



MARCH MASTERY

a month of intensive cpd learning



ESSENTIALS INTENSIVE

WEDNESDAY 4 - THURSDAY 5 MARCH 2026

ACT LAW SOCIETY



March 2026

KordaMentha

Tranche 2 *AML/CTF* Reforms

ACT Law Society

Learning objectives

What are we going to cover?

01

Why AML/CTF matters

02

Practical steps – how to prepare

03

Useful resources and guidance

04

Questions

KordaMentha

This document has been prepared for general information purposes only. It does not constitute legal advice and should not be relied upon as such. You should seek independent legal or professional advice that is tailored to your specific circumstances before acting on any of the information contained in this material.

Background

The path to the AML/CTF reforms



2015

Financial Action Task Force (FATF) Review of Australia

- Substantial non-compliance – regulation and supervision of designated non-financial business and professions.
- Statutory review of the AML/CTF Act – many recommendations based on FATF findings



2023 to 2024
AGD Consultation

- Multiple rounds – focus on modernising the AML/CTF Act and regulating Tranche 2 entities.



2024 - 2025

- Senate Committee – Hearings to understand impact.
- Parliament - Bill passed November 2024.
- AML/CTF Rules – consultation and development.



2026-2027
Next FATF Review of Australia

- What non-compliance means – Grey listing

Outcomes based approach

A summary

To support an outcomes-based approach, the Reformed AML/CTF Act articulates the regulatory outcomes to be achieved, while providing reporting entities with greater flexibility in how they are met.

This is supported by new rules that move away from prescriptive, one-size-fits-all requirements, instead setting expectations at a higher level and being supplemented by regulatory guidance.

Scalability is a key focus, ensuring obligations can be applied proportionately based on an entity's size, complexity and risk profile.

Summary of outcomes-based approach

01

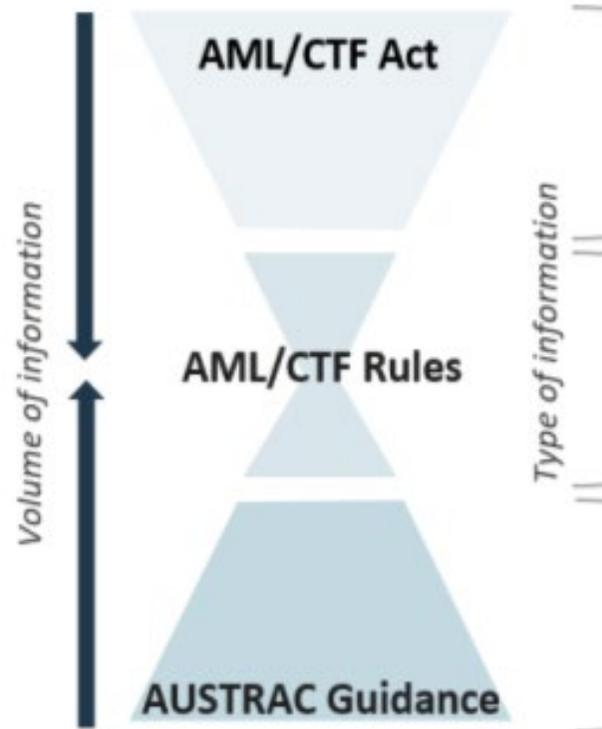
What are my obligations?
What is my reporting entity required to do?

02

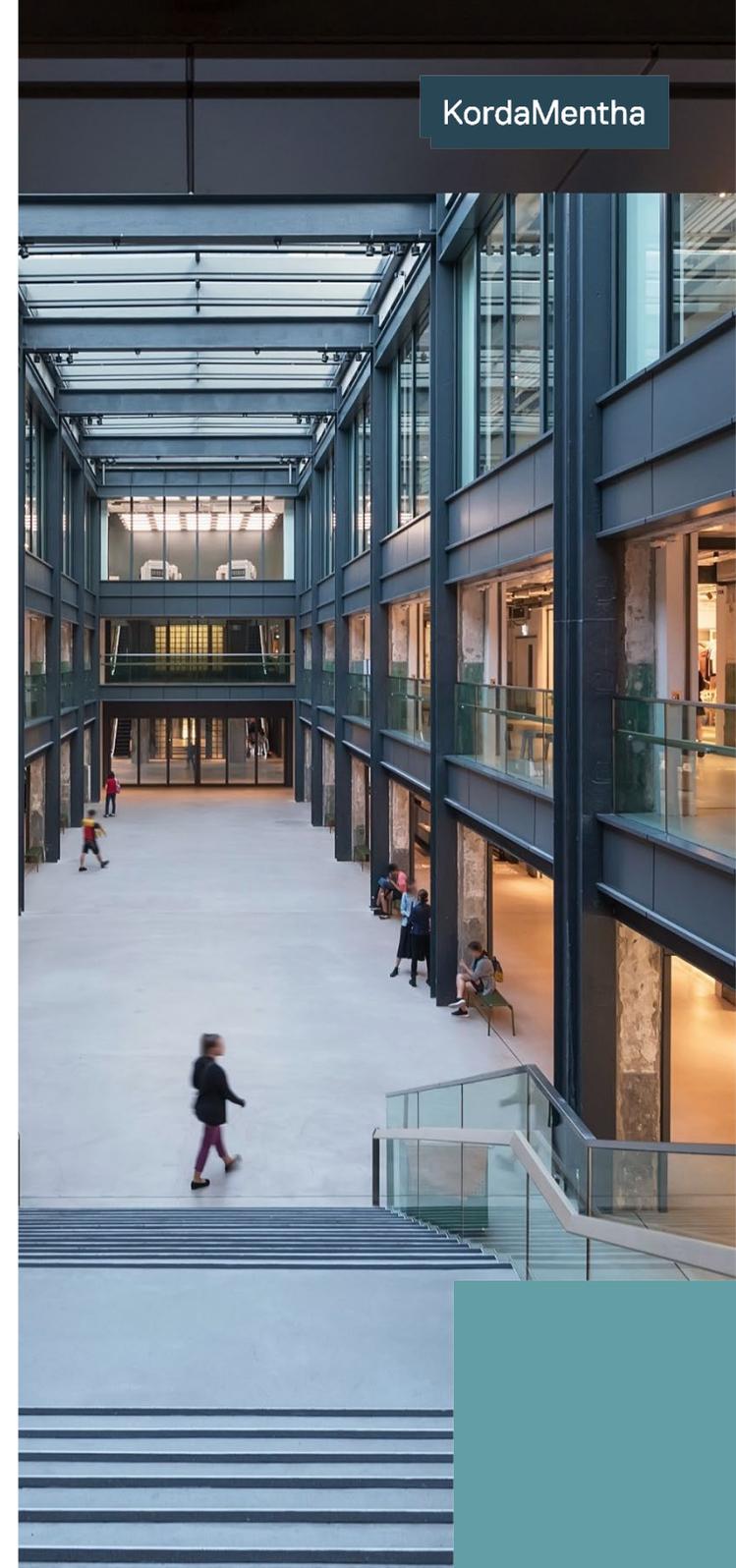
What are the specific requirements?
Are there any exemptions which apply?

03

How do I meet my obligations?
What tools are available to support me?



Source: AUSTRAC



Steps to be started now

01

Designated services

- Understand what designated services might be applicable to your business

02

Enrolment

- Prepare your business for enrolment with AUSTRAC (opens 31 March 2026). Links to enrolment will be provided on the AUSTRAC website.

03

Risk Assessment

- Understand the risks posed by your business and undertake your risk assessment – this will enable you to identify where your vulnerabilities lie and support the development of your AML/CTF Policies.
- For smaller organisations, AUSTRAC has released guidance and templates that will assist this process

04

AML/CTF policies

- Once you have completed the risk assessment, you will need to design and implement your AML/CTF Policies. They must be in place by 1 July 2026.

05

Go-live

- From 1 July 2026, we will need to start performing tasks to meet your obligations.

What are AUSTRAC's expectations?



Quote from AUSTRAC CEO:

“We don’t expect perfection on ‘day one’. We won’t be throwing the book at businesses who are trying to follow the law. AML is a practice and we will be supporting and educating you on the types of ML risks in your sectors and the controls needed to manage them. On day one, we expect tranche 2 businesses to be enrolled with AUSTRAC, have an AML program and have trained their staff, so they are ready to ask clients questions and, if something suspicious comes up, submit a report. You won’t be perfect straight away - this is a new practice for many of your staff.

Be warned - if a business is willfully ignoring the obligation to enrol, or we suspect a business is complicit with or willfully blind to money laundering, they will be the focus of our enforcement efforts.”

Practical steps – How to prepare

Table 6 - Professional Service Providers

Item number*	Description
1	Assisting clients in buying, selling, or transferring real estate
2	Assisting clients in buying, selling, or transferring legal entities
3	Receiving, holding and controlling, or managing clients' funds and/or property, which can include money, accounts, securities, or other assets.
4	Carrying out certain transactional work related to equity and debt financing
5	Facilitating the sale or transfer of a shelf company
6	Assisting in the creation or restructuring of a legal entity or legal arrangement
7	On behalf of another person, acting as, or arranging for another person to act as, a director or secretary of a company, a partner of a partnership, a trustee of an express trust, or a power of attorney of a body corporate or legal arrangement.
8	Acting, or arranging for another person to act, as a nominee shareholder
9	Providing a registered office address or principal place of business address of a body corporate or legal arrangement

*Table 6 of Section 6 of the AML/CTF Act

Practical steps – How to prepare

Enrolment - what do you need to do?

01

- Enrolment opens on 31 March 2026
- Need to be enrolled by 29 July 2026

02

- Click enrolment link on AUSTRAC website to sign up to enrol a new business

03

- Access the business profile form to complete enrolment



[Enrol or register | AUSTRAC](#)

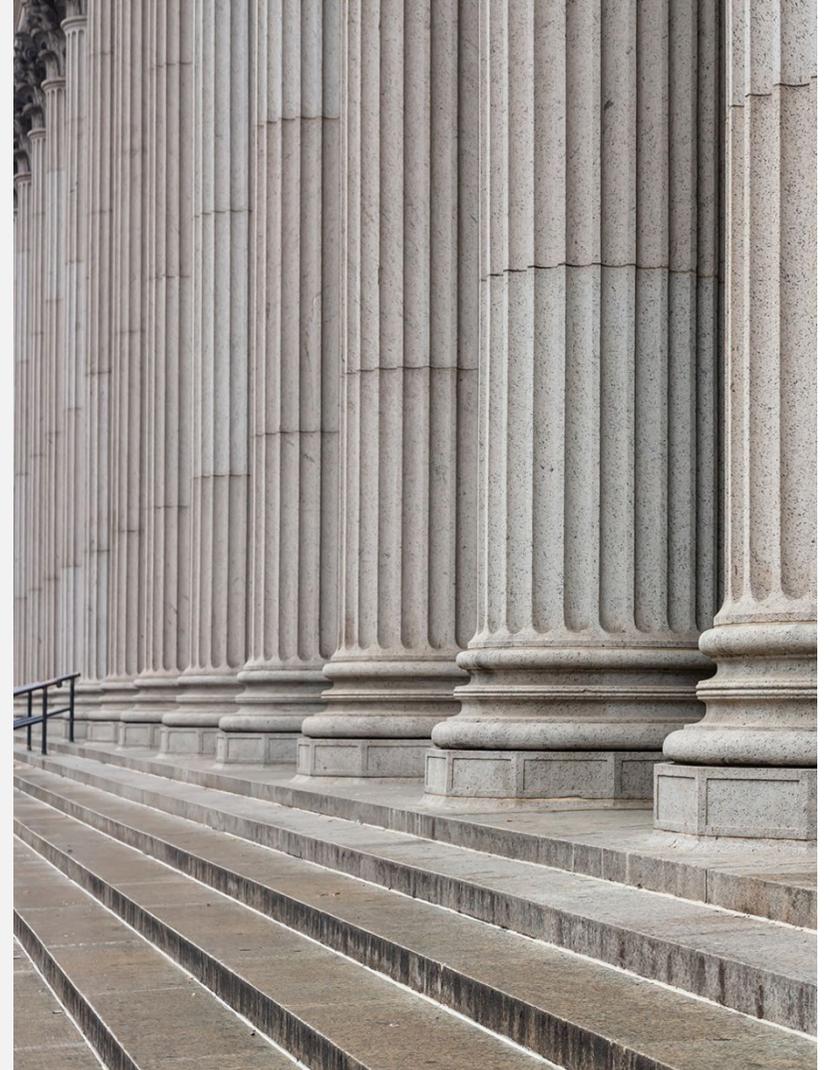
Practical steps – How to prepare

AUSTRAC Program Starter Kits – What this means for legal professionals

AUSTRAC has released starter kits and guidance to assist smaller, lower-risk Tranche 2 entities, including some legal practices, to meet their AML/CTF obligations in a practical and proportionate way. These materials are intended to support implementation, not replace the need for a properly risk-based AML/CTF program.

Law Practices – Indicative Lower-Risk Criteria

- Must be a small Australian law practice providing limited designated services under Tranche 2 (e.g., conveyancing, company formations, trust or transaction assistance).
- Must not belong to a reporting group or international legal network.
- Must provide services exclusively from a permanent establishment in Australia.
- Must meet small-business size limits — for example, up to five principals/partners and up to fifteen total staff.
- Must serve mainly Australian-resident clients and not routinely act for:
 - High-risk individuals or PEPs
 - Offshore clients or funds
 - Complex trust, corporate or nominee structures
- Must not operate as a large, multi-office, specialist transactional or cross-border practice, and must have limited exposure to high-value or complex matters.



National Risk Assessment – Know your ML/TF risk

Key ML risks specific to legal services

- Legal services can be used to create legitimacy around illicit funds through advice, documentation and structuring.
- Trust accounts can be misused to move, hold or layer criminal proceeds.
- Source of funds obscured through loans, settlements, retainers or third-party payments.
- Ownership hidden via structures — companies, trusts, nominees or offshore entities.
- Foreign illicit funds entering Australia through cross-border matters.
- Professional privilege and confidentiality may be exploited to limit scrutiny.
- Lawyers can act as unwitting facilitators by setting up entities, managing transactions or moving funds.



AUSTRAC typologies for legal services

Criminals may exploit legal services to move, disguise or legitimise illicit funds. AUSTRAC has identified several common money-laundering typologies involving lawyers and law firm trust accounts.



**Use of third parties /
nominees**



**Use of trust accounts to layer
funds**



**False loans or sham
arrangements**



**Complex corporate or trust
structures**



**Offshore funds entering
Australia**



Rapid movement of funds



**Use of legal advice to add
legitimacy**



**Use of settlements or legal
outcomes to legitimise funds**

What is a risk assessment?

ML/TF Risk Assessment

Your ML/TF Risk Assessment is the foundational element of your AML/CTF Program and allows you to identify the risks relevant to your business, and to develop risk-based controls. Without a well-designed and executed risk assessment, it will be difficult to demonstrate to the regulator that your controls are designed to mitigate your risks.

At a minimum, your risk assessment needs to address the Money Laundering, Terrorism and Proliferation Financing risk associated with the following factors:

Customers	What kinds of customers do you deal with (e.g., companies, trusts, individuals)
Designated Services	What designated services do you provide (e.g., Facilitating the sale or transfer of a shelf company)
Delivery Channels	What channels do you deliver your products and services through (e.g., face-to-face, telephone, online)
Countries	What foreign jurisdictions do you have exposure to (e.g., customers located in foreign jurisdictions, and transactions to/from foreign jurisdictions)

Why is it important to get right?

Protecting your business and community from crime

- Your business can be vulnerable to criminal activity so it is imperative that you identify where your vulnerabilities lie, so that you can appropriately manage these risks.
- In addition, your business plays a pivotal role in protecting the community from criminal harm. Therefore, it is important that you assess how your services may be used by criminals as one step in a large series of transactions.

Protecting yourself from AUSTRAC scrutiny

- In recent enforcement actions, AUSTRAC's starting point is with the Risk Assessment.
- Where deficiencies have been identified in the Risk Assessment, then this subsequently flows into the deficiencies across downstream risk-based controls.



The AML/CTF Act requires (risk management and compliance)

Policies must deal with:

- Identifying significant changes to risk matters
- Carrying out CDD
- Reviewing/updating in response to risk assessment review
- Reviewing policies at least every three years
- Governing body is sufficiently informed of risks
- Designation of an AMLCO and Senior Manager
- Employee due diligence and training
- Independent evaluations.

You must comply with these policies.



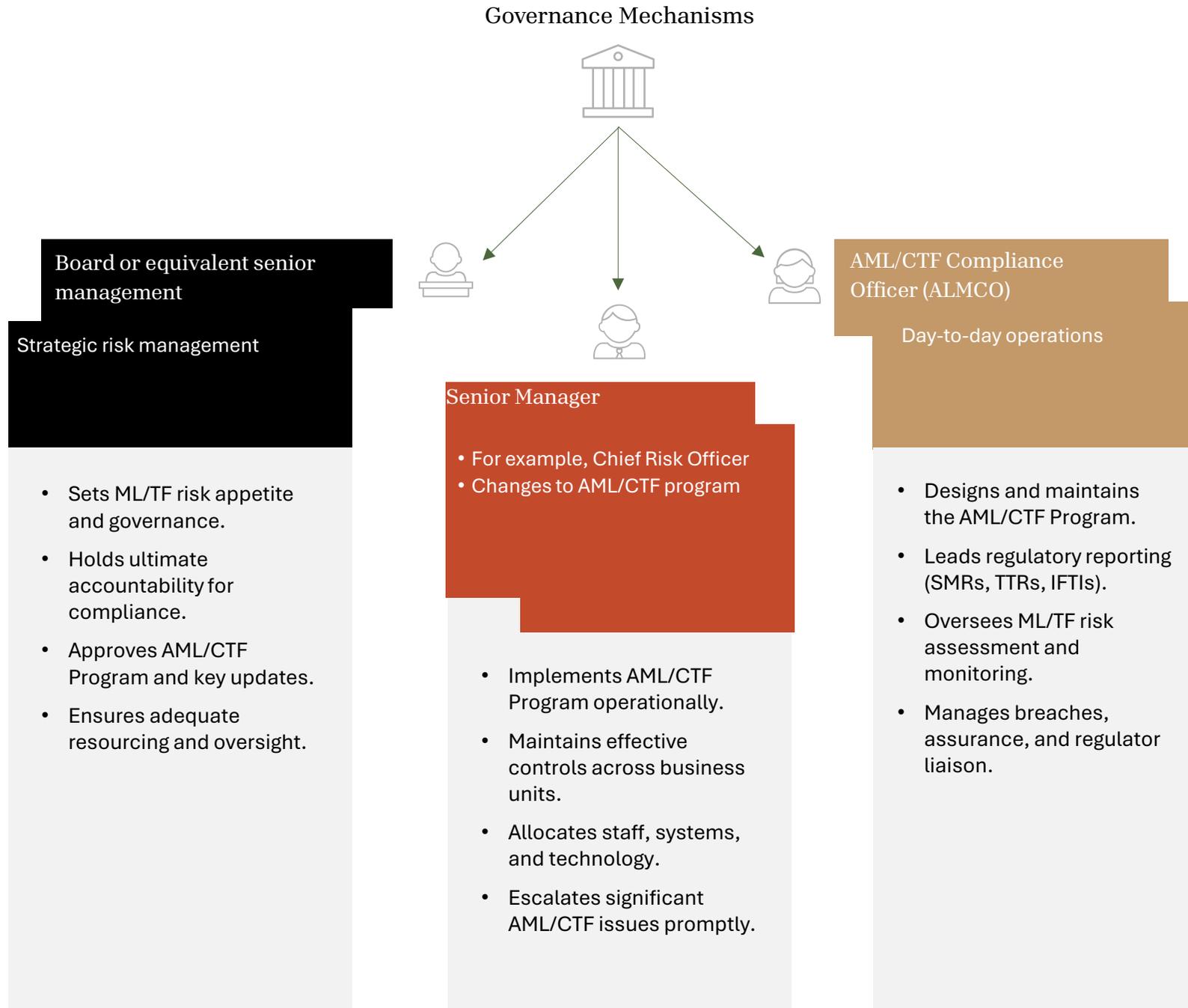
Risk Management and Compliance

- AUSTRAC CEO can make Rules requiring you to set out more detailed requirements for policies and additional policies to be developed
- Policies required include:
 - Safeguards to prevent tipping off
 - Receipt of information to governing body to meet oversight responsibilities
 - Annual AML/CTF CO report to governing body
 - Complete, accurate and timely reporting to AUSTRAC
 - Employee due diligence, training & independent evaluations.

You must comply with these policies.

Practical steps – How to prepare

Governance



Practical steps – How to prepare

Key AMLCO responsibilities in practice



Assess and manage the ML/TF risks your business may face

- Stay informed about ML/TF risks to your business and industry.
- Regularly review your business' risk assessments.
- Complete a risk assessment before any new services, products, or delivery channels are introduced.
- Develop and implement appropriate systems and controls to manage and mitigate any identified risks.



Manage the AML/CTF program and keep records

- Develop a written AML/ CTF program that details the processes and procedures that are in place.
- Maintain and regularly update the program.
- Update the program before any new services, products or delivery channels are introduced.
- Ensure your business' program is independently reviewed at least every three years and that findings are actioned.
- Keep all documentation for at least seven years where required.



Submit reports and be the contact point for AUSTRAC

- Lodge suspicious matter reports, international funds transfer instruction reports, threshold transaction reports and compliance reports.
- Update your business' enrolment details within 14 days of any changes.
- Be the primary contact for AUSTRAC for information and document requests, and regulatory assessments.
- Address any feedback from AUSTRAC related to risk assessments, risk mitigation or your AML/CTF program



Contribute to AML/CTF culture and compliance within the business

- Work with the board and senior management to ensure continued compliance with AML/CTF obligations.
- Report regularly to the board and senior management, including non-compliance and risk assessment updates.
- Update internal AML/CTF compliance manuals, policies procedures and systems
- Promote AML/CTF processes and procedures and train staff to understand your businesses compliance obligations
- Put handover processes in place for the appointment of a new AML/CTF compliance officer where required.

Reporting requirements

Law practices captured under Tranche 2 must report certain matters and transactions to AUSTRAC. They may include:

Suspicious Matter Reports (SMRs)

- Report to AUSTRAC whenever you suspect a client, behaviour, or transaction may involve criminal activity. This will be the main report legal professionals lodge
- You must submit an SMR when you form a suspicion that a person or transaction may be linked to crime. Within 24 hours if the suspicion relates to terrorism financing, within 3 business days for all other suspicions.



Threshold Transaction Reports (TTRs)

- Report any physical cash transaction of AUD 10,000 or more. Rare for most law firms but required if cash is ever received or paid.
- You must report physical cash transactions of AUD 10,000 or more (or foreign-currency equivalent), including:
 - Cash received into a trust account
 - Cash payments for fees or disbursements
- Most law practices have low exposure to TTRs, but obligations apply whenever cash is handled.
- Reports are due within 10 business days.



Compliance Report (CR)

- Submit an annual report to AUSTRAC confirming your business has met its AML/CTF obligations, including risk assessments and program maintenance.



International Funds Transfer Instructions (IFTIs)

- Report when funds are sent or received internationally, directly or through another party. Relevant where a law firm handles offshore funds or cross-border matters.
- Report funds sent into or out of Australia, including offshore trust receipts or foreign client transactions. Obligations apply whenever international funds are involved.
- Reports due within 10 business days.



Resources and Guidance

Summary



AML/CTF obligations

- [AML/CTF Programs Overview | AUSTRAC](#)
- [Legal profession program starter kits](#)
- [Your AML/CTF Risk Assessment and Methodology](#)
- [Anti-Money Laundering and Counter-Terrorism Financing Act 2006](#)
- [Check if You Need to Enrol or Register | AUSTRAC](#)
- [Your Obligations | AUSTRAC](#)

AUSTRAC's expectations

- [AUSTRAC Insights: Governance | AUSTRAC](#)
- [Regulatory Quick Guide - Governance: Board and Senior Management Oversight | AUSTRAC](#)
- [AUSTRAC regulatory expectations and priorities for 2025–26](#)

Practical guidance

- [AML/CTF Governance | AUSTRAC](#)
- [AUSTRAC Insights: Governance | AUSTRAC](#)
- [How to Build a Strong AML/CTF Culture in Your Business | AUSTRAC](#)
- [Meeting Your Anti-Money Laundering and Counter-Terrorism Financing \(AML/CTF\) Obligations - Governance Checklist for Boards and Senior Management | AUSTRAC](#)
- [Money laundering in Australia – National Risk Assessment 2024 \(NRA\)](#)

Resources and guidance

Movies/books & articles/podcasts



Movies/Netflix

- **Ozark** - 4 seasons (Netflix)
- **Tinder Swindler** - Documentary (Netflix)
- **Inventing Anna** - Limited series (Netflix)
- **Silk Road** - Movie (YouTube movies)
- **Fyre** - Documentary (Netflix)
- **Dirty money series** - 2 seasons (Netflix)
- **The Accountant** - Movie (YouTube movies)
- **Good Girls** - 4 seasons (Netflix)
- **The Wolf of Wall St** - Movie (YouTube movies)
- **Narcos** - 3 seasons (Netflix)
- **The Mechanism** - 2 seasons (Netflix)
- **Catch me if you can** - Movie (YouTube movies)
- **American made** - Movie (YouTube movies)

Books & articles

- **The Wolf of Wall Street** - Martin Scorsese
- **Banking Bad: How Corporate Greed Broke Our Trust and Failed Australia** - Adele Ferguson
- **The People vs the Banks** - Michael Roddan
- **Spam Nation** - Brian Krebs
- **Jihadi: The Making of a Terrorist** - Robert Verkaik
- **The War on Dirty Money** - Gilmour and Hicks
- **Anti-money laundering in a Nutshell** - Kevin Sullivan
- **Rinsed** - Geoff White
- **The Laundrymen** - Jeffrey Robinson
- **Chasing Dirty Money** - Reuter and Truman
- **The Lucky Laundry** - Nathan Lynch

Podcasts

- **The Last Voyage of the Pong Su**
- **TRACE – Bribe, Swindle or Steal**
- **Darknet Diaries**
- **Financial Crime Matters with Kieran Beer**
- **MISFortune: A Financial Crimes**
- **Caliphate** - The New York Times
- **Suspicious Transaction Report** - RUSI
- **Financial Crime Matters** - ACAMS
- **Financial Integrity Hub**
- **The Laundry**
- **The Dark Money Files**

KordaMentha contacts



Grace Mason

**Partner | Financial Crime
Sydney**

Grace provides AML/CTF and financial crime compliance, risk, and assurance advisory across financial services, banking, gaming, superannuation, remittance, digital currency exchanges and payments providers. She is experienced in advising on the design and operating effectiveness of AML/CTF frameworks and systems and aligning non-financial risk exposure with organisational strategy. She has extensive financial crime experience and has been responsible for driving transformational change and navigating complexity in regulatory, intelligence, and policy environments.

Prior to joining KordaMentha in 2022, Grace spent over a decade at AUSTRAC working across regulatory, international, and intelligence functions. She is experienced in leading strategic transformation and technology programs, including regional business engagement and program delivery in ASEAN and Europe.

Grace is a proactive leader who leverages program and policy knowledge to promote operational outcomes and build key partnerships.

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Richard Lee

**Executive Director | Financial Crime
Melbourne**

Richard is a pragmatic and insightful leader, with a broad career in financial crime prevention and detection.

Richard has over 30 years experience in financial crime regulation and investigation, including executive leadership roles with Australia's AML/CTF regulator, AUSTRAC. He has led teams responsible for enforcement, supervision and education of a broad range of industry sectors, represented Australia at major international AML forums and has acted as a financial crime expert on Asia Pacific Group mutual evaluations of member countries.

He brings valuable experience that will assist businesses in meeting their financial crime challenges and preventing criminal exploitation.

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Questions?



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