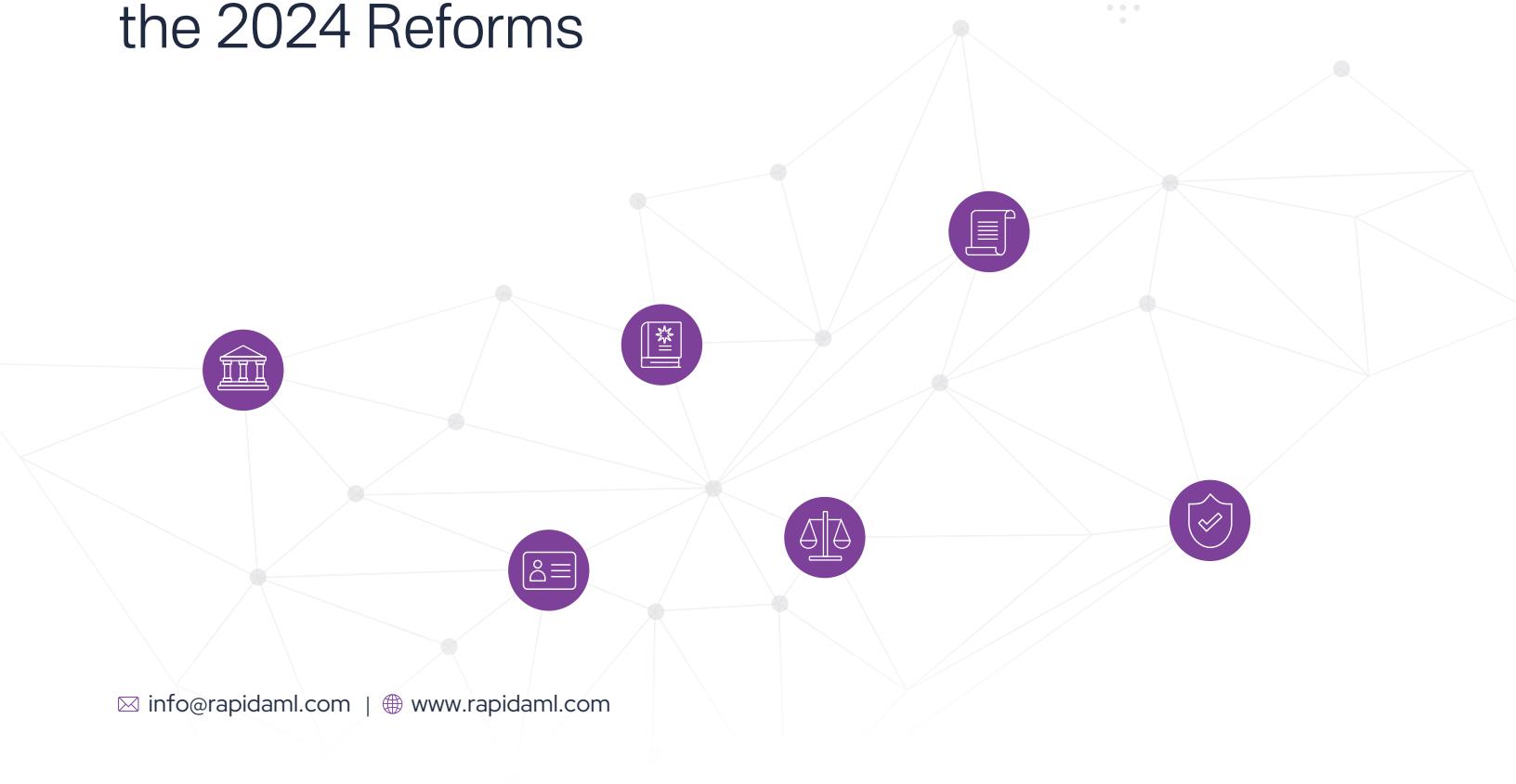


Tranche 2

AML/CTF Readiness

Handbook

A practical guide for DNFBPs
entering AML/CTF Regulation under
the 2024 Reforms





From July 2026, thousands of Australian businesses will be subject to Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) obligations for the first time.

These reforms bring businesses and professions, referred to as **Tranche 2**, into their scope, including Lawyers, Conveyancers, Accountants, Real-Estate Professionals, Dealers in Precious Metals and Stones (DPMS), and Trust and Company Service Providers (TCSPs).

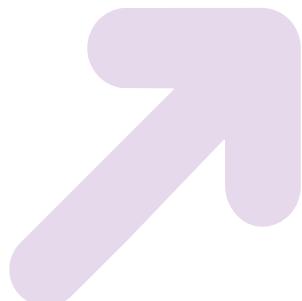
This handbook has been prepared as a **step-by-step readiness guide** for board members, compliance officers, and practitioners to help them navigate the new regime.

It covers the law, obligations, governance, checklists, responsibilities, sector-specific red flags, and practical insights for smooth implementation.



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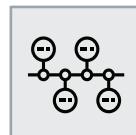
1. Understanding the Reforms

1.1 Legislative Context



Law

- ♦ AML/CTF Amendment Act 2024, passed on 29 November 2024.



Timeline

- ♦ Nov 2024 - AML/CTF Amendment Bill passed.
- ♦ 2025 - Industry consultation, AUSTRAC guidance issued & AML/CTF Rules published.
- ♦ 31 Mar 2026 - Enrolment with AUSTRAC opens.
- ♦ 1 Jul 2026 - Compliance obligations commence.

1.2 Purpose

- ♦ Close long-standing FATF gaps in Australia's AML/CTF regime.
- ♦ Strengthen AUSTRAC's supervisory powers.
- ♦ Reduce criminal misuse of Tranche 2 Entities in Money Laundering and Terrorism Financing.

1.3 Authorities Involved





2. Who is in Scope

2.1 Covered Sectors

	Lawyers & Conveyancers		Accountants		Real Estate Professionals
	Dealers in Precious Metals and Stones (DPMS)		Trust & Company Service Providers (TCSPs)		Virtual Assets Service Providers (VASPs)

2.2 Designated Services Examples

SECTOR	EXAMPLES OF "DESIGNATED SERVICES"
Lawyers & Conveyancers	Property transfers, managing client monies, setting up trusts and companies
Accountants	Company incorporation, managing client funds, tax structuring
Real Estate	Acting as agent for purchase/sale, leasing or managing property
DPMS	Sale or purchase of gold, bullion, jewellery, diamonds
TCSPs	Incorporation services, nominee directorships, trust administration

Important:

- Not all activities of these professionals fall under AML/CTF. Only "designated services" trigger obligations.

 **3.**

AML/CTF Obligations on Tranche 2 Reporting Entities

3.1 Enrol and Register with AUSTRAC

Businesses offering Designated Services must enrol with AUSTRAC

Virtual Assets Service Providers (VASPs), including those newly regulated, must also apply for registration before starting operations

Enrolment requires details such as business structure, services, key staff and contact information

Deadlines:

- By 28 April 2026 for VASPs (compliance requirement commences 31 March 2026)
- By 29 July 2026 for other newly regulated services (compliance requirement commences 1 July 2026)

3.2 Develop and Maintain an AML/CTF Program

Every Reporting Entity must adopt a tailored program with:

- Risk Assessments of ML/TF/PF exposure
- Policies and controls aligned to business size and complexity
- Board or senior oversight and a Compliance Officer

Programs must be documented, updated, and independently reviewed every three years

3.3 Conduct Customer Due Diligence

Customer Due Diligence (CDD) is required at onboarding and throughout the business relationship

Key checks include verifying identity, conducting Sanctions Screening, and identifying Politically Exposed Persons (PEP)

Enhanced CDD applies in high-risk cases; simplified CDD may apply in low-risk scenarios

3.4 Report Transactions and Suspicious Activities

Submit:

- Suspicious Matter Reports (SMRs)
- Threshold Transactions Report (TTRs)
- International Value Transfers Report (IVTS)
- Cross-Border Currency Reports
- Annual Compliance Reports

3.5 Record-Keeping

Maintain:

- AML/CTF Program Documents
- CDD Records
- Transaction Logs
- Training Materials
- Audit Results

for **seven years**

**Are you unsure whether your
activities are "designated services"?**

We'll map your services and solve software queries regarding Tranche 2 obligations.

Book a Scoping Call



Governance and Responsibility

4.1 Governing Body

Provides **ongoing oversight** of ML/TF Risk Assessments and compliance with laws

Ensures **ML/TF risks are identified, managed and mitigated** across services

Must be **kept informed** of ML/TF/PF risks through policy updates by the Reporting Entity

Receives **written notification** of any changes to the ML/TF Risk Assessment

Gets **annual compliance reports** from the AML/CTF Compliance Officer

Reviews **Independent Evaluation reports** and acts on adverse findings

4.2 AML/CTF Compliance Officer

Supervise and coordinate the organisation's day-to-day compliance to the AML/CTF Act, associate regulations, and rules

Ensure effective operation of, and compliance with, the Reporting Entity's AML/CTF Policies and Procedures

Serve as the primary communication channel between the Reporting Entity and AUSTRAC

Carry out any tasks necessary or helpful in fulfilling these responsibilities

Drive Staff Training and Awareness

Ensure reporting to the Governing Body on the management of ML/TF/PF risks and ongoing compliance

4.3 Senior Manager

Approves the AML/CTF Policies and ML/TF Risk Assessments

Sign off on high-risk customers, including foreign and high-risk PEPs

Must approve nested services arrangements and high-risk transactions

Authorises KYC agreements with third-party entities

Review cases of past PEP status before services are provided

Receives Independent Evaluation reports of the AML/CTF Program



5. **Tranche 2** **Readiness Checklist**

Below is a **Yes/No descriptive checklist**.

Each "Yes" should be supported with evidence such as policies, logs, reports, or Board minutes.

Area	Question	Yes/No	Evidence Required
 Governance	Is there an appointed AML/CTF Compliance Officer with Governing Body reporting line?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Appointment Letter, AUSTRAC Notification, Governing Body Minutes
	Has the Senior Manager approved AML/CTF Policy and Procedures?	<input type="checkbox"/> Yes <input type="checkbox"/> No	AML/CTF Signed Policies and Procedures
 Risk Assessment	Has an ML/TF Risk Assessment been completed covering customers, geography, services, channels?	<input type="checkbox"/> Yes <input type="checkbox"/> No	ML/TF Risk Assessment Report
	Is there a cycle for ML/TF Risk Assessment review at least once in every three years?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Review Records, Updated ML/TF Risk Assessment Reports
 AML Programme	Do you have a written AML/CTF Policy & Procedures manual?	<input type="checkbox"/> Yes <input type="checkbox"/> No	AML/CTF Policies and Procedures Manual
	Are escalation paths clear for staff?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Procedures Manual

Area	Question	Yes/No	Evidence Required
 CDD & EDD	Are all clients verified through Initial Due Diligence before services are delivered?	<input type="checkbox"/> Yes <input type="checkbox"/> No	CDD Register with IDV Documents
	Is Beneficial Ownership identified and recorded for non-individual clients?	<input type="checkbox"/> Yes <input type="checkbox"/> No	CDD Register with each UBO's IDV Documents
	Is Enhanced CDD applied to PEPs and high-risk clients?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Enhanced CDD Register with attachments of each customer's Sources of Wealth, Sources of Funds
 Screening	Are clients screened against Sanctions, all PEP categories, and Adverse Media lists?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name Screening Register including Sanctions, PEP and Adverse Media findings and Reports
	Are screening lists updated regularly and matches reviewed promptly?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Screening Software Test Reports and AML/CTF Audit Reports. Also, Procedures Manual providing for review and updates

Area	Question	Yes/No	Evidence Required
 Reporting	Do you have procedures for SMRs, TTRs, IVTS, and IFTIs?	<input type="checkbox"/> Yes <input type="checkbox"/> No	AML/CTF Policies and Procedures
	Are staff aware of "Tipping-Off" prohibitions and permitted exceptions for disclosures?	<input type="checkbox"/> Yes <input type="checkbox"/> No	AML/CTF Policies and Procedures and Staff Training Records
 Record-Keeping	Are records related to AML/CTF Program, CDD, and transactions retained for at least 7 years?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provision in AML/CTF Policies and tools or methods used for Record-Keeping to be checked through Procedures Manual
 Training	Has role-based AML training been provided covering ML/TF and Proliferation Financing risks?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provision in AML/CTF Policies and Training Records
	Is training refreshed and tested for effectiveness?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Provision in AML/CTF Policies and Training Records

Area	Question	Yes/No	Evidence Required
 Independent Evaluation	<p>Have you appointed an independent auditor to evaluate your AML/CTF Program at least once in every three years?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	Records of Audit Reports
 Technology	<p>Do you have fit-for-purpose RegTech for KYC/screening?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	Software Subscription Agreement, Sanctions, PEP, Adverse Media Screening Support, Record-Keeping and Audit Trail

Resilient. Reliable. Rapid

We assess your Yes/No responses, prioritise fixes, and give you a dated action plan to July 2026.

Contact us Now!

 **6.**

Tranche 2

Readiness Roles and

Responsibilities

Decoded Through

RACI Matrix

An RACI Matrix clarifies **who does what** in your AML/CTF framework, so nothing falls through the cracks and accountability is unambiguous.

RACI Definitions



R - Responsible:

- ◆ Does the work and drives completion. There can be multiple Rs.



A - Accountable:

- ◆ Owns the outcome and signs off. **Keep to one A per activity.** Accountability cannot be outsourced (vendors may help, but your business remains A).



C - Consulted:

- ◆ Provides subject-matter input **before** action/decision. Two-way communication.



I - Informed:

- ◆ Receives updates **after** action/decision. One-way communication.

Benefits of an RACI Matrix

Single point of accountability

Each row has one A (often the Board for governance decisions; Compliance Officer for operational compliance)

Segregation of duties

Keep R/A separate from independent assurance (e.g., Internal/External Audit)

Escalation paths

If Rs and A disagree, escalate to the A (and then the Board if unresolved)

Documented evidence

Minutes, approvals, reports, logs, and training records should show how R/A/C/I operated in practice

Proportionality

Small firms may combine roles; if so, **record the rationale** and use an independent reviewer to preserve objectivity

Change control

Revisit the RACI whenever products, systems, risk profiles, or laws change

Using this section

- Embed the RACI into role descriptions, your AML/CTF Program (Part A/B), and vendor/outsourcing agreements
- Review at least annually (or on material change) and update org charts and SOPs accordingly

Key to Delegate and Forget!

We align methodology, risk factors and data sources so your AML/CTF Program is genuinely risk-based.

Get in touch!

6. Tranche 2 Readiness Roles and Responsibilities
Decoded Through RACI Matrix



Compliance Activity	Responsible (R)	Accountable (A)	Consulted (C)	Informed (I)
Appointing Compliance Officer (CO)	Senior Management	Senior Management	HR, Legal	AUSTRAC,
ML/TF Risk Assessment	Compliance Officer	Senior Management	Senior Management, Ops	Senior Management
Policy & SOPs	Compliance Officer	Senior Management	Legal, Ops	Staff
CDD/Enhanced CDD	Frontline	Compliance Officer	Senior Management	Compliance Team
Screening	Frontline/ Screening Analyst	Compliance Officer	KYC Analyst	Compliance Team, Senior Management
Reporting (SMRs)	Compliance Officer	Compliance Officer	Legal, Frontline Staff	Senior Management
Training	Compliance Officer	Compliance Officer	Senior Management	Staff
Record-keeping	Compliance Team	Compliance Officer	Legal, IT	Senior Management
Independent Evaluation	Auditor (internal/ external)	Senior Management	NA	Senior Management, Compliance Officer
Vendor Management	Procurement	Compliance Officer	Procurement	Senior Management



About RapidAML

The Wizards Behind the Curtain

Ever felt like the one who thinks differently in the world that follows the usual path?

We get it.

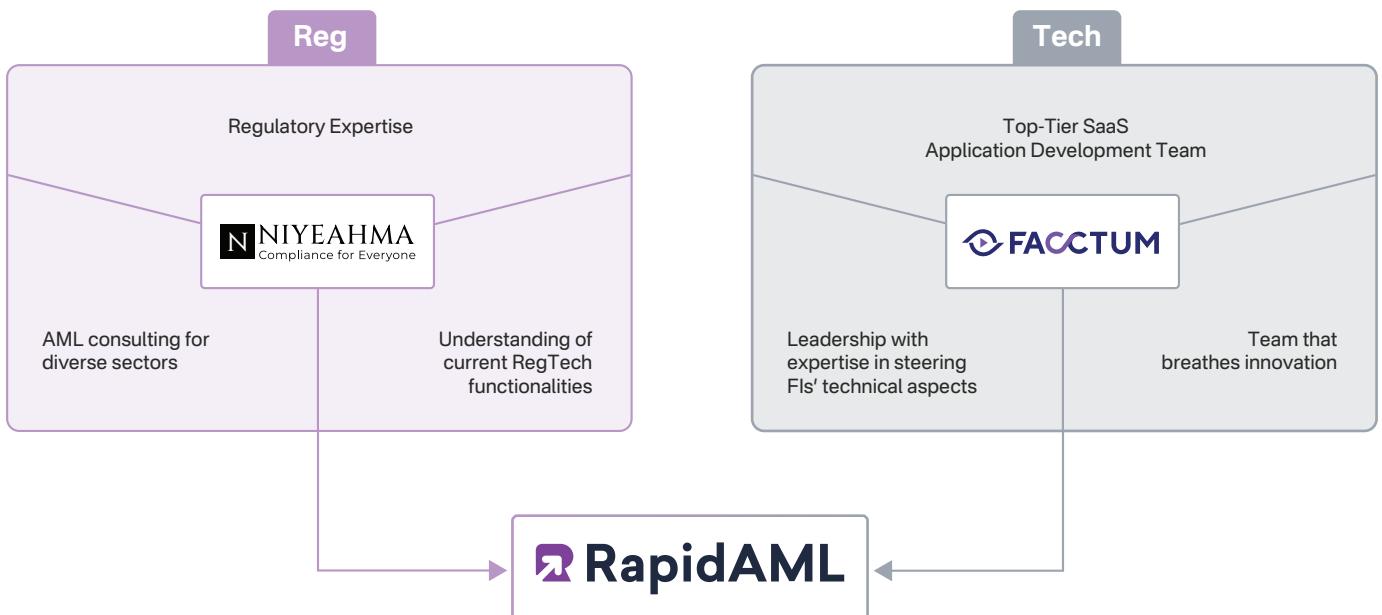
Because we are one of them (of RegTech world).

We are breaking barriers and building tools, not just for the sake of building them. But building RegTech solutions that work for you!

We come together with our one and only mission: to simplify financial crime compliance. We know the pain points, we've been in the same room as bankers, analysts, and code ninjas who decided there had to be a better way.

Facctum + Niyeahma = **RapidAML**

Reg Meets Tech:
Where Compliance Meets Innovation



FACCTUM

Facctum is in the business of making financial crime compliance possible but also painless.

Formed by KK Gupta in 2021, Facctum was brought to life by a group of enthusiasts who looked at the old ways and thought, "Yeah, we can do better." And so, Facctum. Facctum's RegTech and RiskTech solutions automate sanctions screening, KYC, risk management, regulatory reporting and compliance needs.



Facctum has a bunch of forward-thinking people who are passionate about turning "complicated" into "easy," and they have the financial crime compliance solutions to prove it. There is no jargon or confusion; it is just clever RegTech solutions that get the job done (and leave you wondering why no one thought of this sooner).

NIYEAHMA

NIYEAHMA takes a hands-on, industry-driven approach to tackling AML/CTF/CPF compliance challenges.

Their team of experienced professionals, including industry practitioners, regulatory analysts, and compliance officers, works alongside businesses to ensure they comply with local and international AML/CTF/CPF regulations.



They make compliance simple, so clients don't have to worry about the details. With their end-to-end AML compliance support, NIYEAHMA ensures that businesses are never caught off guard by missing compliance requirements.

At RapidAML, we promote a sustainable value-creation approach, integrating human talent with advanced tech.

RapidAML's Modules and Services

Modules



Screening

Run sanctions, PEP, and adverse media checks with the broadest data coverage backed by Artificial Intelligence and Machine Learning to increase screening effectiveness, reduce false positives and onboard customers in complete compliance with legal obligations.



KYC

Run sanctions, PEP, and adverse media checks with the broadest data coverage backed by Artificial Intelligence and Machine Learning to increase screening effectiveness, reduce false positives and onboard customers in complete compliance with legal obligations.



Customer Risk Assessment

Customer Risk Assessment (CRA) is the key to compliance, helping businesses identify customer risk and determine the due diligence needed for onboarding. RapidAML includes ready-to-use customer risk assessment templates tailored to different business types, eliminating manual efforts, reducing human errors, and excluding onboarding delays!



Case Management

RapidAML simplifies AML compliance, bringing all compliance tasks into one place, making it easier for teams to track tasks and collaborate in real-time. The system connects with screening, KYC, risk assessment, transaction monitoring, and regulatory reporting, weaving together the full story of every case.



Transaction Monitoring

Transaction Monitoring is the process of retrospectively tracking financial transactions to detect suspicious activities and ensure regulatory compliance. RapidAML scans every transaction for unusual patterns, sudden spikes in activity, or anything that doesn't add up. Just a smarter and faster compliance.



Regulatory Reporting

Transparent reporting establishes accountability. Yet, for many companies, regulatory reporting remains a maze of manual processes, scattered records, and missed deadlines. RapidAML transforms that by documenting every case, flagging risks, and delivering every report with speed, accuracy, and an unalterable audit trail.

Services

Enterprise-Wide Risk Assessment

Is your ML/FT/PF risk assessment keeping up? Enterprise-Wide Risk Assessment (EWRA) is a strategic lens to detect, measure, and mitigate risks across your entire organisation. Regulators expect businesses to be proactive, not reactive. With our EWRA service spot vulnerabilities early and strengthen your defences against ML/FT risks.

AML/CFT/CPF Policies, Procedures, and Controls Documentation

What is the cost of unclear policies and weak controls? Weak AML/CFT policies, unclear procedures, and ineffective controls open the door to ML/FT risks. Our AML/CFT policies set the rules, procedures enforce them, and controls keep everything on track, cultivating a compliance culture that strengthens your business's future.

KYC & CDD Managed Services

Do you really know who's on the other side of the deal? A simple identity check isn't enough. Regulators demand deeper insights. Without KYC and CDD measures, unseen risks could seep into your business. We verify every customer, scrutinise every document, and address every possible ML/FT risk before it turns into a problem.

In-House AML Compliance Department Setup

Is your compliance garrison or a house of cards? A scattered AML/CFT approach leaves businesses vulnerable. Misaligned policies, untrained teams, and oversight only surface when it's too late. We understand this intricate craft, offering tools and expertise to construct a robust, self-reliant defence for your business.

Regulatory Reporting

What happens when a tiny error in your financial records turns into a big problem? A missed deadline or an overlooked transaction can quickly turn into a serious compliance issue. That's where we help your business meet all AML/CFT requirements. We keep your reports complete and transactions checked, minimising errors.

AML/CFT Training

Is your team equipped to detect ML/FT risks before it is too late? AML/CFT Training is essential for regulated entities as it builds a culture of vigilance, ensuring employees can recognise, report, and prevent financial crime before it poses a serious threat to your business's integrity and stability.

AML/CFT Health Check

Is your compliance fit for duty? ML/TF risks crawl in like hidden illnesses, only showing symptoms when it's too late. We come in to check your policies, procedures, and controls to find weak spots before they become big problems. We help you fix gaps, improve processes, and keep your business in top shape.

See RapidAML in Action!

A sector-tailored demo covering screening, KYC/KYB, CRA, case management and reporting: ensuring end-to-end integrity.

Contact us now!



Meet the Crew

Coming soon to a theatre near your compliance department



KK Gupta

The Vision Setter



Deep Pai

The Tech Nerve



Syam Chintapenta

The Dev Anchor



Gaurav Singh

AI/ML Cradle



Courtney O'Keefe

The Fiscal Futurist



Arun Gupta

The Brand Wave



Pathik Shah

The Knowledge Architect



Jyoti Maheshwari

The Compliance Strategist



Dipali Vora

The Voice



Purva Buch

The Legal Eagle



✉ info@rapidaml.com

🌐 www.rapidaml.com



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