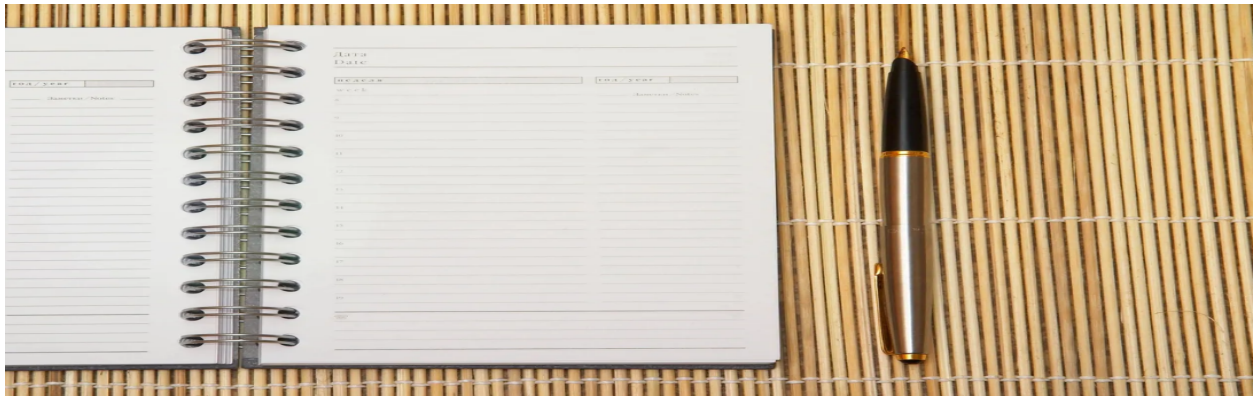




I AM A DIRECTOR OR EXECUTIVE OF A TRANCHE 2 COMPANY - WHAT DO I NEED TO DO TO GET READY FOR THE AML CHANGES?



Under Australia's Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) laws, a significantly expanded range of businesses and professions will soon be subject to compliance and risk obligations.

These 'tranche 2' businesses include:

- **Real estate agents and developers**
- **Conveyancers**
- **Dealers in precious metals and stones**
- **Professional services providers** such as **lawyers, accountants, and trust and company service providers**

If you operate in one of these sectors, we have prepared the below to help you think through what you need to do, and by when. Think of it as your “**Five key steps by 30 June 2026**”.

☐ STEP 1 ENROL WITH AUSTRAC FROM 31 MARCH 2026

If you fall within one of the sectors listed above, you will need to enrol your business with AUSTRAC **from 31 March 2026** (*please note the extension from 'by 31 March' - watch the AUSTRAC website for any further changes*).

To enrol with AUSTRAC click [here](#).

AUSTRAC provides guidance about the information you will need to supply in your Australian Business Profile Form (**ABPF**). This includes detail on:

- the services your business provides;
- the structure of your business;
- contact details for your business;
- the names and contact details of key personnel in your business, such as directors and officeholders;
- financial statements for the most recent financial year;
- registration numbers such as ABNs or ACNs, if you have them;
- registration details if your business is registered in a foreign country;
- any criminal, civil or enforcement action relating to your business and key personnel.

AUSTRAC provides a helpful guide on how to complete the ABPF, available [here](#).

We summarise the work for Step 1 as follows (and include a table at the end of this document to help you identify whether you provide a designated service (or not)):

 Identify which designated service(s) you provide.

 Identify whether you have one, or more, entities that provide the designated service(s).

 Identify whether you have a Reporting Group.

 Compile ASIC searches and obtain financial statements for each entity, ready to help you complete your ABPF.

Undertaking this work is then a significant assistance for the following steps.

□ STEP 2 COMPLETE YOUR ML/TF/PF RISK ASSESSMENT BY 30 JUNE 2026

Your ML/TF/PF Risk Assessment will underpin your AML/CTF Program. The assessment looks at the inherent and residual risks of your business and services being used for money laundering, terrorism financing or proliferation financing¹.

You should have the following documents in place by the end of the 2026 financial year, ready for 1 July 2026:

- An **ML/TF/PF Risk Appetite Statement** that outlines your company's appetite and tolerance levels for the money laundering / terrorism financing / proliferation financing risks presented by your customers, products, channels and where you do business. This document then serves to guide management and staff on the expectations of the Board and Senior Management.

The Appetite Statement is important because it then allows you to understand, having done your Risk Assessment, whether your business is sitting *within* or *outside* of appetite.

- An **ML/TF/PF Risk Assessment Methodology** that sets out *how* you assess your ML/TF/PF Risk.

Think of the Methodology as your recipe; the Risk Assessment as the meal.

- A **Context Assessment** of your business - which looks at its nature, size and complexity.
- Your **ML/TF/PF Risk Assessment** which *identifies* the potential ML/TF/PF risks that your business could face. The Risk Assessment will look at your *inherent* risks (those risks without any measures to prevent, mitigate or manage them), *your controls environment* and your *residual* risks.

If you have established risk and compliance management frameworks - superb! Ensure that the documentation you are preparing to address your ML/TF/PF risks are appropriately captured in your existing risk management architecture.

You may find that it might take you some time, at least initially, to pull together in the one location details of your controls (those measures that prevent, mitigate or manage the risk) and then how you monitor/test these controls.

At LCA we call this '*getting your arms around your environment*' - it is recommended doing this once and doing it well, setting a solid foundation for your AML/CTF Program ongoing.

¹ **Proliferation financing:** the act of providing funds or financial services for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery, in contravention of national laws or international obligation.

☐ **STEP 3 PREPARE YOUR AML/CTF PROGRAM BY 30 JUNE 2026**

Once you have completed your ML/TF/PF Risk Assessment, prepare your AML/CTF Program.

If you do not have your AMLCO in place yet (or even if you do), it is recommended that you engage independent assistance to help you with this exercise, particularly if it is your first time.

☐ **STEP 4 PREPARE YOUR AML/CTF POLICY DOCS BY 30 JUNE 2026**

The updated laws contemplate your entity having a number of policy documents in place from 1 July 2026.

AUSTRAC notes in its guidance materials as follows:

“Your business must develop and maintain policies, procedures, systems and controls that appropriately manage and mitigate your business’ risks. These policies must also ensure that you comply with your AML/CTF obligations and be appropriate to the nature, size and complexity of your business.”

Think of Step 4 as the **policies, procedures, systems, controls and measures you put in place to implement the AML/CTF Program you developed at Step 3.**

These AML/CTF Policies may include documents that address, without limitation:

- Governance protocols: cover how the entity ensures that its governing body is sufficiently informed of the risks of money laundering, financing of terrorism and proliferation financing that the reporting entity may reasonably face in providing its designated services.
- Customer Due Diligence.
- Appointing an AML/CTF Compliance Officer (**AMLCO**).
- Designating one or more senior managers of the reporting entity as responsible for approving the AML/CTF Policies and the ML/TF/PF Risk Assessment.
- Employee Due Diligence.
- ML/TF/PF Risk Awareness (and AML/CTF compliance) Training.
- How Independent Reviews are conducted.
- Information sharing (particularly for Reporting Groups).

The foregoing is, effectively, documenting what you do. This can take some time, we recommend commencing this work shortly!

☐ **STEP 5 APPOINT AN AMLCO BY 30 JUNE 2026**

You will be required to appoint an AML/CTF Compliance Officer. This person must:

- be a person employed or otherwise engaged at management level; and
- have sufficient authority, independence and access to resources and information to ensure that the individual can perform the functions of an AMLCO effectively.

Once appointed, notify AUSTRAC within 14 days on AUSTRAC Online (you will receive details of this after completing Step 1).

As AUSTRAC has identified, the number of reporting entities is projected to increase from approximately 17,000 reporting entities to more than 100,000. If you are thinking of hiring or upskilling an internal resource for the AMLCO position, it is advisable to start looking and training processes now. LCA has included some thoughts on the AMLCO position for individuals stepping into the role. See [here](#).

CONCLUSION

As we approach the end of the 2025 financial year, the clock really starts ticking on making sure you have enough time / runway ready for these key changes.

We recommend you start thinking about some of the above key measures, particularly steps 2, 3 and 4 soon to allow you to prepare for the changes that will impact your business on and from July next year. Remember that you will need to get stakeholders across how these requirements will impact them, as well as the relevant approvals (documented) with your governing body.

Wish to chat further? Contact LCA today.



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Designated Services

What 'designated services' might you provide?

We have compiled the following table to assist you. Please remember, **this isn't legal advice** and we encourage you to contact specialist law firms who can assist you.

Industry	Provision of a designated service	Customer of the designated service	Examples of entities that may be caught ²	Where to find this ³
Real Estate	Brokering the sale, purchase or transfer of real estate on behalf of a buyer, seller, transferee or transferor in the course of carrying on a business	Both: - The seller or transferor ; and - The buyer or transferee .	Large Real Estate Franchises Boutique/Ind. Agencies Buyers Agents	Table 5, item 1
	Selling or transferring real estate in the course of carrying on a business selling real estate, where the sale or transfer is not brokered by an independent real estate agent.	The buyer , or transferee .	Property Developers Volume Home Builders Foreign-backed development companies operating in Australia	Table 5, item 2
Precious metal, precious stones and precious products ⁴	Buying or selling bullion, where the buying or selling is in the course of carrying on a bullion-dealing business	The buyer or the seller, as the case may be	Bullion Dealers	Table 2, item 1

² **Seek independent legal advice to understand whether your business / group is caught by the new regime.**

³ This will be found at section 6 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)*.

⁴ **Precious metals** means gold, silver, platinum, iridium, osmium, palladium, rhodium, ruthenium, a substance prescribed by the AML/CTF Rules, an alloy substance with at least 2% in weight of any of the substances mentioned above. It is immaterial whether the substance is in a manufactured or unmanufactured state. **Precious stones** means a substance that has gem quality and has market-recognised beauty, rarity and value. It is immaterial whether the substance is natural, synthetic or reconstructed. Each of the following is a precious stone: beryl, corundum, diamond, garnet, jadeite jade, opal, pearl, topaz and a substance prescribed by the AML/CTF Rules. **Precious products** is any of the following that is made up of, containing or having attached to it, any precious metal or precious stone, or both: jewellery, a watch, an object of personal adornment not otherwise covered by the above or an article of goldsmiths' or silversmiths' wares. **goldsmiths' or silversmiths' wares** include such articles as ornaments, tableware, smokers' requisites and other articles of personal, household, office or religious use..

Precious metal, precious stones and precious products (cont.)	Buying or selling one or more of the following items in the course of carrying on a business, where the purchase involves the transfer of physical currency or virtual assets (or a combination of physical currency and virtual assets) with a total value of not less than \$10,000, whether the purchase is made in a single transaction or in several transactions that are linked or appear to be linked: (a) precious metal; (b) precious stones; (c) precious products; (d) any combination of any 2 or more of the items referred to in paragraphs (a) to (c).	The buyer or the seller, as the case may be	Precious Metal Traders Luxury Jewellers and Precious Stone Retailers High-end watch retailers Auction houses dealing in precious goods Online high-value precious product retailers	Table 2, item 2
Professional Services	Assisting a person in the planning or execution of a transaction, or otherwise acting for or on behalf of a person in a transaction, to sell, buy or otherwise transfer real estate, where: (a) the service is provided in the course of carrying on a business; and (b) the sale, purchase or other transfer is not pursuant to, or resulting from, an order of a court or tribunal.	The person	Law Firms handling Property Transactions Conveyancing Firms Property Settlement Agents (WA) In-house legal or property advisors for developers	Table 6, item 1
	Assisting a person in the planning or execution of a transaction, or otherwise acting for or on behalf of a person in a transaction, to sell, buy or otherwise transfer a body corporate or legal arrangement, where: (a) the service is provided in the course of carrying on a business; and (b) the sale, purchase or other transfer is not pursuant to, or resulting from, an order of a court or tribunal.	The person	Law Firms Handling Business Acquisitions / Entity Transfers Accounting and Advisory Firms with Transactional Services Specialist Business Advisory and M&A Firms Company Formation and Trust/Company Services Providers	Table 6, item 2

Professional Services (cont.)	Receiving, holding and controlling (including disbursing) or managing a person's: (a) money; or (b) accounts; or (c) securities and securities accounts; or (d) virtual assets; or (e) other property; as part of assisting the person in the planning or execution of a transaction, or otherwise acting for or on behalf of a person in a transaction, in the course of carrying on a business. There are exceptions.⁵	The person	Law Firms with Trust Accounts / acting as Escrow Agents Accountants and Tax Agents Managing Client Accounts or Money Corporate and Trust Services Providers Investment Managers and Custodians Digital Asset and Virtual Currency Service Providers Family Offices and Private Wealth Managers	Table 6, item 3
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⁵ There are exceptions in the following circumstances: (a) the money, accounts, securities, securities accounts, virtual assets or other property being held or managed is payment by the person for the provision of goods or services by the business; (b) both: (i) the business does not provide any designated services other than the services referred to in table 6, item 3 of the table above; and (ii) the money, accounts, securities, securities accounts, virtual assets or other property being held or managed is for payments reasonably incidental to the provision by the business of a service that is not a designated service; (c) the money, accounts, securities, securities accounts, virtual assets or other property being held or managed is to be received or payable under an order of a court or tribunal; (d) the service provided by the business is the receipt or disbursement of a payment to or from any of the following: (i) a government body; (ii) a court or tribunal of the Commonwealth, a State, a Territory or a foreign country; (iii) a public international organisation; (iv) a person who is licensed under a law of the Commonwealth, a State or a Territory to provide insurance, including self-insured licensees; or (b) a payment of a kind specified in the AML/CTF Rules; (e) the service is any other designated service; (f) a circumstance specified in the AML/CTF Rules.

	Assisting a person in organising, planning or executing a transaction, or otherwise acting for or on behalf of a person in a transaction, for equity or debt financing relating to: (a) a body corporate (or proposed body corporate); or (b) a legal arrangement (or proposed legal arrangement); in the course of carrying on a business.	The person	Law Firms Involved in Financing Transactions Investment Banks and Boutique Capital Advisory Firms Accounting and Advisory Firms Involved in Transaction Structuring Private Equity, Venture Capital, and Debt Funds Corporate Advisors and Transaction Managers Lawyers and Accountants Assisting in Trust- or JV-Based Financings	Table 6, item 4
Professional Services (cont.)	Selling or transferring a shelf company, in the course of carrying on a business.	The buyer or transferee	Company Formation Agents / Shelf Company Providers Accounting Firms Offering Shelf Companies to Clients Legal Firms and Trust Structuring Providers Trust and Company Service Providers	Table 6, item 5

	Assisting a person to plan or execute, or otherwise acting on behalf of a person in, the creation or restructuring of: (a) a body corporate (other than a corporation under the <i>Corporations (Aboriginal and Torres Strait Islander) Act 2006</i>); or (b) a legal arrangement; in the course of carrying on a business.	The person and: (a) if the body corporate is a company and the service is creating the company—the beneficial owners and directors of the company; or (b) if the legal arrangement is an express trust and the service is creating the express trust—the trustee, settlor and beneficiaries of the trust	Legal Firms Specialising in Corporate and Trust Structuring Accounting and Business Advisory Firms Trust and Company Service Providers Family Offices and Wealth Advisory Firms Business Structuring Platforms / Formation Agents	Table 6, item 6
Professional Services (cont.)	Acting as, or arranging for another person to act as, any of the following, on behalf of a person (the nominator), in the course of carrying on a business: (a) a director or secretary of a company; (b) a power of attorney of a body corporate or legal arrangement; (c) a partner in a partnership; (d) a trustee of an express trust; (e) a position in any other legal arrangement that is functionally equivalent to a position mentioned in any of the above paragraphs. There are exceptions⁶.	The nominator	Trust and Company Service Providers Law Firms Providing Nominee or Fiduciary Services Professional Trustee and Fiduciary Services Firms Accounting and Business Structuring Firms Offshore Trust/Company Service Firms (with Australian Nexus)	Table 6, item 7

⁶ The exceptions are: (a) acting, or arranging for another person to act, in a fiduciary capacity pursuant to, or as a result of, an order of a court or a tribunal; or (b) acting as the trustee of a regulated debtor's estate (within the meaning of Schedule 2 to the Bankruptcy Act 1966); or (c) a circumstance specified in the AML/CTF Rules.

	Acting as, or arranging for another person to act as, a nominee shareholder of a body corporate or legal arrangement, on behalf of a person (the <i>nominator</i>), in the course of carrying on a business.	The nominator	Trust and Company Service Providers Legal Firms Offering Structuring and Privacy Services Accounting Firms Involved in Asset Structuring Private Wealth Firms and Family Office Structures	Table 6, item 8
	Providing a registered office address or principal place of business address of a body corporate or legal arrangement, in the course of carrying on a business	The person to whom the service is provided	Trust and Company Service Providers and Company Formation Agents Virtual Office Providers and Serviced Office Companies Accounting Firms and Bookkeepers Legal Firms	Table 6, item 9

Are you a single entity or part of a broader group? If part of a broader group, do all of the companies or entities in the group provide designated services?

Identifying this is important. Entities in a reporting group may share some or all risk management and compliance arrangements including those set out in a group AML/CTF program established by a lead entity of the group. The reporting group concept is currently being finalised by AUSTRAC in changes to the AML/CTF Rules.

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