



AML/CTF TRANCHE 2 REFORMS – PRACTICAL GUIDE FOR PUBS AND CLUBS

Key changes from 31 March 2026

The reforms represent the most significant overhaul to Australia's AML/CTF regime since 2006, shifting to a more focused, risk-based, outcomes-oriented approach. This guide outlines the material changes that Pubs and Clubs with gaming services need to implement by 31 March 2026, noting it is not exhaustive of all of the changes.

KEY CHANGES AT A GLANCE

The following is a short note on the material items that Pubs and Clubs with gaming services should consider ready for 31 March 2026, including:

- Identity verification threshold lowered – from \$10,000 to \$5,000 for gaming wins payments¹. Pubs and Clubs should have regard to existing cheque/EFT threshold requirements and how your existing processes should be updated to comply with the new regime
- Proliferation Financing (PF) risk must now be assessed alongside ML/TF risks
- Updated customer due diligence with risk-based requirements for source of wealth and source of funds²
- More detailed AML/CTF Programs with policies, procedures, systems and controls consolidated within the Program itself
- Stronger governance requirements with explicit Board and senior management oversight obligations. Make sure you check and update your information on AUSTRAC Online

IMPORTANT DISCLAIMER:

This guide provides general information only and is **not** legal advice. You should consult with your lawyers to understand how the new legislation specifically applies to your reporting entity's circumstances.

¹ See section 39E of the Act, items 16 and 17.

² The new Act, Regulations and Rules introduce changes to the existing customer due diligence regime. Pubs and Clubs should review these new requirements carefully and consider updates to their Program and AML/CTF policies that are appropriate to their circumstances.

1 Update Your Risk Assessment – It's Now ML/TF/PF

1.1 Understanding Proliferation Financing

From 31 March 2026, your Pub or Club must assess the risk that your gaming services could be used for **proliferation financing (PF)** purposes – that is, funding the development or acquisition of weapons of mass destruction.

What does PF mean for gaming venues?

For most Pubs and Clubs, the likelihood of proliferation financing may be low. However, you still need to **document your assessment** and remain vigilant for potential signs of PF, including:

- **Sanctions evasion** – individuals or entities subject to sanctions attempting to move funds through gaming transactions. Pay attention to international visitors.
- **Complex payment arrangements** – particularly if you pay winnings via EFT to overseas bank accounts, be aware these could be part of layered structures to obscure fund origins.

If your assessed risk is low, then AUSTRAC gives the following guidance about the need to have specific policies relevant to PF (i.e. if your ML/TF policies apply to it, there isn't a need for specific separate documents):

“If your proliferation financing risk is low and is appropriately addressed by policies related to money laundering and terrorism financing, you don't have to implement specific counter-proliferation financing policies”³

Helpful Resources

[AUSTRAC's National Risk Assessment – Proliferation Financing in Australia](#)

[DFAT – Sanctions and Proliferation Financing](#)

Note: Keep an eye on AUSTRAC's guidance materials over the coming months for gaming sector-specific advice on addressing PF risks.

1.2 Refresh your Risk Assessment

Your existing requirement to assess your Pub or Club's *context* (the nature, size and complexity of your business) remains, and you should ensure your risk assessment covers all of the following:

- **Your Designated Services:** The gaming services you provide (or propose to provide), including any new or emerging technologies. For gaming on your EGMs and MTGMs, consider how carded play, cashless gaming, and TITO tickets operate and the ML/TF/PF risks they present.
- **Your Customer Base:** The types of customers you serve. Most Pubs and Clubs only serve individual customers (not companies). Think about your typical customer profile – does it differ between venues? Do they have membership relationships with you or are they visitors or guests? Does the risk differ depending on your relationship with them?

³ See further: [Summary of changes for current reporting entities \(Reform\) | AUSTRAC](#)

- **Delivery Channels:** How you deliver your gaming services to customers, including any new technologies. Consider each designated service and how it is delivered in your venue. Don't forget to assess how you pay winnings to customers (cash, EFT, cheque).
- **Jurisdictions:** The countries you deal with in providing your services. For most venues, this is primarily Australia, but if you have international visitors or pay winnings to overseas accounts, document this.
- **AUSTRAC Guidance:** Any information communicated by AUSTRAC (directly or indirectly) about ML/TF/PF risks in the gaming sector.

When to review your risk assessment

You should review your risk assessment now, in advance of next year's changes.

Your Program must specify when your risk assessment requires review (minimum every three years), including when:

- There's a significant change to any of the five points above
- AUSTRAC provides information about risks in your sector
- An independent evaluation identifies adverse findings about your risk assessment

2 Develop Comprehensive AML/CTF Policies

Under the updated Act, your Pub or Club must develop and maintain AML/CTF Policies – that is, policies, procedures, systems and controls that:

- Appropriately manage and mitigate ML/TF/PF risks
- Ensure compliance with your obligations under the Act, Regulations and Rules
- Meet the specific requirements outlined in the AML/CTF Rules

2.1 What AML/CTF Policies You Need

Your Pub or Club must have clearly documented **policies, procedures, systems and controls** (which the Act refers to as your **AML/CTF Policies**) addressing each of the following areas:

AML/CTF Policy Area	What your Pub or Club needs
Risk Monitoring	How you identify significant changes to your designated services, customer base, delivery channels, jurisdictions you deal with, or AUSTRAC guidance.
Customer Due Diligence ⁴	When and how you collect and verify customer information (KYC), including circumstances where you will obtain source of

⁴ The Act, Regulations and Rules include exemptions to the KYC requirements, including where a 'keep open' notice has been issued by a senior manager of a law enforcement agency to a Pub or Club.

	wealth and source of funds information.
Program updates	How you review and update your AML/CTF Policies in response to independent evaluations.
Sanctions	How you ensure compliance with sanctions requirements in the AML/CTF Rules.
Independent Reviews	How you obtain independent evaluations and how frequently (minimum every 3 years, proportionate to your Pub or Club's size and complexity).
Approval Processes	When senior manager approval is required (see Section 2.2 below).
Board Reporting	How you keep your Board and senior management informed of ML/TF/PF risks and compliance status (minimum annually).
AMLCO	Who your AML/CTF Compliance Officer is and how you appointed them.
Senior Manager Roles	Who your senior managers are and their AML/CTF responsibilities.
Employee Screening	How you conduct due diligence on employees who perform AML/CTF-relevant functions, assessing their skills, knowledge, expertise and integrity (both before and during employment).
Training	How you provide appropriately tailored and audience-specific training on ML/TF/PF risks and compliance obligations (both initial and ongoing).
Reporting	How you ensure reports to AUSTRAC (e.g. SMRs, IFTIs ⁵ , ACRs) are complete, accurate and protected from unauthorised change. Pubs and Clubs that are already enrolled with AUSTRAC on 31 March 2026 will have the option of using the existing SMR form, or using a new one (which requires more information) ⁶ .
Tipping Off	Safeguards to prevent tipping off, including ensuring

⁵ There are changes to IFTIs - if you make payment of winnings to foreign bank accounts of customers, you should seek advice on how the changes might impact you.

⁶ Changes to the SMR and TTR regimes are summarised here: [Reporting to AUSTRAC \(Reform\) | AUSTRAC](#)

	confidentiality of information disclosed to staff and advisers ⁷ .
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2.2 When Senior Manager approval is required

Your policies must specify when senior manager approval is required before taking certain actions.

For most Pubs and Clubs, the relevant scenarios relate to politically exposed persons (or **PEPs**), which for most Pubs and Clubs are not commonly seen.

PEPs are individuals who hold prominent public positions. The Rules require specific approval processes for PEPs, which need to be documented. The approval requirements apply when you identify that a customer or beneficial owner is a foreign PEP, or is a domestic/international organisation PEP with high ML/TF risk.

Approval is also required in other instances that are not common to Pubs and Clubs:

- **Nested services arrangements** – primarily apply to banks and financial institutions, not gaming venues
- **Outsourcing KYC collection/verification** – relevant if you rely on another party to collect and verify customer identification

3 Enhanced Focus on Governance

The new reforms place explicit emphasis on the roles of Boards, senior management and the AML/CTF Compliance Officer (**AMLCO**) in overseeing ML/TF/PF risk.

3.1 Board Responsibilities

Your Board (or equivalent governing body) must be sufficiently informed of ML/TF/PF risks. You must provide them with reports at least annually covering:

- Compliance with your internal AML/CTF policies
- Compliance with the AML/CTF Act, Regulations and Rules
- How effectively your policies are managing and mitigating ML/TF/PF risks

3.2 AMLCO Requirements

Your AMLCO must be at a management level with sufficient authority, independence and access to resources. Key responsibilities include:

- Overseeing day-to-day compliance with the Act, Regulations and Rules
- Coordinating the effective operation of your AML/CTF policies

⁷ Note that changes to the tipping off offence came into effect on 31 March **2025**. The changes focused on whether disclosure could 'reasonably be expected to prejudice an investigation'. Further information is available on the AUSTRAC website: [Tipping off | AUSTRAC](#)

- Communicating with AUSTRAC on behalf of your Pub or Club

Fit and Proper Assessment

When appointing your AMLCO, you must assess whether they:

- Possess the necessary competence, skills, knowledge and judgement (having regard to your Pub or Club's size and complexity)
- Have good character, honesty and integrity
- Have not been convicted of serious offences
- Are not an undischarged bankrupt
- Do not have material conflicts of interest that would impair their ability to perform AMLCO duties

4 Are you a DBG?

Existing designated business groups or **DBGs** will cease to exist on 31 March 2026.

If you are a Pub or Club:

- that is currently a DBG for AUSTRAC purposes (check AUSTRAC Online); or
- you operate a significant number of venues,

then you will likely need to take steps to form a **reporting group** under the new legislation.

If you fall into one of these two camps, it is recommended you get legal advice on how these new arrangements might apply to you.

Checklist – What Should Be Done Now

- ☐ Review your current AML/CTF program against the new risk-based requirements
 - ☐ Conduct a comprehensive ML/TF risk assessment covering all risk dimensions
 - ☐ Document your board vs management responsibilities for risk oversight
 - ☐ Update your AML/CTF policies to reflect outcomes-based approach
 - ☐ If you operate multiple venues, obtain legal advice on whether the changes to ‘reporting groups’ might apply to you
 - ☐ Prepare an obligations register that lists both your compliance requirements under the Act / Regulations / Rules, as well as your obligations under your AML/CTF policies
 - ☐ Enhance your staff training on indicators and reporting quality
 - ☐ Ensure your AMLCO appointment meets the fit and proper requirements
 - ☐ Update registration details with AUSTRAC for any new designated services
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Relevant and Helpful Links

[Future Law Compilation of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 \(Cth\)](#) (the **Act**)

[Anti-Money Laundering and Counter-Terrorism Financing Rules 2025](#) (the **Rules**)

[AML/CTF Reforms – AUSTRAC](#)

[Summary of changes for current reporting entities \(Reform\)](#)

[Pubs and Clubs – Regulatory Guide](#) (last updated October 2025)

[Preparing and Implementing an AML/CTF Program: Pubs and Clubs Sector](#) (last updated 31 March 2025)

How LCA Helps

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.



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