THE LAW SOCIETY
OF NEW SOUTH WALES

13 October 2024

Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

By email: seniorclerk.committees.sen@aph.gov.au

Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024

Thank you for the opportunity to contribute to the inquiry into the Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (**the Bill**).

Overall, the Law Society of NSW is of the view that the Bill requires greater clarity in a number of key areas, preferably in the Bill itself, but, if not, in the anticipated AML/CTF rules, and/or any associated guidance.

Below are key areas we believe particularly require clarification.

Provision of a designated service

The first step for legal practitioners in preparing for the reforms will likely be determining whether the services they provide fall within scope of the Bill, particularly item 10, Table 6 of Schedule 3.

Currently, items 1, 2, 4 and 6 of Table 6 in Schedule 3 are particularly wide, using the term 'assisting a person…' to describe a designated service. We recommend that 'assisting' is replaced with more precise language, as many services are otherwise likely to be unintentionally captured. For example, arguably, the commercial provision of template Sale and Purchase of Land contracts is a service that 'assists' a person in the planning and execution of real estate transaction, despite being a few steps removed from the underlying transaction.

We are also concerned that, in the absence of AML/CTF Rules or guidance, all legal practitioners who have a trust account will be a reporting entity, even if they do not otherwise provide a designated service.

THE LAW SOCIETY OF NEW SOUTH WALES
170 Phillip Street, Sydney NSW 2000, DX 362 Sydney
ACN 000 000 699 ABN 98 696 304 966
lawsociety.com.au

T +61 2 9926 0333 F +61 2 9231 5809
E lawsociety@lawsociety.com.au

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In our view, it would be mutually undesirable to have a large number of legal practices be captured by the amended AML/CTF regime, simply by virtue of their operation of a trust account where financial assets carrying zero or inappreciable risk to money laundering pass through. Examples include legal practices operating trust accounts to simply facilitate personal injury compensation payments, superannuation fund payments and client disbursements, to name a few.

In relation to item 3 of Table 6, we note the exemptions provided in proposed subsection 6(5C), and the ability to provide further exemptions in the AML/CTF Rules, under proposed subsection 6(5C)(f).

Paragraph 370 of the Explanatory Memorandum provides some useful examples of exemptions intended under this provision, such as pre-payment of professional services, and payment of a judgment sum in litigation which is then disbursed to the client.

It will be important to monitor any gaps in the application of the exemption, which may need to be supported in the AML/CTF Rules under proposed subsection 6(5C)(f).

Compliance burdens

Undertaking an ML/TF risk assessment as part of developing and complying with an AML/CTF program

According to the *2023 Annual Profile of Solicitors in NSW*, 62% of private practices operating in NSW are sole practices, and 88% of the NSW legal profession are practitioners with only one principal.[1]

While the Bill provides that the AML/CTF program must be 'appropriate to the nature, size and complexity of the reporting entity's business,' much more information is required to clarify AUSTRAC's expectations regarding how money laundering and terrorism financing risk should be assessed, particularly for small legal practices.

Without greater clarity in the Bill or associated Rules/guidance, there is a large risk that a significant number of legal practices will prematurely determine that the cost of compliance with the new AML/CTF regime is unsustainable, and choose to cease providing a designated service, or close their practice entirely.

[1] Urbis, *2023 Annual Profile of Solicitors in NSW*, page 28, https://www.lawsociety.com.au/sites/default/files/2024-07/2023%20Annual%20Profile%20of%20Solicitors%20in%20NSW%20-%20Final.pdf (accessed 3 October 2024).

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The closure of legal practices, including the cessation of certain legal services, will compound access to justice issues in numerous communities, particularly those in regional and rural areas, and adversely affect the livelihoods of many solicitors.

Clarification is required regarding AML/CTF compliance officers

The proposed section 26J seemingly indicates that external persons may be engaged to perform the role of the AML/CTF compliance officer.

In addition, while the Explanatory Memorandum confirms the intention of the provision is to enable the designation of an AML/CTF compliance officer without them being an employee of the reporting entity, it is desirable that this be made clearer, given the important practical implications of the provision, particularly on small legal practices.

It is anticipated that the ability to engage an external person as the AML/CTF compliance officer will be viewed positively by sole practitioners and smaller firms, as well as firms that only occasionally provide designated services.

Clarity is also necessary around the requirement that the AML/CTF compliance officer is a 'fit and proper' person, particularly the information the reporting entity requires to satisfy themselves that the AML/CTF compliance officer is 'fit and proper'.

Clarification around information required to carry out customer due diligence

Under the proposed section 5 in Schedule 2 of the Bill (item 5), the proposed definitions for:

- 'domestic politically exposed person',
- 'foreign politically exposed person,' and
- 'international organisation politically exposed person',

all include 'an individual who is known (having regard to information that is public or readily available)' in relation to determining whether a person is a politically exposed person.

It would be beneficial for there to be guidance regarding the expected extent of the information search required. For example, it is currently unclear whether 'information that is public or readily available' is intended to exclude information that is only available for a fee. Having clarity around such expectations are likely to considerably affect the cost of AML/CTF compliance for tranche two entities.

THE LAW SOCIETY OF NEW SOUTH WALES
170 Phillip Street, Sydney NSW 2000, DX 362 Sydney
ACN 000 000 699 ABN 98 696 304 966
lawsociety.com.au

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E lawsociety@lawsociety.com.au

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In addition, the definition of 'family member' under proposed section 5 of Schedule 2 of the Bill includes the persons set out in subclauses (d), (e), (f) and (g). For certainty, we recommend that this definition be exhaustive rather than inclusive.

Clarification around exemptions in relation to initial customer due diligence

Proposed section 29 of the Bill provides some necessary exemptions regarding initial customer due diligence.

It is assumed that this proposed provision will be particularly relevant in situations where, for example, a client seeks urgent legal advice in relation to a proposed contract for the sale of land or where the property is to be sold by auction.

Often, a potential purchaser client will seek advice just prior to the auction, which may not allow customer due diligence to be completed before the designated service is required to be provided.

It would therefore assist if further clarity could be provided to help solicitors determine:

- whether the provision of a designated service to the customer is "essential to avoid interrupting the ordinary course of business" (s 29(1)(b)),
- what it means to comply 'as soon as reasonably practicable' (s 29(1)(c)(i)), and
- how to navigate circumstances where services are provided prior to initial client due diligence being carried out in accordance with the exception afforded under s 29(1), but timely Know Your Client documentation or information is not provided by the client.

In addition, proposed section 29(1)(d) provides that where the practitioner determines that any additional AML/CTF risk in providing the designated service before completing the customer due diligence is low, an extended time for completion of the customer due diligence may apply. Given that clients commonly require urgent advice in relation to property, further guidance on the operation of this provision is recommended.

Clarification is also needed for a related scenario, where the purchaser client is not successful at auction (and therefore, a purchase does not proceed).

In our view, an exemption should be provided for circumstances where the underlying transaction does not proceed. Without such an exemption, activities – despite not having an underlying transaction - would remain unnecessarily caught under the broad description of the designated service in Table 6 Professional services in Schedule 3.

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Clarification around ongoing customer due diligence

Further guidance should be provided regarding measures and practicalities a law practice must establish in order to effectively monitor their clients and/or transactions in relation to the provision of designated services. Such guidance is especially important, as the vast majority of legal practices are unlikely to have existing system capabilities in place to monitor transactions, and that such systems are likely to be far less sophisticated compared to those utilised by financial institutions.

Requirements around customer due diligence should be amalgamated with existing controls

Proposed section 28 in Schedule 2 of the Bill provides a broad approach to undertaking customer due diligence.

The proposed section 28(6) further provides that the AML/CTF Rules may specify requirements that must be complied with for the purposes of establishing, on reasonable grounds, the matters in subsection 28(2).

We are of the strong view that the AML/CTF Rules should leverage existing controls and requirements to which practitioners are subject. Examples include the verification of identity requirements that apply in relation to a conveyancing matter under Rule 6.5 of the Model Participation Rules, which require the practitioner to take "reasonable steps" to identify the client.

Amalgamation of existing customer due diligence requirements is vital, to avoid unnecessary duplication, and minimise the regulatory burden and compliance costs on the profession.

Definition of 'real estate' in Schedule 3

For greater clarity, we suggest that the definition of 'real estate' in proposed section 5 in Schedule 3 is amended such that the exclusion of "incorporeal hereditaments" in subclause (d) is replaced with a reference to the exclusion of "easements, covenants, profit a prendre and other incorporeal hereditaments".

We welcome the exclusion of leasehold interests for a term of 20 years or less in subclause (f) of the proposed definition of "real estate". However, we suggest that licences should similarly be excluded, on the basis that licenses attract low money laundering and counter terrorism financing risk. Such an exclusion is consistent with the Law Council of Australia's (**LCA**) submission to the Attorney-General's Department consultation, *Reforming Australia's anti-money laundering and counter-terrorism financing regime* (**AGD second consultation**) which stated:

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> Licences should also be excluded along with leases. Leases and licences are kindred property rights with licences only less commonly issued. They tend to be used for less significant assets where, for example, a lease would not necessarily be the appropriate legal vehicle to achieve a client's aims. Rights over a car space are an example of a proper subject of a licence. On balance, we consider that if any risk attaches to leasing (which we do not consider to be the case), still less does it attach to the grant of a licence and any exemption for leases should be extended to licences.[2]

Definition of 'subdivision arrangement' in Schedule 3

For completeness, we suggest the definition of 'subdivision arrangement' in the proposed section 5 of Schedule 3 of the Bill include "stratum titles" after "strata titles" in subclause (a)(iii).

Tipping off offence and disclosure of AUSTRAC information to foreign countries or agencies

It is unclear how Schedule 5 of the Bill will operate when a solicitor is seeking advice about their AML/CTF obligations, particularly when confronted by a client or transaction that raises one or more red flags.

For example, it is ambiguous as to whether the current provisions would allow a NSW solicitor to seek advice from the NSW Law Society's Ethics Department, Lawcover, a barrister, or another solicitor.

The Law Society has previously provided comments to the LCA to inform its submission to the second AGD consultation on tipping off offences, which we reiterate below.

> In our view, the Tipping off offence (Paper 5, Pages 28 and 29) should be amended to include an exemption for communicating to a relevant law society or any other designated local regulatory authority for the purpose of seeking guidance with respect to a Suspicious Matter Report, AML/CTF compliance and questions around issues such as LPP and confidentiality. By its nature, the Tipping off offence proposal may cause a conflict with a solicitor's duty to the client, and solicitors will likely seek assistance in navigating these issues.[3]

In addition, consideration should be given to the evidentiary burden required of solicitors relying on the relevant exemption, as well as the scope of relevant exemptions afforded to

[2] Law Council of Australia response to the Attorney-General Department's consultation, *Reforming Australia's anti-money laundering and counter-terrorism financing regime*, dated 4 July 2022, paragraph 112.
[3] Law Society of New South Wales, letter to the Law Council of Australia to inform the Attorney-General's Department consultation, *Reforming Australia's anti-money laundering and counter-terrorism financing regime*, dated 22 May 2024.

legal practitioners. This is because there is an inherent conflict of interest between the solicitor's fiduciary obligation to their client and AML reporting requirements.

In this respect, we support the LCA's submission to the AGD second consultation:

> The cornerstone of our concern arises from the fiduciary nature of the relationship between the legal practitioner and their client. To require the practitioner to report on their client and not to tell the client, but to continue to act for them, as proposed, is an untenable disruption to the fiduciary relationship.[4]

The exceptions from proposed section 123, Schedule 5 of the Bill, must be such that the practitioner can remain fully compliant with their professional obligations – including terminating the retainer if they are of the view that the client's instructions are not lawful or proper, without breaching the tipping off provisions in the Bill.[5]

Exemptions

Schedule 10 of the Bill provides for exemptions in certain situations.

For both the tipping off offence and keep open notices, we suggest that the Bill should identify specific circumstances in which a practitioner can disclose or explain details of their circumstances. These could work similarly to some of the exceptions to confidentiality in the *Legal Profession Uniform Law Australian Solicitors' Conduct Rules 2015*, such as Rules 9.2.3, 9.2.4, and 9.2.6.

We also continue to be supportive of there being a provision to the effect of s 77 of the *Anti-Money Laundering and Countering Financing of Terrorism Act 2009* (NZ), as per the LCA's submission to the second AGD consultation, which stated:

> A provision to the effect of s 77 of the *Anti-Money Laundering and Countering Financing of Terrorism Act 2009* (NZ) should be introduced:
>
> **Section 77 Protection for reporting entities, officers etc, acting in compliance with this Act**
>
> 77 No reporting entity, or person who is, or has been, an officer, an employee, or a member of the governing body of the reporting entity, or person appointed under section 56(3) is criminally or civilly liable for any action taken in order to comply with this Act or regulations if the action—

[4] Law Council of Australia response to the Attorney-General Department's consultation, *Reforming Australia's anti-money laundering and counter-terrorism financing regime*, dated 4 July 2022, paragraph 149.
[5] See Rule 8 of the *Legal Profession Uniform Law Australian Solicitors' Conduct Rules 2015*.

(a) was taken in good faith; and

(b) was reasonable in the circumstances.[6]

It is also unclear whether, if subject to a keep open notice under proposed section 39B, the legal practice would be entitled to use the funds it receives as a result of providing the designated service. If not, then the legal practice would be caught in a difficult situation of having to continue to provide the service, only to be found in breach of criminal legislation for knowingly dealing with the proceeds of crime.

In our view, any exemption to the AML Bill must include a congruent exemption in criminal legislation relating to money laundering and terrorism financing.

The operation of client legal privilege and responding to AUSTRAC demands for information

We are concerned that the wide powers of examination will impact client legal privilege (**CLP**) by eroding client confidentiality. We note that, once information loses its quality of confidentiality, it cannot be subject to a claim for legal professional privilege in the future.[7]

We suggest that clarity is provided to practitioners on what advice is protected by CLP, and how a retainer should be scoped with the client to evidence CLP.

It is common that the scope of work may not always be clear at the beginning of the matter as the client clarifies their requirements. For example, solicitors may be asked to advise on a matter ostensibly limited to a compliance investigation, but which later requires advice related to criminal proceedings. In this example, it would be assumed that CLP extends to the compliance advice provided.

We acknowledge the note in proposed section 172K of Schedule 9 provides that 'the law relating to legal professional privilege is not affected by this Act'. We continue to staunchly support any measure to protect the fundamental right of CLP, and strongly suggest that protection be provided in the Bill, with a provision making clear that documents subject to CLP are exempted from the wide powers of examination in Schedule 9 of the Bill.

Particularly given that any production of documents to the AUSTRAC CEO is likely to erode client confidentiality, and therefore jeopardise the ability to claim CLP in future, we

[6] Law Council of Australia response to the Attorney-General Department's consultation, *Reforming Australia's anti-money laundering and counter-terrorism financing regime*, dated 4 July 2022, paragraph 157.
[7] *Esso Australia Resources Limited v The Commissioner of Taxation* (1999) 201 CLR 49; [1999] HCA 67 (Esso); see also *Evidence Act 1995* (Cth), s 118-119.

think it is imperative that the Bill make clear that AUSTRAC may only compel information from solicitors where it is unable to retrieve that information from another source.

Civil penalties are disproportionately high for small incorporated legal practices

The Bill provides a number of new civil penalty provisions, including in relation to:

- commencing to provide a designated service without having undertaken a ML/TF risk assessment or an up-to-date ML/TF risk assessment,[8] and
- contravening the requirements to develop and maintain AML/CTF policies.[9]

Whether the reporting entity is incorporated has a significant bearing on the maximum pecuniary penalty payable, under existing section 175 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, which provides:

> Maximum pecuniary penalty
>
> (4) The pecuniary penalty payable by a body corporate must not exceed 100,000 penalty units.
>
> (5) The pecuniary penalty payable by a person other than a body corporate must not exceed 20,000 penalty units.

We note that the legal profession is made up of both firms that are incorporated and unincorporated, and this does not necessarily reflect the size of the practice. In fact, our Registry data indicates that just over 50% of all active law practices in NSW are incorporated legal practices.

It is therefore important for the Bill to make clear that the incorporated status of a reporting entity is not the primary consideration when determining the amount of a penalty payable.

General comments regarding the regulation of the legal profession

We reiterate our comments in a letter to the LCA to inform its submission to the Attorney-General Department's consultation, *Modernising Australia's anti-money laundering and counter-terrorism financing regime* (**first AGD consultation**). In that letter, the Law Society detailed the onerous ethical and regulatory obligations that legal practitioners are already subject to, particularly in relation to:

- customer due diligence

[8] See proposed section 26E, Item 24 of Schedule 1 of the Bill
[9] See proposed section 26F, Item 24 of Schedule 1 of the Bill

- trust account oversight
- the practising certification application and renewal process
- requirements for ongoing continuous professional development (**CPD**) education
- having a fundamental, paramount duty to the court and the administration of justice.[10]

For ease of reference, relevant comments in relation to each of the above areas are provided below.

Customer due diligence

> "…solicitors whose legal practice involves dealing with interests in land have existing obligations under the ARNECC framework, which are implemented by the Registrar administering the titling system in each participating jurisdiction. Specifically, solicitors must conduct verification of identity of their client in a conveyancing transaction and verify a vendor client's right to deal with property. In NSW, the source of these obligations is the NSW Participation Rules, made by the Registrar General under section 23 of the Electronic Conveyancing National Law (NSW). The NSW Participation Rules implement the Model Participation Rules established by ARNECC.
>
> Rule 6.5 of the NSW Participation Rules establishes a lawyer's obligation to verify the identity of their client. Under Rule 6.5.2, this obligation can be discharged by taking reasonable steps to identify the person or applying the 'Verification of Identity Standard', as set out in Schedule 8 of the NSW Participation Rules. If a lawyer uses the 'Verification of Identity Standard', the lawyer is deemed to have taken reasonable steps under Rule 6.5.6. Guidance regarding the obligation to verify identity has been issued by ARNECC.
>
> Rule 6.4 of the NSW Participation Rules establishes a lawyer's obligation to verify their client's right to deal, being their client's entitlement to be a party to the transaction. For example, for a vendor client, the lawyer needs to establish that the client is the registered proprietor of the subject land being sold. Guidance regarding the obligation to verify the right to deal has been issued by ARNECC.
>
> Rule 6.6 of the NSW Participation Rules establishes a lawyer's obligation to retain supporting evidence for seven years in relation to a transaction, including evidence in relation to verification of identity and the right to deal. This forms an important part of the ARNECC compliance framework. ARNECC has also issued guidance regarding the obligation to retain evidence.
>
> In NSW, almost all conveyancing is conducted electronically using an Electronic Lodgment Network. There are, however, a small number of residual transactions that are conducted in

[10] Clause 3 of the *Legal Profession Uniform Law Australian Solicitors' Conduct Rules 2015*.

the paper environment. The ARNECC framework for verification of identity, right to deal and retention of evidence has also been imported into the paper environment pursuant to Rule 4.1, Rule 4.3 and Rule 5 respectively of the NSW Conveyancing Rules.

The existing obligations established under the ARNECC framework appear to overlap with and seek the same outcomes as the customer identification (KYC) requirements under Part B of an AML/CTF program. Solicitors' obligations under the ARNECC framework should be thoroughly considered before proceeding with any tranche 2 AML/CTF reforms. In our view, it would be a high and unnecessary regulatory burden placed upon lawyers (particularly property lawyers) to have to comply with both the ARNECC regulatory framework and the AML/CTF framework.

Trust account oversight

All solicitors have an obligation under section 154 of the Uniform Law to give written notice to the Law Society as soon as practicable after they become aware of a trust account irregularity. Authorised deposit-taking institutions (**ADI**) also have an obligation under section 154 to report to the Law Society any deficiency in a trust account that they become aware of. The current practise is that notifications are made to the Law Society Trust Accounts Department (**TAD**).

The Law Society has the power to appoint a trust account investigator to a law practice under section 162 of the Uniform Law. A trust account investigator may investigate the general or specified affairs of a law practice. Pursuant to this power, under section 149 of the Uniform Law, ADIs are required to provide to the Law Society access to or copies of any records relating to a trust account or trust money deposited in it and full details of any transactions relating to it.

Solicitors are also required to make certain declarations annually in relation to the handling of trust money, and if trust money has been held, they have their trust accounts externally examined annually by an accredited specialist.

Consideration should be given to whether those law practices that have an effective trust accounting process, which is externally examined annually, could be deemed to comply with having a transaction monitoring program under Part 15.4 to 15.7 of the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (AML/CTF Rules). Consideration could be given to whether this process should be modified to specifically consider AML/CTF risk, although it is noted expanding the external examination process would have direct financial consequences for legal professionals.

When a lawyer applies to the Law Society for a practising certificate, or when they apply to renew their practising certificate, they must make two declarations pertaining to their conduct:

(a) Whether they are a "fit and proper" person pursuant to section 45 of the Uniform Law. When making such a declaration, a lawyer must have regard to the matters set out at rule 13 of the Legal Profession Uniform General Rules 2015, which relevantly includes:

(i) whether they have convicted or found guilty of an offence in Australia or a foreign country;[11]

(ii) whether they are an insolvent under administration or were a director of a company while the company was insolvent;[12]

(iii) whether they were the principal of an incorporated legal practice while the practice was insolvent;[13]

(iv) whether they have engaged in unqualified legal practice or legal practice that is outside the scope of their practising certificate entitlements and conditions;[14]

(v) whether they have contravened, in Australia or a foreign country, a law about trust money or trust accounts.[15]

(b) Whether an "automatic show cause event" has occurred at any time in relation to the lawyer pursuant to section 87 of the Uniform Law. An automatic show cause event is any of the following in relation to the lawyer:

(i) a bankruptcy-related event;[16]

(ii) his or her conviction for a serious offence or a tax offence.[17]

A lawyer who makes an automatic show cause event declaration is required to submit an accompanying statement to the Law Society explaining why, despite the show cause event, the applicant considers himself or herself to be a fit and proper person to hold a practising certificate.[18]

Furthermore, all practising certificates issued in NSW are subject to a statutory condition, which requires the holder to notify the Law Society in writing within 7 days that:

(a) they have been charged with or convicted of a serious offence, a tax offence or an offence specified in the Uniform Rules for the purposes of this section;[19] or

(b) a bankruptcy-related event has occurred in relation to the holder;[20] or

[11] Legal Profession Uniform General Rules 2015 r 13(c).
[12] Ibid r 13(b).
[13] Ibid.
[14] Ibid r 13(d).
[15] Ibid r 13(j).
[16] *Legal Profession Uniform Law* (NSW) s 86(a).
[17] Ibid s 86(b).
[18] Ibid s 87(2).
[19] Ibid s 51(a).
[20] Ibid s 51(b).

(c) they have become the subject of disciplinary proceedings as a lawyer in a foreign country.[21]

Consideration should be given to whether the above practices could be relied upon to meet the employee screening and re-screening requirements of an employee due diligence program under Part 8.3 of the AML/CTF Rules.[22]

Requirements for CPD and solicitors' fundamental ethical duties

Solicitors in NSW are required to complete 10 CPD units each year as a condition of their practising certificate, in relation to four compulsory fields: ethics and professional responsibility, practice management and business skills, professional skills and substantive law. The Professional Support Unit (**PSU**), a function of the Law Society's Professional Standards Department, deliver mandatory CPD seminars on behalf of the Law Society, as well as regularly contribute articles to the Law Society's publications, including the Ethics and Standards Quarterly, Monday Briefs and online factsheets.

The role of the PSU, made up of a team of solicitors experienced in ethics, regulatory compliance and costs, is to provide reasoned information, guidance and assistance to the legal profession in relation to compliance with their obligations imposed under the Uniform Law and associated Rules. Solicitors who seek guidance regarding unwitting participation in any type of criminal activity, including money laundering and terrorism financing, are directed to the PSU's ethics solicitors in the first instance. PSU's guidance is based on the obligations on solicitors set out in the Legal Profession Uniform Law Australian Solicitors' Conduct Rules 2015, in particular, rules 8 and 9.

Rule 8 requires solicitors to follow a client's lawful, proper and competent instructions. Rule 9 requires solicitors to keep confidential any client information that is confidential to the client, unless an exception applies, which relevantly includes where the solicitor is permitted or compelled by law to disclose. Solicitors are also reminded of their fundamental and paramount duty to the court and to the administration of justice, which prevail to the extent of inconsistency with any other duty the solicitor may have.

…

Consideration should be given as to how this overarching suite of educational activities can be accredited towards an AML/CTF risk awareness training program, such that by undertaking these activities lawyers would be deemed to comply with Part 8.2 of the AML/CTF Rules.

[21] Ibid s 51(c).
[22] See also https://www.austrac.gov.au/business/how-comply-guidance-and-resources/amlctf-programs/employee-due-diligence#Which%20employees%20to%20screen%20and%20rescreen (accessed 8 May 2023).

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The Law Society is supportive of efforts to eliminate money laundering and terrorism financing. However, we do not believe that the Bill, as currently drafted, reflects the balance required to ensure practitioners - particularly the majority of those that are in smaller practices - are not unduly burdened with compliance obligations and costs. While we welcome this opportunity to comment on the Bill, we are disappointed that no draft was circulated for consultation prior to its introduction in Parliament.

We therefore strongly recommend that the legal profession be closely and genuinely consulted in the creation of AML/CTF Rules and guidance.

In our view, an understanding of how the legal profession is already regulated, and the obligations it is subject to, must be reflected in the AML/CTF Rules and guidance, if AUSTRAC and the legal profession are to work together effectively and efficiently to protect society from illicit funds and the offences they predicate.

Yours sincerely

Brett McGrath
President

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170 Phillip Street, Sydney NSW 2000, DX 362 Sydney
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lawsociety.com.au

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