



AML/CTF Obligations for Tranche 2 Entities What's Changing From 1 July 2026, & How to Start Preparing

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COMPLIENSE ADVISORS

AML and FCC Compliance Advisory

AML/CTF | Sanctions | Anti-bribery & Corruption





Tranche 2 ... Basics | Overview

Understanding Your AML/CTF Obligations

What You Need To Do

How can we help | Who are we





Tranche 2.. Basics | Overview...



Why Tranche 2 implementation should matter to you?

- Tranche 2 brings **mandatory AML/CTF obligations** for certain businesses and professions – called ‘Designated Non-Financial Businesses and Professions’ (ie DNFBPs) - historically outside the AML/CTF regime thus far in Australia
- AUSTRAC expects that the Tranche 2 entities make suitable preparedness to start compliance from 1 July 2026
 - *Remember, efforts and sincerity are important, perfection is not expected*
- Early movers will face lower regulatory risk and **gain client trust** in a heightened regulatory environment



Tranche 2 coverage

- Real Estate businesses – from 1 July 2026
- Professional Service providers. - from 1 July 2026. These businesses will typically include:
 - Legal services providers (eg: lawyers)
 - Accounting and business services
 - Bookkeepers & BAS agents
- Precious metals / stones dealers – from 1 July 2026
- Certain businesses related to virtual assets (called virtual asset service providers or VASPs) – from 31 March 2026

The above businesses should have an Australian link

Refer our Tranche 2 Resources page – click [here](#).



Are you a Reporting Entity? under the AML/CTF legislation

- Under the AML/CTF legislation, it is providing a 'Designated Services' that makes you a reporting entity. The moment you provide a "designated service", you are a RE
- From 1 July 2026 thus, providers of Tranche 2 businesses related designated services will make you a Reporting Entity, and thus requiring compliance with the new regime (31 March 2026 for VASPs)
- Examples of designated services include:
 - Managing client funds or trust accounts
 - Facilitating purchase or sale of businesses / arranging directorships / providing registered office address
 - Facilitating purchase/sale/transfer transactions of property as a broker; selling or transferring real estate without independent broker (eg: like property developers)
 - Structuring businesses or assets
 - Buying or selling precious metals / stones / products (such txn being \$10,000 or more in cash / crypto)
- Correctly identifying designated services is the #1 compliance determinant

Read knowledge article on our website on ['Designated Services'](#).





Understanding your Obligations | Essentials of an AML/CTF program...



Essentials of an AML/CTF Program

Your AML/CTF program must include:

- Firm-wide ML/TF risk assessment .. *This is practically the first step and a mandatory requirement*
- Setting up Governance framework & accountability
- Customer due diligence, Enhanced due diligence
- Ongoing monitoring procedures for customers and transactions
- Suspicious matter identification and reporting processes
- Outsourcing & technology oversight
- Employee due diligence & training

The above is a partial list, as the program document is fairly exhaustive and requires many components.

For most entities, this will be the largest workload.



Thus...

Your AML/CTF policies should be-

- Appropriate to the nature, size and complexity of your business
- Manage and mitigate the money laundering, terrorist financing and proliferation financing risks that your business faces
- The policies should be such designed that you comply with your AML/CTF obligations



Customer Due Diligence – initial and ongoing

An initial CDD must be performed:

- Before establishing a business relationship
- Before providing a designated service (some exceptions apply)
- When suspicions arise

CDD procedures include:

- Collecting and verifying customer's information (KYC); establishing the customer, beneficial owner, agent are who they claim to be
- Enhanced customer due diligence/ source of funds / wealth, where required
- Beneficial ownership checks
- PEP/sanctions screening
- Risk-based ongoing customer monitoring

Pre-commencement customers – ie customers that you already had before becoming a reporting entity (ie before 1 Jul 2026). Normally you don't have to do CDD for such customers unless certain exceptions apply



AUSTRAC reporting

Mandatory reports to AUSTRAC include:

- Suspicious Matter Reports (SMRs) – to be lodged within 3 business days (or 24 hours for terrorism/terrorism financing)
- Threshold Transaction Reports (TTRs) — for cash transactions of \$10,000 or more – within 10 business days
- International Funds Transfer Instructions (IFTIs) (if relevant) – within 10 business days
- International Value Transfer Reports / Travel Rule – reporting, if applicable. IVTS will become effective at a later date
- Annual Compliance Reports – to be lodged between 1 January and 31 March for the just completed calendar year

AUSTRAC uses these reports as financial intelligence, and may use the intel or provide it to the law enforcement for investigating potential criminal actions



A brief (& non-exhaustive) list of your AML/CTF obligations

- Have an AML/CTF compliance program that enables compliance with all your AML/CTF obligations, and undertake ML/TF/PF risk assessment (collectively – AML/CTF policies)
- Ensure that you have understood your designated services (DS) and your compliance program aligns with your DS
- Appoint an AML/CTF compliance officer
- Suitable arrangements for training and awareness programmes
- Your program / risk assessment should always be current
- Customer due diligence:
 - Initial customer due diligence (before providing designated services – certain exceptions permitted)
 - Ongoing, enhanced and simplified customer due diligence.
 - Customer risk scoring
- As part of CDD, sanctions screening, PEP screening, source of funds / wealth checks
- Arrangement to screen your customers against sanctions list(s)
- Enrol your business, keep your enrolment information upto date
- Reporting suspicious transactions; threshold transaction reporting (If cash accepted)
- File Annual compliance report for a calendar year (reporting as of 31 Dec; becomes due as on 1 January, last date to lodge 31 March)
- A 3-yearly (or earlier if applicable) review of your AML/CTF policies (to be done internally); and independent evaluation (to be done through an independent reviewer)
- Maintain records for seven years (program documents, customer due diligence and transaction, training, independent review)





What you need to do...



Taking Tranche 2 seriously...

It is advisable to give serious attention to AML/CTF implementation. Following actions can derail the objective:

- treating AML as an “administrative formality”
- Using compliance framework templates (eg: a program document) that ignore your business-specific context and risks – *copy-paste or generic program is not a good idea*
- Not distinguishing between CDD vs ID verification
- Using manual processes or technology that is disproportionately low / high to the relative size, context and complexity of the business
- Weak or missing governance framework — no one is accountable, information flows not established, risks can remain hidden, unflagged; reviews not conducted by Board
- Late or missed enrolment on AUSTRAC portal
- Not providing adequate training or awareness to the relevant staff members



The actions you should start to take now

- Review your business and services carefully to understand your “designated services”
- Identify client touchpoints involving financial transactions or dealing
- ML/TF/PF Risk Assessment
 - Customised per AUSTRAC expectations

This will be one of the challenging pieces of overall activity
- Appoint an AML Compliance Officer. *The AMLCO can take ownership of the project to implement the AML/CTF requirements.*
- Evaluate data collection for CDD - you will need to make arrangements and establish procedures to undertake customer due diligence / KYC – upfront and ongoing

Read our FAQs on – Designated Services | Reporting Group | Appointing a Compliance Officer – click [here](#)

You can also access guidance available on AUSTRAC website



The actions you should start to take now..

- AML/CTF policies development
 - Program and policies designed to the regulatory requirements
- CDD framework set-up & tools
 - KYC forms, checklists, templates, arrangements to verify KYC information
- Evaluate training needs across levels to ensure there is sufficient organisational awareness, and staff understand the subject well relative to their job responsibilities
- Reporting Group setup advisory
- Plan for technology/outsourcing support
- AUSTRAC enrolment / registration support



Early bird gets the worm.. Don't wait for the deadline to start implementing, sooner is better than later

- Build client trust with early compliance readiness
- Reduce regulatory risk and avoid enforcement
- Position yourself as a clean-business partner
- Participate more competitively in cross-border work
- Drive operational discipline via improved controls
- Reporting Group collaborations → lower cost, higher efficiency
- Ready to respond to AML due diligence inquiries of your business partners, associates, bankers etc, come 1 July 2026

If you need external support or planning to appoint an AML Compliance officer, you may find challenge in hiring / engaging if you wait till the last moment (as potentially thousands of businesses will be trying to comply and finish at the same time)



Key Timelines to track (Tranche 2 entities other than VASPs)

Dec 2025 – Mar 2026 – *Start preparing*

- Identify designated services
- Start ML/TF/PF risk assessments (*earlier the better, as this is a comprehensive and detailed activity*)
- Start drafting AML/CTF Program and all its related components (like transaction monitoring)
- Appoint – now or soonest – an AML Compliance Officer who can take ownership of implementing

Apr – Jun 2026 – *Complete preparation / test implementation (to be effective from 1 July)*

- Customer Due Diligence framework rollout
- Staff training
- Prepare for AUSTRAC enrolment (application window opens 31 March 2026)
- Pre-final rollout Testing

1 July 2026 (Go-Live) – AUSTRAC expects that by this date:

- You will have a documented AML/CTF compliance program
- Be ready to implement customer due diligence, ask questions of customers
- You would have enrolled or applied (application last date is 29 July 2026)
- Have an AML Compliance Officer appointed
- Trained your staff
- **Start compliance** – customer KYC / due diligence; transaction monitoring; reporting (like TTR, SMR); maintain records
- Keep track of AUSTRAC regulations, guidance, directions etc

Our website contains helpful resources including Key dates - [click here](#)

AUSTRAC's regulatory priorities for 2026 include Tranche 2 entities enrolled with AUSTRAC and implementing compliance program within the applicable deadlines.



Some more practical tips

- [AUSTRAC website](#) has resources to check if you will be regulated under the AML/CTF legislation
- It will be useful to keep track of [AUSTRAC communications](#)-
 - Subscribe to their regular newsletter inBrief – it is quite useful
 - Visit AUSTRAC website regularly
- Identify [your current policies and procedures](#) that helps you to:
 - Identify your clients (eg: you may be taking photos, identification documents, passports etc)
 - Undertake due diligence on your clients
 - Any process by which you monitor your clients' dealings, transactions, payments etc – where the money is coming from, sources of funds etc
 - Undertake sanctions screening, if you do that already

These processes can be re-purposed for AML/CTF obligations without re-doing them for AML purpose
- AUSTRAC will be issuing [starter program kits](#) particularly aimed at smaller businesses. You may choose to use those, if they align fully with your business and requirements
- Remember – your program must be on [risk-based approach](#). This allows you to have a practical approach to compliance. Your AML/CTF policies should be relative to the size, nature and complexity of your business. Prioritise to apply resources to mitigate the highest risks, and then go down

Our website contains helpful resources including Key dates - [click here](#)





How we can help | Who are we...



Nature of our Services

1. One-time Setup Package (*some or all*)

- Risk assessment
- AML/CTF Program
- CDD setup
- Training
- Reporting Group support

2. Ongoing Compliance Support (*some or all*)

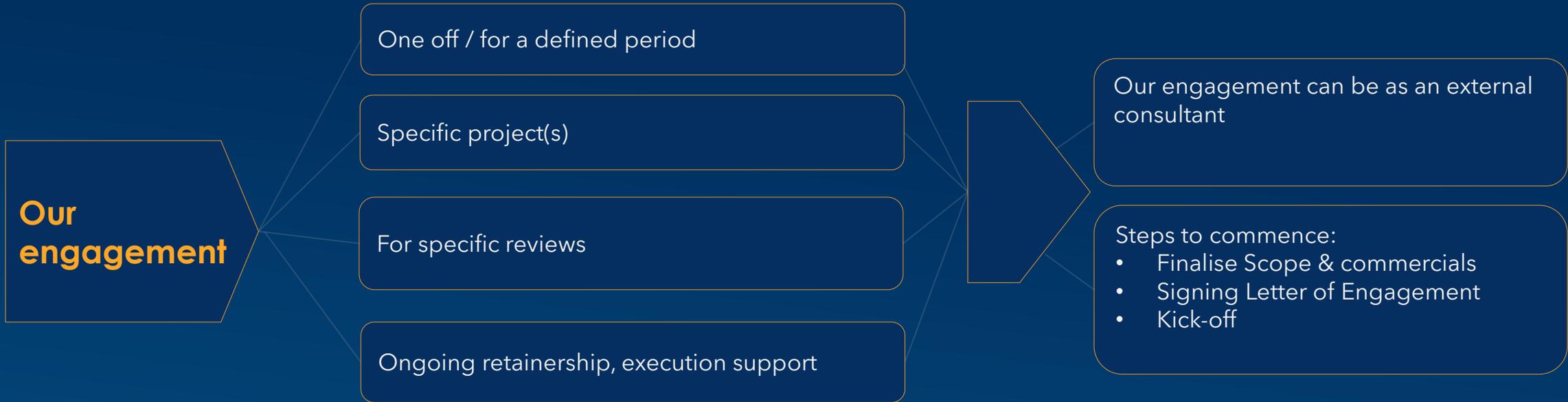
- Monthly retainer
- Regular reviews
- One time / adhoc / specific project or matter

3. Training-only Package (*as many as you would like*)

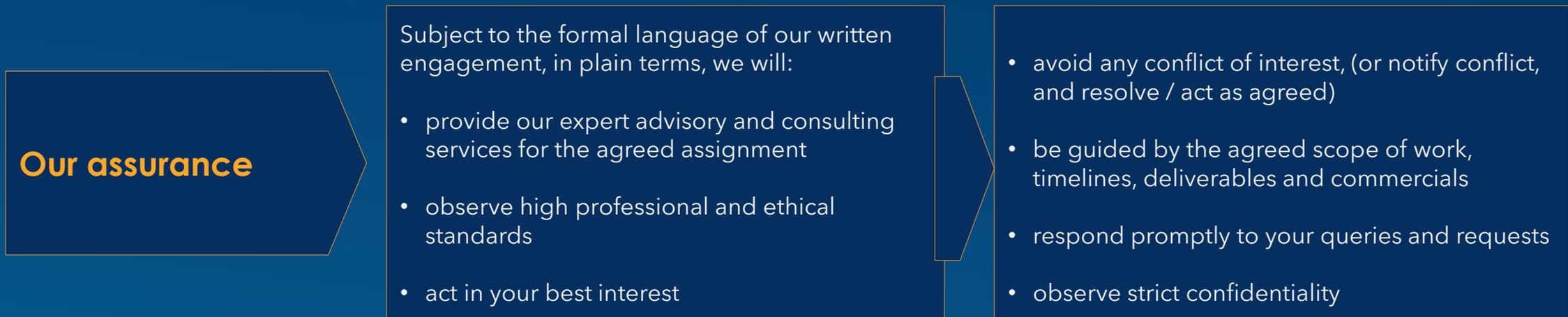
- Staff workshops
- Board / Senior Management briefings



Modus of our Engagement



- subject to independence, where required



Who we are

Complience Advisors is led by Manish Ghiya, Founder & Principal. Manish brings a wealth of experience and subject matter expertise from his experience of over 15 years in the area of AML/CTF and FinCrime compliance. Manish's entrepreneurial journey started towards the end-2023

Manish's experience-

- Senior / Executive level compliance, risk, governance, legal, AML, FCC professional.
- 30+ years' experience working in Financial services compliance, regulatory, risk, corporate governance, legal; **15+ years' in AML/CTF / FCC**
- Experience gained working in Australia and India
- Organisations worked with (last 20 years):
 - Colonial First State (ex-CBA Group), Australia; CommInsure (ex-CBA Group) & AIA Australia; Bit Trade Digital Currency Exchange (now Kraken Australia); HDFC Life Insurance, India; AXA Investment Managers, India; ICICI Prudential Life Insurance, India

Note: Some companies above have since been divested / acquired / shareholder restructured
- Worked across many industries including insurance, super / pension, wealth, funds management, managed investment schemes, securities, crypto exchanges
- Handled consulting assignments in the area of AML/CTF and Sanctions



MANISH GHIYA,
PRINCIPAL



Qualifications

Certified AML Specialist, ACAMS || Fellow Member, Governance Institute of Australia || Fellow Member, The Institute of Company Secretaries of India || Bachelor of Laws (India qualified)

Volunteering roles

- Programming Director, Sydney, ACAMS Australasian Chapter (Aug 2022 – Jul 2024)
- Chair, ICSI Overseas Centre Australia of the Institute of Company Secretaries of India (Oct 2021 to Aug 2024)

Other

- Speaker / panel member / moderator at professional events – *Click [here](#) to see some photos of our events.*
- Regular contributor of AML knowledge articles to stockbrokers industry magazine



A snapshot of our experience in AML/CTF and FinCrime compliance

- Stood up a brand new (from ground up) AML/CTF compliance framework for a digital currency exchange (DCE) when AML/CTF legislation applied to the DCE sector. This involved:
 - Setting up compliance framework; Implementation and operationalisation
 - Setting up KYC, customer due diligence, transaction monitoring framework; governance framework
 - Undertaken training for staff; technology implementation
- Disengaged AML/ Sanctions / Anti bribery / FATCA/CRS functions from CBA; standing up a new compliance framework; integrating the compliance framework with global framework of AIA Australia
- Setting up technology solution
- AUSTRAC enrolment / registration formalities
- Rolling out brand new AML/CTF, anti-bribery and Sanctions compliance framework for another divested entity
- Extensive Sanctions related advice, review and implementation following many new sanctions impositions in view of Russia Ukraine situation
- Assisted a reporting entity in AUSTRAC regulatory formalities in regards to sale of business to another entity newly established in Australia
- Assisted a reporting entity in re-structuring its AML/CTF compliance program, following change of business strategy
- Advised a bullion dealing business on the scope of designated services; and the structure and components of AML/CTF program relevant for their business

We have also extensively worked and advised on Indian AML/CTF matters, including:

- Set up a brand new AML compliance framework for a very large insurance company
- Set up a brand new AML compliance framework, and its implementing and maintaining over many years
- Significantly scaled up AML compliance framework for a very large insurer
- Identified and implemented AML alerts management and Sanctions screening technology solutions
- Delivered a range of training programmes including large scale programmes

*Refer
Testimonials
towards the
end*



Few Testimonials

“
Manish successfully led the critical project of obtaining regulatory registration and setting the AML/CTF and Sanctions compliance framework. He also led the project for optimising or setting up of related technology solutions.

His advice also helped in successfully completing AML regulatory formalities related to our divestment transaction”.

- Managing Director

“
We appreciated Manish’s guidance in redesigning our Know Your Donors (KYD) framework and compliance requirements to align with the regulatory expectations under the PMLA, FCRA, and Sanctions regimes.

His expertise and support were instrumental in building a robust framework”.

- Managing Director

“
During a critical phase when we were re-orienting our core strategy for our business, Manish’s role as a trusted advisor helped in navigating these important changes including re-aligning our AML/CTF and Sanctions compliance framework.

He advised on regulatory impacts and led framework change management.

He also advised on an important AUSTRAC registration matter.”

- Chief Executive Officer





Thank you!

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