



The AML/CTF Compliance Officer

Role, Eligibility and Governance Requirements

Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (as amended) | AML/CTF Rules 2025 | AUSTRAC Guidance

What Is the AML/CTF Compliance Officer?

Act ss 26H, 26L, 26J(2)
Rules s 5-7



Primary contact with AUSTRAC

Responsible for communicating with AUSTRAC on the reporting entity's behalf.



Day-to-day compliance oversight

Oversees and coordinates compliance with the Act and the AML/CTF Rules 2025.



Management-level accountability

Must hold sufficient authority, independence and access to resources to perform the role effectively.



Eligibility Requirements



Management level

Must be employed or engaged at management level by the reporting entity.



Continuous designation required

A reporting entity must designate a compliance officer at all times while providing designated services.



Australian resident

Must be resident in Australia where designated services are provided through a permanent establishment in Australia.



Reporting group members

One compliance officer may serve multiple members of a reporting group, provided eligibility requirements are satisfied for each entity.



External engagement permitted

Need not be an employee - external compliance officers are permitted if they hold the required authority, resources and expertise.



Appointment and AUSTRAC notification

Must be appointed within 28 days of first providing designated services. AUSTRAC must be notified within 14 days of appointment.



Fit and Proper Person

Before appointing an AML/CTF compliance officer, reporting entities must assess whether the individual satisfies the fit and proper test.

(a)

Competence, skills, knowledge, diligence, expertise and soundness of judgement (having regard to the nature, size and complexity of the entity)

(b)

Good character, honesty and integrity

(c)

No conviction for a serious offence (subject to the spent convictions regime)

(d)

No adverse finding in civil/criminal proceedings or regulatory/disciplinary process relating to management, commercial or professional activity

(e)

Not an undischarged bankrupt under Australian or foreign law

(f)

Has not executed a personal insolvency agreement under Part X of the Bankruptcy Act 1966 or similar foreign law

(g)

No conflict of interest creating a material risk that the individual will fail to properly perform the compliance officer role

Governance & Reporting Obligations



Authority & Independence

Must have sufficient authority, independence and access to resources

Role is a governance and control function - not merely an administrative position

External compliance officers must have equivalent authority to an internal officer



Annual Governing Body Report

Must report to the governing body at least once every 12 months

Report must address compliance with AML/CTF policies and the extent to which policies manage and mitigate ML/TF risks

Clear, documented reporting pathways to the governing body are required



Continuity of Coverage

Compliance officer functions must be fulfilled at all times, including during absences

Temporary absence does not require formal designation of a replacement - provided arrangements ensure continuity

If absence is prolonged or coverage is in doubt, a replacement must be formally designated

Record-Keeping Obligations



Reporting entities must maintain records sufficient to demonstrate that an eligible AML/CTF compliance officer has been appointed and remains in office.

01 Appointment records

Records showing that an eligible AML/CTF compliance officer has been appointed, including the date of appointment.

02 Eligibility evidence

Records of how the compliance officer meets each eligibility requirement, including open-source searches, credit checks, reference checks and police checks.

03 Fit and proper assessment

Documentation of what was considered in determining the fit and proper criteria at appointment and at each reassessment.

04 Reassessment records

Records of any reassessments conducted during the compliance officer's tenure, including the basis for continuing to regard the individual as eligible.

05 AUSTRAC notification

Evidence of notification to AUSTRAC within 14 days of appointment, departure or ineligibility of a compliance officer.

06 Governing body reports

Records of annual AML/CTF compliance reports provided to the governing body, including date, content and sign-off.

The Governance Framework



Three distinct roles - each with defined responsibilities under the reformed framework.



Governing Body

Board / Committee

- Ultimate accountability for AML/CTF compliance
- Receives annual compliance report from the compliance officer
- Exercises ongoing oversight of ML/TF risk and compliance
- Approves major changes to the AML/CTF program



Senior Manager

CEO / CRO / equivalent

- Approves the ML/TF/PF risk assessment and AML/CTF policies
- Approves any subsequent updates within required timeframes
- Responsible for taking reasonable steps to comply with AML/CTF obligations
- Operationally accountable for AML/CTF program effectiveness



AML/CTF Compliance Officer

Management level individual

- Oversees and coordinates day-to-day operational implementation
- Primary contact with AUSTRAC on behalf of the reporting entity
- Reports to the governing body at least annually
- Ensures compliance functions are covered at all times, including during absences

Practical Steps for Reporting Entities



Key actions to take now under the reformed framework (effective 31 March 2026)



Identify the individual who will be your AML/CTF compliance officer and confirm they are at management level



Ensure the compliance officer has sufficient authority, independence and access to resources - document this formally



Conduct a fit and proper assessment against all seven criteria in Rules s 5-14 and document the outcome



Establish a documented reporting pathway to the governing body and schedule the annual compliance report



Confirm the individual is an Australian resident (where applicable to your permanent establishment)



Put in place continuity arrangements to cover periods of absence without needing to formally re-designate



Notify AUSTRAC of the appointment within 14 days using the prescribed form



Retain records of appointment, eligibility assessment, AUSTRAC notification and all governing body reports

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