

Friday 24th February 2023

Dear Sir / Madam,

RE: Review of Australia's Autonomous Sanctions Framework

This document sets out MUFG Bank, Ltd.'s (MUFG) response to the review of Australia's Autonomous Sanctions Framework – Issues Paper published on the 30th January 2023.

MUFG is a global financial services group with its Head Office located in Japan. MUFG has a local Financial Crimes Function that is based in Sydney and is responsible for protecting the bank and its customers from financial crimes, maintaining regulatory compliance, and preserving the integrity of the financial systems.

Overall, we are supportive of the Australian Sanctions Office undertaking this review and are encouraged by the scope of the review in streamlining the legislative framework and associating instruments. We note that the consultation questions posed in the Issues Paper are wide-ranging, however we have confined our response to the key questions which are most relevant to the scope of our operations in Australia.

1B. What challenges have you experienced in navigating the Autonomous Sanctions Framework? How could these be addressed?

The current sanctions framework is quite complex and having to navigate the extensive legal framework (the *Autonomous Sanctions Act 2011*, the *Autonomous Sanctions Regulations 2011* and 18 legislative instruments) has been a challenge. MUFG is in support of consolidating the relevant provisions unique to a particular country or thematic sanction into one instrument. By streamlining the framework, it will make it easier for both financial institutions (FIs) and the public to navigate and comply with the obligations.

2C. Would having a uniform concept of sanctioned commercial activity assist you in understanding sanctions obligations for this measure? If not, what might?

A uniform concept of "sanctioned commercial activity" could provide a clear and consistent definition, which can help businesses understand what types of activities are allowed/prohibited and prevent confusion and potential violations. By promoting fairness and providing a wider scope of protection, the uniform concept also helps ensure that businesses are complying with regulations and avoid penalties or legal issues.

3B. Are there other permit-related matters you wish to raise?

Subject to the limitations outlined in the *Privacy Act 1988*, the creation of a publicly available permit database could assist FIs in identifying whether their customers hold a valid permit to deal with the designated entity prior to facilitating their transaction. The database could also provide the public with more transparency around how permits are granted and the status of each permit.

6A. What risks or benefits do you see in replacing relisting mechanism with a requirement that every five years that ASO undertakes a public notification process that would provide listees with the opportunity to make submissions that the Minister would be required to consider?

Replacing the current relisting mechanism with the proposed five-year submission rule creates no obvious commercial benefits for users from MUFG's perspective, since we have been using the automated process to capture any updates on the list.

7E. What is your experience navigating the DFAT Consolidated List?

In regards to the DFAT Consolidated List (DFAT List), there are instances when only the abbreviation of entity names is provided. For example, reference number 157C, the name shown on Column B is "GIA" rather than the entity's full name "Group Islamique Arme". Listing both the full name and abbreviation will assist the user to identify the designated entity. Given FIs adopt "fuzzy logic" and in MUFG's experience in generating alerts when conducting sanctions screening, abbreviation creates a large number of unnecessary alerts which shouldn't have been created if both abbreviation and the full name are included within the same row of the DFAT List.

Additionally, Australian National Security (ANS) maintains a separate list, Listed Terrorist Organisation. MUFG has observed that in some instances, this listing is not fully covered by the DFAT List. Therefore, it would be beneficial to the user if there is a process between DFAT and ANS to ensure both lists are updated simultaneously.

Please let us know if you have any questions in regards to our response.

Kind Regards,

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Chief Compliance Officer & Head of Regulatory Relations (Oceania)
MUFG Bank

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A member of MUFG, a global financial group