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7 December 2010

Dear Director

**DRAFT GUIDANCE NOTE 10/D01: INTERNATIONAL FUNDS TRANSFER  
INSTRUCTIONS (ELECTRONIC) – WHEN TO REPORT**

The Association of Superannuation Funds of Australia (ASFA) would like to provide the comments below in relation to the Australian Transaction Reports and Analysis Centre's (AUSTRAC) draft Guidance Note – *International Funds Transfers – When to Report*.

**General comments**

ASFA members have reviewed the proposed guidance note.

The guidance note concerns a person that sends an international funds transfer instruction (IFTI) under items 1 and 2 in the table in section 46 of the AML/CTF Act.

It would appear that superannuation funds do not meet the definition of an entity that is required to lodge a report under these items.

As such, ASFA has no specific comments to offer.

However, ASFA recently has separately sought advice from AUSTRAC on a related issue. There is great uncertainty within the superannuation industry as to the applicability of the IFTI report where superannuation benefits are transferred between Australian and overseas superannuation entities. Accordingly, ASFA seeks AUSTRAC advice as to whether items 3 and 4 in table 1 of section 46 are applicable to Australian superannuation funds in the following circumstances:

Where a superannuation fund transfers a member's benefit to an overseas bank account;  
and

Where a superannuation fund receives a transfer of a member's benefit from an overseas superannuation fund

The usual process for these transfers is as follows:

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In the case of a transfer from Australia, the member advises the superannuation fund that they wish to withdraw a benefit and of the details of the overseas bank account into which the benefit is to be paid. The fund then provides an instruction to its bank to transfer the money.

In the case of a transfer from overseas, the member advises the foreign superannuation fund of the destination Australian Fund. The foreign fund arranges for the money to be transferred to the bank account of the Australian fund. The Australian fund then establishes an account for the member (or applies the money to the member's existing account). At a later stage the member may be eligible to access these funds.

In both situations the money moves through the banking system, but the initial instruction to move the money is made by the customer to a non-ADI (the superannuation fund).

If you have any questions or comments on this matter, please feel free to contact Robert Hodge, Principal Policy Adviser on 02 8079 0806 or by email [rhodge@superannuation.asn.au](mailto:rhodge@superannuation.asn.au).

David Graus

A handwritten signature in black ink, appearing to read 'D. Graus', written in a cursive style.

General Manager, Policy and Industry Practice