

AML/CTF Tranche 2 urgency guide

The deadline has passed. Is your AML/CTF program ready?

A practical guide for industry leaders affected by the new Tranche 2 AML/CTF regulations.

Close compliance gaps. Assign ownership.
Show genuine compliance work is underway.

August 2026

Tranche 2 sectors

Lawyers · Accountants · Conveyancers · Real Estate
Trust & Company Services · Precious Metals & Stones
Providing designated services? Check your enrolment now.



01 | WHAT MATTERS NOW

The deadline passed. The obligation did not.

AML/CTF Tranche 2 obligations commenced 1 July, and the 29 July AUSTRAC enrolment deadline has passed. They apply to designated services commonly provided by lawyers, accountants, conveyancers, real estate professionals, trust and company service providers, and dealers in precious metals and stones. If that includes your organisation, every day without an operating AML/CTF program adds to your exposure.

39,520

Businesses enrolled
as of 13 August

89,557

Businesses expected
to be affected

44%

of businesses enrolled
as of 13 August

Latest official update: By 20 August, AUSTRAC reported 39,870 enrolments across its listed newly regulated industries.

What leaders need to do now

Find the gaps and act on them. Confirm scope, enrol if required, assign owners and make sure the program is actually running.

What teams need to see

A clear view of what is done, what is overdue, who owns the next step and where the evidence lives.

Now that the deadline has passed, the greater risk for organisations is being unable to demonstrate to AUSTRAC that genuine compliance work is underway.

This guide expands on Kinatico's 25 June 2026 webinar presented by Craig Sharp, General Counsel and Company Secretary, and reflects AUSTRAC guidance available in July 2026.

02 | THE ENROLMENT GAP

Fewer than half of the expected businesses had enrolled.

A 13 August comparison looked at actual enrolments against the earlier estimate of businesses expected to be affected by the expanded regime.

It found 39,520 organisations enrolled against the 89,557 expected, roughly 44%.

39,520

organisations enrolled

89,557

expected - roughly 44%

What the numbers tell us

The original estimates and today's industry categories aren't a perfect match, so the numbers can't be treated as a precise measure of non-compliance. What they do show clearly is that enrolments are running well behind expectations.

Accounting services

47% enrolled

Legal services

38% enrolled

Real estate

49% enrolled

Precious metals & stones

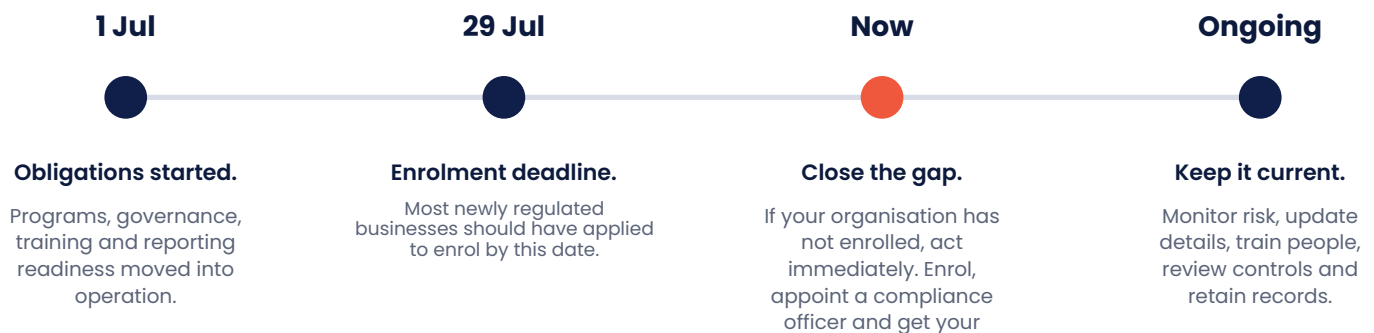
33% enrolled

The gap matters because businesses can be identified by sector, and AUSTRAC has been clear that enrolment and genuine implementation work need to be underway.

03 | WHAT CHANGED AND WHEN

The deadline has passed. Transitional arrangements are not a pause.

Some transitional arrangements give businesses extra time for specific implementation steps. They do not remove the need to enrol, establish ownership and get the program moving.



If you are not enrolled

Treat it as an immediate action. Confirm scope, apply to enrol and assign the compliance officer and program work.

If you are enrolled

Check that governance, training, customer controls, reporting readiness and evidence are actually operating.

04 | DOES IT APPLY TO YOUR BUSINESS?

Check the services you provide, not just your business label

The regime is based on whether your business provides a designated service with a geographical link to Australia. A business can be in scope even when AML/CTF is not its core service.

1

Identify the services you actually provide

Review your transactions, client instructions, money or asset flows, structures and the roles your people perform.

Service-based test

2

Compare those services with AUSTRAC's designated services

Use AUSTRAC's online guidance and sector starter kits rather than relying on assumptions or a generic industry description.

Official guidance

3

Confirm the Australian geographical link

The rules include a geographical link requirement. Check how it applies to your entity, locations, customers and service delivery.

Location matters

4

Document the decision and next action

Record why you are in or out of scope, who approved the assessment and when it will be reviewed.

Keep evidence

Do not wait for perfect certainty

If the analysis is complex, get advice while moving the operational work forward. Enrolment, ownership and preparation can run in parallel.

Do not use sector labels as a shortcut

The same type of business may provide different designated services. Your actual service model determines the answer.

Action: Use AUSTRAC's "Check if you may be regulated" tool and obtain legal advice where your circumstances are unclear.

05 | YOUR OBLIGATIONS IN PLAIN ENGLISH

Eight responsibilities need to work together

No single policy, check or software feature is enough. A defensible program connects leadership, risk, people, customers, reporting and records.

1

Enrol with AUSTRAC

Provide accurate information about your business and designated services, then keep details up to date.

2

Establish governance

Define governing body oversight, senior management approval and day-to-day compliance ownership.

3

Assess your risks

Identify and assess money laundering, terrorism financing and proliferation financing risks.

4

Maintain an AML/CTF program

Document policies, procedures, systems and controls that manage the risks you identify.

5

Prepare your people

Use risk-based personnel due diligence, role clarity and training for people performing AML/CTF functions.

6

Know your customers

Identify and verify customers, understand risk and apply enhanced measures where needed.

7

Report relevant activity

Be ready to identify and submit required transaction and suspicious matter reports through AUSTRAC.

8

Keep complete records

Retain the evidence needed to show what was done, by whom, when and why.

The leadership question is not "who owns compliance?" in the abstract. It is "who owns each action, who can see progress, and what happens when something is late or high risk?"

06 | THE COST OF DOING NOTHING

Doing nothing has real consequences.

AUSTRAC can enforce compliance, seek a penalty, or both. Its tools can apply to failures involving enrolment, AML/CTF programs, customer due diligence, reporting and record keeping.

Up to

\$36.4m

Maximum civil penalty framework for a body corporate.

Keep the number in context

This is the maximum a court can impose, not an automatic fine for missing enrolment. How AUSTRAC responds will depend on the nature of the breach and the circumstances around it.

AUSTRAC enforcement tools

1

Civil penalty orders

Federal Court penalties can be sought for breaches.

2

Infringement notices

Can be used for some compliance failures and may be made public.

3

Enforceable undertakings

Written commitments to fix specific issues.

4

Remedial directions & injunctions

Directions or court orders can require corrective action.

None of this calls for panic, but it does call for visible progress. AUSTRAC has signalled that it expects genuine effort rather than perfection, and silence or inaction is far harder to justify than an imperfect program that is clearly moving.

07 | BUILD THE OPERATING FOUNDATION

Governance turns policy into accountable action

Once scope and enrolment are sorted, leaders need clear ownership and a simple way to keep the work moving.

Three roles must be clear

Governing body

Primary responsibility for governance and executive oversight at the highest level.

Senior manager

Approves the AML/CTF program and key compliance decisions.

AML/CTF compliance officer

Manages day-to-day implementation, escalation and ongoing compliance activity.

In a smaller business, one person may hold multiple responsibilities. The accountabilities still need to be documented and visible.

What your program needs to cover

Component	What it needs to do
Risk assessment	Identify how your customers, services, delivery channels, locations and transactions could be exploited.
Policies and controls	Set out the procedures, systems, approval points, escalation paths and records used to manage those risks.
Review cycle	Define when the assessment and program are reviewed, what triggers an update and who approves changes.

A program becomes real when every obligation has an owner, a due date, a workflow and evidence.

Can leaders see risk?

A dashboard or report should make gaps, overdue actions and exceptions visible.

Can teams act?

Activities and processes should be clear enough to complete without chasing or guesswork.

Can you prove it?

Decisions, approvals, training, checks and follow-up should leave a reliable audit trail.

08 | PREPARE THE PEOPLE PERFORMING AML/CTF WORK

Personnel due diligence is more than a pre-employment check

People performing AML/CTF functions need the integrity, skills and knowledge required for their roles. The process should be risk-based, documented and revisited when circumstances change.

1

Before appointment

- Confirm identity and relevant history
- Review qualifications and references
- Assess integrity and role suitability
- Use background checks where proportionate

2

During the role

- Deliver role-specific AML/CTF training
- Use declarations and self-attestations
- Run recurring or trigger-based reassessment
- Escalate changes that may affect suitability

3

Keep the evidence

- Record the decision and rationale
- Capture dates, owners and outcomes
- Keep training and acknowledgement records
- Show how exceptions were managed

Spreadsheets and email inboxes may struggle when a regulator asks for a complete trail of decisions, reassessments and follow-up.

Important: The exact checks and frequency should be proportionate to the role and your assessed risk. Personnel due diligence is not a one-size-fits-all checklist.

09 | MAKE THE DAILY CONTROLS REPEATABLE

Know the customer, recognise risk and keep the record

Customer due diligence

Identify and verify customers, understand who owns or controls them, assess risk and apply enhanced measures where the risk is higher.

Operational question: Is the process documented, repeatable and easy for staff to follow?

Reporting readiness

Staff need to recognise suspicious activity, know how to escalate it and understand who decides whether a report is submitted to AUSTRAC.

Threshold transaction reports can apply to transfers of \$10,000 or more in physical currency.

Record keeping

Keep complete records of checks, decisions, transactions, reports, training and program activity so evidence can be produced when requested.

Relevant AML/CTF records generally need to be retained for at least seven years.

Design the workflow before the exception occurs

Moment	What should be clear	Evidence to retain
Customer onboarding	Required information, risk rating, approval and enhanced checks.	Identity results, ownership data, risk decision, approver.
Ongoing monitoring	What changes trigger review and who investigates.	Alert, review notes, decision, follow-up action.
Suspicion identified	Internal escalation, confidentiality and decision authority.	Escalation trail, rationale and regulatory submission record.
Audit or regulator request	Who gathers the file and how quickly it can be produced.	Complete, ordered and access-controlled evidence pack.

Control principle: Systems can organise tasks and evidence. Judgement about customer risk, suspicious matters and regulatory reporting remains a business and legal responsibility.

10 | AVOID THE MANUAL COMPLIANCE TRAP

Stop chasing. Start knowing.

The manual trap

- Staff screening tracked across spreadsheets
- Training records buried in inboxes and folders
- No single view of status across teams or locations
- Rescreening and reviews depend on calendar reminders
- Evidence is fragmented when an audit arrives
- Owners discover gaps after the deadline or event

The result

More chasing, inconsistent follow-up, limited visibility and a weak audit trail.

What good looks like

- One platform for checks, activities and evidence
- Clear owners, due dates and escalation paths
- Automated reminders for recurring obligations
- Real-time visibility of complete, missing and overdue work
- Mobile completion for people away from a desk
- Audit-ready records that can be produced quickly

The result

Less administrative friction and more confidence that the operating model is working.

AML/CTF readiness now depends on clear workflows, ownership and evidence that can stand up to scrutiny.

11 | READINESS CHECKLIST

Ten questions for leaders

- | | |
|--|--|
| ☐ 1. Have we confirmed whether our services are regulated and documented the decision? | ☐ 2. Have we applied to enrol with AUSTRAC? |
| ☐ 3. Have we appointed an AML/CTF compliance officer and clarified governance responsibilities? | ☐ 4. Have we completed and approved a formal AML/CTF risk assessment? |
| ☐ 5. Do we have a written AML/CTF program with practical procedures and controls? | ☐ 6. Are relevant personnel screened, trained and reassessed on a risk-based cadence? |
| ☐ 7. Is our customer due diligence process documented and repeatable? | ☐ 8. Can staff recognise and escalate suspicious activity without delay? |
| ☐ 9. Are required reports and record-retention responsibilities assigned and monitored? | ☐ 10. Can we produce evidence of all the above quickly and in a logical order? |

Mostly yes?

Validate the details, close remaining gaps and make sure you can produce the evidence.

Several no answers?

Prioritise enrolment, ownership, program controls and evidence. Do not wait for the whole operating model to be perfect before starting.

Use this page as a working session: assign an owner and due date against every "no" or "not sure" response.

12 | KEEP READINESS MOVING

Turn compliance into a repeatable rhythm

A risk-based program should define what happens routinely and what happens when something changes. The example below is an operating model, not a prescribed legal calendar.

Immediate	Confirm scope, enrol, appoint owners and activate the program. Make sure staff understand the new process, escalation points and reporting responsibilities.
Monthly	Review status and exceptions. Check overdue activities, high-risk customers, screening alerts, training gaps and unresolved actions.
Quarterly	Test whether controls are working. Sample files, review recurring issues, close gaps and report material findings to leadership.
Triggered	Respond to change. Reassess when a person changes role, customer ownership changes, risk indicators appear or a process fails.
Annual	Refresh the program. Review the risk assessment, policies, training, declarations, governance and evaluation schedule.

**Prepared businesses make compliance feel professional and manageable.
Unprepared businesses become reactive.**

Visibility

Know what is complete, missing and overdue.

Accountability

Know who owns each action and escalation.

Evidence

Know where the record is and how quickly it can be produced.

13 | FROM CHASING EVIDENCE TO KNOWING

Bring workforce compliance activity into one view

Kinatico combines ongoing people compliance management with fast, on-demand background screening. The goal is not to replace your legal program. It is to make the workforce actions, ownership, reminders and evidence easier to run.

Kinatico Compliance

Ongoing people compliance management

- Real-time dashboards across teams and people
- Clear activity ownership and progress tracking
- Automated reminders and recurring workflows
- Custom activities, digital forms and policy acknowledgement
- Training delivery and completion records
- Mobile completion and document upload
- Audit-ready reporting and evidence
- Monthly AML credential monitoring available

Kinatico CVCheck

Fast screening when a check is needed

- Anti-money laundering verification
- PEP, sanctions and adverse media screening
- National police history checks
- Bankruptcy and credit history checks
- Central order, status and result management
- On-demand checks without a full lifecycle subscription
- Records retained for review and audit support
- Live status updates through the screening process

20+ years

Know Your People experience

34%

of top 50 ASX-listed companies

850k+

verifications completed annually

Clear boundary: Kinatico supports workforce compliance workflows, monitoring and evidence. Your business remains responsible for legal interpretation, customer risk decisions and regulatory reporting through AUSTRAC.

14 | ACT NOW, THEN KEEP IT MOVING

Make AML/CTF readiness visible, assigned and audit-ready

1

Confirm and enrol

Check whether designated services apply and complete AUSTRAC enrolment.

2

Assign and activate

Clarify governance, approve the program, train people and define escalation and reporting workflows.

3

Monitor and evidence

Track recurring actions, reassess risk and keep a complete record of what was done.

Access the on-demand webinar

Hear the practical implications from Kinatico's General Counsel and see how Kinatico can help turn workforce obligations into tracked action.

[Watch the webinar](#)[Explore Kinatico Compliance](#)

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[6] AUSTRAC, AML/CTF transitional rules 2026.

[12] Crimes (Amount of a Penalty Unit) Instrument 2026 - \$364 from 1 Jul 2026.

Disclaimer: This document provides general information only and is not legal advice. The application of AML/CTF law depends on your services and circumstances. Refer to current AUSTRAC guidance and obtain professional advice where required.