



AUSTRAC Releases Updated Regulatory Guide for Pubs and Clubs with Gaming Machines : Key Takeaways



AUSTRAC has released an updated version of its *Pubs and Clubs with Gaming Machines Regulatory Guide* (referred to in this post as the **Updated Guide**) – the first revision since 2023 and comprising critical guidance that all Pubs and Clubs must *read*, *digest* and – as appropriate – be *reflected* in their AML/CTF Programs.

Pubs and Clubs should remember that Australia’s AML laws require – as a ‘**must**’ – that reporting entities (Pubs and Clubs with gaming machines) take into account *any applicable guidance material disseminated or published by AUSTRAC and any feedback provided by AUSTRAC in respect of the reporting entity or industry it operates in*, that is relevant to the identification, mitigation and management of ML/TF risk. The Updated Guide is such “applicable guidance material”, and reflects the regulator’s continued focus on strengthening AML/CTF compliance across the gaming sector, with several changes that clarify expectations and expand obligations for venue operators.

While several of the updates follow on from AUSTRAC's recent enforcement activity involving Mounties Group, the new content applies broadly to all pubs and clubs that provide gaming machine services.

Expanded Scope and Clarified Regulatory Coverage

The Updated Guide now explicitly confirms that it applies to venues operating Multi-Terminal Gaming Machines (**MTGMs**) as well as traditional Electronic Gaming Machines (**EGMs**).

If you have MTGMs and EGMs, you should ensure that your risk assessment, when considering your *products*, has regard to both products.

It also introduces a new section on dealing in the proceeds of crime, reminding venues that such activity constitutes a criminal offence. Venues are expected to consider this risk as part of their ML/TF risk assessments and transaction monitoring programs, and should have regard to this when looking at the ML/TF risks your 'typical customer' (and then individual customers) might present to your venues.

Strengthened ML/TF Risk Assessment Requirements

The Updated Guide provides more detailed guidance on the level of detail expected in risk assessments. It also includes a number of 'must' requirements.

Venues must now consider a wider range of risk factors, including:

- Whether customers play carded or uncarded (i.e. playing a machine with a loyalty card / membership card inserted in the machine: 'carded' or not 'uncarded') and whether their time spent in the venue is inconsistent with their known occupation or circumstances.
- The amount of cash that can be inserted into EGMs, MTGMs, or Cash Redemption Terminals (**CRTs**) at a single time – you should know your "load limits" and, for NSW Pubs and Clubs, the split between your newer and older machines (the newer machines reflecting a lower load limit).
- The concentration of high-value EGMs within a venue.
- Local risks, including the potential presence of loan sharking activity.

- The need to describe systems and controls in practical terms rather than using internal acronyms. Think of it this way: how hard would it be for a new hire to understand?

For multi-venue or corporate operators, the guide also reinforces that risk must be assessed at the individual venue level, not only at the group or enterprise level. Often in risk language, we talk about “child” risk assessments for each venue (one risk assessment per venue) and then an aggregated “parent” risk assessment for your reporting entity (i.e., the view from the top: the aggregated risk position for your reporting entity). The purpose of individual and group risk assessments is to help you understand where your risk lies and direct resources accordingly.

Updated Criminal Typologies

The section in the Updated Guide on how criminals may exploit pubs and clubs has been expanded to include cash refinement – the exchange of smaller denomination notes for higher denominations – as an example of suspicious activity.

This is known in other jurisdictions as “*colouring up*” and is a typology where bad actors seek to exchange lots of lower denomination notes for fewer higher denomination notes.

This addition reinforces the need for venues to monitor note exchange and redemption patterns within their operations. Do you need to be offering to exchange notes for customers in your venues, and if so, what is an appropriate ‘cap’ having regard to the ML/TF risk that this activity might present?

Enhanced Customer Due Diligence Following an SMR Submission

AUSTRAC has clarified in the Updated Guidance that Enhanced Customer Due Diligence (**ECDD**) is required after a venue submits a Suspicious Matter Report (**SMR**). Many venues will already commonly conduct ECDD before and after filing SMRs.

ECDD measures may include:

- Requesting additional information from the customer to clarify or update KYC data.
- Taking reasonable steps to verify the source of funds or source of wealth.
- Keeping records of actions taken and findings made.

This requirement formalises what AUSTRAC has long expected – that reporting a suspicion is only part of the compliance process and that risk mitigation must continue after an SMR is filed.

New Guidance on Advisers and Independent Reviews

A notable inclusion in the Updated Guide is a dedicated section on AML/CTF advisers and the independent review process.

This is an important area and provides important guidance for the industry. AUSTRAC now expects:

- Advisers to have relevant AML/CTF experience and sector-specific knowledge.
- Boards and senior management to maintain oversight of adviser engagements.
- Independent reviewers to be clearly separate from those who developed or maintain the AML/CTF Program (which has always been the case, but Pubs and Clubs will want to ensure that they get appropriate confirmation – what you don’t want is a firm “marking their own homework”).
- Venues to document how independence was assessed and any conflicts managed (tip: document this in a procedure and then follow it!)
- Independent reviews to include on-site testing and engagement with senior management to evaluate effectiveness (it’s not a desktop review – reviews should get “in the weeds” to ensure that your Program – your controls – are designed adequately and operating effectively).

This expanded guidance signals a stronger emphasis on the quality and independence of AML/CTF reviews and external advice.

Clarification on “Tipping Off”

The Updated Guide now clarifies that excluding, suspending, or refusing to renew a customer’s membership after forming a suspicion does not constitute tipping off (provided the venue does not inform the customer that the action is related to a suspicion or SMR submission).

This clarification helps compliance officers act confidently within legal boundaries.

Additional Customer Information Requirements

The Updated Guide reinforces the importance of collecting contextual customer information in higher-risk situations, such as obtaining evidence of a customer’s occupation or source of funds when warranted by their behaviour or risk profile.

These expectations align pubs and clubs more closely with broader financial-sector standards for customer due diligence.

The Bottom Line

Overall, the Updated Guide d introduces clearer expectations, deeper risk assessment requirements, and a stronger focus on governance and independence in AML/CTF processes.

Venues should review their AML/CTF Programs, risk assessments, adviser arrangements, and record-keeping practices to ensure they align with AUSTRAC’s updated expectations.

How LCA helps

LCA works with pubs, clubs, and hospitality operators to strengthen AML/CTF governance, conduct venue-level risk assessments, and support independent review processes in line with AUSTRAC guidance.

As always, if you need help, please reach out.



Copyright: Unless otherwise indicated, copyright in all materials contained on this presentation is owned by LLANE ADVISORY PTY LTD t/as Lane Consulting & Advisory (LCA). You may use the materials contained in this document for your personal use. No part of the materials however may be reproduced, adapted, published or communicated for commercial use without prior written permission of LCA and you must provide appropriate attribution to LCA, the author of the publication and when and where it was first published if such commercial use is authorised. Disclaimers: The material contained in this presentation is provided by LCA. The contents of this presentation do not constitute legal advice and should not be relied upon as a substitute for legal or other professional advice. LCA makes no warranties or representations about the material contained in this document.