



What AML/CTF Tranche 2 means for current Reporting Entities

I am already a reporting entity enrolled with AUSTRAC. Do I need to update my AML/CTF program? If so, when do I need to do it by?

Yes. You will need to review and update your AML/CTF Program to ensure that you comply with your amended obligations under the reformed AML/CTF Act and AML/CTF Rules.

You must comply with your updated/amended obligations from 31st March 2026.

What's different between the current and amended legislation?

The main changes are:

- Emphasis on key roles and responsibilities, including your governing body, senior management, and AML/CTF compliance officer (explained below).
- Changes to your customer due diligence obligations, including the information you must collect and verify for different types of customers.
- Changes to the enrolment information that you must provide AUSTRAC.
- Removal of the requirement to maintain Part A and Part B of your AML/CTF Program, replaced with the concept of AML/CTF policies. This provides more clarity as well as flexibility to develop your AML/CTF Program in a way that meets your needs, provided it meets your AML/CTF obligations.
- Designated business groups will be replaced with a new framework for reporting groups. Each reporting group must have a lead entity that will be responsible for group risk and compliance.

Can I comply with the new rules before 31 March?

Yes, you can implement and comply with the new requirements any time, as long as you have the new program in place by 31 March

Does Holley Nethercote have new templates available?

Not yet. The rules were only finalised on 29 August and AUSTRAC has not released sector guidance yet. This is due in October.

Once we have that guidance, we will release updated templates.

Note that the new format will be much shorter and for those with a Full Access Hub subscription, you will have access to a supporting Obligations Register.

How are financial advisers who only provide item 54 designated services impacted?

If you will continue to operate only as an item 54 designated service provider under the reformed AML/CTF regime, you will continue to have modified obligations. However, it is important that you confirm whether you provide any of the new designated services. If you do, you will no longer be solely an item 54 provider and you will need to comply with all relevant AML/CTF obligations.

We are still waiting on further guidance from AUSTRAC on how financial advisers are likely to be impacted.

Do I need to make any internal organisational changes?

Yes. Under the amended obligations, there will be three key roles that you must nominate or appoint for your reporting entity, in order to comply with your governance and management oversight obligations:

- **Governing Body** – responsible for overseeing and ensuring compliance with your AML/CTF Program and obligations under the AML/CTF regime
- **Senior Manager(s)** – responsible for approving your AML/CTF Program, including any updates
- **AML/CTF Compliance Officer** – responsible for the operation of your AML/CTF Program, communicating with AUSTRAC and reporting to the Governing Body in relation to how you have complied with your AML/CTF obligations.

Depending on the nature, size and complexity of your business, it may be appropriate for one person to perform several or all of these roles.

If you will continue to operate only as an item 54 designated service provider under the reformed AML/CTF regime, you are not required to appoint people to these roles. However, you should still ensure that you have appropriate oversight within your business to address your ML/TF/PF risks.

To learn more about the changes, please see our fact sheet [What are the AML/CTF Governance Obligations?](#)

When do I need to do my next independent review?

Under the amended AML/CTF regime, independent reviews will be referred to as 'independent evaluations'.

You will be required to arrange for an independent evaluation to be conducted at least once every three years, or more frequently, depending on the nature, size and complexity of your business.

If you will continue to operate only as an item 54 designated service provider under the reformed AML/CTF regime, you will not be required to undertake an independent evaluation.

If I'm due for an independent review now, can I hold off?

If you reasonably believe that your AML/CTF Program is compliant under the current regime, and that an independent review is not required, you may consider deciding to hold off conducting an independent review now, until after your program has been updated in light of the new regime.

At Holley Nethercote, we can assist you understand and comply with your updated AML/CTF obligations, by providing you with legal advice and assistance with amending your AML/CTF Program to incorporate the new obligations. We can also draft compliance procedures which help you to oversee the performance of your third parties.

Disclaimer

Holley Nethercote Pty Ltd trading as Holley Nethercote Lawyers and trading as Holley Nethercote Compliance ('Holley Nethercote') believes that this document complies with the law as at the date of its preparation. The contents of this document do not constitute legal advice or the provision of a legal service.

Accordingly, and to the extent permitted by law:

- no representation or warranty is given as to the suitability or applicability of this document for the user's particular business;*
- Holley Nethercote and its directors and employees disclaim all or any contractual, tortious or other form of liability to any person arising out of or in connection with reliance upon or use of this document, including without limitation, any liability arising or in connection with changes made to this document by a person other than Holley Nethercote.*

Current as at 12 September 2025

© Holley Nethercote Pty Ltd is the owner of copyright in this document.