Explanation of the provisions in the *Anti-Money Laundering and Counter-Terrorism Financing (2025 Rules) Amendment Rules 2026*

Schedule 1—Reporting group amendments

Item 1—Subsection 2-1(1)

1. This Item replaces the previous approach to reporting groups formed by groups of associated businesses (referred to as business groups). The new approach reduces the administrative burden for business groups that include a reporting entity by recognising the existence of a reporting group unless a relatively simple step is taken to prevent the reporting group existing, This amendment also provides greater legal certainty for reporting entities that *do* wish to be part of a reporting group by reducing the chances that an inadvertent oversight could prevent a reporting group from existing.
2. The amendments to section 2-1 alters the preconditions under which a business group is a reporting group. Under the amendments, a business group that contains a reporting entity is a reporting group unless a reporting entity in the group 'opts out'. If one reporting entity opts out, the reporting group ceases to exist.
3. New subsection 2-1(1) prescribes that a business group is ineligible to be a reporting group if:
    - a member of the business group that is a reporting entity gives the other reporting entities in the group notice in writing that it declines to be a member of a reporting group; and
    - the notice by the member has not been withdrawn (by further notice in writing to the other reporting entities in the group); and
    - the member that gave the notice continues to be a reporting entity.
4. Subsection 2-1(1A) specifies that the notice requirements outlined in subsection 2-1(1) are taken to be effective if the reporting entity has taken reasonable steps to ensure that the notice is given to all the other reporting entities in the business group. The notice will not be invalid merely because a particular reporting entity did not receive the notice. This helps to provide legal certainty to reporting entities that they will not find themselves in a reporting group unexpectedly when they have made good faith efforts to opt out of the existence of the reporting group.

Item 2—Paragraph 2-1(2)(a)

5. This Item amends paragraph 2-1(2)(a) by substituting "the other members of the group" with "the members of the group that themselves satisfy paragraphs (b) and (d) of this subsection". This means that where more than one member of a reporting group is eligible to be the lead entity, only those eligible members need to agree on who the lead entity will be. This amendment reduces the administrative burden for reporting entities.

Item 3—Paragraph 2-1(2)(c)

6. This Item amends paragraph 2-1(2)(c) to allow the member who is eligible to be the lead entity of the reporting group to be the member that has the capability and authority (including by consent of group members) to develop and maintain the AML/CTF policies required by reporting entities in the group. This change ensures that the eligibility criteria for lead entities are not in conflict with foreign regulatory requirements, e.g. under some foreign prudential regulation frameworks, that require the governing bodies of reporting entities operating overseas to exercise a degree of operational independence. The lead entity must still fulfil its obligations under s 26F(5) and (6) of the Act to

develop and maintain group AML/CTF policies, however it's not necessary for the lead entity do this by means of formal control over other members of the reporting group if it can be achieved by consent or other ways.

Item 4—Subsection 2-1(3)

7. This Item has been added after subsection 2-1(2) to account for the possibility that reporting groups of the type contemplated in section 2-1 may exist without a lead entity. For example if:
    - there is more than one member that satisfies the lead entity criteria, and they cannot agree on which of them should be the lead entity; or
    - a new member becomes eligible to be the lead entity (for example; if a reporting entity acquires the existing lead entity) and thereby makes the current lead entity ineligible.
8. New paragraph 2-1(3)(a) specifies that a reporting group must not operate without a lead entity for a continuous period of more than 28 days. During the period within which a reporting group is operating without a lead entity, paragraph 2-1(3)(b) specifies that members of a reporting group must continue to comply with the AML/CTF policies of the most recent lead entity of the group that applied to the member immediately before the previous lead entity ceased to be lead entity of the group. New subsection 2-1(3) assists in ensuring business continuity for members of the group in the absence of a lead entity until a new lead entity is agreed upon by the lead-entity eligible members of the reporting group.

Schedule 2—Enrolment and registration amendments

9. Amendments contained in Schedule 2 are substantially administrative in nature and address gaps in the enrolment and registration framework to ensure all business structures are properly accommodated in the rules and approved forms concerning enrolment and registration**.**

Item 1 and 2—Paragraphs 3-3(5)(b) and 3-3(6)(d)

10. These Items amends paragraphs 3-3(5)(b) and 3-3(6)(d) to include the full name of the body corporate and any unique identifiers to the list of information required to be collected for partnerships and trusts in an enrolment application made for the purposes of subsection 51E(1) of the Act, consistent with information requirements for other business structures.

Item 3 and 4—Section 4-3

11. These Items amend section 4-3 to add new subsection 4-3(2).
12. Section 4-3 provides for the purpose of Part 4, Division 2 of the Rules, which is to prescribe the information that must be contained in a registration application made under subsections 75B(1), (2) and 76D(1) of the Act.
13. Consistent with current practice, it is generally expected that most candidates applying for registration as a remittance affiliate of a remittance network provider will adopt that RNPs AML/CTF program as permitted by subsection 26S(1) of the Act. New subsection 4-3(2) contemplates that where this is the case and if a senior manager of the remittance affiliate has given or intends to give the approval referred to in subsection 26S(1) of the Act the following provisions of the Rules do not apply to those candidates:
    - sections 4-5, 4-6 and 4-8; and

- paragraph 4-12(a) to (c).

14. These Items acknowledge that the information captured by sections 4-5, 4-6 and 4-8, and paragraphs 4-12(a) to (c) of the Rules will be information already captured under the RNP's AML/CTF program that that remittance affiliate will adopt. Therefore, to avoid duplication in the collection of information, it is unnecessary for the remittance affiliate to provide that information in its registration application where it will be adopting its RNP's AML/CTF program.
15. If a person applying for registration as a remittance affiliate does not or does not intend to adopt its RNP's AML/CTF program, the provisions listed in subsection 4-3(2) will continue to apply to those persons.

Item 5 - 7—Section 4-4

16. These Items amend paragraph 4-4(5)(b) and paragraph 4-4(6)(d) to include the full name of the body corporate and any unique identifiers to list of information required to be collected for partnerships and trusts respectively in a registration application, consistent with information requirements for other business structures..

Item 8—Subsection 4-9(1A)

17. This Item introduces a new subsection after subsection 4-9(1). Subsection 4-9(1A) of the Rules reproduces what was formerly paragraph 4-12(f) which has since been repealed by this Instrument. While paragraph 4-12(f) is no longer in force, the additional information requirements it prescribed for an application for registration was only applicable to candidate's applying for registration as an independent remittance dealer or a remittance affiliate of a remittance network provider. New subsection 4-9(1A) extends the same requirements for information to be collected in an application for registration to all person's applying to be registered with AUSTRAC.

Item 9—Section 4-9A

18. This Item adds a new section to Division 2 of Part 4 of the Rules. New section 4-9A sets out additional information required in an application for registration as a remittance network provider (**RNP**). Section 4-9A requires a candidate applying for registration as a RNP to provide the following additional information in a registration application:
    - the number of remittance affiliates that it intends to apply to register with AUSTRAC within a 3-year period following registration;
    - when it intends to begin applying to AUSTRAC to register remittance affiliates on its network;
    - information setting out the AML/CTF policies that the candidate has in relation to the following matters:
        - entering into a business relationship with a remittance affiliate;
        - submitting reports of suspicious matters on behalf of registered remittance affiliates; and
        - providing training to its remittance affiliates.
19. The intention behind collecting the information in paragraph 4-9A(a) is to capture whether the candidate plans to register remittance affiliates on its network. This assists the AUSTRAC CEO in assessing whether the candidate plans to register affiliates within a reasonable timeframe.

Additionally, it allows for the future consideration of the cancellation of the person's registration if the RNP does not register any remittance affiliates within the specified timeframe as there are no designated services being provided. This provision also assists the AUSTRAC CEO to detect whether an application for registration has been made for the purpose of on selling the registration. For example; if a RNP does not intend to register any remittance affiliates within a specified period of time, the AUSTRAC CEO may question the utility and purpose of the registration application.

20. Both paragraphs 4-9A(a) and (b) have relevance to the decision-makers consideration of a registration application and provides the AUSTRAC CEO with information as to whether the candidate is legitimately going to be carrying on a business (this being is a decision-making factor pursuant to paragraph 4-15(e) of the Rules).
21. Furthermore, this Item also allows the AUSTRAC CEO to consider the ML/TF risks associated with the candidate's proposed provision of remittance services as a RNP.

Item 10—Section 4-12 (heading)

22. This Item amends the heading of section 4-12 to include reference to remittance network providers (RNP) to indicate that the provision applies to RNPs in addition to independent remittance dealers and remittance affiliates of RNPs.
23. Section 4-12 of the Rules sets out additional information required in an application for registration as an application for registration as a RNP, independent remittance dealer or a remittance affiliate or a registered RNP.

Items 11 to 14

24. These Items are consequential to facilitate the amendment outlined in Item 10 of this Schedule.

Schedule 3—Customer due diligence amendments

Item 1—Subsection 6-6(1A)

25. This Item extends the operation of deemed compliance available in certain circumstances when a reporting entity is establishing whether the customer is receiving a designated service on behalf of another person. Where the deemed compliance provisions operate to remove the need to identify such people, reporting entities will also not be required to establish whether such people are politically exposed persons or subject to targeted financial sanctions. This recognises the practical impossibility of doing this in such cases.

Item 2—Paragraph 6-6(2)(b)

26. Item 2 repeals paragraph 6-6(2)(b). This extends the deemed compliance when a reporting entity provides a designated service to a customer that is a trust or equivalent foreign legal arrangement for which it is not possible to identify individual beneficiaries. Previously this deemed compliance was only available for designated services provided at or through an overseas permanent establishment—the repeal of s6-6(2)(b) extends it to designated services provided at or through Australian permanent establishments as well.
27. Item 3 removes "and designated service provided in foreign country" from the heading of subsection 6-6(2). This is a consequential amendment given the repeal of s 6-6(2)(b).

Item 4—Subsection 6-6(2A)

28. This Item extends the deemed compliance available where a reporting entity provides a designated service to a customer that is a trust or foreign legal arrangement for which it is not possible to identify individual beneficiaries. In such cases, the reporting entity is also not required to establish whether such beneficiaries are politically exposed persons or designated for targeted financial sanctions. This recognises the practical impossibility of doing this in such cases.

Item 5—Subsection 6-7(1A) and (1B)

29. This Item extends the customer types for which a reporting entity is not required to establish the identity of any beneficial owner beyond certain listed public companies.
30. The amendments add the following kinds of customers:
    - customers that are majority-owned by a listed public company
    - a government body
    - customers that are majority-owned by a government body
31. Where a reporting entity establishes on reasonable grounds that a customer is of this type, it is taken to have met its beneficial ownership obligations in relation to that customer.
32. The new subsection 6-7(1B) also relieves reporting entities of the obligation to identify any beneficial owners of the customer whose beneficial ownership arises due to their ownership or control of a listed public company or a government body. This avoids reporting entities having to establish the identity of a beneficial owner of a listed public company or government body where they are not the customer, but are part of the customer's ownership or control structure.
33. The relief offered by this section from establishing the identity of beneficial owners is not restricted to designated services provided at or through permanent establishments in Australia and applies to designated services provided anywhere in the world.

Item 6—Subsection 6-7(2)

34. This Item is a consequential amendment to extend the relief from establishing whether a beneficial owner of a customer is a politically exposed person or subject to targeted financial sanctions to the new kinds of customers in subsections 6-7(1A) and (1B).

Item 7—Subparagraph 6-18(1)(b)(i)

35. This Item removes customers that are government bodies from the kinds of customers for which a reporting entity can apply simplified customer due diligence when establishing the identity of beneficial owners. This provision is no longer required in light of the amendments to relieve reporting entities from the requirement to establish the beneficial owners of government bodies in Items 5 and 6 above.

Item 8—Subparagraph 6-18(1)(b)(ii)

36. This Item corrects the reference to "entity" in subparagraph 6-18(1)(b)(ii) and replaces it with reference to "person".

Item 9—Paragraph 6-29(1)(ab)

37. This Item inserts new paragraph 6-29(1)(ab) after paragraph 6-29(1)(d). This Item reinstates the conditions for entering into reliance arrangements under section 37A (CDD reliance agreements/ arrangements) of the Act that were previously in subrules 7.2.2(4) and (5). These align with the Financial Action Task Force Recommendation 17 that provide that where a reporting entity relies on another reporting entity or foreign equivalent, the other reporting entity or foreign equivalent must not only be subject to AML/CTF regulation but also in fact have in place measures to comply with customer due diligence and record keeping obligations.

Items 10 and 11—Paragraphs 6-32(4)(a) and 6-32(4)(b)

38. These Items amend paragraphs 6-32(4)(a) and (b) in such a way that prescribes that for the purposes of subparagraph 29(c)(ii) of the Act the specified period is the period ending at the earlier of:
    - 28 days after the exchange of contracts for the sale, purchase or transfer of land; and
    - 3 days before the initially agree day for the settlement of the sale, purchase or transfer of the real estate.
39. Section 6-32 of the Rules permits delayed initial CDD for certain designated services provided in relation to real estate transactions. A delay under this section can only be applied in the following circumstances:
    - the real estate agent acting for the seller or transferor of real estate may delay initial CDD in relation to the buyer/transferee,
    - the real estate agent acting for the buyer or transferee may delay initial CDD in relation to the seller/transferor,
    - a professional services provider (such as a legal practitioner or conveyancer) acting for the buyer or transferee may delay initial CDD in relation to their client.
40. These amendments accommodate real estate agents and professional service providers in Tasmania and Western Australia where contracts for sale of residential real estate are typically conditional for a longer time, meaning that the 14 day period specified in former paragraphs –32(4)(a) and (b) would not have allowed for realisation of the benefits anticipated by section 6-32.
41. The rationale for the amendment requiring initial CDD to be completed 3 business days before the initially agreed settlement date is to ensure that the reporting entity has sufficient time to implement any required ML/TF risk mitigation and management measures required under their AML/CTF policies.

Item 12 and 13—Section 6-33

42. These Items amend paragraph 6-33(f) to extend the period within which a reporting entity who is a participant in an arrangement in which another participating reporting entity that will provide a designated service related to the sale, purchase or transfer of the real estate will be able to collect and verify KYC information about the customer in accordance with paragraphs 28(3)(c) and (d) of the Act from no later 15 days to no later than 28 days after the exchange of contracts for the sale, purchase or transfer.
43. Paragraph 6-33(g) is also amended by these items to clarify the timeframe within which a reporting entity who is a participant in an arrangement of a kind mentioned in paragraph 6-33(f) where the arrangement enables the reporting entity to obtain the KYC information collected by another

participating reporting entity, and copies of the data used by the other entity to verify the KYC information which must be *at least 3 days before the initially agreed day for the settlement*.

44. As above, these amendments accommodate real estate agents and professional service providers in Tasmania and Western Australia where contracts for sale of residential real estate are typically conditional for a longer time, meaning that the 14 day period specified in former paragraphs 6–33(f) and (g) would not have allowed for realisation of the benefits anticipated by section 6-33.
45. The rationale for the amendment requiring initial CDD to be completed 3 business days before the initially agreed settlement date is to ensure that the receiving reporting entity has sufficient time to implement any required ML/TF risk mitigation and management measures required under their AML/CTF policies.

Item 14—After subparagraph 6-35(b)(v)

46. Section 6-35 of the AML/CTF Rules provides safe harbour for reporting entities when monitoring for unusual transactions and behaviours by their customers if they monitor for money launder, terrorism financing, proliferation financing and various predicate offences. This Item amends paragraph 6-35(b) to extend the list of offences to include offences involving prohibited hate groups. This includes offences within Division 114B of the *Criminal Code* (Cth) and any State or Territory equivalents. Generally these offences relate to membership, recruiting, training, funding, supporting or directing the activities of prohibited hate groups.

Item 15—Section 6-37

47. This Item amends section 6-37 to prescribe the following additional agencies that can issue a keep open notice pursuant to section 39B of the Act:
    - the Corruption and Crime Commission of Western Australia;
    - the Independent Commission Against Corruption of South Australia;
    - the office of the Independent Commissioner Against Corruption of the Northern Territory.

Schedule 4—Miscellaneous amendments

Item 1—Section 1-4 (subparagraph (b)(ii) of the definition of *tracing information*)

48. This Item amends subparagraph 1-4(b)(ii) of the definition of tracing information to correct the reference to "payer's virtual asset holdings" to "payee's virtual asset holdings" when defining tracing information with respect to the payee of a virtual asset transfer.

Item 2—Subsection 2-2(11)

49. This Item amends subparagraph 2-2(11) to correct the reference to subsection 10(2A) of the Act to subsection 10A(2A).

Item 3—Paragraph 5-5(1)(d)

50. This Item repeals paragraph 5-5(1)(d) which required a reporting entity's AML/CTF policies to deal with ensuring that a senior manager approval is obtained before continuing to provide designated services to a customer that becomes a foreign politically exposed person or high-risk domestic or

international organisation politically exposed person. This paragraph has been replaced with new subsection 5-5(1A).

Item 4—After subsection 5-5(1)

51. This Item replaces previous paragraph 5-5(1)(d) of the Rules. The requirement for AML/CTF policies to deal with senior manager approval before continuing to provide designated services to a customer who has become a foreign politically exposed person or a high-risk domestic or international organisation politically exposed person has been replaced by a requirement for senior manager to determine as soon as practicable whether to continue to provide designated services.

Item 5—Subsection 5-5(2)

52. This Item amends the rule permitting foreign politically exposed persons to be treated as a domestic politically exposed person where the service is provided at or through a permanent establishment in the foreign PEP's country to include reference to subsection 5-5(1A), in addition to subsection 5-5(1), to reflect the amendments in Item 4 of this Schedule.

Items 6 to 8

53. Items 6 to 8 of this Schedule amend Item 6 in each of the tables in section 8-3, 8-4 and 8-5 of the Rules so that Item 6 only apply to instructions given by use of an ATM for the withdrawal of money from an account held with a financial institution where the value will be made available to the payee as physical currency. The reduced 'travel rule' requirements do not extend to either deposits of money using ATMs, or deposits or withdrawals of virtual assets using crypto ATMs. .

Item 9—Paragraph 8-8(7)(b)

54. This Item extends a transitional provision that exempts reporting entities from verifying specific elements of 'payer information' where the reporting entity has previously carried out the applicable customer identification procedure or initial customer due diligence in relation to the payer, and has complied with ongoing customer due diligence obligations in relation to the payer. The exemption was previously limited to customers onboarded before 31 March 2026, but will now apply to transfers of value undertaken by any customer up to 1 July 2030,
55. This is a transitional exemption, recognising that while reporting entities hold verified KYC information about such payers, many have not built systems to allow them to determine which elements of KYC information have been verified since the AML/CTF Act came into effect in 2007, nor to feed such information into their payments processing systems. This exemption is, however, conditional on there being no reasonable grounds to have doubts about the adequacy or veracity of the customer's payer information. If such reasonable grounds exist, this will trigger the requirement to review, update and, where appropriate reverify KYC information about the customer under subparagraph 30(2)(c)(i) of the Act. This exemption has a cut-off date of 1 July 2030.
56. The 2030 cut-off date aligns with the expected commencement of the revised Financial Action Task Force Recommendation 16 (which relates to the travel rule) and Australian payment system reforms.

Item 10—Section 9-9

57. This Item repeals section 9-9 and replaces it with new section 9-9. The Item amends the compliance reporting timeframes to align with the Australian financial year and the Commonwealth Performance Framework as set in the *Public Governance, Performance and Accountability Act 2013* (that is, 1 July to 30 June, inclusive) rather than the calendar year.
58. For the purposes of the first reporting period after the commencement of this instrument, paragraph 9-9(a) specifies that the first reporting period is the period beginning on 1 July 2026 and ending on 30 June 2027.

Item 11—At the end of Part 11

59. This Item has been inserted at the end of Part 11 and prescribes the information that an application for requesting a review of a decision made by a delegate of the AUSTRAC CEO for the purposes of paragraph 233D(3)(b) of the Act must contain.
60. A person who is presented with a reviewable decision notice has the right to apply for a reconsideration of the reviewable decision under section 233D of the Act. Subsection 233D(3) requires that the application must:
    - be in the approved form; and
    - contain the information required by the Rules; and
    - be made within:
        i. 30 days after the applicant is informed of the decision; or
        ii. such longer period as the AUSTRAC CEO (whether before or after the end of the 30-day period allows).
61. The information collected in applications for reconsideration of decisions made by delegates of the AUSTRAC CEO supports the AUSTRAC CEO in conducting a merits-based assessment of the review application.