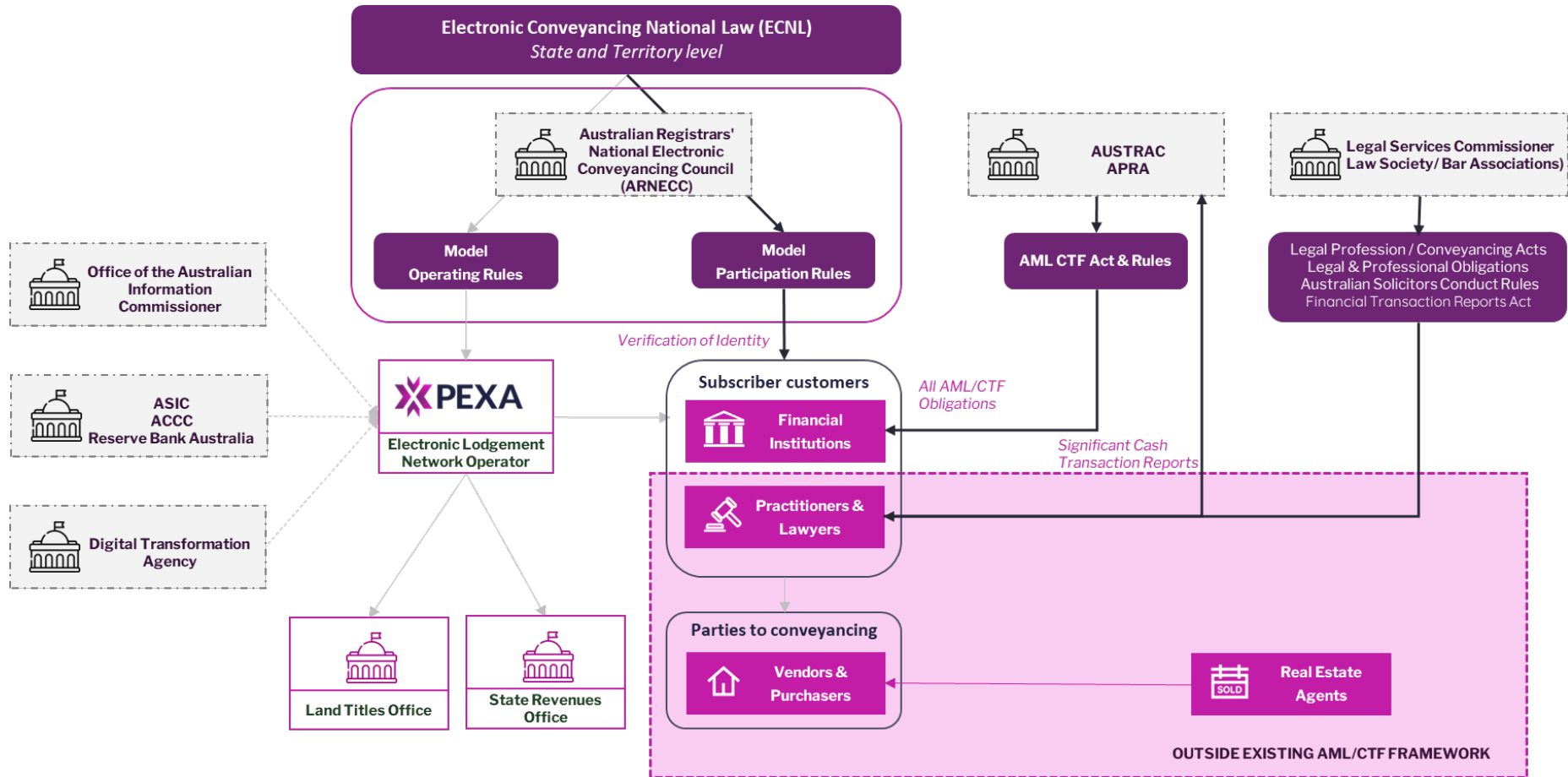
requirements include verifying identity, compliance with laws, and participation rules for conveyancing transactions³².

Figure 1 provides a visual representation of the current regulatory landscape, offering a conceptual overview of the regulations governing the activities of real estate agents, legal professionals, and financial institutions. It illustrates the complexity of the current regulatory framework and highlights the potential impact of inconsistent obligations that reporting entities may face. The introduction of similar but not identical obligations across different regulatory regimes can create challenges for compliance. Reporting entities may be required to navigate and reconcile differences between various sets of rules, potentially resulting in inadvertent non-compliance or over-compliance as they strive to achieve consistency.

Balancing the regulatory requirements with the existing obligations and practices of these professions is crucial to avoid introducing inconsistencies and ensure a streamlined and practical AML/CTF framework for tranche-two entities.

³² Australian Registrars' National Electronic Conveyancing Council (ARNECC). (August 2021). *Model Participation Rules Consultation Draft (clean version)*, p 19-22, available at <https://www.arnecc.gov.au/wp-content/uploads/2021/08/Model-Participation-Rules-Consultation-Draft-7-clean.pdf>

Figure 1: Overview of key regulators and regulations, including AML/CTF involved in the electronic conveyancing market.



3. PEXA's Role and Unique Capabilities

PEXA is at the forefront of digital property settlements in Australia, operating the leading platform known as PEXA Exchange. As an Electronic Lodgement Network Operator (ELNO), PEXA facilitates electronic lodgment and settlement of property transactions through our integrated platform, connecting various stakeholders in the property market. As of the latest public data, the PEXA Exchange orchestrates over 90%³³ of all property transfers across Australia, with widespread adoption and acceptance by industry participants.

The strength of PEXA's role lies in the extensive ecosystem and infrastructure, which is relied upon by most banks, conveyancers, and lawyers involved in real estate transactions. The platform integrates with six land titles offices, five state revenue offices, and the Reserve Bank of Australia, enabling smooth and efficient property settlements. Over 160 financial institutions³⁴ and more than 9,800 practitioner firms³⁵ utilise PEXA's services, resulting in over 15 million completed property transactions with a total value exceeding \$3 trillion³⁶.

PEXA's role is underpinned by enabling legislation and regulatory oversight. In collaboration with government and industry bodies, PEXA has played a pioneering role in the development of a national system for electronic conveyancing, including the creation of consistent data standards necessary to orchestrate transactions across multiple different industry participants. This involved extensive collaboration, the establishment of a comprehensive regulatory framework, and transforming legacy operations and processes of key market participants. The regulatory framework is overseen by the Advisory and Coordination Committee for Electronic Conveyancing (ARNECC), which ensures compliance with the Electronic Conveyancing National Law and provides guidance for ELNOs like PEXA.

³³ PEXA. (2023) *Collaboration is critical in transforming the UK's property market - PEXA* [Press release] available at https://investors.pexa.com.au/FormBuilder/_Resource/_module/MKCI5QLROK-78c35b6yPkA/docs/Media_Releases/PEXA%20announces%20key%20industry%20collaborations%20to%20best%20support%20the%20UK%20property%20market.pdf

³⁴ PEXA. (23 February 2023). *1H23Results Presentation*, p 10, available at https://investors.pexa.com.au/FormBuilder/_Resource/_module/MKCI5QLROK-78c35b6yPkA/docs/PEXA_FY23_Half_Year_Results_Presentation.pdf

³⁵ PEXA. (23 February 2023). *1H23Results Presentation*, p 10, available at https://investors.pexa.com.au/FormBuilder/_Resource/_module/MKCI5QLROK-78c35b6yPkA/docs/PEXA_FY23_Half_Year_Results_Presentation.pdf

³⁶ PEXA. (2023) *Collaboration is critical in transforming the UK's property market - PEXA* [Press release] available at https://investors.pexa.com.au/FormBuilder/_Resource/_module/MKCI5QLROK-78c35b6yPkA/docs/Media_Releases/PEXA%20announces%20key%20industry%20collaborations%20to%20best%20support%20the%20UK%20property%20market.pdf

Ultimately, transformation of the industry has depended not only on technology but also on alignment with and support from industry participants including the central bank, financial institutions, governments, law societies, industry associations, regulatory and peak bodies, and practitioners. PEXA led the industry in the co-design and implementation of the supporting mechanisms critical to scaling deployment of the platform including data standards, service level agreements, guidelines, best practice, implementation planning and change management.

By leveraging our established infrastructure and participation of lawyers/conveyancers and financial institutions, as well as collaborative relationships with industry stakeholders, if the decision is made to extend the AMF/CTF regime to tranche-two entities in the real estate sector, PEXA is well positioned to work with stakeholders to mitigate the operational and compliance burden and assist with efficient implementation.

4. Response to Part 1: Proposed Model

This section addresses the proposed model in the Consultation Paper³⁷ and presents our recommended amendments across various areas. The amendments aim to enhance the efficiency and effectiveness of CDD processes by introducing approved sector-specific reliance models. We principally focus on utilising the ELNO, as described in section 5. These proposed changes would enable reporting entities to adopt a sector-specific model for sharing procedures in a real estate transaction context, utilising the ELNO as part of the procedures in a compliant sector-specific AML/CTF program. The objective of this section is to provide an overview of our recommended amendments and their potential impact on the compliance landscape, without taking a position on their adoption.

AML/CTF Programs

The proposed model aims to amend the Act to provide regulated entities with clearer guidelines for developing an AML/CTF program. It emphasizes the importance of understanding and addressing ML/TF risks before implementing a program. The proposed changes require reporting entities to have an AML/CTF program in place, which includes documentation on risk assessment and mitigation measures.

Considering the practical limitations faced by small businesses, the obligations for how the AML/CTF program should be adopted and the content that must be covered could be established under a sector-specific model, co-designed with regulators, industry bodies, regulated entities, and the ELNO. The Act and Rules would provide a standardised framework that reporting entities can adopt and customize according to their circumstances.

The co-design process presents an opportunity to address potential duplication or inconsistency in the Rules related to CDD in the real estate sector to harmonise and streamline the obligations, instructions, and guidance, including creating an efficient framework for conducting CDD procedures specific to the real estate industry. This could include establishing a standardised mechanism for reporting entities to apply risk assessment and mitigation measures under a sector-specific AML/CTF Program consistent with the intent of the proposed model for DGBs³⁸.

³⁷ Attorney-General Department. (2023) *Consultation Paper on modernising Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime*, p 10-12, available at <https://consultations.ag.gov.au/crime/aml-ctf/>

³⁸ Attorney-General Department. (2023) *Consultation Paper on modernising Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime*, p 10-12, available at <https://consultations.ag.gov.au/crime/aml-ctf/>

If a sector-specific framework is approved, this can be translated into practical mechanisms for implementation, including data standards and workflows described in section 5. Reporting entities would remain responsible for performing the CDD assessments, under the sector-specific framework, adhering to the Act, Rules, Guidance, and Standards. The ELNO would provide the ecosystem and infrastructure for implementing a sector-specific AML/CTF Program.

If these reforms are implemented, they could enhance the effectiveness and efficiency of compliance efforts, promoting a unified approach to risk assessment and mitigation. Reporting entities would have the flexibility to tailor the program to their specific needs within the prescribed framework, including the ability to opt out of participation in the sector-specific model. Collaborative efforts between regulators, industry bodies, reporting entities, and the ELNO would contribute to a stronger AML/CTF regime in the real estate sector.

Customer due diligence obligations

The proposed changes in the Consultation Paper aim to realign the obligations in the Act, Rules, and Guidance materials related to CDD, establishing a streamlined compliance framework. The Act will outline the core obligation, while the Rules will provide specific instructions on meeting that obligation. Additionally, the Guidance materials provided by AUSTRAC will offer practical advice on fulfilling the CDD requirements. These changes, if adopted, provide a strong foundation for the practical implementation of a sector-specific model utilising a precedent legal framework that can be maintained over time, reflecting an evolving intelligence landscape. By leveraging the capabilities of the ELNO and integrating relevant CDD obligations, the sector-specific model, enabled by an ELNO, offers a comprehensive and streamlined approach to customer due diligence, enhancing compliance and mitigating risks within the real estate sector.

Reliance on customer identification procedures by a third party

The reliance provisions in Section 37A of the Act³⁹ address the safe harbor provisions for situations where a customer interacts with multiple reporting entities. These provisions offer an option to rely on a reliable third party to perform customer identification procedures on an ongoing basis, provided certain conditions have been met. These conditions include entering into a written agreement or arrangement and having reasonable grounds to believe the third party has appropriate AML/CTF systems and controls.

However, the obligations require reporting entities to individually assess compliance with the AML/CTF rules for each arrangement and therefore need a practical mechanism for scalability,

³⁹ The Anti-Money Laundering and Counter-Terrorism Financing Act 2006, p2, s 37A.

particularly for industries such as real estate that primarily consists of small businesses. The compliance burden is likely to be resource-intensive and preclude a practical application for small businesses who will become reporting entities under the proposed tranche-two reforms or larger businesses (e.g. financial institutions) who would need to individually assess multiple small businesses, many of which they have limited ongoing interactions.

Our proposed amendment aims to address these challenges and enhance the efficiency and scalability of the reliance framework. The Section 37A provisions provide a precedent framework for reliance but with limited opportunity for scale and tailoring to the unique roles played by parties in a property transaction chain. We suggest adopting a sector-specific model for sharing procedures in a real estate transaction context, utilising the ELNO as part of the procedures in a compliant sector-specific AML/CTF program and therefore eliminating the need for reporting entities to enter and determine compliance under individual arrangements. Under this proposed amendment, the regulator would evaluate and approve the sector-specific arrangement and reliance models to ensure that it meets the prescribed requirements. This approach would alleviate the burden on reporting entities, particularly small businesses operating in industries such as real estate, by streamlining the compliance process and ensuring consistency in meeting AML/CTF obligations.

Conceptually, Section 37A could be revised to provide a framework for reporting entities to enter into written agreements or arrangements with approved sector-specific reliance model providers, such as the ELNO. The revised section would establish that if the agreement or arrangement is in force and the reporting entity has complied with the specified requirements, the Act would treat the reporting entity as if it had performed the applicable CDD procedures for the customer and designated service, based on the shared assessments conducted within the approved reliance model. By adopting this proposed revision, the responsibility for establishing reasonable grounds to be protected under the safe harbor provisions for third-party reliance would be shifted to an evaluation of the sector-specific model conducted by the regulator, AUSTRAC.

The proposed amendments would be responsible for establishing requirements for the written agreements or arrangements, ensuring compliance with AML/CTF rules, and outlining the process for obtaining reasonable grounds to believe that the prescribed requirements are being met within the approved model.

It is important to note that our recommendations have primarily focused on the elements presented in the Consultation Paper. While we have identified Section 37A explicitly, as it was not included in the paper, we acknowledge that other parts of the Act may also need to be

considered and reviewed to ensure a coherent application of the proposed sector-specific model.

A potential sector-specific model for tranche-two entities in the real estate sector is outlined in section 5 of this submission.

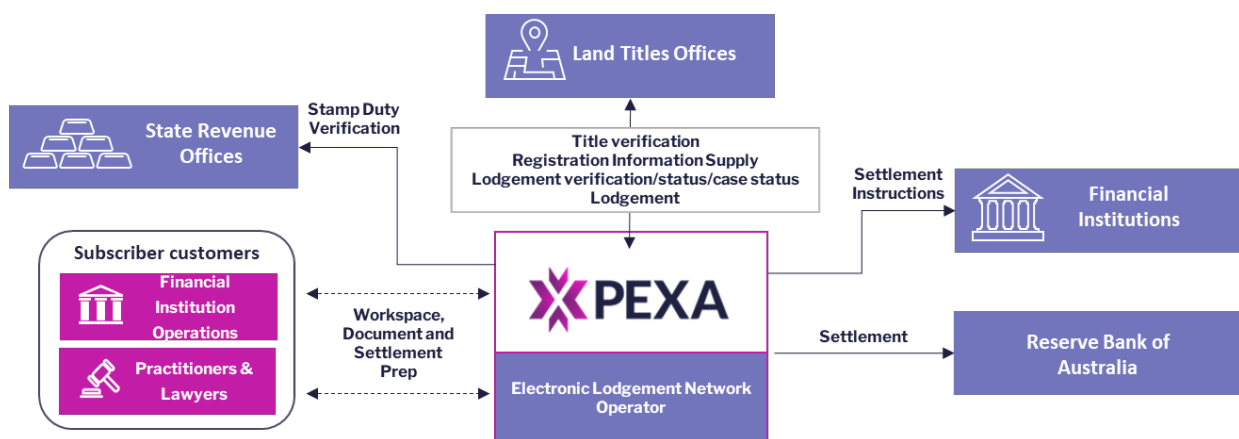
5. Response to Part 2: Tranche-two entities

To address the challenges outlined in the previous section and create an efficient and collaborative AML/CTF compliance framework within the real estate sector, should the regime be extended, we propose a regulatory model that aligns with the principles and objectives of the AML/CTF regime, and builds on the proposed changes to Part 1 of the Consultation Paper. We illustrate how a sector-specific model, leveraging technological advances, could be applied to the real estate sector to include practical operationalisation considerations to mitigate the impact, particularly on the numerous small businesses who would be brought into the regime. This model considers the unique aspects of real estate agents, legal practitioners, and conveyancers and promotes compliance efficiency by leveraging the existing PEXA Exchange e-conveyancing platform.

Overview of PEXA's E-Conveyancing Platform

PEXA’s Exchange is a well-established digital platform that has revolutionised the conveyancing process in Australia. It provides a secure and efficient ecosystem for property transactions, facilitating seamless collaboration among stakeholders, including lawyers, conveyancers, financial institutions, and government bodies. The platform enables electronic lodgement and settlement of property transactions, eliminating manual paperwork and enabling real-time communication and data sharing (see Figure 2)⁴⁰.

Figure 2: E-Conveyancing Ecosystem



⁴⁰ PEXA. (2021). *Replacement prospectus initial public offering of shares*, p 50, available at https://investors.pexa.com.au/FormBuilder/_Resource/_module/MKCI5QLROK-78c35b6yPkA/docs/PEXA_IPO_Prospectus.pdf

PEXA Workspace

The PEXA Exchange workspace offers subscribers a collaborative and efficient environment for conducting property transactions. It streamlines the process, reduces manual paperwork, and enables real-time communication and document sharing among participants, ensuring a seamless and secure experience for all parties involved.

Figure 3 illustrates how subscribers interact with the PEXA Exchange workflow to facilitate electronic settlement and lodgement of property transactions⁴¹.

Figure 3: Overview of the PEXA Exchange Workflow

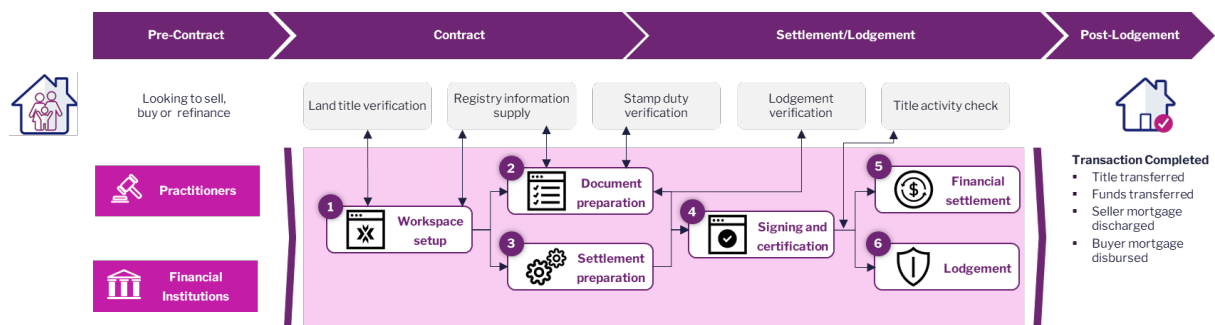


Figure 4 provides an overview of the key process steps that is involved in a property transaction to enable financial settlement and lodgement of documents to the relevant Land Title Office⁴².

Figure 4: Workspace General Overview

Objective	Description
Workspace setup	> PEXA Exchange subscribers create a Workspace, which is a secure online environment that enables document preparation and funds transfer instructions exchange. PEXA Exchange electronically retrieves land title information from the relevant Land Titles Office.
Document preparation	> PEXA Exchange guides users through the process of preparing and validating documents for lodgement with the Land Titles Office.

⁴¹ PEXA. (2021). *Replacement prospectus initial public offering of shares*, p 64, available at https://investors.pexa.com.au/FormBuilder/_Resource/_module/MKCI5QLROK-78c35b6yPkA/docs/PEXA_IPO_Prospectus.pdf

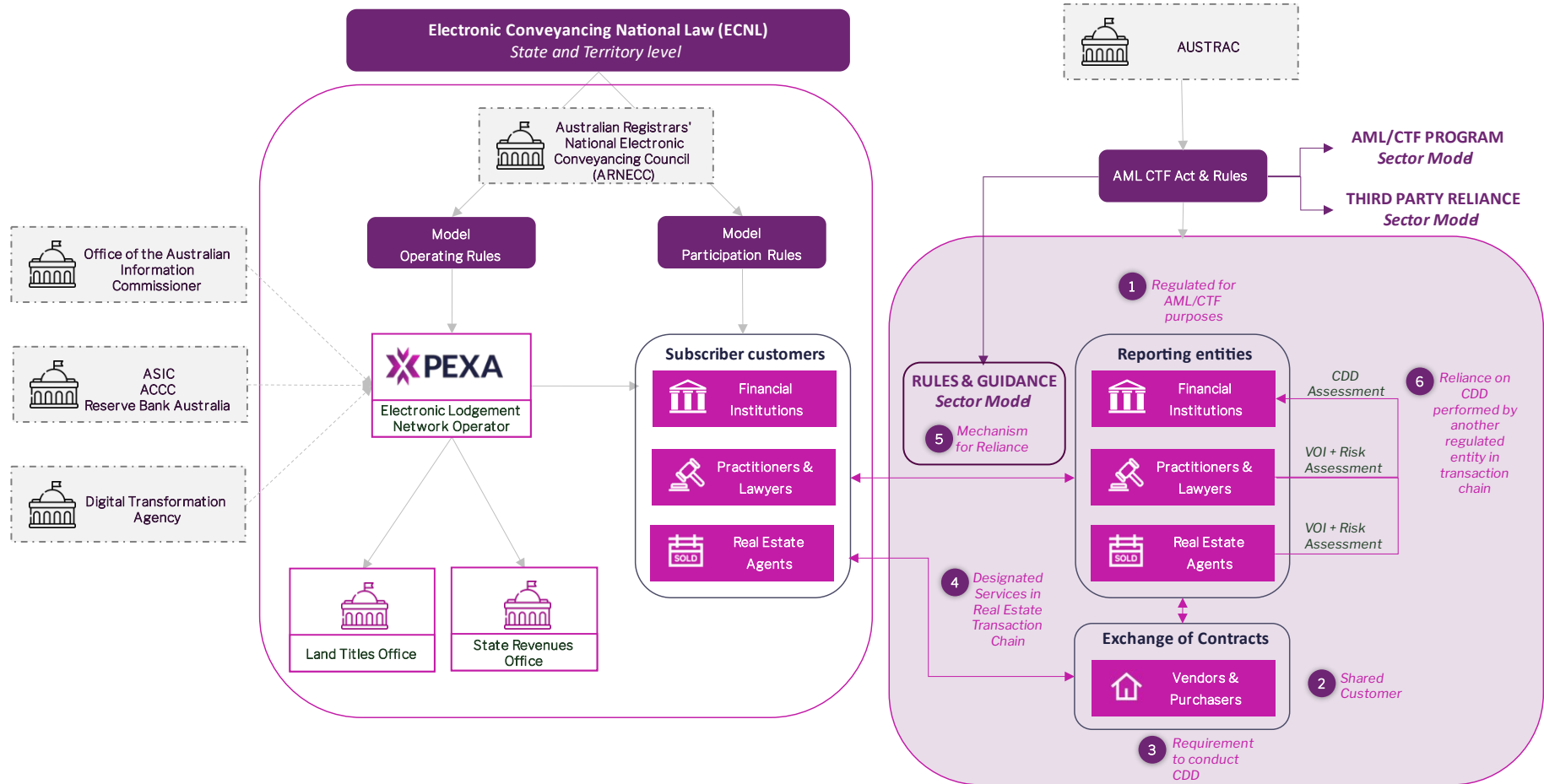
⁴² PEXA. (2021). *Replacement prospectus initial public offering of shares*, p 65, available at https://investors.pexa.com.au/FormBuilder/_Resource/_module/MKCI5QLROK-78c35b6yPkA/docs/PEXA_IPO_Prospectus.pdf

Objective	Description
	<ul style="list-style-type: none"> > Throughout the process, PEXA Exchange verifies data with government authorities, such as the Land Titles Office for document verification and the Revenue Office to confirm stamp duty obligations.
Settlement preparation	<ul style="list-style-type: none"> > PEXA Exchange enables participants to prepare financial settlement information for electronic fund transfers. > PEXA Exchange automatically calculates and populates relevant line items in the settlement schedule.
Signing and Certification	<ul style="list-style-type: none"> > Document signing is completed by subscribers on behalf of clients. > The PEXA Exchange monitors changes to workspace data, ‘unsigned’ documents with data changes until lodgement.
Financial Settlement	<ul style="list-style-type: none"> > PEXA facilitates the exchange of funds through a payment interface alongside the lodgement of transaction documents in a near real-time process developed in collaboration with the Reserve Bank of Australia.
Lodgement	<ul style="list-style-type: none"> > PEXA Exchange automatically lodges transaction documents with the relevant Land Titles Offices and notifies subscribers. > A comprehensive audit trail in the Workspace captures all activities and communications between subscribers, ensuring a transparent record of the transaction process.

Integration of AML/CTF Compliance Measure

Building upon the adoption of the PEXA Exchange, we propose a model that extends the platform to incorporate AML/CTF compliance measures for CDD sharing and reliance. The extended platform would allow real estate professionals, solicitors, conveyancers, and financial institutions to integrate AML/CTF compliance measures into their existing workflows and processes. This integrated solution streamlines compliance processes, enhances information sharing, and improves intelligence and reporting capabilities and could potentially be leveraged for further AML/CTF obligations. Figure 5 provides a conceptual overview of the regulatory framework for this model.

Figure 5: Conceptual Overview of the Regulatory Framework for Sector-Wide Model.



Proposed Conceptual Workflow

The proposed continuous CDD process operates as a secure parallel channel that is connected to, yet distinct from, the PEXA workspace. While the PEXA workspace remains the primary platform for real estate transactions, this dedicated parallel channel serves as a secure and specialised workflow designed for orchestrating CDD information and which is referable back to the underlying real estate transaction. By establishing this separate but interconnected workflow, the CDD process maintains the necessary security measures and dedicated functionalities while also enabling the due diligence information to be linked to the underlying real estate transaction by participants, AUSTRAC and law enforcement.

This parallel channel operates as a shared assessment platform, where each participating entity contributes to the evaluation of a shared customer. The workflow for CDD progresses in tandem with the real estate transaction.

By aligning the CDD process with the transaction progress, the model introduces a continuous CDD process, which would effectively address gaps and introduce greater flexibility in the timing of CDD procedures. By connecting CDD activities across all service providers involved in the transaction, a shared view of the customer would be established, eliminating gaps or inconsistencies arising from conducting CDD at different points in time and by separate entities and requiring analytics to re-constitute a holistic view of the transaction. Each party involved in the transaction can contribute to the assessment based on their information, enabling a comprehensive understanding of the customer's profile and risk assessment throughout the transaction. This approach also minimises duplication of processes carried out on the same customer for the transaction.

The extended platform would enable real estate professionals, solicitors, conveyancers, and financial institutions to integrate AML/CTF compliance measures into their existing workflow and processes.

Under the proposed model, real estate professionals would become subscribers to the PEXA platform, enabling their participation in the continuous CDD process. The workflow involves real estate professionals, lawyers/conveyancers, and financial institutions, aiming to ensure comprehensive CDD while minimising duplication and streamlining the process.

By enabling the sharing of customer verification of identity, risk assessment, and ultimate beneficial ownership (UBO) information through the PEXA platform, the proposed reliance model for continuous CDD aims to fulfil the CDD obligations for all parties involved in the real estate transaction, without requiring each party to complete a full CDD process.

PEXA Continuous CDD Workspace

Figure 6 illustrates how subscribers interact with the PEXA Exchange workflow to facilitate CDD procedures.

Figure 6: Conceptual Overview of the PEXA Exchange Secure Parallel CDD Channel

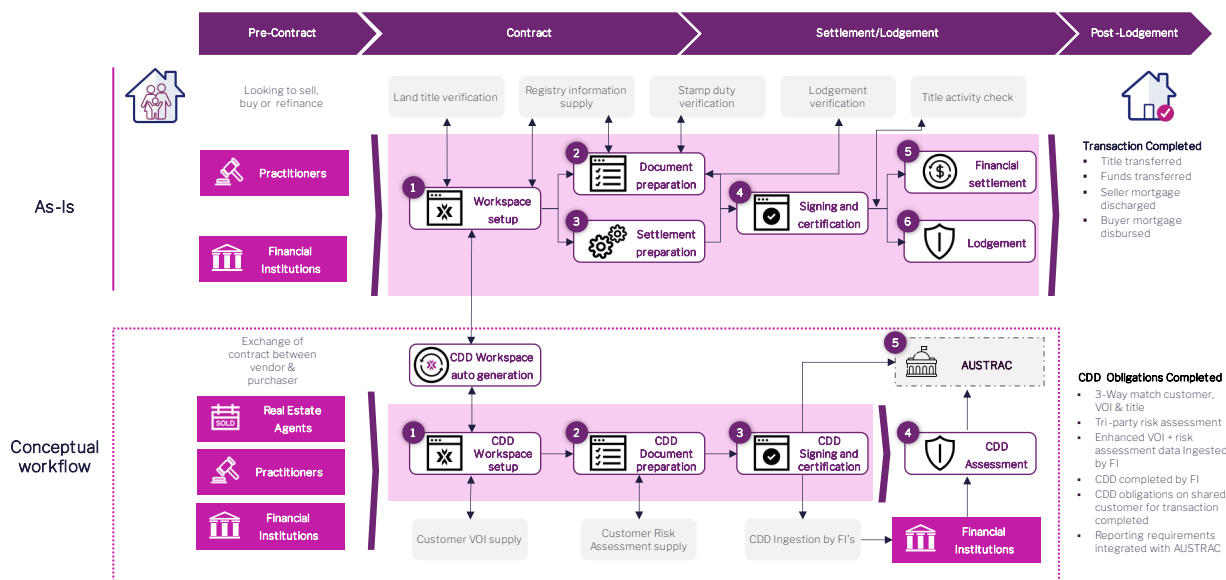


Figure 7 illustrates a preliminary concept of the key process steps for the continuous CDD reliance model. It presents our initial thinking on how the model could operate, encompassing the Exchange workflow, information sharing and guidance integration functionality. While we have initial thoughts on how these elements might work, we would be happy to collaborate with Government, regulators, and industry to define the detail.

Figure 7 Preliminary concept for continuous CDD reliance model

Objective	Description
CDD workspace set up	> The CDD workspace is automatically generated from the existing Exchange workflow.
Rules and guidance	> The workflow integrates the proposed AML/CTF obligations and rules including specific risk factors and incorporates guidance material developed by AUSTRAC to assist users in assessing

Objective	Description
	relationship risk, while also allowing for the seamless integration of sector-specific examples ⁴³ .
CDD Risk Assessment Preparation	> All parties involved contribute to the CDD risk assessment and preparation process
Risk Assessment Signing and Certification	> The risk assessment is digitally signed, ensuring verification and authentication.
CDD and ECDD Assessment	> Based on the combined risk assessment, further steps are taken, encompassing both CDD and ECDD procedures.

This collaborative approach seeks to streamline and enhance the efficiency of AML/CTF compliance efforts within the real estate transaction workflow while minimising the impact on the end customer.

⁴³ Attorney-General Department. (2023) *Consultation Paper on modernising Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime*, p 7, available at <https://consultations.ag.gov.au/crime/aml-ctf/>

6. Potential Benefits and Industry Impact

The proposed model aims to benefit the real estate industry by strengthening the AML/CTF framework, promoting collaboration, improving efficiency, and enhancing risk management. It leverages PEXA's existing infrastructure, relationships, and data-sharing capabilities to strengthen compliance, detect suspicious activities earlier, and contribute to a safer and more transparent real estate ecosystem.

Enhanced Efficiency and Cost Reduction

Integrating AML/CTF compliance measures into the PEXA Exchange platform offers substantial efficiency gains and cost reduction. By leveraging existing infrastructure and technology, entities involved in property transactions can avoid duplicate compliance procedures and utilise the platform's capabilities to meet new compliance obligations. This streamlined compliance process reduces administrative burdens and lowers overall compliance costs.

Improved Risk Detection and Intelligence

The collaborative nature of the proposed model is expected to enhance risk detection and intelligence gathering. By leveraging the insights and information contributed by each party involved, a more comprehensive view of the customer and transaction can be obtained. This facilitates early identification of high-risk transactions and suspicious activities, enabling prompt risk mitigation and reporting. Integrating diverse data sources further enhances the quality and depth of intelligence reported to AUSTRAC, strengthening the fight against money laundering and illicit activities.

Standardisation of Data and Reporting

Aligned with the data standardisation in the e-conveyancing process, the proposed model has the potential to facilitate the standardisation of AML/CTF data collection and reporting. By adhering to existing regulatory guidelines, such as those established by ARNECC, the platform can facilitate consistent and accurate collection of the necessary information, reducing errors and duplication. This improves the quality of intelligence reported to AUSTRAC and ensures compliance with regulatory requirements.

Sector-Wide Awareness and Education

The centralised platform for compliance measures provides an opportunity for industry bodies, peak bodies, and professional associations to focus on collaborative initiatives to educate and raise awareness across the sector. By fostering sector-specific understanding and education, the proposed model promotes a culture of compliance and ensures that industry participants are well-informed about their AML/CTF obligations.

7. Considerations and Challenges

We acknowledge that implementing sector-specific reforms involve various regulatory, legal, and practical considerations. To ensure an informed submission, we have examined the experiences of jurisdictions such as the United States, the United Kingdom, New Zealand, and Singapore, which have established private sector information-sharing regimes in AML/CTF efforts. We have also considered guidance reports issued by the Financial Action Taskforce, which provides recommendations for enhancing information exchange among private sector entities^{44,45,46}. Based on our research and the guidance reports, we outline key preliminary aspects that require careful consideration.

Legal Basis and Information Sharing

Facilitating seamless information sharing among parties involved in property transactions requires a clear legal basis within the regulatory framework. This includes defining the scope of information that can be shared, determining the parties involved, and establishing the circumstances under which information can be shared. The framework should address liability protections, data security measures, access controls, and privacy considerations to ensure lawful and responsible information sharing⁴⁷.

Modifications to ARNECC Laws and Guidelines

Modifications to ARNECC laws and guidelines would be necessary to allow the participation of real estate professionals in the CDD process and accommodate the inclusion of new types of information contemplated within the AML/CTF framework. Collaborative efforts between regulators, industry bodies, and ARNECC would be essential to ensure a smooth integration of

⁴⁴ FATF (2017), *FATF Guidance, Private Sector Information Sharing*, available at <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Private-Sector-Information-Sharing.pdf.coredownload.pdf>

⁴⁵ FATF (2022), *Partnering in the Fight Against Financial Crime: Data Protection, Technology and Private Sector Information Sharing*, available at <https://www.fatf-gafi.org/publications/digitaltransformation/documents/partnering-in-the-fightagainst-financial-crime.html>

⁴⁶ FATF (2021), *Stocktake on Data Pooling, Collaborative Analytics and Data Protection*, available at <https://www.fatf-gafi.org/publications/digitaltransformation/documents/data-pooling-collaborativeanalytics-data-protection.html>

⁴⁷ FATF (2022), *Partnering in the Fight Against Financial Crime: Data Protection, Technology and Private Sector Information Sharing*, available at <https://www.fatf-gafi.org/publications/digitaltransformation/documents/partnering-in-the-fightagainst-financial-crime.html>

AML/CTF requirements into the existing regulatory framework governing ELNOs and property transactions.

Data Privacy and Compliance

Data privacy and compliance are paramount in implementing private-sector information sharing. Robust controls, safeguards, and protocols must be established to handle and store data securely, and compliance requirements must be adhered to maintain the highest data privacy and security standards.

Industry Participation

This model's successful design and implementation rely on the active involvement and cooperation of key participants, particularly banks, who already have existing compliance arrangements and the industry bodies representing lawyers, conveyancers and real estate agents whose members will be impacted by the changes and will need significant education and support in the implementation of the expanded regime. These participants would need to adapt their operations and processes to align with the new requirements, ensuring a smooth transition to the updated AML/CTF regime.

8. Conclusion

In conclusion, PEXA acknowledges the importance of combating money laundering and terrorist financing within the real estate sector. We have presented a conceptual model that leverages the existing infrastructure and capabilities of the PEXA Exchange to integrate AML/CTF compliance measures into property transactions. While not advocating for the reforms, if they are passed, our proposed model can significantly enhance the efficiency and effectiveness of AML/CTF efforts in the industry.

The PEXA Exchange, with its established network of industry participants, presents a unique opportunity to streamline the implementation of AML/CTF measures. By leveraging the existing data-sharing mechanisms, standardised processes, and collaborative approach underpinning the PEXA platform, the proposed model can potentially deliver substantial benefits, including enhanced risk assessment, early detection of high-risk transactions, and improved transparency of beneficial ownership.

To successfully implement this model, it is essential to establish a robust regulatory framework that provides a clear legal basis for information sharing, addresses liability and privacy concerns, and modifies existing laws and guidelines, such as those governed by ARNECC. Collaboration between regulators, industry bodies, and ARNECC will be crucial in ensuring a seamless integration of AML/CTF requirements into the existing regulatory framework governing property transactions.

Data privacy and compliance remain paramount considerations in implementing private-sector information sharing. Robust controls, safeguards, and protocols must be established to handle and store data securely, and compliance requirements must be upheld to protect the interests of all stakeholders.

We recognize the importance of collaboration between industry participants, regulatory bodies, and other stakeholders to shape a practical regulatory framework and appreciate the opportunity to provide input into the Department's consultation process.

[End]

Summary of Responses to Consultation Questions

Consultation question	Response Page/Section
Questions for all entities	
1. How can the AML/CTF regime be modernised to assist regulated entities address their money laundering and terrorism financing risks?	Section 1, p 1-2. Section 4.
2. What are your views on the proposal for an explicit obligation to assess and document money laundering and terrorism financing risks, and update this assessment on a regular basis?	Section 4.
3. For currently regulated entities, to what extent do you expect that a simplified AML/CTF program obligation would affect your AML/CTF compliance costs?	Section 2, p 7. Section 4.
4. What kind of entities would you propose to include in a designated business group if membership were no longer limited to regulated entities, and what volume of AML/CTF information would you seek to share?	Section 2, p 4-5. Section 4.
5. How will a flexible approach that allows an AML/CTF program to incorporate all related entities within a designated business group affect your AML/CTF compliance and risk mitigation measures?	Section 2, p 4-5. Section 4.
6. What are your views on the proposal to expressly set out the requirement for entities to identify, mitigate and manage their proliferation financing risks?	No response.
7. What guidance would you like to see from AUSTRAC in relation to AML/CTF programs?	Section 4.
8. What are your views on the proposed simplification of the customer due diligence obligations as outlined?	Section 4.
9. Do you have suggestions on other amendments to customer due diligence obligations?	Section 4. Section 5.
Sector specific questions	
Gambling services providers	
10. What are your suggestions to minimise regulatory impact in lowering the customer due diligence exemption threshold for gambling service providers from AUD10,000 to AUD4,000?	No response.
Amending the tipping-off offence	

Consultation question	Response Page/Section
11. Are there aspects of the tipping-off offence that prevent you from exchanging information, which would assist in managing your risks?	No response.
12. What features would you like to retain or change about the current tipping-off offence?	No response.
13. What safeguards are needed to protect against the disclosure of SMR-related information? Has the current tipping-off offence achieved the right balance between protecting against the risk of leaked SMR information and disclosures which help manage shared risks?	No response.
Digital currency sector	
14. What are the benefits and challenges of expanding the AML/CTF obligations to a broader range of digital currency-related services?	No response.
15. How can definitions under the Act be amended to integrate digital currency activity in payment related obligations, such as activities associated with credit, debit and stored value cards and general transfers?	No response.
Financial institutions, remittance & digital currency sector	
16. What are the benefits and challenges for financial institutions in applying the existing travel rule obligations?	No response.
17. Would the proposed model assist in addressing these challenges?	No response.
Exemption for assisting an investigation of a serious offence	
18. Are there any additional issues that would not be addressed by the proposed approach for exemptions for assisting an investigation of a serious offence?	No response.
Revised obligations during COVID-19	
19. With the ability to use COVID-19 Rules lapsing, what innovations adopted by regulated entities to deliver services online and remotely during the pandemic could be maintained or enhanced in ways that effectively mitigate money laundering and terrorism financing risks?	No response.
Repeal of the FTR Act	
20. If your business is regulated under both the Act and FTR Act, what would be the benefit of consolidating obligations under a single act?	Section 2, p 7-8.

Consultation question	Response Page/Section
21. Would the repeal of the FTR Act and the transfer of the remaining relevant obligations to the Act impact your business? If yes, what would be the scope of that impact?	No response.
22. If you are a solicitor, does your business accept any cash payments? Does your business set any limits on cash payments?	No response.
Legal, accounting, conveyancing & trust /company services	
23. What services by lawyers, accountants, conveyancers and trust and company service providers should be regulated under the Act so that they can manage their AML/CTF risks? Are there international examples that have worked well for these sectors?	Section 3.
24. What guidance could be provided to assist those providing proposed legal, accounting, conveyancing and trust/company services in managing these AML/CTF obligations?	Section 4. Section 5.
25. Are there any existing practices within the accounting, legal, conveyancing and trust/company sectors that would duplicate the six key AML/CTF obligations? If so, do you have any suggestions on how these practices could be leveraged for the purpose of AML/CTF compliance?	Section 2, p 7-9. Section 4. Section 5.
Legal Professional Privilege	
26. How can the Government ensure legal professional privilege is maintained while also ensuring the known money laundering and terrorism financing risks are appropriately addressed?	No response.
27. Do you have a view about the approaches taken to preserve legal professional privilege in comparable common law countries, including the United Kingdom and New Zealand?	No response.
28. Are any of the six key AML/CTF obligations Six Key Regulatory Obligations likely to particularly impact the relationship between a lawyer and their client?	No response.
Real estate sector	
29. How should the Act regulate real estate agents so that they can manage their AML/CTF risks? Are there international examples that have worked well for this sector?	Section 3 – pg 11-19 Section 5 – pg 21
30. Do you have any suggestions on how real estate should be defined for AML/CTF purposes?	No response.

Consultation question	Response Page/Section
31. In your view, are there any existing obligations for real estate agents that could interfere with their ability to comply with the six key AML/CTF obligations?	No response.
32. Are there any existing practices that would duplicate AML/CTF requirements? If so, do you have any suggestions on how these practices could be leveraged for the purpose of AML/CTF compliance?	Section 4, p 7-9. Section 4. Section 5.
Dealers in precious metals and precious stones	
33. How should 'precious stones' be defined?	No response.
34. How should the Act regulate dealers in precious metals and precious stones so that they can manage their AML/CTF risks? Are there international examples that have worked well for this sector?	No response.
35. In your view, are there any services that would justify exemption from the obligations in the Act? If yes, on what grounds?	No response.
36. In your view, are there any additional high-value dealers that should be included in the AML/CTF regime?	No response.