

## **EXPLANATORY STATEMENT**

### **Issued by authority of the Assistant Treasurer**

*Banking Act 1959*

*Banking Amendment (Unclaimed Money) Regulation 2015 (No. )*

Section 71 of the *Banking Act 1959* (the Act) provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The *Banking Amendment (Unclaimed Money) Regulation 2015* (the Regulations) complements the *Banking Laws Amendment (Unclaimed Money) Bill 2015* by extending the unclaimed moneys period from three years to seven years for accounts held in authorised deposit-taking institutions (ADIs). The Regulations do this by extending the unclaimed moneys period for ADI accounts prescribed to have special treatment under the *Banking Regulations 1966* and making other necessary consequential amendments.

The *Banking Regulations 1966* currently prescribe special conditions for the purposes determining whether linked accounts, sub accounts, frozen accounts, children's accounts and security, set-off or escrow accounts consist of unclaimed moneys.

The Regulations extend the period of time before linked accounts, sub accounts, frozen accounts and security, set-off or escrow accounts consist of unclaimed moneys from three years to seven years.

The Regulations repeal the special treatment provided to children's accounts and removes the definition of a children's account as children's accounts will receive a full exemption from the unclaimed moneys provisions under the *Banking Laws Amendment (Unclaimed Money) Bill 2015*.

The Regulations extend the period in which an account holder (or agent) can notify an ADI that an account should be treated as active so that the account does not have to be transferred to the Commonwealth. The period for notification will be extended from three years to seven years.

The Regulations will commence on 31 December 2015

## ATTACHMENT

Details of the *Banking Amendment (Unclaimed Money) Regulation 2015 (No. )*

### Regulation 1 – Name of Regulation

This regulation provides that the name of the Regulations is the *Banking Amendment (Unclaimed Money) Regulation 2015*.

### Regulation 2 – Commencement

This regulation provides for the Regulations to commence on 31 December 2015.

### Regulation 3 – Authority

This regulation provides that the Regulations are made under the *Banking Act 1959*.

### Regulation 4 – Schedules

This regulation provides that each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

### Schedule 1 – Amendments

#### **Items 1 – 4, & 6 - 7**

These regulations extend the period of time before which linked accounts (item 1), sub accounts (items 2 - 3), frozen accounts (item 4) and security, set-off or escrow accounts (items 6-7) consist of unclaimed moneys from three years to seven years.

The same special conditions that currently apply to each of the accounts will continue to operate. Once these conditions are met, the period of time before these accounts will consist of unclaimed moneys is extended from three years to seven years.

#### **Item 5**

This regulation removes the special conditions applying to children's accounts and removes the definition of a children's account. *Banking Laws Amendment (Unclaimed Money) Bill 2015* will exempt Children's accounts from the unclaimed moneys provisions and so the special conditions and definition are no longer required.

#### **Item 8**

This regulation extends the period (from three to seven years) within which an account holder (or agent) can notify an ADI that an account should be treated as active so that the account does not have to be transferred to the Commonwealth.