

Article Information

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Service: Anti-money Laundering & Corruption, Blockchain, Corporate & Commercial, FinTech, Foreign Investment & Trade

Sector: Financial Services

Australia's AML laws set for major overhaul under new bill

Earlier today, the Australian Government [introduced into Federal Parliament the *Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024*](#). The bill is expected to implement a comprehensive overhaul of Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime, following two rounds of previous consultation with industry (one in [April 2023](#), and another in [May of this year](#)).

If passed by Parliament, the [bill will involve significant amendments](#) to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**). The Explanatory Memorandum to the bill states (at paragraphs 3 and 4):

"[t]he reforms in the Bill would ensure Australia's AML/CTF regime continues to effectively deter, detect and disrupt illicit financing, and protect Australian businesses from criminal exploitation..."

"[t]he reforms would also ensure that Australia's AML/CTF regime meets international standards set by the Financial Action Task Force (FATF), the global financial crime body. "

The bill has three primary objectives:

1. expanding the application of the AML/CTF regime to so-called "tranche 2" entities, which includes service providers such as lawyers, accountants, trustee service providers, corporate service providers, real estate agents, and dealers of commodities such as precious metals or stones;
2. modernising the regulation of "virtual assets" and payments technology; and
3. simplifying the regime to increase flexibility, reduce regulatory impacts and otherwise support businesses to prevent and detect financial crime.

Key objective 1 - expanding the application of the regime

[Australia's lead AML/CTF regulator, AUSTRAC's, 2024 national risk assessment on money laundering risks in Australia](#) recognized several gaps in the regulation of "tranche 2" entities and stated they were a key national vulnerability that impacts the overall effectiveness of the AML/CTF regime.

A key element of the reforms is to expand the AML/CTF regime to certain services provided by "gatekeeper" professions, such as lawyers, conveyancers, and accountants. Such services are regarded by AUSTRAC and FATF as high risk sectors for money laundering exploitation.

These changes will mean that these service providers will be required to register with AUSTRAC and implement compliance obligations under the AML/CTF Act.

Key objective 2 - modernising the regulation of "virtual assets"

The next key objective focuses on tightening AML/CTF compliance in the crypto and digital asset sector. In broad terms, these changes include:

- replacing the term “digital currency” in the AML/CTF Act with “virtual asset”, a broader term that aligns with FATF standards. This broader definition would include stablecoins, utility tokens, governance tokens, and NFTs (although not CBDCs which will be classed as “money”); and
- extend the AML/CTF regime to cover additional “virtual asset-related services”, such as businesses involving the exchange of virtual assets, virtual asset custody (so-called “virtual asset safekeeping services”), virtual asset transfer facilitation, and participation in the initial offerings of virtual assets;

The existing obligation to register as a “digital currency exchange” under the AML/CTF Act will become an obligation to register as a “virtual asset service provider”, which is in line with FATF’s nomenclature of “VASPs”. A broader variety of crypto related businesses will also need to register with AUSTRAC, including exchanges which only deal in cryptocurrencies, custodians and those involved in ICOs and initial offerings of virtual assets.

Virtual asset safekeeping services are defined broadly and intended to cover multi-signatory arrangements. According to the Explanatory Memorandum, this would include services having the ability to hold, trade, transfer or spend the virtual asset per the owner or user’s instructions. Persons who solely provide a software application (such as software developers) and ancillary infrastructure providers like cloud solutions are to be excluded.

virtual asset safekeeping service:

(a) means a service in which virtual assets or private keys are controlled or managed for or on behalf of a person (the customer) or another person nominated by the customer under an arrangement between the provider of the service and the customer, or between the provider of the service and another person with whom the customer has an arrangement (whether or not there are also other parties to any such arrangement)

The changes also contemplate that AML/CTF compliance obligations (including reporting obligations) will cover transfers of value *broadly*, such as electronic funds transfers and transfers of virtual assets.

[Following the EU’s planned implementation of the travel rule](#), the bill seeks to introduce the rule for virtual asset transfers, subject to some flexibility to adapt the specific requirements based on FATF’s guidance. VASPs will also need to take steps to identify self-hosted wallets and report transactions to unverified self-hosted wallets to AUSTRAC.

Key objective 3 - clarifying the regime

The bill also aims to clarify and simplify the regime, making it easier for businesses to satisfy their legislative obligations. The proposed measures include:

- the introduction of new “flexible” concepts for reporting entities that organise themselves into group to manage their risks more effectively;
- clarifying the roles and responsibilities of a reporting entity’s governing body and its AML/CTF compliance officer;
- reforms to the tipping off offence; and
- clarifying obligations for Australian companies operating overseas through a foreign branch of an Australian reporting entity, or a foreign subsidiary of an Australian parent company.

Conclusion

The bill represents a significant overhaul of Australia’s AML/CTF regime. With the introduction of these reforms, many businesses, particularly those in the newly covered “tranche 2” professions, such as lawyers, accountants, and real estate agents, will now be required to register with AUSTRAC and implement comprehensive AML/CTF compliance measures. This marks a major shift in regulatory obligations for these sectors.

As this is only the first reading of the bill, further changes may be introduced as the bill progresses through Parliament. Moreover, additional details are likely to emerge, particularly surrounding the introduction of FATF’s “travel rule,” which may add further complexity to compliance for businesses involved in the transfer of virtual assets. While the deadline for *full* implementation of the new rules is expected to be 1 July 2026, several of the changes are expected to take effect much earlier. For example, the changes for VASPs and introduction of the travel rule and its respective obligations is slated to take effect from 31 March 2026.

While the reforms to virtual assets have garnered much attention, they are just one part of a broader package designed to modernise Australia’s AML laws and ensure compliance with international standards. The changes will have implications for all existing AUSTRAC reporting entities as well as DCEs (and newly minted VASPs), alongside the so-called tranche 2

professions. Affected businesses should begin preparing for the coming changes to ensure they can implement the required systems and processes and ensure smooth operations under the new regime.