**SPOTLIGHT ON AU AML/CTF REGULATIONS**

# Overview on Australia’s AML/CTF Act Reform

A Spotlight on the Amendments to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) of Australia

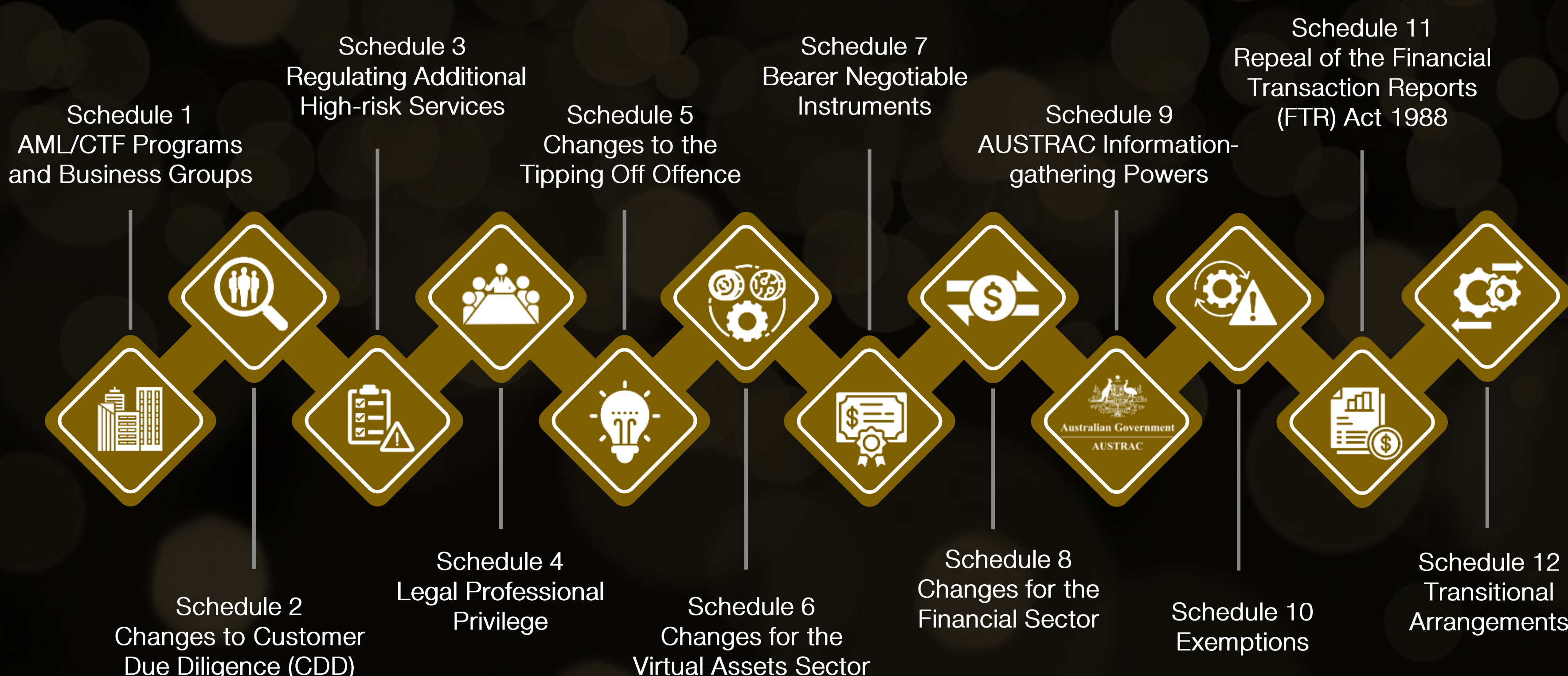

StratisAdvisory

RISK | STRATEGY | CYBER | COMPLIANCE MANAGEMENT

# AU AML/CTF Reform Key Measures

The Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (the Bill) was passed by the Parliament of Australia on 29 November 2024. The Bill amends the AML/CTF Act, the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1) (the AML/CTF Rules) and associated regulations. These changes aim to strengthen Australia's AML and CTF framework to align with international standards set by the Financial Action Task Force (FATF).

The Bill also extends the regulatory framework to Tranche 2 businesses, including real estate professionals, dealers in precious stones and metals, legal professionals, accountants, and trust and company service providers. By addressing these industries, the Bill enhances compliance with global standards and closes regulatory gaps.



# Key Measures and Commencement Dates

**Schedule 1**
**AML/CTF Programs and Business Groups**

31 March 2026

- Reporting Entities are required to have an AML/CTF program that comprises their money laundering (ML) / terrorist financing (TF) / proliferation financing (PF) risk assessment and AML/CTF policies.
- The roles and responsibilities of a reporting entity's governing body and senior management, which includes the requirement to appoint a fit and proper AML/CTF compliance officer.
- Change from 'designated business group' to 'reporting group.'

**Schedule 2**
**Changes to Customer Due Diligence**

31 March 2026

- Two (2) Customer Due Diligence (CDD) categories: (1) Initial CDD, which is conducted at the beginning of a customer relationship, and (2) Ongoing CDD, which is carried throughout the relationship to monitor and manage risks related to ML/TF/PF.
- Level checks to be applied include the following:
  - Simplified CDD - Low ML/TF/PF risk;
  - Enhanced CDD - High and with inherent ML/TF/PF risk; and
  - Pre-commencement customers - Monitor significant changes to ML/TF/PF risk.

**Schedule 3**
**Regulating Additional High-Risk Services**

31 March 2026

- Extend AML/CTF regime to gatekeeper services also known as designated non-financial businesses and professions (DNFBP) globally recognized as high risk for ML:
  - Real estate;
  - Precious metal and stone dealers;
  - Lawyers; and
  - Conveyancers.

**Schedule 4**
**Legal Professional Privilege**

1 July 2026

- To ensure that any information or documents disclosed are protected by legal professional privilege.
- Legal professional privilege common law doctrine will remain unchanged.
- Dedicated legal professional privilege form in lieu of the requested information.

# Key Measures and Commencement Dates

**Schedule 5**
**Changes to the Tipping Off Offence**

31 March 2026

- Reform the current prohibition against reporting entities 'tipping off' their customer about the formation of a suspicion.
- Facilitate information sharing within reporting groups while ensuring the integrity of investigations for suspicions of unlawful activity.
- Focuses on preventing the disclosure of suspicious matter report (SMR) information where it would or could reasonably prejudice an investigation.

**Schedule 6**
**Changes for the Virtual Assets Sector**

31 March 2026

- Change terminology from 'digital currency' to 'virtual asset' aligning with FATF.
- Align with FATF Recommendation 15 to apply AML/CTF regulation to the virtual asset-related services:
  - Exchanges between virtual assets and fiat currencies;
  - Exchanges between one or more other forms of virtual assets;
  - Transfers of virtual assets on behalf of a customer;
  - Safekeeping or administration of virtual assets; and
  - Participation in and provision of financial services for an issuer's virtual asset offer or sale.

**Schedule 7**
**Bearer Negotiable Instruments**

1 July 2026

- Revised definition and reporting requirements to align with FATF recommendations.
- Excludes non-bearer and non-negotiable instruments.

**Schedule 8**
**Changes for the Financial Sector**

31 March 2026

- Value transfer obligations and International Value Transfer Service reporting:
  - Consolidate fund transfers and remittances into one streamlined value chain for both international and domestic transfers of value;
  - Trigger obligations for payee information sent as part of the message; and
  - Replaces current International Funds Transfer Instruction (IFTI) reports.

# Key Measures and Commencement Dates

**Schedule 9**
**AUSTRAC Information-Gathering Powers**

31 March 2026

- Introduce examination authority to collect necessary information for enforcement decisions and evidence for AML/CTF court cases.
- Implement notice to produce authority, enabling Australian Transaction Reports and Analysis Centre (AUSTRAC) to request information or documents to assist with its financial intelligence functions.

**Schedule 10**
**Exemptions**

31 March 2026

- Keep open notices- Replaced law enforcement operation notices, can issue noticed directly to reporting entities.
- Lower CDD threshold - Exemption threshold for gambling services from $10,000 to $5,000.

**Schedule 11**
**Repeal of the Financial Transaction Reports Act 1988**

28th day after this Act receives the Royal Assent

- Affected businesses: solicitors, buy and sell traveler's cheques, motor vehicle dealers who act as insurance providers or intermediaries, and online remitters which do not provide designated services at or through a permanent establishment in Australia.
- No longer required to make reports under the Financial Transaction Reports Act 1988 (FTR Act) for transactions starting 7 January 2025.
- Ease regulations for low-risk cash dealers under the FTR Act, encompassing motor vehicle dealers, travel cheque sellers, and offshore online remitters.

**Schedule 12**
**Transitional Arrangements**

28th day after this Act receives the Royal Assent

- Power for the Minister to make rules concerning any amendments introduced by this Bill.
- Limited to four (4) years to address any unforeseen issues that may arise after the reform’s commence and to accommodate the extensive time needed for industry to effectively implement each measure.

*Royal Assent is the formal approval given by the Governor-General to a Bill.*

# Discover what Stratis Advisory can do for you

## Tranche 2 Compliance Readiness

Under the AU AML/CTF Act Reform, Tranche 2 entities are required to comply with stricter regulations, including customer due diligence, reporting suspicious activities, and maintaining records. Stratis provides a comprehensive approach to address your money laundering and terrorism financing (ML/TF) risks, implement a scale-appropriate compliance program and ensures that your business is well-equipped to meet the new compliance responsibilities efficiently and effectively.

## Reporting Group Framework Implementation

The AU AML/CTF Act Reform streamlines the "designated business group" into a "reporting group," allowing related entities, including non-reporting ones, to jointly meet AML/CTF obligations. Stratis can assist in restructuring AML/CTF programs, establishing group-wide risk management, and creating unified systems for transaction monitoring, customer due diligence (CDD), and staff training. Stratis supports compliance, handles intricate structures, and equips you for audits, ensuring seamless operations under the updated regulations.

## Third Party Review

Whether operating locally or internationally, industry standards, along with laws and regulations, are continuously evolving and broadening. A third-party review is a critical part of the AU AML/CTF Act Reform compliance requirements to ensure the effectiveness of your compliance program and to identify any gaps or areas for improvement. With our expertise and experience in Australia, Stratis can assess your compliance program, evaluate your adherence to the AU AML/CTF Reform, and assist you in enhancing or continuously improving your risk management practices.

StratisAdvisory

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