



Australian Government
Australian Transaction Reports
and Analysis Centre

NOTICE TO APPOINT AN EXTERNAL AUDITOR TO CONDUCT A COMPLIANCE AUDIT

SUBSECTION 162(2)

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING ACT 2006

TO: InvestByBit Pty Ltd
ACN: 621 652 579
LEVEL 16, 175 PITT STREET
SYDNEY, NSW, 2000

Attention: The Proper Officer

1. I, Bradley Brown, National Manager, Regulatory Operations of the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), as delegate of the Chief Executive Officer of AUSTRAC (**AUSTRAC CEO**), have reasonable grounds to suspect that InvestByBit Pty Ltd ACN 621 652 579 (**Binance Australia**), a reporting entity as referred to in section 5 *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act)*, has contravened and/or is contravening sections 32, 36, 41, 81 and 82 AML/CTF Act.
2. Pursuant to subsection 162(2) of the AML/CTF Act, as delegate of the AUSTRAC CEO, I require Binance Australia to:
 - a) appoint [REDACTED] as the **external auditor**; and
 - b) arrange for the external auditor to carry out an external audit of one or more specified aspects of Binance Australia's compliance with the AML/CTF Act, AML/CTF Regulations and the AML/CTF Rules; and
 - c) provide a copy of the audit report to Binance Australia setting out the results of the audit; and
 - d) provide a copy of the audit report to the AUSTRAC CEO in accordance with paragraphs [3] – [9] of this Notice.

Requirements under section 162(2) of the AML/CTF Act

Within 14 days of this notice given under section 162(2) of the AML/CTF Act (this Notice), Binance Australia must:

3. Engage the external auditor to conduct an audit covering the matters specified in the Schedule to this Notice.

Within 180 days of the external auditor being engaged, Binance Australia must:

4. Give the AUSTRAC CEO a copy of the audit report setting out the external auditor's findings.

The matters to be covered by the audit:

5. The audit must cover the matters set out in the Schedule to this Notice.

The form of the audit report:

6. The audit report must be in a form that:
 - a) Accords with any Australian standard applicable to that kind of audit report, or which in the opinion of the external auditor accords with the closest applicable Australian standard; or
 - b) Accords with the format and style in which the external auditor would prepare a report suitable to annex to an expert witness affidavit the external auditor would make in Federal Court of Australia proceedings.

Submission of audit report:

7. The audit report is to be submitted to the AUSTRAC CEO c/o **Faranaz Alam** and **Ivy Sisourath** at regulatoryoperations@austrac.gov.au

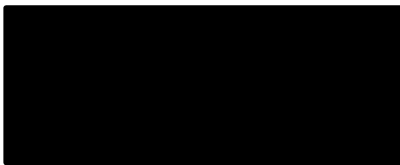
Consequences of not complying with a subsection 162(2) requirement in this Notice:

8. Under section 162(7) of the AML/CTF Act a person (as defined in section 5 of the AML/CTF Act) commits an offence if:
 - a) the person is subject to a requirement under section 162(2); and
 - b) the person engages in conduct; and
 - c) the person's conduct breaches the requirement.

Penalty: Imprisonment for 12 months or 60 penalty units, or both.

9. Section 162(8) of the AML/CTF Act, which is a civil penalty provision, states that a reporting entity must comply with a requirement under section 162(2) of the AML/CTF Act.

Dated 26 February 2026



Bradley Brown

National Manager, Regulatory Operations

AUSTRAC

Schedule

Definitions

AML/CTF Act means the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

AML/CTF Program means:

- a standard anti-money laundering and counter-terrorism program as defined in subsection 84(1) of the AML/CTF Act.

AML/CTF Rules means the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1)*.

Part A Program means Part A of:

- a standard anti-money laundering and counter-terrorism program as defined in subsection 84(2) of the AML/CTF Act.

Relevant Period means the period 1 January 2024 to 30 June 2025.

Sampling expectations

The external auditor must determine sample sizes that are appropriate to the nature, size, complexity, and ML/TF risk of Binance Australia's operations. Sampling must ensure coverage across all relevant transaction types (on chain and off chain), product types, and risk levels.

The audit must use a methodology that allows for:

- Representative sampling based on transaction volume, customer base, and risk profile
- Risk-based stratification where appropriate (e.g., high-risk corridors, SMR-linked customers, PEPs)
- Justification of how the samples were selected in the context of the audit scope

Details to be included in the audit report:

1. The audit report must contain details of:
 - a. The external auditor's assessment of the matters set out in the schedule to this Notice; and
 - b. The facts on which the external auditor has relied to make the assessment identified in paragraph 1(a); and
 - c. Any measures which the external auditor believes Binance Australia should implement to ensure that it complies with the AML/CTF Act and the AML/CTF Rules; and
 - d. The capacity of Binance Australia to implement the measures set out in paragraph 1(c); and
 - e. The report must outline the rationale for the sampling approach, including how the selected samples are representative of Binance Australia's business model, delivery channels, and identified AML/CTF risks.

Matters to be covered by the audit

Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) Program

2. Whether Binance Australia has during the Relevant Period complied with the requirements of Part 7 of the AML/CTF Act and Chapter 8 of the AML/CTF Rules. Examine whether the country specific addendum addresses the legislative requirements under the Act and Rules.

3. Whether Binance Australia has during the Relevant Period complied with section 82 of the AML/CTF Act.

Applicable Customer Identification Procedures (ACIP)

4. Whether Binance Australia has during the Relevant Period complied with the requirements of Part 2 of the AML/CTF Act and Chapters 4, 6 and 15 of the AML/CTF Rules in carrying out procedures to verify a customer's identity before providing designated services.
5. Whether Binance Australia's risk-based systems and controls are adhered to by staff. Reference sample cases in making this determination.
6. Whether Binance Australia's risk-based systems and controls are adequate for responding to discrepancies that arise in the course of the verification of identification documents.
7. Whether Binance Australia had within the Relevant Period, appropriate risk-based systems and controls to identify the ultimate beneficial owner of non-individual customers.
8. Whether Binance Australia during the Relevant Period allowed customers to trade on its platform despite failing internal know your customer (KYC) requirements. If demonstrated, what steps Binance Australia has taken to mitigate and manage that risk.

Enhanced Customer Due Diligence (ECDD) Program

9. Whether Binance Australia's Part A Program has, during the Relevant Period complied with the requirements of paragraphs 15.8, 15.9, 15.10 and 15.11 of the AML/CTF Rules.
10. When determining Binance Australia's compliance with the matters outlined in paragraph 9 above:
 - a. evaluate whether Binance Australia had appropriate and consistent procedures in place to conduct ECDD in response to and as part of their suspicious matter report (SMR) investigations; and
 - b. assess Binance Australia's policies and procedures for off boarding high-risk customers, including those subject to repeated SMRs; and
 - c. include a review of Binance Australia's decision making, consistency and timeliness associated with off boarding decisions.

Transaction Monitoring Program (TMP)

11. Whether Binance Australia's Part A Program has during the Relevant Period complied with the requirements of paragraphs 15.4, 15.5, 15.6, and 15.7 of the AML/CTF Rules.
12. When determining Binance Australia's compliance with the matters outlined in paragraph 11 above:
 - a. Include the methodology for conducting the audit, in addition to sampling and data collection.
 - b. evaluate the effectiveness of Binance Australia's TMP across both on chain and off chain transactions, including:
 - i. escalation procedures;

- ii. alert prioritisation and typology coverage;
- iii. meeting internal service level agreement (SLA) deadlines for actioning alerts and investigations;
- iv. the efficacy of its second line of defence (2LOD) investigation procedures;
- v. whether investigations stall at the Australian MLRO position;
- vi. the use of machine learning to manage triggered alerts; and
- vii. change management and quality assurance controls.

Suspicious Matter Reporting (SMR)

13. Assess whether Binance Australia has complied with section 41(2) of the AML/CTF Act during the Relevant Period.
14. When determining Binance Australia's compliance with the matter outlined in paragraph 13 above:
 - a. include testing of alerts and case escalations;
 - b. Sample must include SMRs tied to high-risk jurisdictions or repeat customers.
 - c. Reference to and consideration of the 13,359 back captured SMRs that were submitted to AUSTRAC on 24 October 2024 must be made.
 - d. evaluate whether Binance Australia's processes support timely and risk-based SMR submissions.
 - e. evaluate the timeliness of SMRs, across transitions and/or systems upgrades. This includes evaluating whether SMRs were initiated independently or in response to queries or notices from AUSTRAC or other Government agencies and/or media queries, and identifying patterns that may indicate a reactive rather than proactive compliance posture.
 - f. review matters that were escalated for review but did not result in SMRs being submitted across, including analysis of decision-making processes and documentation to determine whether suspicion should reasonably have been formed under section 41.

Governance and Internal Audit

15. Review the effectiveness of Binance Australia's AML/CTF governance framework during the Relevant Period, in accordance with section 81 of the AML/CTF Act including:
 - a. Internal audit independence and coverage of internal audits.
 - b. Board and executive oversight
 - c. Effectiveness of issue management, change controls and remediation processes.
16. Review oversight of all third party vendors involved in compliance related processes during the Relevant Period across all channels including:
 - a. Compliance audit and remediation follow ups
 - b. Effectiveness of post integration testing and ongoing assurance to ensure vendor supplied data meets AML/CTF requirements; and
 - c. Identify any systemic failures or deficiencies related to vendor management that have contributed to reporting issues or errors.

Training

17. Assess whether Binance Australia complied with its obligations under Chapter 8 of the AML/CTF Rules during the Relevant Period with reference to:
- a. whether appropriate training at appropriate intervals was provided to employees, having regard to the money laundering and/or terrorism financing risks Binance Australia may have reasonably faced; and
 - b. whether that training supported staff in effectively identifying suspicious activity, across all crime types Binance Australia is exposed to; and
 - c. The extent and appropriateness of training provided to staff managing transactions involving high-risk jurisdictions across all transaction types (on chain and off chain) during the Relevant Period.