



The Law Society  
OF NEW SOUTH WALES

The Law Society of NSW

# AML/CTF Implementation Guide: for sole practitioners and small practices

April 2026

### **Acknowledgement**

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This guide is current as at 8 April 2026, including references to external links. Content will be reviewed periodically and updated as required to reflect any changes.

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# President's Foreword



## The Law Society of NSW AML/CTF Implementation Guide: for sole practitioners and small practices (Implementation Guide)

The introduction of Australia's expanded Anti Money Laundering and Counter Terrorism Financing (AML/CTF) regime marks a significant development for the legal profession. At their core, these obligations reflect the profession's commitment to play its part in upholding the rule of law. Helping combat money laundering and terrorism financing across our community is now a legislated responsibility of the legal profession.

Before and since the announcement of the Tranche 2 reforms, the Law Society of New South Wales has worked closely with other peak legal bodies, including the Law Council of Australia, taking a leading role in ensuring that these reforms are implemented cognisant of the impact on legal practices.

For many practices, particularly sole practitioners and small firms, the question is not whether to act, but where to begin.

The AUSTRAC program starter kits (Starter Kits) provide a practical foundation for compliance, but the Law Society recognises that translating this guidance into an AML/CTF program for an individual practice is still a significant undertaking.

This Implementation Guide has been developed to help ease that task.

We felt strongly that additional sector-specific support was required to help the profession with this seismic shift. This Guide provides practical assistance in navigating the Starter Kit, to help your firm chart a clear path for developing an AML/CTF program that is proportionate, workable, and suited to the realities of a legal practice.

This work builds on AUSTRAC's important foundation. It assists with interpretation in a legal context, clarifies obligations, and shows how measures can be implemented to strengthen and safeguard your practice. Central to the development of this Guide has been the goal of ensuring practices are well equipped and empowered to meet this new challenge.

The Law Society remains committed to representing the interests of all New South Wales legal practices as the AML/CTF regime evolves. Just as AUSTRAC has recognised the value of engaging with us in developing its Starter Kits, the input and feedback provided by solicitors for this Guide have been essential in shaping its content, and ensuring it meets the needs of the profession. We also acknowledge Grant Thornton, who worked closely with us in developing this resource. This work also benefits from the broader collaboration between AUSTRAC and Grant Thornton, who worked together on the development of the Starter Kits.

Additionally, I thank the Law Council of Australia for their efforts in representing the national legal profession in advocacy to the Commonwealth Government and AUSTRAC in relation to the development and the implementation of the AML/CTF regime, as well as their work in developing guidance for the legal profession.

While this Guide is intended to help practices achieve compliance by 1 July, it also marks the beginning of an ongoing journey. This Guide will therefore evolve alongside the AML/CTF regime. As the AML/CTF landscape continues to develop, we will continue to provide updates, as well as ongoing guidance and support for practitioners to help them navigate this change, reinforce their systems, and confidently progress in meeting their responsibilities.

**Ronan MacSweeney**

President

The Law Society of New South Wales

# Introduction

## Background

From 1 July 2026, law practices that provide certain regulated services, known as ‘**designated services**’, must comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) and the *Anti-Money Laundering and Counter-Terrorism Financing Rules 2025* (Cth) (**AML/CTF Rules**).

Please refer to Tables 1 to 9, on pages 11 to 15, which will help you to determine whether you provide a designated service and are therefore captured by the AML/CTF regime.

The Australian Transaction Reports and Analysis Centre (**AUSTRAC**) has prepared guidance which provides information on how AUSTRAC expects captured practices to comply with the AML/CTF Act and Rules.

Importantly, AUSTRAC has also produced the Legal Profession Program Starter Kit (**Starter Kit**), which is designed to further assist small legal practices to comply with the AML/CTF regime.

The Starter Kit provides a comprehensive AML/CTF framework that includes the following documents, which work together to form an AML/CTF program:

- a risk assessment covering the common risks faced by your profession
- policies that outline what you must do and when
- processes that explain how AML/CTF tasks are carried out day-to-day
- forms to record information and demonstrate compliance.

The Starter Kit comprises instructions on getting started, how to customise and use your starter kit compliance program, and a library of useful policy and process documents and forms.

## Purpose of this Implementation Guide

This Implementation Guide has been created by the Law Society to assist the New South Wales legal profession with the interpretation of the Starter Kit and the Conveyancing Program Starter Kit (**Conveyancing Kit**), and their implementation. Throughout this Guide there are suggestions as to how the Starter Kit and Conveyancing Kit can be customised in a manner that is commensurate with the nature, size and complexity of a small practice.

For ease of reference, we have adopted the structure set out in the Starter Kit’s ‘Getting started’ guidance and have separated this Guide into three parts:

- **Part 1:** Customise your Starter Kit
- **Part 2:** Use your program
- **Part 3:** Maintain your program.

Part 1 outlines the steps to take in preparation for enrolment with AUSTRAC before 29 July 2026, and focuses primarily on customising the Starter Kit. Part 1 provides a practical starting point to assist firms in understanding how they will be regulated under the AML/CTF Act and AML/CTF Rules and what they need to do to prepare.

Parts 2 and 3 provide guidance as to how to use and maintain your AML/CTF program, with reference to the relevant sections in the Starter Kit, Conveyancing Kit, AML/CTF Act, AML/CTF Rules and AUSTRAC guidance.

This Guide provides general guidance and interpretative support only. It is not, and should not be treated as, legal advice. It does not prescribe mandatory approaches or processes and is not intended to provide guidance on the full range of obligations. Users should ensure they consider all obligations that apply to their practice, as well as guidance issued by AUSTRAC.

## Who can use the Starter Kit?

The Starter Kit is primarily designed for small legal practices who meet all of the following characteristics:

- They provide only 'professional designated services' (see Table 1 to 9, on pages 11 to 15). However, please bear in mind that elements from the Conveyancing Kit (see 'Integrating elements from the Conveyancing Program Starter Kit') must be incorporated if your practice provides conveyancing or real property transactions.
- They have 15 or fewer personnel, including administrative and legal staff. We interpret this to mean 15 full-time, or full-time equivalent, staff.
- They primarily service Australian-resident individual clients, with fewer corporate, trust or overseas clients.
- They do not regularly engage with high-risk clients, such as foreign politically exposed persons (PEPs) or clients from high-risk countries.
- They do not regularly assist with overseas property transactions.
- They do not offer fully remote, self-service options for designated services.
- They are not acquiring another practice or transferring clients.

If your practice meets the above criteria, AUSTRAC considers that customising, implementing and maintaining the Starter Kit is sufficient to meet your AML/CTF obligations.

If your legal practice **does not** meet all of the above characteristics, the Starter Kit may not be suitable for your practice and you **cannot** solely rely on the Starter Kit to meet AUSTRAC's regulatory expectations of an appropriate AML/CTF program for your practice.

It is AUSTRAC's position that larger or more complex practices typically face higher and more complex money laundering, terrorism financing and proliferation financing risks. However, for those larger, more complex practices, the Starter Kit **can be** used as a base, to be adapted based on the size, nature and complexity of your practice.

The Law Society of New South Wales is preparing separate guidance about how the AUSTRAC Starter Kit and Conveyancing Kit can be adapted and/or leveraged by medium and large legal practices.

## Integrating elements from the Conveyancing Kit

There is a separate Starter Kit for conveyancing services. The Conveyancing Kit should be used by practices that assist clients in the planning or execution of a transaction to sell, buy or transfer real estate ('**an item 1 designated service**').<sup>1</sup> The Conveyancing Kit contains a different risk assessment that you will need to complete. You will also need to use different initial customer due diligence (CDD) forms for clients to whom you are providing property services.

For legal practices that provide real property or conveyancing services and other designated services, your risk assessment will need to cover both types of services, because the risk assessment document in the Conveyancing Kit contains different information and risks, specific to property transactions, that you should be aware of in order to manage them. You can either download and complete the risk assessment in the Conveyancing Kit, as well as the risk assessment in the Starter Kit, or you can use the Law Society combined risk assessment at Annexure 4.

As a result of different risks arising in property matters, you will also need to use the Conveyancing Kit's initial CDD forms for clients seeking an item 1 designated service.

The client onboarding forms for both conveyancing and other professional services can be found in the document library on the AUSTRAC website.

Apart from the risk assessment and initial CDD forms, the Conveyancing Kit is the same as the Starter Kit.

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<sup>1</sup> *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML/CTF Act)*, section 6, table 1, item 1.

# Part 1: Customise your Starter Kit

# Part 1: Customise your Starter Kit

## Introduction

Prior to 1 July 2026, AUSTRAC recommend small legal practices conduct the following steps:

**Step 1:** Customise the Risk Assessment by:

- a. reviewing the Risk Assessment document to determine your practice's risk appetite. If your practice also provides conveyancing or real property services, you will also need to complete the Conveyancing Risk Assessment, which can be found on AUSTRAC's website. The Law Society has prepared a combined conveyancing and legal profession risk assessment for legal practices which provide conveyancing/real property services, as well as other designated services. This combined risk assessment is available at Annexure 4
- b. reviewing the services your practice provides
- c. reviewing the type of clients your practice engages with
- d. listing the countries your practice deals with and assigning each of those countries a risk rating.

More on how to customise your Risk Assessment is to follow. Broadly, however:

- **'Reviewing the Risk Assessment document'** means considering the risk factors it sets out to determine your practice's risk appetite.
- **'Reviewing the services your practice provides'** means identifying the designated services your practice provides or intends to provide on or after 1 July 2026.
- **'Reviewing the types of clients your practice engages with'** means conducting an inventory of all existing clients. This involves making sure you know:
  - how many active clients you have
  - what services you provide them
  - whether any of them should be regarded as 'high risk'.Please note that the AML/CTF regime uses the term 'customer' rather than 'client'. In the absence of clarifying guidance from AUSTRAC, it is recommended that you treat the term 'customer' as synonymous with 'client'. Your AML/CTF obligations therefore extend only to persons or entities that are your client, as determined by the facts and common law considerations. Every practice should enter into written retainers with their clients.
- **'Listing the countries that your practice deals with and assigning each of those countries a risk rating'** means considering all the countries you provide

a designated service to. See page 10 of the Legal profession - Customer guide and page 25 of the Risk Assessment for more information. Broadly, this includes:

- clients that are located in a country that is not Australia. For example, you may provide services to clients who are residents of a foreign country wishing to purchase property in Australia
- where you provide legal services. For example, you may have a client based in Australia who asks you to assist with an overseas business transaction
- after you have identified all the countries you deal with, using the guidance in the Starter Kit to identify and document their risk rating (see page 25 of the Risk Assessment).

Remember, if you regularly assist with overseas property transactions, the AUSTRAC-issued Starter Kit is not suitable for you (at least, not without amendment).

**Step 2:** Update 'Part 1: Personnel' of the Starter Kit policy by assigning AML/CTF roles to suitable staff (roles that have AML/CTF duties) and planning initial AML/CTF education and awareness. To do this, you will need to:

- a. identify and appoint individuals to key AML/CTF roles, including the governing body, senior manager and compliance officer
- b. identify any other personnel that perform AML/CTF duties
- c. conduct due diligence on all these individuals (not just those with key AML/CTF roles) to confirm their suitability
- d. provide training to all staff who perform AML/CTF duties, including those in key AML/CTF roles.

**Step 3:** Tailor the client section of the Starter Kit policy. To do this, your practice will need to:

- a. review the sanctions and PEP check processes
- b. review processes for high-risk and complex clients
- c. update the firm's CDD policies, processes and forms
- d. establish systems to terminate retainers with clients and avoid tipping them off if your practice has reported them to AUSTRAC.

**Step 4:** Document the approved AML/CTF program and incorporate this program into the practice's existing systems and controls.

We have provided guidance and commentary on each of these steps and added information that will help small practices to prepare to enrol with AUSTRAC.

## Terminology

Below is a list of terms commonly used throughout this guidance.

<b>AML/CTF roles</b>	<p>We are aware the documents within the Starter Kit adopt inconsistent language to describe people who perform functions relevant to the reporting entity's AML/CTF obligations. For example, the Starter Kit policy uses the term 'key AML/CTF roles', the 'Personnel due diligence form' uses 'AML/CTF-related role' and the document entitled 'Customise the program starter kit guide' (<b>Customise Guide</b>) uses 'AML/CTF roles', 'AML/CTF-related roles' and 'roles that have AML/CTF duties'. For clarity, all of these terms refer to roles that have AML/CTF duties.</p> <p>This Implementation Guide uses the term '<b>AML/CTF role</b>' to refer to persons in the legal practice who have AML/CTF duties; and '<b>key AML/CTF role</b>' to refer to persons within the legal practice who have higher levels of responsibility and authority to influence compliance with AML/CTF obligations by the practice, such as the AML/CTF compliance officer (<b>AMLCO</b>), senior manager or governing body.</p>
<b>Designated service(s)</b>	<p>'Designated service(s)' means the service or services listed and described in Tables 1 to 9.</p>
<b>Item 1 Designated service</b>	<p>'Item 1 designated service' means assisting clients in the planning or execution of a transaction to sell, buy or transfer real estate, as per the AML/CTF Act, section 6, table 6, item 1.</p>
<b>ML/TF</b>	<p>'ML/TF' means money laundering and/or terrorism financing.</p>
<b>PEP</b>	<p>'Politically exposed person' (<b>PEP</b>) means an individual who holds a prominent public position or role in a government body or an international organisation, either in Australia or overseas. This includes immediate family members and close associates of such individuals. Positions that commonly meet the PEP definition include:</p> <ul style="list-style-type: none"> <li>• heads of state or government</li> <li>• government ministers or equivalent politicians</li> <li>• senior government executives</li> <li>• high-ranking judges</li> <li>• high-ranking military officers</li> <li>• central bank governors</li> <li>• board members or senior executives of international organisations.</li> </ul>
<b>Starter Kit</b>	<p>Unless otherwise indicated, in this Guide 'Starter Kit' refers to the Legal Profession Program Starter Kit.</p>

# Step 1: Customise the Risk Assessment

## Introduction

Each legal practice providing a designated service must conduct a risk assessment to identify and assess their money laundering and terrorism financing (ML/TF) risks.

This risk assessment methodology must be tailored to the nature, size and complexity of your practice and address:

- the kinds of designated services your practice provides (including any new or emerging technologies related to those services)
- the kinds of clients your practice provides those designated services to
- the delivery channels your practice uses (including any new or emerging technologies related to how these services are delivered)
- the countries that your practice deals with.<sup>2</sup>

AUSTRAC has prepared the Risk Assessment based on typical services, delivery methods and kinds of clients within the legal profession. The Risk Assessment assists small practices to identify and assess the ‘inherent’ risks associated with your clients, the designated services provided, the delivery channels your practice utilises, and jurisdictions it deals with.

‘Inherent’ risks are those risks that exist before you apply any policies, procedures, systems and controls to mitigate and manage them. Once these risks are identified, your practice’s AML/CTF policies need to be developed to appropriately mitigate and manage those risks.<sup>3</sup>

The Risk Assessment is designed to reflect the ML/TF risks a typical small legal practice may face; however, AUSTRAC has indicated that your practice may also wish to assess your residual ML/TF risks (which is the ML/TF risk that remains after you have implemented your policies).

If your practice only provides legal services for real property matters, you will need to use the risk assessment in the Conveyancing Kit.

However, as stated above, if your practice advises on real estate transactions as well as other designated services set out in Table 6 in the AML/CTF Act, you will need to complete both the conveyancing services risk assessment and the other professional services risk assessment. The Law Society has combined the conveyancing and legal profession risk assessment for practices that provide multiple property and other legal designated services (see Annexure 4).

Prior to customising your Risk Assessment, your small practice must first identify what designated services you provide.

## 1a. Identify the designated services your practice is providing

Under the AML/CTF Act, a legal practice is ‘captured’ if they provide one or more designated services. A designated service is a business activity that is specifically listed in section 6 of the AML/CTF Act. These activities are included in the AML/CTF Act as designated services because they have been assessed as having a higher risk of being used for ML/TF.

We suggest conducting a mapping exercise to identify which designated services are relevant to your practice.

Only certain legal services are ‘designated’ under the AML/CTF Act. Depending on the practice areas of your firm, not all clients will be receiving a designated service. Your practice needs to be aware of when it will be providing a designated service to clients and when it will not, as the compliance burden will differ.

Tables 1 to 9 set out each of the designated services that are relevant to the legal profession and provides examples of types of client engagements that will fall within that designated service as well as any relevant exclusions.

<sup>2</sup> AML/CTF Act, section 26C.

<sup>3</sup> AML/CTF Act, section 26A.

Table 1: Item 1 designated service

<b>Item 1 designated service description</b>	Assisting a person in the planning or execution of a transaction to sell, buy or transfer real estate
<b>Examples</b>	<p>Property conveyancing. This includes:</p> <ul style="list-style-type: none"> <li>• preparing, reviewing or lodging the contract of sale and transfer of land documents</li> <li>• researching property titles and strata documents</li> <li>• coordinating with financial institutions regarding payments and discharge of mortgages for transfers</li> <li>• holding funds on behalf of a buyer and disbursing trust funds at settlement</li> <li>• organising for release of a deposit to the seller</li> <li>• preparing for financial settlement<sup>4</sup></li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>• Transactions relating to leases of 30 years or less</li> <li>• Incorporeal hereditaments</li> <li>• Advising on property law issues</li> <li>• Acting in property litigation</li> <li>• Property transfers as part of probate or pursuant to or resulting from an order of a court or tribunal</li> <li>• Title searches unrelated to an actual transaction to buy, sell or transfer real estate</li> <li>• Dealings with the interests of mortgagees</li> </ul>

Table 2: Item 2 designated service

<b>Item 2 designated service</b>	Assisting a person in the planning or execution of a transaction to sell, buy or transfer a body corporate or legal arrangement. This applies only where the sale, purchase or transfer relates to a controlling interest in the body corporate or legal arrangement. <sup>5</sup> While AUSTRAC does not define ‘controlling interest’, <a href="#">the Explanatory Memorandum to the AML/CTF Act</a> explains that ‘Item 2 only applies where the seller holds ownership rights in line with the definition of “beneficial owner” in section 5 of the AML/CTF Act, prior to the transfer, or the ownership rights that a buyer holds following a transfer, exceed the 25 per cent or more threshold required to be considered a “beneficial owner”’. <sup>6</sup>
<b>Examples</b>	<ul style="list-style-type: none"> <li>• Assisting in the sale or purchase of any entity or structure, including a body corporate, legal arrangement, unit trust, discretionary trust, company or partnership</li> <li>• Conducting due diligence</li> <li>• Preparing and reviewing share sale agreements, transfer documents and other contracts</li> <li>• Obtaining regulatory approvals or waivers, such as Foreign Investment Review Board approvals and Australian Stock Exchange (<b>ASX</b>) or Australian Securities and Investments Commission (<b>ASIC</b>) waivers</li> <li>• Preparing transfer and settlement documents<sup>7</sup></li> <li>• Transferring ownership of a trust interest</li> </ul>

<sup>4</sup> Explanatory Memorandum, Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth), para 360.

<sup>5</sup> AUSTRAC, [Professional services \(Reform\)](#), AUSTRAC website, 31 March 2026, accessed 8 April 2026.

<sup>6</sup> Explanatory Memorandum, Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth), para 366.

<sup>7</sup> Explanatory Memorandum, Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth), para 367.

<b>Exclusions</b>	<ul style="list-style-type: none"> <li>• Sales of less than 25% of the shares or other interests in the body or arrangement</li> <li>• Court-ordered transfers</li> <li>• Advising on deal structure without implementing transfers</li> </ul>
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**Table 3: Item 3 designated service**

<b>Item 3 designated service</b>	Receiving, holding, controlling or managing a person’s money, accounts, securities accounts, virtual assets or other property to help that person in the planning or execution of a transaction <sup>8</sup>
<b>Examples</b>	<ul style="list-style-type: none"> <li>• Holding items in escrow</li> <li>• Managing escrow funds to enable a transaction</li> <li>• Having authority over a customer’s bank account and making payments on behalf of a customer - for example, making loan repayments to a financial institution relating to a transaction<sup>9</sup></li> <li>• Receiving, holding, and transferring client funds through the firm’s trust account as part of directly advancing a transaction</li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>• Merely operating a trust account, in the absence of providing other designated services</li> <li>• Making disbursements, such as payments for mediators, expert witnesses and court filing fees</li> <li>• The property being held, controlled or managed is payment for the goods/services your practice provides (i.e. pre-payment into a trust account)</li> <li>• The property being held/managed is payable for the use, maintenance, repair, improvement or oversight of property, or received for the advertising of, or negotiating the use of property</li> <li>• The property being held or managed is to be received or payable under an order of a court or tribunal (i.e. a solicitor uses their trust account to receive a judgment sum from the opposing party to litigation and then sends on the judgment sum to their client’s bank account)</li> <li>• The property being held or managed is the receipt or disbursement of a payment to or from a government body, a court or tribunal, a public international organisation, or a person who is licensed to provide insurance, including self-insured licensees<sup>10</sup></li> </ul>

<sup>8</sup> Explanatory Memorandum, Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth), para 369.

<sup>9</sup> Explanatory Memorandum, Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth), para 369.

<sup>10</sup> AML/CTF Act, section 6(5C).

Table 4: Item 4 designated service

<b>Item 4 designated service</b>	Assisting a person in organising, planning, or executing a transaction for equity or debt financing relating to a body corporate (or proposed body corporate) or legal arrangement (or proposed legal arrangement)
<b>Examples</b>	<p>Providing assistance in the organising, planning or execution of:</p> <ul style="list-style-type: none"> <li>equity capital raising, including initial public offerings, venture capital, share purchase plans, rights issues, and block trades</li> <li>debt financing including secured or unsecured bonds, bills or notes, asset financing, loans (including government loans), and debentures<sup>11</sup></li> </ul> <p>This also includes any work involved in structuring, negotiating or documenting the above arrangements, for example:</p> <ul style="list-style-type: none"> <li>drafting and implementing loan documents for a company (or equity fund raising documents)</li> <li>coordinating drawdowns on a financing arrangement</li> <li>executing steps that directly advance a financing transaction.</li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>Merely providing general advice about various financing options, including equity and debt financing, will not be captured under this designated service. This includes preparing briefing papers without implementing the finance transaction</li> <li>Financing for an individual in their own capacity is not captured under this item 4. Item 4 does not apply simply because the financier is a body corporate or legal arrangement</li> </ul>

Table 5: Item 5 designated service

<b>Item 5 designated service</b>	Selling or transferring a shelf company in the course of carrying on a business
<b>Examples</b>	<ul style="list-style-type: none"> <li>Intended to regulate where a person creates and registers companies (with ASIC, for example) without a specific owner of the company in mind and without any intention to use the company to conduct any business while under the person's control. This is because, often, shelf companies are marketed as available for purchase by those who wish to avoid incorporating a new company themselves or for a person who, for various reasons, requires a company that has been in existence for some time</li> <li>Facilitating the transfer of a company that the practice pre-incorporated that has not traded will be captured</li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>Advising on whether to acquire a company that has not traded</li> <li>Arranging for a third party to incorporate a company with your client and its representatives as the shareholders/directors</li> <li>Yourself applying to ASIC to register a company that has your client and its representatives as the shareholders/directors</li> </ul>

<sup>11</sup> Explanatory Memorandum, Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth), para 375.

**Table 6: Item 6 designated service**

<b>Item 6 designated service</b>	Assisting a person in the planning or execution of the creation or restructuring a body corporate or legal arrangement
<b>Examples</b>	<ul style="list-style-type: none"> <li>• Drafting, reviewing and negotiating corporate agreements and business documents, including company constitutions, partnership agreements, shareholders agreements, and insolvency agreements</li> <li>• Drafting and reviewing trust deeds and documents</li> <li>• Drafting documents to create an association or cooperative</li> <li>• Lodging applications and forms with ASIC for registering a company or a business name</li> <li>• Obtaining Foreign Investment Review Board approvals; and ASX and ASIC waivers for clients</li> <li>• Conducting due diligence prior to a transaction<sup>12</sup></li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>• Pure advisory work performed where there is no underlying transaction or proposed transaction involved and no preparation of any instruments</li> <li>• Dealing with matters unrelated to the legal form or structure of the company or legal arrangement (such as dealing with IT systems)</li> <li>• While the definition of ‘legal arrangement’ includes an express trust, the drafting of a will, and the subsequent creation of a testamentary trust will not constitute a designated service<sup>13</sup></li> <li>• Creating or restructuring a corporation under the <i>Corporations (Aboriginal and Torres Strait Islander) Act 2006</i> (Cth)</li> </ul>

**Table 7: Item 7 designated service**

<b>Item 7 designated service</b>	<p>Acting as, or arranging for another person to act as, any of the following, on behalf of a person (the nominator) in the course of carrying on a business:</p> <ul style="list-style-type: none"> <li>• a director or secretary of a company</li> <li>• a power of attorney of a body corporate or legal arrangement</li> <li>• a partner in a partnership</li> <li>• a trustee of an express trust.</li> </ul>
<b>Examples</b>	<ul style="list-style-type: none"> <li>• Drafting documents to authorise or make appointments to the listed positions on behalf of a customer, for example, drafting a power of attorney for a corporation</li> <li>• Acting or being appointed as any of the above listed positions on behalf of a customer</li> <li>• Identifying or introducing a person to be authorised as or appointed to the listed positions on behalf of a customer<sup>14</sup></li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>• A power of attorney in relation to natural persons</li> <li>• Acting as the trustee or a regulated debtor’s estate, including acting as trustee of testamentary trusts or dealing with trusts not created in writing</li> <li>• Situations involving court ordered fiduciaries and bankruptcy trustees. This includes the appointment of registered liquidators or where a trustee company or public trustee manages the financial affairs of a person with a decision-making disability<sup>15</sup></li> <li>• Acting as any of the appointed positions with independent decision-making authority</li> </ul>

<sup>12</sup> Explanatory Memorandum, Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth), para 381.

<sup>13</sup> Explanatory Memorandum, Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth), para 384.

<sup>14</sup> Explanatory Memorandum, Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth), para 386.

<sup>15</sup> AML/CTF Act, section 6(5E).

**Table 8: Item 8 designated service**

<b>Item 8 designated service</b>	Acting as, or arranging for another person to act as, a nominee shareholder of a body corporate or legal arrangement, on behalf of a person (the nominator), in the course of carrying on a business
<b>Examples</b>	<ul style="list-style-type: none"> <li>• Drafting documents to authorise a ‘nominee shareholder’ on behalf of a nominator</li> <li>• Identifying or arranging a person to act as ‘nominee shareholder’ on behalf of a nominator</li> <li>• Acting as a ‘nominee shareholder’ for a client<sup>16</sup></li> <li>• Holding shares on behalf of another under instruction, including exercising voting rights and receiving (and distributing) dividends</li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>• Advising on nominee structures without acting as nominee</li> <li>• Acting as a nominee due solely to a court order</li> </ul>

**Table 9: Item 9 designated service**

<b>Item 9 designated service</b>	• Providing a registered office address or principal place of business address of a body corporate or legal arrangement
<b>Examples</b>	• Where your practice provides an address that clients may use and notify ASIC in the absence of a true office address <sup>17</sup>
<b>Exclusions</b>	• Offering a postal address not serving as a registered office or principal place of business

Once you have ascertained what designated services your practice provides, you need to identify the types of clients your practice engages with.

<sup>16</sup> Explanatory Memorandum, Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth), paras 392 and 393.

<sup>17</sup> Explanatory Memorandum, Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth), para 396.

## 1b. Conduct a client inventory

We suggest that legal practices conduct an inventory of all existing clients with ongoing matters and identify:

- the types of clients you deal with (for example, individuals, bodies corporate)
- matters that should be closed
- matters that should remain open
- clients that are likely to receive designated services from 1 July 2026.

For those open matters where it is likely the clients will receive designated services from 1 July 2026, these clients will be referred to as 'pre-commencement' clients, and your practice can continue providing designated services to these clients **without** doing initial CDD unless:

- a suspicious matter report (SMR) obligation arises in relation to the customer, or
- there is a significant change in the nature and purpose of the business relationship, which results in the customer's ML/TF risk being medium or high.

If the above circumstances arise and your practice is required to do initial CDD on any pre-commencement clients, we recommend preparing template client correspondence early, requesting the required information, and setting realistic timelines for client response. We have prepared template client correspondence (see Annexure 2) for your practice to adapt.

### Practical tip

If your practice has a client intake system in place that includes a process for checking for conflicts and reflects the practice's file opening and file management protocols, this system could be leveraged to conduct your practice's client inventory and initial customer due diligence.

Confirm what information your practice currently collects from clients through the onboarding and engagement letters and identify any additional information that you will be required to collect under your practice's initial customer due diligence obligations.

We recommend all small legal practices consider the following items when onboarding clients after 1 July 2026:

- Which customer types does your practice's clients typically fall within? For example, are they individuals, businesses, corporate entities, trusts?
- For non-individual customer types, who are your practice's ultimate clients? Does your practice understand the client's ownership structure enough to identify any beneficial owners?
- What countries does your practice deal with if your practice does not already collect this information? See page 26 of the Process document in the Starter Kit.

- Does your practice meet clients face to face, over the phone or online when onboarding?

For those clients that you currently provide services to and will continue to provide designated service to after 1 July 2026, ensure these client files are up to date and, where necessary, request additional information from the client.

### ! Important

AML/CTF reporting entities have privacy obligations under the *Privacy Act 1988* (Cth) and must be compliant with the 13 Privacy Principles under the Privacy Act.

Please refer to the Office of the Australian Information Commissioner (OAIC) [Privacy guidance for reporting entities under the AML/CTF Act](#) for further information.

### Starter Kit references

- **Legal Profession - Policy document** - Client - Pre-commencement client due diligence

### Additional resources

- [AUSTRAC guidance - Transitioning existing customers \(Reform\)](#)
- [OAIC - Privacy guidance for reporting entities under the Anti-Money Laundering and Counter-Terrorism Financing Act](#)

## 1c. Review the Risk Assessment to determine your firm's risk appetite

Each small practice firm relying on the Starter Kit and Conveyancing Kit will need to review the risk factor table for each designated service, client and delivery channel to determine which risk factors your practice is willing to accept as part of its operations and record the decision by selecting 'Yes' or 'No' in the 'Risk appetite' column.

A risk factor describes specific situations or characteristics that may increase ML/TF risks, such as:

- the types of designated services
- the type of client
- delivery channels used
- jurisdictions dealt with.

If you accept the risk factor, select 'Yes' in the risk appetite column. You do not need to explain how you will manage this risk in the risk assessment form, as you have accepted that the risk might happen. However, you do need to carefully consider the policies and procedures in the Starter Kit and ensure they are adopted to manage your practice's risk appetite and the risks you accept.

You might decide a certain risk factor in these sections is not applicable because your practice does not, for example:

- enter into engagements with the kind of client listed, or
- use a delivery channel or technology listed.

If that is the case, you should select 'No' in the risk appetite column and outline what steps you will take to avoid this risk.

The [Customise Guide](#) provides two examples of how this can be completed. Use the steps set out in the Guide to identify where your practice is most exposed to ML/TF activity so you understand where to direct the practice's resources. Examples of how each risk factor could be avoided are included below. It is important to note these are just examples. You should consider whether these examples are appropriate for your practice.

We have included more detail below about the relevant risk factors that may impact the designated services, the clients and the delivery channels relevant to your practice.

### Designated services: inherent risk assessment

The Risk Assessment lists each of the designated services that may be applicable to the legal profession. Your practice only needs to have regard to the inherent risk assessment of the designated services it provides.

This means that, if your legal practice only provides conveyancing services (AML/CTF Act, section 6, table 6, item 1) **and** assists in the disbursement of property sale proceeds (AML/CTF Act, section 6, table 6, item 3), you select 'Yes' to those services in the risk appetite column and 'No' in the risk appetite column for the other designated services not being provided by your practice.

Next, your practice will need to consider the risk factors of these designated services. For each risk factor, your practice will need to decide whether you are willing to accept the risk as part of your operations, considering the size of your practice, the services your practice provides, the clients your practice deals with, and your practice's ability to apply controls to avoid or mitigate the risk.

For example, if your practice decides it will not accept the risk of 'effective anonymity', you would select 'No' in the risk appetite column. In the final column, you could explain that you would avoid this risk by enforcing mandatory collection and verification of beneficial ownership information and that, if the client/potential client does not comply with your information request, your firm will not proceed with onboarding.

Examples of each designated service risk factor are outlined in Tables 10 and 11. As there are different risk factors to consider in designated services relating to conveyancing and other professional services, they have been separated into separate tables.

**Table 10: Conveyancing services**

Risk factor	Examples of how the risk could be avoided
<b>High-value and unfinanced transactions</b>	We obtain clear source of funds and source of wealth ( <b>SOF/SOW</b> ) evidence for the entire purchase price and trace funds from origin to settlement. If traceability is incomplete, routed through unrelated third parties or cannot be reasonably verified, we will not proceed to onboard the client.
<b>High-value physical currency transactions (if applicable)</b>	We ask the client to make the payment by bank transfer. If they refuse or do not comply, we will not proceed to onboard the client.
<b>Virtual assets</b>	We only facilitate property settlements for clients using fiat funds (e.g. AUD) received into our trust account from verified bank accounts and will not deal with virtual assets in any capacity. If a client only wishes to deal in virtual assets, we will not proceed to onboard the client.
<b>Unusual service requests</b>	We require a clear, documented economic or legal purpose for any requested service or transaction structure. Where the rationale is unclear, implausible or inconsistent with a standard conveyancing objective, we will not proceed to onboard the client.

Table 11: Other professional services

Risk factor	Examples of how the risk could be avoided
<b>High-value transactions</b>	We assess whether the size and complexity of the proposed transaction fits the client's profile, business operations and commercial history. Where a client seeks unusually large, rapid or out-of-profile transactions without a credible explanation and supporting evidence, we will not proceed to onboard the client.
<b>Unusual physical currency transactions</b>	We ask the client to make the payment by bank transfer. If they do not comply, we will not proceed to onboard the client.
<b>Unusual virtual asset transactions</b>	We only receive payments from clients in the form of using fiat funds (e.g. AUD) received into our trust account from verified bank accounts and will not deal with virtual assets in any capacity. If a client only wishes to deal in virtual assets, we will not proceed to onboard the client.
<b>Effective anonymity</b>	If we cannot collect clear, verifiable identification of all beneficial owners and controllers of client entities that enable us to conclusively establish beneficial ownership and conduct appropriate client due diligence, we will not proceed to onboard the client.
<b>Unusual service requests</b>	We require clients to explain the economic or legal purpose of any unusual instruction, structure or transaction, and we will assess whether it aligns with the matter type and the client's profile. Where the request lacks a plausible purpose, appears illogical or cannot be reasonably justified, we will not proceed to onboard the client.

### Client risk factors

The Risk Assessment lists each kind of client a reporting entity may provide designated services to. Your practice will need to review each of these client types and indicate whether your practice deals with these clients.

Next, review the list of client-related risk factors, their descriptions and the information provided as to why these risks create ML/TF vulnerability. If there are client risk factors that are not relevant to your firm, you would

select 'No' in the risk appetite column and detail how you will avoid that specific risk factor. For example, if you are a small practice that does not accept the risk associated with foreign PEPs, you would select 'No' in the risk appetite column and state that this risk would be avoided by performing regular PEP and sanctions screening on your clients and not proceeding with onboarding a client if the PEP screen returns a positive match. Examples for each client risk factor are outlined in Table 12.

Table 12: Client risk factors and examples

Risk factor	Example of how the risk could be avoided
<b>Individuals that you suspect have committed profit-generating offences</b>	We conduct enhanced due diligence on clients whose background, behaviour or transaction profile indicates possible involvement in profit-generating offences, including obtaining clear and legitimate evidence of a client's source of funds and source of wealth. Where a client is unable or unwilling to provide satisfactory information, we will not proceed to onboard the client.
<b>PEPs (domestic)</b>	We perform PEP screening on our clients. Where a client PEP screen returns a positive match, we will not proceed to onboard the client.
<b>PEPs (international organisations)</b>	We perform PEP screening on our clients. Where a client PEP screen returns a positive match, we will not proceed to onboard the client.
<b>PEPs (foreign)</b>	We perform PEP screening on our clients. Where a client PEP screen returns a positive match, we will not proceed to onboard the client.

Risk factor	Example of how the risk could be avoided
<b>Client's legal structures creating effective anonymity</b>	If we cannot collect clear, verifiable identification of all beneficial owners and controllers of client entities that enable us to conclusively establish beneficial ownership and control and conduct appropriate client due diligence, we will not proceed to onboard the client.
<b>Third party (for individuals)</b>	We confirm the person is acting on their own behalf.  We check to confirm that funds originate from accounts controlled by the client/clearly authorised sources, and we will not accept payments routed through third parties without a documented, legitimate basis (e.g. power of attorney, agency agreement etc.). If this cannot be done, we will not proceed to onboard the client.
<b>Clients with significant unexplained wealth</b>	Where the wealth appears unexplained, we require evidence of the source of wealth that forms a narrative explaining how the client accumulated their assets, such as financial statements, tax records or verified sale proceeds. Where the explanation is inconsistent, vague or cannot be reasonably verified with independent documentation, we will not proceed to onboard the client.
<b>Charities and non-profit organisations (NPOs)</b>	We assess whether the NPO's donation patterns, payment flows and financial controls are proportionate to its stated activities. Where large/irregular funding movements lack credible explanations or appear vulnerable to misuse, we will not proceed to onboard the client.
<b>Low-complexity clients</b>	We confirm that the client's profile, financial position and matter purpose are consistent with what we would normally expect for a low-complexity individual or structure. Where unexplained discrepancies arise or where the client's circumstances suggest hidden higher-risk factors, we will not proceed to onboard the client.

### Delivery channels

The Risk Assessment lists each of the applicable delivery channels a legal practice might use when providing designated services. You are required to review these delivery channels and indicate whether your small practice would use them.

Next, review the delivery-related risk factor and indicate whether your practice would accept that risk and, if not, how it would avoid it. In the Risk

Assessment, there is only one risk factor related to delivery channels – suspected false and fraudulent identities. If this risk factor is not within your practice's risk appetite and therefore you do not accept this risk, you can explain why your existing client onboarding practices are sufficient to ensure that suspected false and fraudulent identities can be detected by your firm and therefore avoided. An example for the delivery channel risk factor is outlined in Table 13.

**Table 13: Delivery channel risk channel example**

Risk factor	Example of how the risk could be avoided
<b>Suspected false and fraudulent identities</b>	We verify client identity using reliable, independent documentation and, where appropriate, digital verification tools that check document authenticity, biometrics and liveness. Where identity documents appear altered or inconsistent or fail verification checks, or where the client cannot provide satisfactory supporting information to confirm who they are, we will not proceed to onboard the client.

## Common ML/TF methods

The Risk Assessment contains examples of how criminals may use the legal profession to launder money and fund terrorism. For each method, the Risk Assessment explains how the ML/TF risk is created and provides examples of practical 'red flags' to be aware of.

We recommend reviewing these methods and removing the ones that are not relevant to your practice. For example, if you only deal with clients who are individuals, the common ML/TF methods pertaining to 'shell companies' and 'offshore companies and trusts' are not relevant to your practice and can be removed.

We also recommend including the following statement above the table of common ML/TF methods that you have deemed relevant to your practice:

*'We have reviewed and considered the list of typologies from AUSTRAC as being relevant to the legal profession. Below, we include the specific typologies that are relevant to our practice in the context of the designated services we provide and the clients we service.'*

### Why this matters

Each reporting entity is required to demonstrate the steps they have taken when undertaking their ML/TF risk assessment, and these steps will be evaluated as part of the reporting entity's independent evaluation (Section 5-10(2) of the AML/CTF Rules).

Explaining the process you have adopted when considering AUSTRAC's list of common ML/TF methods is an example of the 'steps' you have taken when undertaking your ML/TF risk assessment.

## Indicators of unusual or criminal behaviour

The Risk Assessment also contains a list of indicators of unusual or criminal behaviour broken down into indicators relevant to client profile and behaviour, transactions, delivery channels and jurisdictions. We recommend reviewing these indicators and retaining only those indicators that are relevant to your small legal practice. For example, if your practice only services clients based in Australia, the indicators relating to clients being based in high-risk jurisdictions can be removed.

To demonstrate that all personnel are aware of and can identify indicators of unusual or criminal behaviour that are relevant to your firm, we suggest:

- incorporating these into your practice's staff training programs
- circulating these indicators by email to all personnel
- displaying a list of these indicators in high traffic areas around the office, such as in the kitchen or above the photocopier.

## 1d. Identifying and risk rating countries

The Risk Assessment includes a table to document the countries your firm deals with and their risk rating.

We recommend that your legal practice list every country it deals with when providing a designated service. This includes countries that:

- to your knowledge, your clients are a resident of or located in when receiving a designated service (if they are an individual)
- your clients were incorporated in (if they are a body corporate or legal arrangement such as a trust)
- representatives, persons receiving the service on behalf of the client and beneficial owners are residents of or located in.

Next, you must assign a risk rating to each of these countries and decide whether each country is within your risk appetite.

To assist a risk rating to a country, legal practices need to:

- document the country's Basel AML Index risk rating
- identify if the country is listed on the high-risk country list by reviewing [the Financial Action Task Force \(FATF\) high-risk jurisdictions](#) or the Australian Government Department of Foreign Affairs and Trade (DFAT) [Consolidated List](#)
- assign a final country risk rating based on the above actions.

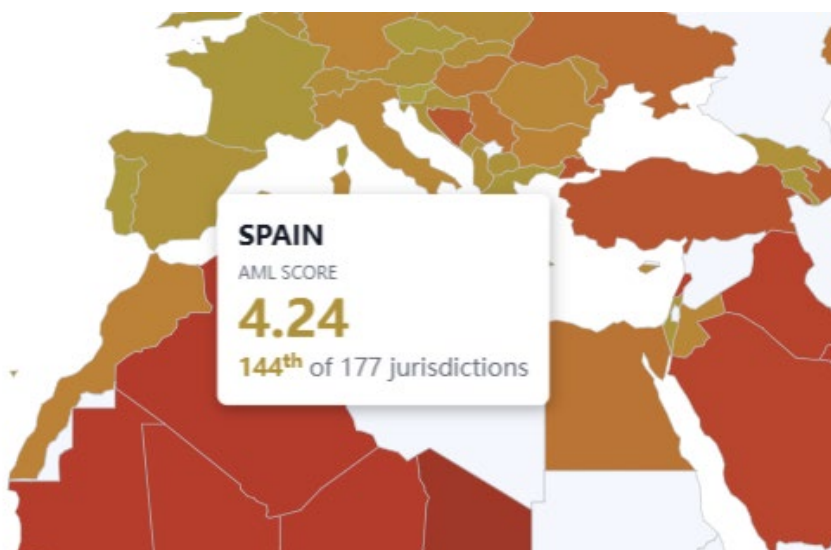
Once you have made your risk rating, your practice can then more easily determine if it is willing to accept its risk by indicating 'Yes' or 'No' in the Risk Assessment. For those countries marked 'No', your practice will need to document and apply the controls it will use to reduce or avoid the exposure.

### Basel AML Index risk rating

The [Basel AML Index](#) is an independent, data-based ranking and risk assessment tool for money laundering and related financial crime risks around the world. It provides risk scores for countries and jurisdictions based on data from 17 publicly available sources, such as the FATF, Transparency International, and the Global Initiative against Transnational Organized Crime. Your practice will need to identify each country's Basel AML Index risk rating by searching the Basel AML Index and selecting the relevant country.

For example, if dealing with clients who were either a resident of or incorporated in Spain, first review the Basel AML Index and confirm the country has a Basel AML Index risk rating of 4.24 (low) as per the screen shot in Figure 1.

Figure 1: Screenshot of the Basel AML Index risk rating for Spain



A Basel AML Index risk rating of under 5.00 is considered low. This risk rating can then be entered into the Basel AML Index risk rating column.

Table 14: Recording the Basel AML Index risk rating

Country	Basel AML risk rating	Listed in high risk country list [Yes/No]	Final country risk rating
Australia	Low	No	Low
Spain	Low	No	Low

Next, a check is needed to confirm that the country appears on the [FATF high-risk jurisdictions](#) or the [Consolidated List](#). Spain is not listed as a FATF high-risk jurisdiction, nor is it on the DFAT Consolidated List. In this scenario, enter 'No' in the 'Listed in high-risk country list' column and the final country risk rating of 'low' would be assigned to this country.

#### Important

Any country listed on the FATF list of high-risk jurisdictions or the DFAT Consolidated List is automatically assigned a high-risk rating despite its Basel AML Index rating.

#### Starter Kit references

- Legal profession - Customise guide
- Legal profession - Risk assessment - Conveyancing for the legal profession
- Legal profession - Risk assessment - Other professional services
- Legal profession - Process document - Update country risk ratings
- Legal profession - Process document - Updating inherent risk and risk factor ratings

#### Additional resources

- [AUSTRAC guidance - Identify and assess your risks: risk assessment \(Reform\)](#)
- [Basel AML Index methodology](#)
- [DFAT Consolidated List](#)
- [FATF high-risk and other monitored jurisdictions](#)

## Step 2: Personnel

### 2a. Identify and appoint key AML/CTF roles

Each legal practice must identify which of their practice areas will be involved in providing a designated service(s) and who will perform key AML/CTF duties within the firm.

The key AML/CTF roles each legal practice will need to appoint are as follows:

- **The governing body** has primary responsibility for your governance and executive decisions, empowers the AMLCO and oversees compliance at the highest level.<sup>18</sup> If your firm maintains a traditional ownership structure, this may include all equity partners within the partnership. Under the legislation, your firm's governing body must exercise appropriate ongoing oversight of the identification and assessment of the ML/TF risks in your practice's risk assessment. In addition, the governing body must take reasonable steps to ensure your practice is:
  - appropriately identifying, assessing, managing and mitigating its ML/TF risks
  - complying with its AML/CTF policies
  - complying with its AML/CTF obligations.<sup>19</sup>
- **The senior manager** makes, or is involved in making, decisions affecting all or a substantial part of the firm's business.<sup>20</sup> Examples of senior management within a legal practice may include a managing partner or chief executive officer.

- **The AMLCO** manages day-to-day AML/CTF compliance and ensures policies and procedures are implemented. Your practice's AMLCO does not need to be an AML/CTF expert. However, they must be employed or engaged at management level; have sufficient authority, independence and access to resources and information to ensure they can perform this role effectively; be a resident of Australia; and be a 'fit and proper' person.<sup>21</sup> You must appoint an AMLCO within 28 calendar dates of your legal practice providing a designated service and notify AUSTRAC of any changes to the AMLCO within 14 calendar days.<sup>22</sup>

To ensure compliance with your practice's AML/CTF obligations, each of these roles is required to be documented as part of your practice's AML/CTF Policy.<sup>23</sup>

### Implementation guidance

#### One individual performing multiple roles that have AML/CTF duties

If you are a sole principal firm or a small practice, it is likely the same individual will perform multiple roles across the governing body, senior management and AMLCO. We have prepared the following instructions on how to use the Starter Kit to assist in navigating these roles:

1. **Understand each role and its responsibilities:** The Starter Kit 'Assign responsibilities form' provides a roles and responsibilities matrix for each role, which we encourage you to review.
2. **Segregate duties - on paper and in practice:** Keep a decision log that records when you are acting in each capacity. For example, note when you are making a strategic decision as the governing body versus onboarding clients as the AMLCO.
3. **Maintain independence and objectivity:** When reviewing your own compliance as AML/CTF officer, document your rationale and any potential conflicts of interest. If possible, seek periodic external review or peer feedback (e.g. from another small firm principal) to enhance objectivity. For transparency, clearly record the basis for decisions.

<sup>18</sup> AML/CTF Act, sections 26H and 26P(2); and Anti-Money Laundering and Counter-Terrorism Financing Rules 2025 (Cth) (AML/CTF Rules), rule 5-6.

<sup>19</sup> This is a civil penalty provision where the governing body of a legal practice is personally responsible for compliance: AML/CTF Act, section 26H(3).

<sup>20</sup> AML/CTF Act, section 26P; and AML/CTF Rules, rule 5-9.

<sup>21</sup> AML/CTF Rules, rule 5-14.

<sup>22</sup> AML/CTF Act, sections 26K(1) and 26M.

<sup>23</sup> AML/CTF Act, section 26L.



### Governing body

When performing this role, we recommend you:

- ensure AML/CTF compliance is listed as a regular agenda item at all relevant management meetings and ensure minutes accurately capture all questions, discussions and decisions made
- allow a specific budget for AML/CTF training, AML/CTF technology/tools and general compliance
- ensure the AMLCO has full access to customer data and transactions and access to sufficient resources to ensure successful operation of necessary systems, controls, processes and procedure needed for compliance.

### Starter Kit references

- Legal profession - Policy document - Personnel - Fill key AML/CTF roles
- Legal profession - Policy document - Personnel - Personnel due diligence
- Legal profession - Process document - Adverse media check process
- Legal profession - Process document - Identify personnel process
- Legal profession - Personnel forms - AML/CTF roles form
- Legal profession - Personnel forms - Assign responsibilities form
- Legal profession - Personnel forms - Personnel due diligence form
- Legal profession - Personnel forms - Personnel due diligence for AML/CTF compliance officer form
- Legal profession - Personnel forms - Personnel due diligence where the compliance officer and governing body are the same person form

### Additional resources

- [AUSTRAC guidance - Establish your governance framework](#)

## 2b. Conducting due diligence

### Obligation at a glance

Each legal practice that is providing a designated service is required to undertake personnel due diligence (PDD) on all personnel in roles that have AML/CTF duties.

The purpose of undertaking PDD of these personnel is to assess:

- their skill, knowledge and expertise relevant to their AML/CTF responsibilities
- their integrity.<sup>24</sup>

The AMLCO is subject to additional PDD to ensure they are a fit and proper person to perform that role.<sup>25</sup>

### Implementation guidance

The Starter Kit is designed to assist legal practices in:

- identifying who can perform roles with AML/CTF duties
- assessing staff suitability and competence through PDD
- recording initial and ongoing training requirements.

The PDD form is divided into the following steps:

1. **Personnel information:** Information about the candidate, their position and reason for due diligence check is recorded.
2. **Check existing licensing registration:** Information about the candidate's practising certificate is recorded (if applicable).
3. **Collection and verification of required information:** The evidence you collected as part of due diligence is noted. For AMLCOs who do not hold a practising certificate, this includes National Police Checks, which can be ordered online through the Australian Federal Police (AFP).<sup>26</sup> Bankruptcy Register searches can be ordered online through the Australian Financial Security Authority, with results becoming immediately available.<sup>27</sup>
4. **Assessment of eligibility (only applicable for governing body or senior manager):** Supporting information needs to be provided to demonstrate that the relevant personnel:
  - has primary responsibility for governance and executive level decision (in the case of the governing body), or
  - can make or influence decisions affecting the whole or a substantial part of your practice (in the case of a senior manager).

5. **Assessment of suitability:** An individual's integrity, competence and any adverse findings are addressed. This can be addressed by confirming an individual holds a valid practising certificate. For those in roles that have AML/CTF duties but do not hold a current practising certificate, or where you, regardless, have any reasonable doubts about their integrity and competence to fulfil their AML/CTF role, when completing this section, we recommend utilising sources like training records, reference checks, professional or academic certification and bankruptcy checks. Relevant adverse findings could include criminal history, history of employment-related misconduct, being listed on the Australian Prudential Regulation Authority's Disqualified Individuals list and ASIC's Banned and Disqualified Registers or cancellation of a solicitor's practising certificate.
6. **Decision:** Include a rationale for your decision that specifically highlights whether the candidate has the required experience and expertise to perform the role and whether any other adverse matters have been identified through the fit and proper assessment.
7. **Ongoing due diligence:** To be discussed in further detail in Part 2 of this document.
8. **Record keeping:** The completed form and supporting evidence is required to be retained for at least seven years.

### Starter Kit references

- Legal profession – Policy document – Personnel – Personnel due diligence
- Legal profession – Process document – Adverse media check process
- Legal profession – Process document – Identify personnel process
- Legal profession – Personnel forms – Personnel due diligence form
- Legal profession – Personnel forms – Personnel due diligence for AML/CTF compliance officer form
- Legal profession – Personnel forms – Personnel due diligence where the compliance officer and governing body are the same person form

### Additional resources

- [AUSTRAC guidance – Personnel due diligence \(PDD\)](#)
- [AUSTRAC guidance – Examples of personnel due diligence and training in practice \(Reform\)](#)

<sup>24</sup> AML/CTF Act, section 26F(4)(d); and AML/CTF Rules, rule 5-8.

<sup>25</sup> AML/CTF Rules, rule 5-14.

<sup>26</sup> For National Police Checks, see the Australian Federal Police, National Police Checks, <https://www.afp.gov.au/our-services/national-police-checks>, accessed 8 March 2026.

<sup>27</sup> For Bankruptcy Register searches, see the Australian Financial Security Authority, Bankruptcy Register search, <https://www.afsa.gov.au/online-services-help/bankruptcy-register-search>, accessed 8 March 2026.

## 2c. Provision of AML/CTF training to staff performing roles with AML/CTF duties

### Obligation at a glance

Each legal practice providing designated services must provide initial and ongoing AML/CTF training to personnel with AML/CTF responsibilities.<sup>28</sup> AUSTRAC expects legal practices to tailor their training to ensure it is relevant to their operations and their personnel and AML/CTF role they perform.<sup>29</sup>

### Implementation guidance

Personnel training ensures staff in roles with AML/CTF duties understand their responsibilities and are familiar with the procedures and policies they must follow to manage and mitigate the firm's ML/TF risks.

The Starter Kit policy is designed to assist your smaller firm in:

- defining your training approach, including the timing, content and delivery of such training
- understanding the training content required for each role.

When customising this section of the Starter Kit, your practice will need to consider:

- what training delivery methods your practice will use
- whether your practice will incorporate scenario-based learning
- how your practice will assess whether your staff understand the training material
- how your practice will track and record training completion, assessment results and refresher training dates.

AUSTRAC provides e-learning modules, education and guidance that can be used as part of your AML/CTF training but do not fully address all of the staff training requirements, particularly for your more senior staff, such as your AMLCO and governing body. Additional training will need to be provided that focuses on the risks faced by your practice and is tailored to the functions performed by staff.

AUSTRAC has indicated the following types of activities can be used to demonstrate compliance with your practice's AML/CTF training obligations:

- online training courses or certifications
- in-person training courses
- on-the-job training, especially if there is a ML/TF risk specific to certain roles
- review of publications on current/relevant AML/CTF issues
- participation in industry events or seminars
- regular communication with employees by email, intranet updates or newsletters
- informal education, such as day-to-day supervision, mentoring and peer review.

In Annexure 1 of this Guide, the Law Society provides a basic AML/CTF training program that your legal practice may adapt and use.

#### Starter Kit references

- [Legal profession - Policy document - Personnel - Personnel training](#)

#### Additional resources

- [AUSTRAC guidance - AML/CTF training](#)
- [The Law Society of New South Wales AML/CTF Hub](#)
- [LawInform](#)

<sup>28</sup> AML/CTF Act, section 26F(4)(e); and AML/CTF Rules, rule 5-9.

<sup>29</sup> AUSTRAC, [AML/CTF training \(Reform\)](#), AUSTRAC website, 15 December 2025, accessed 8 March 2026.

## Step 3: Clients

### 3a. Review the sanctions and politically exposed persons check processes

#### Obligation at a glance

Under the legislation, each legal practice is required to establish on reasonable grounds if any of the following individuals are a PEP before providing a customer with a designated service:

- the customer
- any person acting on behalf of the customer
- any beneficial owner of the customer
- any person on whose behalf the customer is receiving a designated service.<sup>30</sup>

PEPs are individuals entrusted with significant public responsibilities and power. PEPs also include individuals who have a particular connection to those who have significant public responsibilities and power, such as an immediate family member. These people can be targets for bribery or corruption because they hold positions of power or influence or have close associations with such people. Because of this, legal practices must assess the ML/TF risks of each customer, including PEPs, on a case-by-case basis.

AUSTRAC has developed [specific guidance](#) on what a PEP is (including examples of the three different categories of PEPs) and the process involved in establishing and identifying a PEP.

Your practice's AML/CTF policies must outline how it will establish if a person is a PEP. The Starter Kit policy addresses this through the sanctions check and PEP check components of the process document.

#### Sanctions check process

The sanctions check process includes the following steps:

1. Download the latest version of the Department of Foreign Affairs and Trade (DFAT) Consolidated List (the List), which contains a list of all current persons sanctioned by Australia.
2. Search for the person's name in the List to identify any exact or close matches.
3. If the person is a close or exact match for a person appearing on the List:
  - inform the senior manager(s) or AMLCO
  - stop all client activity and freeze any client assets under the control of the practice
  - notify the Australian Sanctions Office and the AFP.

#### The politically exposed persons check process

The PEP check process includes the following steps:

1. Review the client's onboarding form and identify whether they have disclosed that they are, or any representatives or beneficial owners are, PEPs.
2. If an individual client or other related individual has disclosed that they are or have formerly been a PEP, practices are required to search their name and other information they have provided online using a search engine (review the first three pages of results) to verify their claim.
3. For any other individuals, practices will need to conduct an online search for those individuals to check that they are not, or have never been, a PEP (the PEP check process includes the relevant search prompts to use).
4. If the individual is a foreign PEP, they are considered by AUSTRAC to be a high-risk client. AUSTRAC guidance provides that businesses need to complete the 'Enhanced customer due diligence' form, and Source of Funds and Source of Wealth checks are mandatory for the PEP.
5. Document in the 'Initial customer due diligence' form the results of PEP checks performed.

If your practice chooses to adapt the above processes or use a different approach, such as utilising a service like World-Check, this will need to be updated in the customer due diligence component of the Starter Kit policy to reflect your practice's approach.

### 3b. Review processes for high-risk and complex clients

If, as part of the customisation of your practice's Risk Assessment, your practice permits engagements with high-risk clients, there is a requirement to complete additional enhanced customer due diligence processes. These processes are discussed in further detail in Part 2.

<sup>30</sup> AML/CTF Act, sections 26F(1), 28 and 26F(3)(b); and AML/CTF Rules, rule 5-5.

### 3c. Update customer due diligence policies, processes and forms

#### Customer due diligence forms

The Starter Kit and Conveyancing Kit include a library of initial CDD forms for each type of client. They are to be used by smaller legal practices once they have updated them to cater for any changes made to the:

- Risk Assessment, or
- processes set out above.

The Customise Guide makes it clear that each firm can use its own forms or systems by integrating the AML/CTF requirements from the Starter Kit forms into its existing onboarding documents and processes.

Once your practice adopts or customises the CDD forms or the content is integrated into the existing processes, they can be used to:

- engage a new client
- undertake initial CDD
- escalate significant issues
- act on escalations
- undertake ongoing monitoring throughout the client relationship and keep information up to date.

#### Customer due diligence policies and processes

If your legal practice updates its existing onboarding documents and processes with the AML/CTF requirements, this will need to be reflected in your practice's AML/CTF process and policy documents. The Customise Guide steps you through this process.

#### Example

If you determine your existing client onboarding processes used to collect client information already address some of the fields in the onboarding system, instead of using the forms in the Starter Kit, you may decide to uplift your existing onboarding system to capture any additional required information. In your AML/CTF policy you would need to describe how your existing onboarding system will capture the required client information and update your AML/CTF process documents to educate staff on how to use the onboarding system to capture this additional information.

### 3d. Establish systems to terminate retainers with clients and avoid tipping them off if you have reported them to AUSTRAC

There may be occasions where your practice needs to consider terminating a retainer with a client because continuing to act would result in a failure to comply with AML/CTF obligations. See Annexure 3 for suggested wording to terminate a retainer without 'tipping off' the client that you have reported, or will report, them to AUSTRAC.<sup>31</sup>

One example of a situation where you may need to terminate your retainer with the client is where your practice is unable to collect the necessary identification information from the client. In this situation, your practice may seek to terminate the retainer in a manner that is consistent with your professional responsibilities and ethical obligations. The Starter Kit policy addresses termination of a client retainer, and the Customise Guide steps through the processes of reviewing and updating both your AML/CTF policy document, as well as any standard agreements or terms.

#### Implementation guidance

In the Starter Kit and Conveyancing Kit, AUSTRAC has noted it is working with the legal profession to co-design policies that align with upcoming changes to legal professional responsibilities and ethical obligations. We understand the Law Council of Australia will also be delivering guidance on this.

<sup>31</sup> Under section 123 of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), it is an offence to disclose to another person (other than to an AUSTRAC entrusted person) certain information, including that a suspicious matter report has been made, if the disclosure of that information would or could reasonably be expected to prejudice an investigation under section 123(1)(d).

In the meantime, we suggest your practice consider updating all client engagement letters to include clauses reflecting the following:

<p><b>Anti-money laundering and counter-terrorism financing framework (AML/CTF framework)</b></p>	<p>Our firm is, or may become, subject to obligations under Australia’s Anti-Money Laundering and Counter-Terrorism Financing framework) (<b>AML/CTF Framework</b>). The primary legislation under the <i>AML/CTF Framework is the Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth). To comply with these obligations, we may be required to collect and verify information about you, any beneficial owners, and the nature and purpose of the services we are engaged to provide. This may include identification information, beneficial ownership details, information regarding the source of funds or source of wealth, and other information reasonably required for us to conduct customer due diligence.</p> <p>Any information provided to us for this purpose will be kept by us in accordance with the AML/CTF Framework, the <i>Privacy Act 1988</i> (Cth) and other applicable laws..</p>
<p><b>Client cooperation and ongoing disclosure</b></p>	<p>You agree to provide us with all information and documentation we reasonably request to meet our obligations under the AML/CTF Framework. This includes identity verification documents, details of beneficial ownership or control, information regarding the source of funds or source of wealth relevant to the engagement, and any updates to that information as circumstances change.</p> <p>You acknowledge that:</p> <ol style="list-style-type: none"> <li>a. we may be required to request additional information from you during the course of the engagement</li> <li>b. we may be required to report certain transactions or activities to AUSTRAC without notifying you</li> <li>c. if you fail to provide the requested information, or if we suspect that information provided is false, misleading, incomplete or cannot be verified, this may restrict or prevent our ability to act for you and may require us to suspend work or terminate the engagement.</li> </ol>
<p><b>Right to decline or terminate engagement</b></p>	<p>We reserve the right to refuse to accept instructions, suspend our services or terminate this engagement if:</p> <ol style="list-style-type: none"> <li>a. we are unable to complete customer due diligence to our satisfaction or in accordance with the AML/CTF Framework</li> <li>b. information necessary for us to comply with the AML/CTF Framework is not provided or cannot be verified, or</li> <li>c. continuing to act is, or would be, inconsistent with our ethical duties or professional responsibilities or the terms of our retainer.</li> </ol> <p>Depending on the circumstances, legislation may prohibit us from providing reasons for terminating the retainer. However, where permitted, we will notify you if such actions are taken. We will not be liable for any loss you may suffer arising from our decision to refuse, suspend or cease acting in these circumstances.</p>
<p><b>Record keeping and reporting</b></p>	<p>We must keep any records we obtain for AML/CTF law purposes for seven years and also complete an annual report to the Australian Transaction Reports and Analysis Centre (AUSTRAC). The annual report includes details about how we have met our AML/CTF obligations.</p> <p>You should be aware that the AML/CTF Framework require us to report certain matters, such as any suspected money laundering, to AUSTRAC; and the AML/CTF Framework also prohibit us from informing you that we have done so.</p>
<p><b>Consent and ongoing obligations</b></p>	<p>You agree to provide accurate and up-to-date information on request and to notify us of any changes to personal or beneficial ownership details. You acknowledge that failure to provide such information may affect our ability to act for you.</p>

## Step 4: Document and implement the approved AML/CTF program

### Obligation at a glance

Under the AML/CTF Act, each legal practice must have an AML/CTF program that is:

- documented<sup>32</sup>
- approved by the appointed senior manager<sup>33</sup>
- implemented into the practice.<sup>34</sup>

This process involves:

- gathering the practice's customised policies, processes and forms
- ensuring any customised processes are reflected in the related policy
- obtaining senior manager approval of the program
- starting to implement the approved program.

### Implementation guidance

Page 30 of the Customise Guide sets out the process to obtain senior manager approval based on the actions taken in steps 1-3 outlined above.

The senior manager is required to review the program to confirm:

- the documents accurately reflect how the program will operate in practice
- any customisations made to the Starter Kit are consistent across all documents
- the program meets the practice's AML/CTF obligations.

We recommend each document includes a version history table outlining the date of approval and the name and role of the individual approving the document.

#### Important

Senior managers are responsible for reviewing and approving the firm's AML/CTF program, and your practice's governing body should be **advised** once the AML/CTF program has been approved.

When implementing the approved AML/CTF program, your practice will need to consider how it will utilise the existing systems (for example, through your practice management software or customer relationship management (CRM) platform) and whether any updates to those systems are required.

<sup>32</sup> AML/CTF Act, section 116.

<sup>33</sup> AML/CTF Act, section 26F(4)(c).

<sup>34</sup> AML/CTF Act, section 26A.

# Step 5: Prepare to enrol with AUSTRAC

If a legal practice intends to provide a designated service with a geographical link to Australia, the practice must enrol with AUSTRAC within 28 days after commencing providing the designated service.<sup>35</sup>

Legal practitioners can enrol from 31 March 2026 through the AUSTRAC Online portal. If the practitioner is providing designated services on 1 July 2026, they will need to be enrolled by 29 July 2026.

AUSTRAC Online allows you to:

- enrol your practice details with AUSTRAC
- view, maintain and update your practice's information within your AUSTRAC Online account
- submit transactions and compliance reports.

In order to enrol your practice or to gain user access to AUSTRAC Online, sign up for an account by first providing an email address as shown in Figures 2 and 3. Once your email address has been verified, you will be redirected to the user account sign-up page as shown in Figure 4.

**Figure 2: Providing your email address through AUSTRAC Online**

### GETTING STARTED WITH AUSTRAC ONLINE

AUSTRAC Online allows you to provide and receive information from AUSTRAC and assists you to meet your obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and the *Financial Transactions Reports Act 1988*.

AUSTRAC Online allows you to:

- [enrol or register](#) your business details with AUSTRAC
- view and maintain your own information within your AUSTRAC account
- submit transaction and compliance reports.

In order to enrol a new business or gain user access to AUSTRAC Online, you will need to sign up for an account by providing an email address.

The screenshot shows a sign-up form with an 'Email Address' input field. Below it is a reCAPTCHA section with the text 'I'm not a robot' and a reCAPTCHA logo. At the bottom of the form is a dark blue button labeled 'VERIFY'.

Once your account has been created you will be able to log in to [AUSTRAC Online](#).

**Figure 3: Verifying your email address through AUSTRAC Online**

The screenshot shows an email verification page. At the top is the AUSTRAC logo and the slogan 'FIGHTING FINANCIAL CRIME TOGETHER'. The main text says: 'This email has been generated by AUSTRAC to verify your email address to sign up for a user account. Please click the button below to verify your email address to continue to sign up for a user account.' Below this is a dark blue button labeled 'Verify'. Underneath, it says 'or copy/paste the following URL in your web browser' followed by a long URL: <https://auth.austrac.gov.au:443/auth/XUI/?authIndexValue=ValidateEmail&authIndexType=service&realm=/re-realm&suspendedId=CgO3uepIf08qGwIVSBSJzOQNFru>. A note at the bottom states: 'Note: The verification link expires after 15 minutes. If you do not proceed within this time, please return to the AUSTRAC Online login page and click on the 'Sign up to enrol a new business' button.'

**Figure 4: User account sign-up page**

### SIGN UP FOR A USER ACCOUNT

Enter your details to proceed with creating your account.

The screenshot shows a sign-up form with two input fields: 'Given Name' and 'Family Name'. Below these fields is a dark blue button labeled 'NEXT'.

When enrolling, legal practices must provide information about their designated services, information about themselves as the reporting entity and information about the individual completing the enrolment.<sup>36</sup>

<sup>35</sup> AML/CTF Act, sections 51A-51B(1); and AML/CTF Rules, rules 3-2, 3-3 and 3-5.

<sup>36</sup> AML/CTF Act, sections 51A-51B(1); and AML/CTF Rules, rules 3-2, 3-3 and 3-5.

## Information about a legal practitioner's designated services

As part of the enrolment process, legal practices must provide:

- a description of the designated services they intend to provide
- the date they intend to commence providing these services
- the industry in which the legal practice will provide the designated services
- whether the legal practice will provide the services at or through:
  - a permanent establishment in Australia
  - a permanent establishment in a foreign country
  - a permanent establishment overseas as a subsidiary of an Australian resident company.

## Information about the reporting entity

As part of the enrolment process, legal practices must provide:

- their full name and any registered or trading names
- their Australian Business Number (**ABN**), Australian Company Number (**ACN**), Australian Registered Body Number (**ARB**) and/or Australian Registered Scheme Number (**ARS**) (as applicable)
- their registered office address
- their principal place of business or operations in Australia
- their legal form (e.g. partnership, incorporated limited partnership (**ILP**), trust)
- number of employees
- their telephone number and email address
- domain names for all websites through which services are provided (if any)
- a description of the practice or business
- the names of any beneficial owners

- approximate annual turnover for the most recent financial year
- Legal Entity Identifier (**LEI**), if applicable, and details of the issuing organisation
- the name, position and email address of a contact person for communications under the *Australian Transaction Reports and Analysis Centre Industry Contribution Act 2011* (Cth)
- whether they were a small business entity (as defined in section 328-110 of the *Income Tax Assessment Act 1997* (Cth)) for the previous income year
- details of any professional or industry associations of which they are a member
- information about the individual completing the enrolment.

The individual completing the legal practice's enrolment must provide:

- their full name
- their job title or position
- their role or relationship with the applicant
- their telephone number and email address
- a declaration that the information provided is true and correct.

### Starter Kit references

- Legal profession - Policy document - Maintain our AML/CTF program - AUSTRAC enrolment
- Legal profession - Process document - AUSTRAC enrolment process

### Additional resources

- [AUSTRAC guidance: Enrol or register](#)
- [AUSTRAC User guide: Enrol a new business with us](#)
- [AUSTRAC User guide: Business profile](#)
- [AUSTRAC User guide: General AUSTRAC Online support](#)



Part 2:  
How to implement the  
Starter Kit and use your  
AML/CTF program

# Overview

Implementing your Starter Kit means using the policy and procedures to manage the inherent ML/TF risks within your practice that you identified when you carried out the risk assessment of your practice.

For legal practices, ML/TF risks are managed predominantly by ensuring that:

- you have the right staff in the right role(s) and that they are appropriately trained
- your practice conducts proper CDD
- your practice is compliant with AUSTRAC reporting requirements.

## Personnel

### Initial and ongoing due diligence

Please refer to Part 1 of this Guide for information regarding conducting initial PDD on your legal practice's personnel, and how to ensure that your PDD systems and processes are adequate.

While not strictly required by legislation, AUSTRAC encourages legal practices to perform ongoing PDD on an annual basis. AUSTRAC is of the view that any person with a key AML/CTF role must self-report any circumstances that may impact their suitability as soon as practicable. If a person is no longer suitable, the practice must take appropriate action as outlined under your practice's AML/CTF policy.

In AUSTRAC's view, ongoing PDD requires legal practices to reassess the suitability of a person for a role as soon as practicable if there are circumstances identified that may impact their suitability. This includes circumstances that may affect their integrity and competence.

Additional triggers to complete ongoing PDD could also include (but are not limited to):

- changes in the role or responsibility of the employee
- adverse information arises such as negative media or regulatory investigations about that individual
- behavioural risks, including negative performance reviews, breaches of internal policies or failure to complete or maintain professional certifications required for their role.

#### Starter Kit references

- Legal profession - Policy document - Personnel - Personnel due diligence
- Legal profession - Process document - Adverse media check process
- Legal profession - Process document - Identify personnel process
- Legal profession - Personnel forms - Personnel due diligence form
- Legal profession - Personnel forms - Personnel due diligence for AML/CTF compliance officer form
- Legal profession - Personnel forms - Personnel due diligence where the compliance officer and governing body are the same person form

#### Additional resources

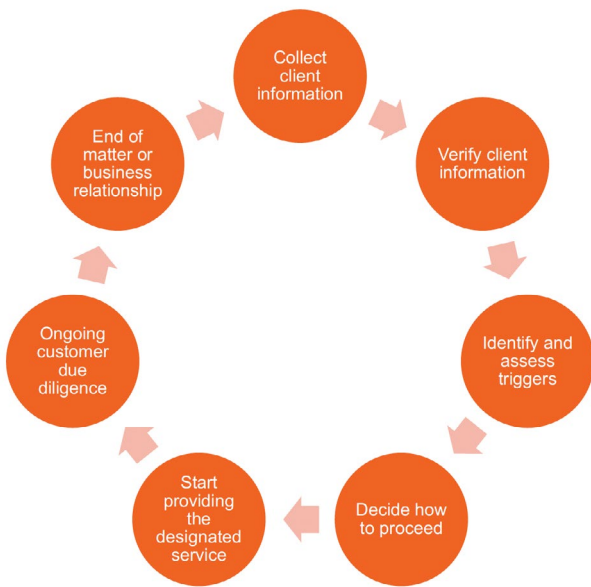
- [AUSTRAC guidance - Personnel due diligence \(PDD\)](#)
- [AUSTRAC guidance - Examples of personnel due diligence and training in practice \(Reform\)](#)

# Clients

## Dealing with clients

Each legal practice is required to use their AML/CTF program to manage the ML/TF risks of all clients, adjusting the level of controls (including enhanced, initial or simplified CDD) based on the risk rating of the client. The Starter Kit can be used to deal with clients over the full client life cycle, from onboarding through to the end of the business relationship, as shown in Figure 5 below.

Figure 5: Client life cycle



Source: AUSTRAC

AUSTRAC have provided examples of how the Starter Kit and Conveyancing Kit work in practice when dealing with low, medium and high-risk clients. These examples can be found at [‘Legal profession program starter kit: examples of dealing with clients’](#) on the AUSTRAC website.

## Initial client due diligence

### Obligation at a glance

Initial CDD is designed to:

- identify clients and their representatives, beneficiaries and beneficial owners
- identify clients’ ML/TF risk
- manage and mitigate this ML/TF risk.

Prior to providing a client with a designated service, each legal practice is required to complete initial CDD by establishing on reasonable grounds:<sup>37</sup>

- the identity of the customer
- the identity of any person on whose behalf the customer is receiving a designated service (such as a beneficiary of a trust or foreign equivalent)
- the identity of any person acting on behalf of the customer and their authority to act
- if the customer is not an individual, the identity of any beneficial owners of the customer
- whether the customer, any beneficial owners of the customer, any person on whose behalf the customer is receiving the designated service or any person acting on behalf of the customer is a PEP or designated for targeted financial sanctions
- the nature and purpose of the business relationship or occasional transaction<sup>38</sup>
- the identity of the individual who is the chief executive officer (or equivalent) of the client in circumstances where the client is a body corporate, partnership or unincorporated association and the legal practice establishes on reasonable grounds that the client does not have any beneficial owners<sup>39</sup>
- the client’s source of wealth and source of funds when enhanced due diligence is required<sup>40</sup>
- the source of wealth and source of funds of the client, any beneficial owner of the client or any person on whose behalf the client is receiving the designated service if:
  - they are a foreign PEP
  - they are a domestic PEP and the ML/TF risk of that client is high, or
  - they are an international organisation PEP and the ML/TF risk of the customer is high.

37 AML/CTF Act, section 28(1).

38 AML/CTF Act, section 28(2).

39 AML/CTF Rules, rule 6-8(2)-(3).

40 AML/CTF Rules, rule 6-21.

In the case of providing conveyancing services related to the sale, purchase or transfer of real estate, you can start helping a buyer or transferee in a real estate transaction before you complete initial CDD (known as delayed initial CDD). However, you must complete initial CDD 15 days after the exchange of contracts or before settlement (whichever is earliest).

The 'Initial customer due diligence' component of the Starter Kit policy document, coupled with the initial CDD forms for each customer type, assists legal practices in complying with this obligation.

### Implementation guidance

#### Initial client due diligence timeframes

The Starter Kit and Conveyancing Kit recognise that a legal practice's relationships with their clients and the services they provide are often fluid, changing throughout the course of the business relationship.

It is AUSTRAC's view that initial CDD should be conducted between the window of:

- reasonably concluding that an engagement may involve providing a designated service, and
- starting to provide a designated service.

In practical terms, and to leverage your existing systems and controls, you may wish to carry out initial CDD once the client has accepted a proposal / fee estimate and is in the process of entering into a retainer with the practice.

#### Pitfalls to avoid when conducting initial due diligence

The following situations have been identified as common initial CDD failures:

- being only familiar with one client, to the extent that that client is relied upon to provide information relevant, or on behalf of, another client - for example, if the legal practitioner usually deals with the husband and therefore relies only on the information the husband provides rather than collecting and verifying the wife's information
- acting on instructions through an agent and failing to have direct contact with the client
- relying on identification documents that are unfamiliar, are unusual, have no photo, have no signature, etc
- failing to identify and address any discrepancies in identification.

### 'Reasonable grounds'

Establishing a matter on reasonable grounds requires meeting an objective test, which can be described as determining whether a reasonable person would assess the same facts and circumstances and reach the same conclusion. In practice, this may mean that, if there are inconsistencies or discrepancies in information provided by or in relation to a customer, the matter to which that information relates has not been established on reasonable grounds unless the inconsistencies or discrepancies are removed or clarified. Removing or clarifying inconsistencies or discrepancies will require additional steps to be taken, possibly including collecting additional information.

If a matter that is required to be established on reasonable grounds before the practice commences to provide a designated service to a customer cannot be established on reasonable grounds, the firm must not commence to provide the designated service.

#### Starter Kit references

- Legal profession - Policy document - Clients - Initial customer due diligence
- Legal profession - Process document - Sanctions check process
- Legal profession - Process document - Politically exposed persons check process
- Legal profession - Process document - Adverse media check process
- Legal profession - Client forms - Conveyancing services (All initial customer due diligence and Onboarding forms)
- Legal profession - Client forms - Other professional services (All initial customer due diligence and Onboarding forms)

#### Additional resources

- [AUSTRAC guidance - Overview of customer due diligence \(Reform\)](#)
- [AUSTRAC guidance - Assigning customer risk ratings \(Reform\)](#)
- [AUSTRAC guidance - Initial customer due diligence \(Reform\)](#)
- [AUSTRAC guidance - Overview of reliance on customer identification by a third party](#)

## Ongoing client due diligence

### Obligation at a glance

Under the legislation, once you have started providing a designated service, each legal practice will need to monitor their client relationships over the course of the matter to appropriately identify, assess, manage and mitigate ML/TF risks.<sup>41</sup>

This includes:

- monitoring client risk profiles
- reviewing and updating (if necessary) client information
- verifying if there are changes to the client’s business or ownership structure
- being alert to any indicators of unusual or criminal behaviour that require further investigation.<sup>42</sup>

Your AML/CTF policies must set out how you:

- monitor for unusual transactions and behaviours and criminal activity
- review and, where appropriate, update and reverify customer’s ‘Know your client’ (KYC) information
- review and, where appropriate, update assessment of the customer’s ML/TF risk
- respond to unusual transactions and behaviours and additional ML/TF risks during ongoing CDD
- ensure your ongoing monitoring is working effectively
- maintain records to demonstrate how you complied with your ongoing CDD obligations.<sup>43</sup>

For a small practice, ongoing customer due diligence will most likely be ‘reactive’ and involve reviewing and updating KYC information for clients with whom you have an ongoing business relationship where that involves the provision of a designated service. Reviews will be carried out either on a set periodic basis or when risk based triggers arise. This approach helps the practice identify new risks and ensure the client’s ML/TF risk assessment remains accurate and up to date.

### Implementation guidance

The ongoing customer due diligence component of the Starter Kit policy coupled with the ‘Periodic review and update’ and ‘Trigger event review and update’ forms assist legal practices to demonstrate compliance with this obligation.

### Periodic review and update form

We recommend integrating the ongoing monitoring ‘Periodic review and update’ form into your practice’s workflow, with periodic reminders (maximum of three years) in line with your practice’s policies and customer’s risk level. Periodic reviews should be conducted on all clients you have a business relationship with.

### Trigger event review and update form

The ‘Trigger event review and update’ form lists the trigger events for a review and update of client information and ML/TF risk.

These events include ‘unusual transactions or behaviour identified’. A list of unusual transactions or behaviour indicators can be found on page 30 of the Starter Kit Risk Assessment. For the Conveyancing Risk Assessment, this is at page 22.

#### Starter Kit references

- Legal profession – Risk assessment - Conveyancing for the legal profession
- Legal profession – Risk assessment - Other professional services
- Legal profession – Policy document – Clients - Ongoing customer due diligence
- Legal profession – Process document – Client risk rating and ongoing client due diligence process
- Legal profession – Process document – Politically exposed persons check process
- Legal Profession – Customer forms – Periodic review and update form
- Legal Profession – Customer forms – Trigger event review and update form

#### Additional resources

- [AUSTRAC guidance - Overview of customer due diligence \(Reform\)](#)
- [AUSTRAC guidance - Ongoing customer due diligence \(Reform\)](#)
- [AUSTRAC - Risk insights and indicators of suspicious activity for legal professionals](#)

41 AML/CTF Act, section 30(1).

42 AML/CTF Act, section 30(2) and (5); AML/CTF Rules, rules 6-24, 6-25 and 6-35.

43 AML/CTF Act, section 26F.

## Enhanced customer due diligence

### Obligation at a glance

Under the legislation, each legal practice providing designated services must conduct enhanced CDD where a client presents a higher ML/TF risk.<sup>44</sup>

The circumstances in which enhanced CDD must be applied are summarised in Figure 6 below. Please note that the provision of a designated service as part of a nested service relationship is unlikely to be applicable to you and your practice. However, we recommend you seek legal advice if you are unsure.

Enhanced CDD must occur either before the relationship with a high-risk client commences (as part of initial CDD) or before a high-risk transaction occurs (as part of ongoing CDD). In practical terms, this means enhanced CDD must occur before entering a client retainer or before work commences on a new matter with an existing client. Enhanced CDD can include a combination of collecting and/or verifying additional client information and conducting additional open-source searches and adverse media checks.

Enhanced CDD may include any action the firm deems appropriate in the circumstances having regard to the specific nature or cause for the enhanced CDD being undertaken.

Generally, a firm could carry out one or more of the following:

- a. Seek further customer information from the

customer, beneficial owner or other sources, including by undertaking such measures as:

- i. clarifying or updating customer information or beneficial owner information
  - ii. obtaining any further customer information or beneficial owner information, including collecting information about the source of wealth and source of funds for the customer and each beneficial owner
  - iii. clarifying the nature of the customer’s ongoing business with the firm.
- b. Undertake a more detailed analysis of the KYC information of the customer or beneficial owner, including, where appropriate, of the source of wealth and funds for the customer and beneficial owners.
  - c. Verify or reverify the KYC information of the customer or beneficial owner, including, where appropriate, the source of wealth and funds for the customer and beneficial owners.
  - d. Undertake more detailed analysis and monitoring of the customer’s past and future transactions, such as the purpose, reason for or nature of specific transactions and the expected nature and level of transaction behaviour (including future transactions).
  - e. Escalate matter to the AMLCO to review and approve.

Note: while the AUSTRAC image in Figure 6 indicates that an SMR may trigger enhanced CDD, this will not be applicable if the retainer requires termination. For more information regarding SMRs and termination of retainers, please refer to Annexure 3.

Figure 6: When to apply enhanced CDD



Source: AUSTRAC Guidance - Enhanced customer due diligence (Reform)

<sup>44</sup> AML/CTF Act, section 32; and AML/CTF Rules, rule 6-21.

## Implementation guidance

Legal practices can use the enhanced CDD form contained in the Starter Kit to assist in demonstrating compliance with their enhanced CDD.

If your practice management system contains a client portal, practices may wish to request additional information and/or documentation from the client through this channel.

The list of free sources below will assist firms to conduct enhanced CDD:

- [ASIC registers](#) – perform company and director checks, business name, banned/disqualified registers (free basic info).
- [ABN Lookup / Australian Business Register \(ABR\)](#) – confirm ABN, entity name and status if these have not already been confirmed through the ASIC register search.
- [DFAT Consolidated Sanctions list](#) – check whether individuals/entities are designated for Australian sanctions.
- [ACNC Charity Register](#) – check registration and public filings only relevant if client is/not-for-profit.
- Public media / internet search engines – identify customers who are subject to relevant adverse media. This can be done using keyword Boolean searches (e.g. ‘Customer name’ AND ‘Crime’ or ‘Customer name’ AND ‘Money laundering’).

### Important

When interacting with a customer during enhanced CDD, law firms must ensure they manage their tipping-off obligations by framing any inquiries as ‘a general requirement under AML/CTF legislation and in accordance with the firm’s policies’, rather than because the client’s behaviour was suspicious.

Depending on whether your firm uses practice management software, you may wish to consider reaching out to your provider, as several providers have partnered with vendors who can assist in performing automatic screening KYC solutions.

## Starter Kit references

- Legal profession – Policy document – Client – Escalation and enhanced CDD
- Legal profession – Process document – Politically exposed persons check process
- Legal profession – Process document – Sanctions persons check process
- Legal profession – Process document – Beneficial ownership process
- Legal profession – Process document – Escalating matters to the AML/CTF compliance officer process
- Legal Profession – Customer forms – Enhanced CDD form
- Legal Profession – Customer forms – Escalation form
- Legal Profession – Customer forms – Escalations register
- Legal Profession – Customer forms – Unusual activity report information form
- Legal Profession – Customer forms – Unusual activity report review form

## Additional resources

- [AUSTRAC guidance – Enhanced customer due diligence](#)
- [AUSTRAC guidance – Politically exposed persons \(PEP\)](#)
- [AUSTRAC guidance – Persons designated for targeted financial sanctions \(TFS\)](#)
- [AUSTRAC guidance – Source of funds and source of wealth \(Reform\)](#)

## Reporting

### Obligation at a glance

Under the legislation, each legal practice which provides designated services must prepare and submit certain reports to AUSTRAC. Unless your legal practice deals with cash or the transfer of funds into and out of Australia, the most relevant reports to your practice will be:

- **Compliance reports:** Annual compliance reports detail how your practice met your obligations the previous calendar year.<sup>45</sup>
- **Suspicious Matter Reports (SMR):** An SMR must be submitted to AUSTRAC if your practice suspect on reasonable grounds that:
  - information you have may be relevant to crime
  - a customer, a future customer or their agent is not who they claim to be, or
  - a person is planning an ML/TF offence using a designated service.<sup>46</sup>

Aside from reports to be submitted to AUSTRAC, your practice's AMLCOs must also provide the governing body with a report at least annually addressing your firm's compliance with its AML/CTF program.

### Implementation guidance

#### General compliance

To ensure your legal practice is complying with its reporting obligations, we recommend you take the following steps:

- Understand the types of reports required to be submitted to AUSTRAC and when
- Become familiar with the AUSTRAC reporting templates available through [AUSTRAC Online](#) to ensure information is captured consistently. AUSTRAC has prepared a series of [user guides](#) which provide examples of various reporting requirements and methods of reporting available through AUSTRAC Online
- Schedule automated reminders for reporting timeframes within your practice management system to ensure you comply with the relevant reporting timeframes.

### Compliance reports

Compliance reports need to be submitted by 31 March every year.<sup>47</sup> It usually takes a few weeks to collate all the necessary data and ensure that data has been reviewed and reviewed by the relevant stakeholders. Therefore, we suggest your practice consider scheduling automated reminders for reporting timeframes within your practice management system to ensure compliance with the relevant reporting timeframes.

### Suspicious matter reports

Suspicious matter reports must be lodged within 24 hours of forming the suspicion if it relates to terrorism financing or three business days for other suspicions (unless privilege applies).<sup>48</sup>

If all the information making up the grounds of suspicion in an SMR is subject to legal professional privilege (**LPP**), you do not need to submit an SMR or an LPP form.<sup>49</sup> An LPP form is a written notice, in a form approved by AUSTRAC's CEO, that specifies the basis on which any relevant information is privileged from being given or produced on the grounds of LPP.

If only part of the information is subject to LPP, and the suspicion relates to the financing of terrorism, an LPP form must be completed and an SMR submitted to AUSTRAC within 24 hours after the time the suspicion is formed. This SMR should omit the privileged or potentially privileged information but attach the LPP form. If the suspicion does not relate to the financing of terrorism, the LPP form must be lodged within five business days.<sup>50</sup>

When you decide an SMR is necessary, we strongly recommend that you cease to act for the client, as continuing to act may be in breach of the *Legal Profession Uniform Law Australian Solicitors' Conduct Rules 2015*. See Annexure 2 for suggested wording to use with the client to avoid 'tipping off' (see page 42 for guidance on tipping off).

### Annual report from the AMLCO

The Starter Kit and Conveyancing Kit include a template 'Annual report for the governing body' form that contains sections for all the information the AMLCO is required to inform the governing body about.

45 AUSTRAC, Future compilation of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), section 47(1)-(3), 12 December 2024; and AML/CTF Rules, rule 9-9.

46 AUSTRAC, Future compilation of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), section 41(1), 12 December 2024; and AML/CTF Rules, rules 5-11, 5-12, 9-2, 9-3 and 9-4.

47 AML/CTF Rules, rule 5-7.

48 AML/CTF Act, section 41(2)(a)-(b).

49 AML/CTF Act, section 41(2A).

50 AML/CTF Act, section 41(2)(aa)-(3)(aa).

The report provides information about your firm’s AML/CTF program’s operation and effectiveness and outlines:

- key compliance activities
- testing results
- recommendations for improvement.

The ‘Annual report to the governing body process’ component of the process document provides instructions on how to prepare this form.

Your practice **does not** need to use this form if the:

- practice is an individual (such as a sole trader), or
- the governing body is also the AMLCO.

We recommend this report be scheduled for distribution in the fourth quarter of the calendar year to ensure the governing body is adequately prepared for the submission of your practice’s compliance report to AUSTRAC.

#### Starter Kits: departure from AML/CTF legislation

While the reporting component of the Starter Kit and Conveyancing Kit have been prepared to ensure a legal practice meets all reporting obligations under the AML/CTF Act and Rules, this section also includes internal reporting obligations pertaining to unusual activity reports (**UARs**) which are not a requirement under the AML/CTF Act and Rules.

This reporting obligation is focused on ensuring potentially suspicious client activity is escalated to the AMLCO. In our view, this can be combined with the ‘Escalation form’ and developed into an automated workflow within a legal practice’s practice management software.

While it may be appropriate and beneficial in some instances for a legal practice to include, in their AML/CTF policies, elements that are not required by the AML/CTF framework, bear in mind that a reporting entity must comply with its AML/CTF policies (section 26G of the AML/CTF Act).

#### Starter Kit references

- Legal profession - Policy - Clients - Reporting
- Legal profession - Process document - Source of funds and source of wealth check process
- Legal profession - Process document - Annual report to the governing body process
- Legal profession - Process document - Annual compliance report process
- Legal profession - Maintain program forms - Annual report to the governing body form

#### Additional resources

- [AUSTRAC guidance - Suspicious matter reports \(Reform\)](#)
- [AUSTRAC guidance - Annual compliance reports](#)
- [AUSTRAC guidance - Legal professional privilege \(Reform\)](#)
- [AUSTRAC Online guides and resources](#)

## Tipping off

### Obligation at a glance

Under the legislation, it is a criminal offence to disclose certain types of information to another person where it would or could reasonably be expected to prejudice an investigation. This is known as 'tipping off' and includes information:

- about an SMR you have lodged
- about an obligation has arisen to lodge an SMR
- you are required to give to AUSTRAC in response to a notice from them.<sup>51</sup>

Tipping off can lead to criminals changing or hiding their illegal activities and can prejudice investigations. For example, it could prejudice an investigation if information:

- gets back to a person who may be involved in criminal activity
- gets back to someone they are associated with, or
- is publicly released.

### Implementation guidance

Remember, it is not 'tipping off' to ask for further information as part of your practice's CDD process. If your practice cannot get the information needed, this may be cause for further concern and lead you to become suspicious.

To lower the risk that you commit this offence, legal practices should:

- train personnel to ensure they understand the offence. AUSTRAC has provided a 'Tipping off' regulatory quick guide which can be circulated by email to staff or printed off and displayed in high traffic areas around the office
- encourage personnel to use neutral language when communicating with a client to avoid tipping-off activity
- review user access rights and restrictions within your practice management system so that information relating to SMRs is restricted to only those who need to know about it. This could involve configuring your practice management systems to lock down SMR-related notes to authorised users and incorporating matter 'flags' that do not reveal the nature of the suspicion (i.e. insert a 'compliance review required' flag). Use secure communication channels for escalations (for example, an internal compliance inbox or protected workflows).

### Exception for lawyers

Lawyers are not liable for the tipping off offence for good faith disclosures for the purpose of dissuading their clients from engaging in criminal conduct. For example, if you believe a client is about to commit an offence, you may say, 'We strongly advise you not to proceed, as it may constitute a reportable criminal offence'.

This disclosure is permitted **solely** to dissuade the client from committing a crime (section 123(4) of the AML/CTF Act). However, in the absence of additional guidance from AUSTRAC as to how this exception will operate, the Law Society recommends you do not make any client disclosures pertaining to SMRs against them.

### Starter Kit references

- Legal profession - Risk assessment - Conveyancing for the legal profession
- Legal profession - Risk assessment - Other professional services
- Legal profession - Policy document - Clients - Tipping off

### Additional resources

- [AUSTRAC guidance - Tipping off](#)

<sup>51</sup> AML/CTF Act, section 123; and AML/CTF Rules, rule 5-13.

# Part 3: Maintain the AML/CTF program

# General

## Obligations at a glance

Under the legislation, each legal practice providing designated services must regularly review (and update to address any issues identified) its AML/CTF program at least once every three years, and:

- when relevant guidance is received by the practice from AUSTRAC, or
- when there has been a significant change to:
  - the designated services provided
  - the delivery of those designated services
  - customer types
  - jurisdictions you deal with in providing designated services
  - any new or emerging technologies related to the designated services or how they are provided.<sup>52</sup>

## Implementation guidance

Your practice's AML/CTF program is not static and needs to remain current as risks, operations and regulatory expectations change.

The Starter Kit policy includes AML/CTF review triggers, which are designed to identify new or emerging risks, confirm the suitability of current controls, identify gaps and make updates where required.

These triggers include:

- **Significant changes to your services, delivery channels, countries or clients you deal with:** For example, when you introduce, change or stop providing a specific designated service, you will need to change the delivery channel that your practice utilises to provide that designated service or begin or stop servicing specific client sectors or jurisdictions.
- **Changes to ML/TF risk:** This includes new or emerging risks identified internally or externally.
- **Regulatory or legislative updates:** For example, this might be receiving AUSTRAC communication or media releases and updates about new risk assessments or AUSTRAC enforcement action.
- **Adverse findings from an independent evaluation:** Where an independent evaluation report identified issues with parts of your practice's AML/CTF program, those issues will need to be addressed as soon as practicable.
- **Internal incidents or control failures:** This might be where your practice identifies a breach, error or process issue with your practice's AML/CTF controls.

- **Scheduled periodic reviews:** This includes conducting periodic effectiveness checks (see page 31 of the Starter Kit policy for further detail).

When these review triggers occur, your practice will need to:

- review and update the risk assessment to address any issues identified
- confirm whether risks remain within your risk appetite
- update controls where required
- update affected policies, processes and forms
- communicate changes and provide training if needed.

### Top tips

#### Timeframe and alerts

Schedule regular internal reviews of your AML/CTF program through your practice's practice management software to ensure all documents are current and consistent with AUSTRAC guidance. The calendar function within the practice management software can send reminders to relevant personnel and be synced to their email. Rather than merely adding the due date of the review into your practice's legal calendaring function or email software, adding additional 'commence review' and 'finalise review' reminders may also be useful.

#### AUSTRAC communications

The [AUSTRAC InBrief](#) publication is a quarterly newsletter that contains information about:

- policy or legislative changes and what they mean for reporting entities
- how reporting entities can keep on top of their AML/CTF obligations
- webinars and upcoming events
- the latest financial crime guides and ML/TF risk assessments.

We suggest your practice subscribe to both AUSTRAC InBrief and AUSTRAC's media releases and updates to ensure the most up-to-date information from AUSTRAC is being received.

#### AML/CTF compliance officer changes

Legal practices should be aware they will need to update the relevant sections of their AML/CTF policy in circumstances where their AML/CTF compliance officer changes.

<sup>52</sup> AML/CTF Act, section 26F(3)(c)(i)(ii)-(d); and AML/CTF Rules, rule 5-4.

### Starter Kit references

- Legal profession - Policy document - Maintain our AML/CTF program - Maintain our AML/CTF program
- Legal profession - Policy document - Maintain our AML/CTF program - Conduct periodic effectiveness checks and reports
- Legal profession - Process document - Updating inherent risk and risk factor ratings
- Legal profession - Process document - Independent evaluation
- Legal profession - Process document - Update country risk ratings
- Legal profession - Process document - AUSTRAC communications
- Legal profession - Maintain program forms - Maintain your AML/CTF program form
- Legal profession - Maintain program forms - Independent evaluation response form
- Legal profession - Maintain program forms - all relevant Effectiveness Check forms

### Additional resources

- [AUSTRAC guidance - Review and update your AML/CTF program \(Reform\)](#)

## Independent evaluations

### Obligation at a glance

Under the AML/CTF Act, each legal practice providing designated services must have its AML/CTF program independently evaluated at least every three years.<sup>53</sup> This independent evaluation considers how the legal practice undertook its ML/TF risk assessment and prepared its AML/CTF policies against the requirements of the AML/CTF Act, the AML/CTF Rules and any associated regulations.<sup>54</sup>

From AUSTRAC's exposure draft of the Anti-Money Laundering and Counter-Terrorism Financing Transitional Rules 2026 (released 9 February 2026), the first independent evaluation of the reporting entity's AML/CTF program is taken to comply with the requirements of the reporting entity's AML/CTF policies regarding frequency of independent evaluations if that evaluation is conducted before whichever of the following dates applies:

- if the last two digits of the reporting entity's enrolment identifier are both odd numbers - 30 June 2029
- if the second-last digit of the reporting entity's enrolment identifier is an odd number and the last digit is an even number - 31 December 2029
- if the last two digits of the reporting entity's enrolment identifier are both even numbers - 30 June 2030
- if the second-last digit of the reporting entity's enrolment identifier is an even number and the last digit is an odd number - 31 December 2030.<sup>55</sup>

Each independent evaluation must be in written form and provided to the governing body.<sup>56</sup>

<sup>53</sup> AML/CTF Act, section 26F(4)

<sup>54</sup> AML/CTF Act, section 26F(4)(f); and AML/CTF Rules, rule 5-10(2)(a-e).

<sup>55</sup> AML/CTF Rules, rule 17, Anti-Money Laundering and Counter-Terrorism Financing Transitional Rules 2026

<sup>56</sup> AML/CTF Rules, rule 5-10(2)(f).

## Implementation guidance

The Starter Kit process document sets out the steps for arranging, conducting and finalising an independent evaluation of your practice's AML/CTF program.

In preparation for an independent evaluation, we encourage your practice to retain evidence of all risk assessments, onboarding forms, PEPs and sanction screening logs, and personnel training records.

When choosing who to conduct the review, aside from the mandatory independent and qualified requirements, we recommend ensuring your practice's preferred provider:

- understands the ML/TF risks associated with the legal industry
- is familiar with the existing systems and controls used by the legal sector, such as the various types of practice management software
- is flexible enough in their approach to follow the independent evaluation process set out in the Starter Kit and Conveyancing Kit (some providers may have rigid reporting practices).

Each independent evaluation report should include a methodology, findings rated by severity, and a prioritised remediation plan.

### Starter Kit references

- Legal profession - Policy document - Maintain our AML/CTF program - Independent evaluations
- Legal profession - Process document - Independent evaluation process
- Legal profession - Maintain program forms - Independent evaluation response form

### Additional resources

- [AUSTRAC guidance - Review and update your AML/CTF program \(Reform\)](#)

## Record keeping

### Obligation at a glance

Under the legislation, each legal practice that provides designated services must keep the following records:

- CDD<sup>57</sup>
- transaction information<sup>58</sup>
- AML/CTF program records.<sup>59</sup>

### Implementation guidance

The Starter Kit policy addresses the 'how' and 'when' components of this record-keeping obligation, and we have included additional information regarding the 'what' and 'why' components of the obligation.

'Records' can include:

- contracts and agreements
- relevant details of identification documents
- emails and other correspondence
- senior manager approvals
- audio and video files
- reports
- transaction details
- meeting minutes
- logs and databases
- software code.

AUSTRAC understands that the types of records retained vary by industry. For example, a pub or club with electronic gaming machines (pokies) might keep surveillance footage as a record for a particular suspicious matter report, whereas legal practices may rely on their trust account records.

### Customer due diligence records

Each legal practice is required to make and keep records that are reasonably necessary to demonstrate compliance with its initial, ongoing, simple and enhanced CDD obligations. These records need to illustrate:

- what customer information you collected
- the steps taken to verify the information collected
- the analysis, identification or assessment of ML/TF risk, or decision making that explains why the level of CDD was applied.

Each legal practice is required to retain CDD records for seven years from when either the:

- provision of an occasional transaction is complete
- business relationship ends.

<sup>57</sup> AML/CTF Act, section 111.

<sup>58</sup> AML/CTF Act, sections 107-108.

<sup>59</sup> AML/CTF Act, section 116.

**! Important**

For AML/CTF purposes, legal practices are not required to make copies of the identification documents provided as part of CDD. Instead, practices must keep records of what was done to identify the customer and what information they provided.

For example, if the customer presents a passport, practices must record the passport details used to verify their identity, rather than making a copy.

Examples of records your practice should retain to demonstrate its compliance with this requirement include:

- policies and procedures detailing when and how the practice performs CDD
- client retainers which contain onboarding information
- outcomes of identity verification for customers such as results from the document verification service
- file notes from calls or meetings documenting updated information
- CRM or practice management system logs showing changes to client contact information or beneficial ownership details.

**Transaction information**

Each legal practice is required to make and keep sufficient records to allow the reconstruction of individual transactions relating to the provision of the designated service to the customer.

In the context of the designated services being provided by a legal practice, these transactions will most likely be matter specific or relate to the payment of your retainer and include details such as:

- the amount and date of each payment
- what payment method was used – for example, cash, credit card, bank transfer
- any relevant client information
- any receipts of payments or invoices for services rendered which may provide additional context.

**AML/CTF program records**

Each legal practice is required to make and keep records that are reasonably necessary to demonstrate they are compliant with their AML/CTF program obligations, including records relating to:

- ML/TF risk assessments
- AML/CTF policies
- responsibilities of governing bodies
- the AMLCO
- program documentation and approvals.

One way legal practices can demonstrate compliance with this obligation is to ensure each relevant document (ML/TF risk assessment, AML/CTF program and supporting processes and procedures) is by recording approval dates and version history.

Examples of the types of records which would be relevant here would include:

- completed AUSTRAC ‘Business profile’ form and enrolment confirmation
- training materials, schedules and records of attendance
- any communications received from AUSTRAC
- copies of reports made to AUSTRAC, as well as supporting documentation.

**! Important**

When demonstrating compliance with your practice’s governance and oversight obligations generally, as well as the associated record-keeping requirements, we strongly encourage practices to retain meeting agendas and minutes and ensure that these minutes outline all discussions on AML/CTF compliance and the reasons behind any decisions and actions taken.

**General tips about record keeping**

Electronic copies of records described above are acceptable, provided they are accessible, legible and secure. We suggest storing clients’ CDD records within your practice’s practice management system.

Establish a central location within your document management system for all AUSTRAC reports to simplify audit preparation and demonstrate a clear reporting trail.

With regard to personal information of personnel, clients or other parties collected, we suggest consulting the [OAIC’s guidance](#) measures in relation to the collection and storage of personal information.

**Starter Kit references**

- [Legal profession - Policy document - Maintain our AML/CTF program - Record keeping](#)

**Additional resources**

- [AUSTRAC guidance - Record keeping \(Reform\)](#)
- [OAIC - Guide to securing personal information](#)



# Annexures

## Template training program

Training	Delivery channel	Required attendees	Frequency (induction, annually, as required)	Evidence (attendance logs, assessment results, copies of training materials)
Completion of AUSTRAC e-learning modules 1-9	Online	All personnel with roles that have AML/CTF duties, including client-facing personnel, the governing body, AMLCO and senior manager	Upon commencement of role	Screenshots of module completion
AML/CTF governance	External instructor-led training	Governing body, AMLCO and senior manager	At induction and every two years, or as needed	Attendance logs and copies of training materials
Training on CDD policies and procedures	On-the-job, face-to-face training	Roles that have AML/CTF duties, including client-facing personnel	As part of role onboarding and when risks change	Incorporated into key performance indicators and personnel performance discussions
AML/CTF continuing professional development courses provided by state-based law societies	Online	Governing body, AMLCO and senior manager.	Annually	Attendance logs
Circulation of relevant AUSTRAC <i>InBrief</i> newsletter articles	Email	All personnel with AML/CTF responsibilities, including client-facing personnel, the governing body, AMLCO and senior manager	Ongoing	Email read receipts
Topic-specific awareness campaigns (i.e. SMRs) using AUSTRAC factsheet resources	Emails/posters/agenda items in office meetings	All personnel with AML/CTF responsibilities, including client-facing personnel, the governing body, AMLCO and senior manager	Ongoing	Copies of awareness information

## Client correspondence - request for information (existing clients)

(You can place this on your letterhead)

Subject: Update to Your Client Information - Upcoming AML/CTF Requirements

Dear [Client Name],

As part of reforms to Australia's Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) laws, certain legal services will soon be subject to new regulatory obligations. These obligations commence in 2026 and require legal practices to hold up-to-date information about clients for whom we provide these services.

To ensure we are prepared, we are undertaking a firm-wide update of our client records. This applies to both new and long-standing clients and is not an indication of any concern relating to you or your matters.

We kindly ask you to complete the attached [insert name of form] and return it together with any requested identification documents by [date].

OR [provide instructions on how the client can log into the client portal and complete the information that way].

This information will help us:

- verify your identity (or the identity of relevant individuals if a company or trust)
- understand ownership and control structures where relevant
- meet our obligations to maintain accurate, current records.

The information you provide will be used solely to comply with our legal obligations and for the purpose of continuing to provide services to you. This information will be handled and stored in accordance with your privacy policy [insert link].

If you have any questions or would like assistance in completing the form, please contact us on [contact details]. We appreciate your cooperation as we implement these nationally mandated requirements.

Kind regards,

[Name]

[Title / Partner / Director]

[Legal practice Name]

## Guidance on terminating a retainer

Careful consideration should be given prior to terminating a retainer with a client. Remember, unusual behaviour or activity does not necessarily mean that your client is carrying out, or intends to carry out, illegal activity.

You should always consider whether the information you have amounts to an obligation to submit a suspicious matter report (SMR) under section 41 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act) and if any relevant advice should be sought.

Once a suspicion on reasonable grounds has been formed, a reporting obligation will arise, so consideration at an initial stage is important, as making an SMR about a client will require you to terminate a client engagement.

You should terminate a client engagement if you are required to make an SMR regarding them under section 41 of the AML/CTF Act or are required to respond to a notice issued under section 49 or 49B of the AML/CTF Act and become aware that your client is likely using your services to facilitate an illegal activity.

This is because, after you have made an SMR, or formed a view that you are required to make an SMR, you are unable to act in the best interest of your client as required by rule 4.1 of the *Legal Profession Uniform Law Australian Solicitors' Conduct Rules 2015* (ASCR). This conflict of interest is made more pronounced by the fact that, under section 123 of the AML/CTF Act, you are unable to inform your client that you have made, or will make, an SMR regarding them and therefore cannot obtain the client's consent to continue to act.

Making or forming the intention to make an SMR about your client means you suspect, on reasonable grounds, that the client (or their agent) is not who they claim to be, may be relevant to an office or is planning a money laundering or terrorism financing offence using a designated service.<sup>60</sup>

Having such information means that you are also unlikely to be able to exercise your paramount duty to the court and to the administration of justice (ASCR rule 3.1) if you continue to act for the client in providing a designated service that may allow them to commit a crime.<sup>61</sup>

While there may be very different circumstances in which you think an SMR might need to be made, to assist you in meeting your ethical and professional obligations, we have prepared some examples of possible wording you might use to terminate a retainer with a client without 'tipping off', which is an offence under section 123 of the AML/CTF Act.

Where you can provide your client with reasonable notice that you are terminating the agreement (ASCR

rule 13.1.3), you should do so. However, precisely when the retainer needs to be terminated will depend on the facts of the matter and whether prolonging the termination will bring you into conflict with your paramount duty to the court and the administration of justice, which prevails to the extent of inconsistency with any other duty (ASCR rule 3.1).

Remember, in terminating a retainer, AUSTRAC's guidance is that you must not:

- inform your client that their retainer was terminated due to their suspicious activity,
- provide them with information that establishes that you submitted an SMR, or
- tell them that you are required to submit an SMR.<sup>62</sup>

### General wording

Dear XXX

*Having further carefully considered the service requirements of your matter, we regret to inform you that [name of legal practice] is unable to continue to act for you in this matter.*

*Your matter requires us to act in a manner that is inconsistent with our professional obligations and the legislative requirements we must comply with.*

*We have therefore concluded that we are unable to continue to act in your best interests.*

*Our engagement with you will terminate on [insert date]. We will ensure all files are transferred to you or, if you prefer, to another legal representative if you have notified us of their contact details for the receipt of the files.*

### If the client is not forthcoming with information needed for initial, enhanced or ongoing customer due diligence

Dear XXX

*As you are aware, [name of legal practice] is required to conduct customer due diligence and keep our client records up to date under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and Legal Profession Uniform Law.*

*As we have not received the necessary information from you by the requested date of [insert date], [insert name of legal practice] has determined that, in accordance with our retainer agreement, we are unable to continue to act for you.*

*Our engagement with you will terminate on [insert date]. We will ensure all files are transferred to you or, if you prefer, to another legal representative if you have notified us of their contact details for the receipt of the files.*

<sup>60</sup> See *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), section 41; AUSTRAC; [Suspicious matter reports \(Reform\)](#), AUSTRAC website, 15 December 2025, accessed 2 March 2026.

<sup>61</sup> See *Legal Profession Uniform Law Australian Solicitors' Conduct Rules 2015* (NSW), rule 3.1.

<sup>62</sup> See AUSTRAC, [Suspicious matter reports \(Reform\)](#), 15 December 2025, accessed 2 March 2026.

This combined risk assessment is completely drawn from the AUSTRAC Conveyancing and Starter Kits.

## Risk assessment



This risk assessment is designed for legal professionals who provide conveyancing services and/or other professional services as captured by the designated services set out in the 'Designated services: inherent risk' section below.

Your practice needs to have a money laundering, terrorism financing and proliferation financing (PF) (we refer to these as ML/TF) risk assessment.

A risk assessment will help your practice identify and assess the ML/TF risks about the:

- services you provide
- clients and jurisdictions you deal with
- delivery channels you use to provide services.

These inform how you develop other processes in your anti-money laundering and counter-terrorism financing (AML/CTF) program by ensuring that controls are proportionate to the level of risk you identify.

Under this system, a client will have either a:

- **High risk rating:** At least one high ML/TF risk factor is present or the information you have otherwise warrants this rating. For example, indicators from this risk assessment suggest a client is not who they claim to be.
- **Medium risk rating:** There are at least **two medium ML/TF risk factors** present or the information you have otherwise warrants this rating (moderate vulnerabilities to ML/TF present).
- **Low risk rating:** A high or medium ML/TF risk rating is not warranted under the tests above.

You will also need to update this risk assessment to reflect changes in ML/TF risk (refer to your Maintain our AML/CTF program policy).

### Risk ratings overview

The ratings and descriptions in the table below are used throughout the risk assessment.

Rating	Description
High	Represents significant potential ML/TF impact, major damage or effect. Potentially involving serious money laundering, terrorism or proliferation activity. Requires strong and proactive controls. Controls include: <ul style="list-style-type: none"> <li>• enhanced customer due diligence (CDD)</li> <li>• gathering more information about the client at onboarding (simplified CDD cannot be used)</li> <li>• ongoing monitoring</li> <li>• more frequent periodic reviews (every year).</li> </ul>
Medium	Represents moderate potential ML/TF impact with a potential for adverse outcomes if controls do not appropriately manage and mitigate the risk. Controls include: <ul style="list-style-type: none"> <li>• gathering more information about the client at onboarding (simplified CDD cannot be used)</li> <li>• ongoing monitoring</li> <li>• periodic reviews every two years.</li> </ul>
Low	Represents minor or negligible potential ML/TF impact, with limited inherent exposure that can be easily contained. Can be managed effectively through standard policies, including simplified CDD on onboarding, monitoring and periodic reviews every three years.

The ratings have been reached by considering different risk factors that may make your practice vulnerable to exploitation. This is how easily criminals could exploit your designated services to launder money, finance terrorist acts or obtain weapons of mass destruction.

To do this, we have considered whether your designated services:

- could be exploited to conceal the identity or source of wealth or source of funds of a person
- could be easily accessed and used
- could allow value to be raised, moved or stored
- are known to be exploited by criminals.

To create your risk assessment, you need to understand the inherent risks and other risk factors associated with providing your designated services.

Based on the sources (see [Risk assessment sources](#)), we have provided a list of inherent risks and risk factors known to be relevant to sectors that work directly with real estate and provide other legal professional services. The risk factors and ratings set out in the risk assessment have been used to develop the controls and processes that form the rest of the AML/CTF program.

Other elements of the program will draw directly on these risk factors to sort your clients into low, medium and high ML/TF risk categories. More thorough checks will apply to higher risk clients.

### Money laundering: inherent risk

The 2024 money laundering national risk assessment assesses money laundering vulnerabilities for conveyancers, legal professionals, and trust and company service providers. As the vulnerabilities for both groups apply to the designated services in this risk assessment, inherent risks for both groups have been provided here.

Australia’s 2024 money laundering national risk assessment assesses:

- legal professionals as posing a high and stable vulnerability to money laundering
- trust and company service providers as posing a medium and stable vulnerability to money laundering.

It is expected that:

- legal professionals will continue to pose a high vulnerability to money laundering, providing access to a range of critical products, services and structures desired by criminals
- trust and company service providers will continue to pose a medium vulnerability to money laundering because their services and expertise are desired by criminals.

### Conveyancing

Australia is one of the most attractive real estate markets globally. Australia’s 2024 money laundering national risk assessment assessed real estate as having a very high and stable money laundering vulnerability. Criminals can exploit real estate at all stages of the money laundering cycle.

It is expected that real estate will continue to pose a high money laundering vulnerability driven largely by the market’s stability and high value.

Between July 2020 and June 2023, law enforcement authorities seized over \$62 million in real estate as part of proceeds of crime investigations. Notably, the sector also attracts significant foreign criminal investors looking to legitimise illicit funds.

Risk rating	Rationale
High	Real estate is highly vulnerable to exploitation by criminals when laundering money obtained from serious crimes. This means that conveyancers are vulnerable to exploitation by criminals who need help purchasing or selling properties with the proceeds of crime.

### Legal professionals

The involvement of legal professionals as facilitators for money laundering is recognised both domestically and internationally as an enduring vulnerability. Australian Government agencies report the exploitation of legal professionals as a key component of the criminal practice model.

Legal professionals conduct a range of services that benefit criminals in the money laundering process, including:

- operating trust and other accounts to deposit, hold and disburse client funds
- facilitating real estate, business and asset transactions, including purchase, sale, transfer of ownership and financing arrangements
- establishing and administering complex domestic and offshore legal structures.

Secondary reporting by Australian banks demonstrates that legal professionals handle large volumes of cash and facilitate a large volume of incoming and outgoing international funds transfers. This increases vulnerability to money laundering by both complicit and non-complicit legal professionals. Vulnerability is increased further when a client uses a third party to help obscure beneficial ownership.

Risk rating	Rationale
High	The legal sector is highly vulnerable to exploitation by criminals seeking advice on ways to launder money and services that may make it easier to do so.

### Trust and company service providers

Trust and company service providers are often exploited by criminals due to their expertise in wealth protection and the administration of trust and company structures. Whether they are complicit or non-complicit, they create further distance between a criminal and their illicit proceeds.

Although companies can generally be set up without a trust and company service provider, the creation of more complex legal structures, including trusts, often requires the expertise of trust and company service providers. These structures are highly attractive to criminals, as they:

- make it hard to determine beneficial ownership
- conceal the origin and purpose of financial transactions
- move significant volumes of funds domestically and offshore.

As more sophisticated criminals consistently exploit these mechanisms, trust and company service providers remain vulnerable to enabling money laundering.

Many of the established methodologies used to conceal wealth, circumvent financial obligations and ultimately launder money are enhanced by a trust and company service provider. Key methodologies include:

- establishing corporate structures in jurisdictions with lax regulatory and legislative frameworks, including secrecy jurisdictions
- creating complex chains of companies across multiple jurisdictions
- appointing dummy directors and shareholders
- acting as trustees on behalf of a client
- providing loans secured by client funds.

Risk rating	Rationale
Medium	Trust and company service providers are vulnerable to money laundering due to the services they provide and their attractiveness to criminals.

## Terrorism financing: inherent risk

### Conveyancing

The real estate sector is more commonly used to launder money than to fund terrorism. The 2024 terrorism financing national risk assessment does not describe any vulnerabilities specifically associated with real estate and terrorism financing.

There is a lack of available information from international sources to suggest specific vulnerabilities faced by sectors that deal with real estate.

Risk rating	Rationale
Low	The use of real estate to facilitate terrorism financing is believed to be limited.

### Legal professionals

Legal professionals are more commonly used to launder money than to fund terrorism. However, those services related to trust and company formation and the handling of client funds are internationally recognised as being attractive to those seeking to distance themselves from fundraising towards terrorism.

Most terrorism financing cases involve simple unsophisticated methods such as low-value client-to-client transfers. More complex cases are rare - for example, those involving efforts to obscure beneficial ownership using legitimate or shell companies or third-country transfers. In these instances, it is often difficult to definitively link the transaction to terrorism financing.

Legal professionals may be involved in either:

- setting up charities or other non-profit organisations (NPOs)
- providing other services to the charity.

Registered charities and legitimate NPOs provide an attractive channel for terrorism financing. This is because donations can be solicited from many individuals, witting and unwitting, and diverted for illicit purposes.

Risk rating	Rationale
Low	The use of legal professionals to facilitate terrorism financing is uncommon but can occur when assisting exploited NPOs or providing trust and company services.

## Proliferation financing: inherent risk

### Conveyancing

The 2024 PF national risk assessment provides little evidence of real estate playing a role in facilitating PF. International reports show that real estate can be used in PF, although evidence of sector-wide vulnerability is limited.

Known international cases involve construction, property development and the sale or leasing of commercial or residential properties.

Risk rating	Rationale
Low	Limited evidence exists suggesting real estate is being used in PF.

### Legal professionals

The 2024 PF national risk assessment also found that criminals seeking to finance the proliferation of weapons of mass destruction exploit legal professionals the same way as money launderers. They do this by using legal professionals to:

- establish complex corporate structures, such as shell and front companies
- create banking arrangements to evade sanctions and generate revenue for proliferation activities.

While the extent of criminal exploitation for these purposes is likely to be low, legal professionals remain exposed to the risk of being taken advantage of by criminals for PF.

Risk rating	Rationale
Medium	Legal professionals are vulnerable to exploitation by criminals engaging in proliferation activities when helping create corporate structures that distance them from illicit funds.

## Designated services: inherent risk in providing conveyancing and other professional services



This table supports Step 1 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

Designated service	Description	Vulnerabilities to ML/TF risk	Do you provide this service?
<p><b>Conveyancing services</b></p> <p>Helping a person with planning or executing a transaction to buy, sell or transfer real estate. This includes acting on someone's behalf.</p> <p>(AML/CTF Act, table 6, item 1)</p>	<p>Conveyancing involves helping in the planning or execution of the sale, purchase or transfer of real estate.</p> <p>The conveyancer, settlement agent or property solicitor typically undertakes work to plan, execute or give effect to the transfer of real estate from one person to another.</p>	<p>Conveyancing services are vulnerable to exploitation, as they can be used by criminals to transfer property titles to individuals or entities that would not attract the attention of law enforcement.</p> <p>Criminals may use conveyancers to:</p> <ul style="list-style-type: none"> <li>• help legitimise a property transaction involving criminal proceeds</li> <li>• seek advice on creating distance between the criminal and their property.</li> </ul>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>


Designated service	Description	Vulnerabilities to ML/TF risk	Do you provide this service?
<p><b>Other professional services</b></p> <p>Assisting a person in the planning or execution of a transaction to buy, sell or transfer a body corporate or legal arrangement.</p> <p>This includes acting on their behalf in a transaction.</p> <p>This only applies where the sale, purchase or transfer relates to a controlling interest in the body corporate or legal arrangement.</p> <p>(AML/CTF Act, table 6, item 2)</p>	<p>Legal professionals are routinely asked to help with transactions to buy, sell or transfer a body corporate or legal arrangement. This typically involves:</p> <ul style="list-style-type: none"> <li>• preparing and reviewing contracts</li> <li>• conducting due diligence</li> <li>• obtaining relevant government approvals</li> <li>• preparing financial settlements or documents.</li> </ul> <p>This does not include transactions following, or resulting from, an order of a court or tribunal.</p> <p>A body corporate can include a person, association or group of persons incorporated into a corporation.</p> <p>A legal arrangement can include a structured agreement or set-up recognised by law. It often involves trusts, contracts or similar frameworks that define rights and duties of or relationships between parties.</p>	<p>Criminals can exploit both body corporates, such as companies; and legal arrangements, such as trusts. This can include:</p> <ul style="list-style-type: none"> <li>• using complex ownership structures or rapid ownership transfers to obscure ownership</li> <li>• as vehicles to conceal beneficiaries and source of funds</li> <li>• to assist in integrating illicit funds into the legitimate economy (e.g. laundering of crime through a cash-intensive business)</li> <li>• to move proceeds of crime overseas.</li> </ul>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

Designated service	Description	Vulnerabilities to ML/TF risk	Do you provide this service?
<p><b>Other professional services</b></p> <p>Receiving, holding, controlling or managing a person's money, accounts, securities or securities accounts, virtual assets or other property as part of assisting the person in the planning or execution of a transaction.</p> <p>This includes acting for or on behalf of a person in a transaction.</p> <p>(AML/CTF Act, table 6, item 3)</p>	<p>This may include:</p> <ul style="list-style-type: none"> <li>managing sale proceeds or purchase funds for a client on escrow</li> <li>money or property being held by a legal professional prior to being settled as trust property on the creation of an express trust</li> <li>having authority over a client's bank or securities account to make payments on behalf of the client, including under a power of attorney.</li> </ul> <p>Legal professionals operating trust accounts in the absence of any other designated services are not covered.</p>	<p>Criminals can exploit legal professionals in several ways, including to:</p> <ul style="list-style-type: none"> <li>hide behind their legal professional by using them to manage illegally gained funds for purchases and expenses on their behalf</li> <li>integrate illegal funds into the legitimate economy</li> <li>store value from criminal proceeds</li> <li>obscure the origin of the money, accounts and assets through a complex transaction.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Other professional services</b></p> <p>Assisting in organising, planning or executing a transaction for equity or debt financing relating to a body corporate or legal arrangement.</p> <p>This includes acting on the person's behalf in a transaction.</p> <p>(AML/CTF Act, table 6, item 4)</p>	<p>Helping with equity or debt financing can typically include:</p> <ul style="list-style-type: none"> <li>supporting a business to raise capital or debt through various methods, such as initial public offerings, venture capital, share purchase plans, debt financing, bonds, asset financing, loans and debentures</li> <li>services directly advancing a transaction to secure equity and debt financing for the company relating to negotiating, structuring and executing a financing deal or the drafting of debt or equity finance documents.</li> </ul>	<p>Criminals can exploit legal professionals for equity and debt financing in several ways, including using them to:</p> <ul style="list-style-type: none"> <li>manage illegally gained funds</li> <li>purchase equity in a business</li> <li>assist in complex debt financing applications (often commingling them with legitimately sourced funds to pay back the debt)</li> <li>manipulate the value of shares to quickly launder money</li> <li>create loan-back schemes to launder money.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Designated service	Description	Vulnerabilities to ML/TF risk	Do you provide this service?
<p><b>Other professional services</b></p> <p>Selling or transferring a shelf company.</p> <p>(AML/CTF Act, table 6, item 5)</p>	<p>This involves establishing, selling or transferring a previously established shelf company.</p>	<p>Criminals often prefer purchasing shelf companies as opposed to forming new companies, particularly where the registration date is earlier than when it was used for any purpose (legitimate or illegitimate).</p> <p>Shelf companies are commonly used by criminals in the same way as 'shell companies', which are companies with no real assets or business operations. However, shelf companies registered in the past may seem more legitimate than a newly formed company when trying to open a bank account or send proceeds of crime overseas.</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
<p><b>Other professional services</b></p> <p>Assisting in planning or executing the creation or restructuring of a body corporate or legal arrangement. This includes acting on the person's behalf.</p> <p>(AML/CTF Act, table 6, item 6)</p>	<p>This routinely involves:</p> <ul style="list-style-type: none"> <li>• supporting merger and acquisitions by drafting, reviewing and negotiating preparatory documents, including partnership agreements, company constitutions, trust deeds and documents</li> <li>• registering applications and forms with ASIC - for example, to register a company or a business name</li> <li>• obtaining Foreign Investment Review Board (FIRB) approvals or Australian Stock Exchange and ASIC waivers.</li> </ul>	<p>Criminals can exploit both body corporates and legal arrangements in several ways, including:</p> <ul style="list-style-type: none"> <li>• by using complex ownership structures to obscure ownership</li> <li>• as vehicles to conceal beneficiaries and source of funds</li> <li>• to integrate illegal funds into the legitimate economy</li> <li>• by using loan-back schemes to launder money.</li> </ul>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

Designated service	Description	Vulnerabilities to ML/TF risk	Do you provide this service?
<p><b>Other professional services</b></p> <p>Acting as a director or secretary of a company, a power of attorney of a body corporate or legal arrangement, a partner in a partnership, a trustee of an express trust, or any other functionally equivalent position on behalf of a person.</p> <p>This includes arranging for another person to act in these roles.</p> <p>(AML/CTF Act, table 6, item 7)</p>	<p>This typically includes:</p> <ul style="list-style-type: none"> <li>• drafting documents</li> <li>• identifying or introducing people to act in the type of role specified</li> <li>• performing tasks to make the relevant appointments or authorisations on behalf of a client.</li> </ul> <p>This does not include persons acting in either a:</p> <ul style="list-style-type: none"> <li>• fiduciary capacity because of an order of a court or tribunal</li> <li>• trustee of a regulated debtor's estate due to bankruptcy.</li> </ul>	<p>Criminals can exploit legal professionals acting on behalf of a person in several ways, including to:</p> <ul style="list-style-type: none"> <li>• obscure control behind those acting on their behalf</li> <li>• integrate illegal funds into the economy by moving the funds through additional entities to obscure the origin.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Other professional services</b></p> <p>Acting as a nominee shareholder of a body corporate or legal arrangement on behalf of a person. This includes arranging for another person to act in these roles.</p> <p>(AML/CTF Act, table 6, item 8)</p>	<p>This typically includes:</p> <ul style="list-style-type: none"> <li>• drafting or amending documents to authorise a 'nominee shareholder'</li> <li>• identifying or introducing a person to act as a 'nominee shareholder' on behalf of a nominator.</li> </ul>	<p>Criminals can exploit legal professionals acting as a nominee shareholder in several ways, including to:</p> <ul style="list-style-type: none"> <li>• obscure ownership behind the nominees</li> <li>• integrate illegal funds into the economy by moving the funds through additional entities to obscure the origin.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b>Other professional services</b></p> <p>Providing a registered office address or principal place of business address of a body corporate or legal arrangement.</p> <p>(AML/CTF Act, table 6, item 9)</p>	<p>When a practice provides a body corporate with a registered office address or principal place of business address instead of the address the person operates their business from.</p>	<p>Criminals can use this service to appear legitimate and make it seem like the business is operating in a location that is different from its actual location. This allows them to distance themselves from illicit activities, making it difficult to identify beneficial ownership.</p> <p>The service can facilitate the use of complex legal structures with ties to overseas jurisdictions. This could help criminals launder illicit funds to high-risk countries for ML/TF use.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

## Designated services: risk factors in providing conveyancing and other professional services



This table supports Step 2 in [Part 1 of the Customise the program starter kit guide](#).  
[Refer to the customise guide for full instructions on completing the table.](#)

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
<p><b>Conveyancing services</b></p> <p>High-value and unfinanced transactions</p>	<p>Sales or purchases of property that:</p> <ul style="list-style-type: none"> <li>involve transaction(s) valued at \$1.5 million or more</li> <li>do not involve any mortgage or other loan from a lending institution (such as a bank or non-bank lender).</li> </ul>	<p>High-value real estate markets are attractive to people seeking to launder illicit funds gained from criminal activity, as they can launder more funds in one transaction. This has been observed by law enforcement, noting the number of high-value properties seized in proceeds of crime investigations.</p> <p>Where the average transaction in a market is higher value, criminals can place greater amounts of illicit funds in a property without drawing attention.</p> <p>Lenders perform in-depth due diligence on clients and properties before providing funds as part of a mortgage. Where a property is bought without a mortgage, there is a significant difference in scrutiny on the buyer.</p>	<p><b>Medium</b></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite – would you accept this risk?	If NO, how will you avoid this risk?
<p><b>Conveyancing services</b></p> <p>High-value physical currency transactions</p>	<p>Property is purchased using high-value physical currency transaction(s) (e.g. in Australian dollar notes and coins or a foreign currency equivalent) valued at \$50,000 or more.</p>	<p>Physical currency is anonymous and hard to trace, making it difficult to verify the source of funds. In Australia, it is one of the most restrained, forfeited or frozen asset types in criminal asset confiscation matters. It is exploited for its accessibility, widespread acceptance and availability. Its use also requires minimal skills, knowledge and expertise.</p> <p>Criminals looking to purchase real estate with large amounts of cash may give the cash to a conveyancer or deposit it into their statutory trust account directly.</p>	High	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<p><b>Conveyancing services</b></p> <p>Virtual assets</p>	<p>Any payment or sale involving a virtual asset (e.g. digital currencies such as Bitcoin or Ethereum).</p> <p>Virtual asset payments are highly unusual in the real estate sector, but some sellers do accept virtual assets as payment.</p>	<p>Criminals are attracted to virtual assets because they:</p> <ul style="list-style-type: none"> <li>• offer speed and global reach – transactions are almost instant and irreversible, making it challenging to detect and stop illicit use</li> <li>• allow movement of value with low visibility of the identity of the individual who owns or controls it.</li> </ul> <p>After someone exchanges fiat currency (this is government-issued currency, such as A\$) for virtual assets, their payments completely bypass oversight from financial institutions.</p>	High	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
<p><b>Conveyancing services</b></p> <p>Unusual service requests</p>	<p>Any request for designated services that:</p> <ul style="list-style-type: none"> <li>• has no apparent economic or legal purpose</li> <li>• would involve unusually complex or large transactions</li> <li>• would involve an unusual pattern of transactions.</li> </ul>	<p>Clients who seek unusual services from your practice are more likely to seek services to disguise or facilitate ML/TF or criminal activity. Criminals often act and transact in ways that may appear illogical or uneconomical to other people.</p> <p>Example: A client asks for the title of the residential property they are purchasing to be held by an unusually complex corporate structure.</p>	<p><b>High</b></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	
<p><b>Other professional services</b></p> <p>High-value transactions</p>	<p>Legal professionals can facilitate or assist with high-value transactions across a range of business areas, including mergers and acquisitions and obtaining complex financing.</p> <p>They are also involved in legal aspects of large asset purchases, investments and financial markets.</p>	<p>Legal professionals often facilitate high-value transactions on behalf of their clients, making them attractive for laundering significant amounts of illicit funds without drawing attention from law enforcement.</p> <p>Some transactions can occur very quickly, including those in commercial matters. This speed of transactions, along with their high value, can allow criminals to move significant amounts of illicit funds in a single transaction.</p>	<p><b>Medium</b></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite – would you accept this risk?	If NO, how will you avoid this risk?
<p><b>Other professional services</b></p> <p>Unusual physical transactions</p>	<p>Any physical currency transactions (e.g. in A\$ notes and coins or a foreign currency equivalent) that is unusual in the circumstances.</p> <p>Whether a physical currency transaction is unusual will often depend on:</p> <ul style="list-style-type: none"> <li>• its size and complexity</li> <li>• whether it has an apparent economic or lawful purpose</li> <li>• whether it is consistent with what you know about the client and their industry.</li> </ul>	<p>Physical currency is anonymous and hard to trace, making it difficult to verify the source of funds. In Australia, it is one of the most restrained, forfeited or frozen asset types in criminal asset confiscation matters. It is exploited for its accessibility, widespread acceptance and availability. Its use also requires minimal skills, knowledge and expertise.</p> <p>Criminals may give the cash directly to your practice or deposit it into your statutory trust account directly.</p>	<b>High</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<p><b>Other professional services</b></p> <p>Unusual virtual asset transactions</p>	<p>Any transaction involving a virtual asset (e.g. digital currencies such as Bitcoin or Ethereum).</p> <p>Whether a virtual asset transaction is unusual will often depend on whether:</p> <ul style="list-style-type: none"> <li>• the use of virtual assets is common in the circumstances</li> <li>• there is any apparent economic or lawful purpose for using virtual assets over fiat currency (this is government-issued currency, such as \$A)</li> <li>• it is consistent with what you know about the client and their industry.</li> </ul>	<p>Criminals are attracted to virtual assets because they:</p> <ul style="list-style-type: none"> <li>• offer speed and global reach – transactions are almost instant and irreversible, making it challenging to detect and stop illicit use</li> <li>• allow movement of value with low visibility of the identity of the individual who owns or controls it.</li> </ul> <p>After someone exchanges fiat currency for virtual assets, their payments completely bypass oversight from financial institutions.</p>	<b>High</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
<p><b>Other professional services</b></p> <p>Effective anonymity</p>	<p>Legal professionals can help their clients create legal structures that make it hard to determine who owns or controls their property or money. This often involves creating layers of companies, trusts and other entities between the individual and the property or money they are trying to hide.</p> <p>Note that there are many legitimate uses of complex legal structures. Whether this is unusual depends on whether the requested services could be used for an illegitimate purpose.</p> <p>If you can clearly identify all individuals who control and benefit from the trust, this reduces and/or removes anonymity.</p>	<p>Complex legal structures and arrangements are attractive to criminals, as they can provide anonymity and legitimacy when seeking to obscure their activities.</p> <p>Where a person's ownership and control structure is highly complex or unusual, it can be very difficult to analyse each layer and identify the beneficial owners. This makes the beneficial ownership 'effectively anonymous'.</p> <p>Although there are legitimate reasons to use complex ownership and control structures, these structures are often used by criminals to distance themselves from transactions and activity that may attract attention from law enforcement.</p>	<p>High</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	
<p>Unusual service requests</p>	<p>Any request for designated services that:</p> <ul style="list-style-type: none"> <li>• has no apparent economic or legal purpose</li> <li>• would involve unusually complex or large transactions</li> <li>• would involve an unusual pattern of transactions.</li> </ul>	<p>Clients who seek unusual services from your practice are more likely to be seeking services to disguise or facilitate ML/TF or criminal activity. Criminals often act and transact in ways that may appear illogical or uneconomical to other people.</p> <p>Example: A client is willing to pay significantly higher fees if the service is done quickly.</p>	<p>High</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	

## Designated services: new and emerging technologies in conveyancing and other professional services




This table supports Step 1 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

New and emerging technologies may affect the ML/TF risks associated with services you provide to clients and the channels you use when providing services. Some examples of technologies that may be vulnerable to exploitation by clients are provided below.

Kind of technology	Description	Why it creates ML/TF vulnerabilities
Artificial intelligence (AI)	<p>Technology in the conveyancing sector provides secure digital infrastructure, integrated compliance tools and streamlined due diligence for property transactions. Further, legal professionals are often required to conduct a high volume of enquiries using various software programs and technological options, including AI. For example, virtual assistants and chatbots powered by AI are being used to engage new clients.</p> <p>Practices are adopting AI and machine learning to enhance data analysis and decision making and automate repetitive work.</p> <p>Practices can use AI specifically for their AML/CTF processes. For example:</p> <ul style="list-style-type: none"> <li>• Encrypted apps and AI work management platforms are being increasingly used by practices to deal with and communicate with their clients.</li> <li>• Digital identity solutions can be used by practices to remotely identify and verify clients during onboarding, with AI used to perform micro-expression analysis, anti-spoofing checks, fake image detection and human face attributes analysis.</li> </ul>	<p>Leveraging emerging technologies, criminals can hide their identities using techniques such as:</p> <ul style="list-style-type: none"> <li>• impersonating phone numbers and email addresses (spoofing)</li> <li>• using deepfake images and videos to impersonate another person through digital channels.</li> </ul>

## Clients: inherent risk in providing conveyancing and other professional services



This table supports Step 1 in [Part 1 of the Customise the program starter kit guide](#).  
[Refer to the customise guide for full instructions on completing the table.](#)

Kinds of client	Description	Vulnerabilities to ML/TF risk	Risk appetite - would you deal with these clients?
Individuals and sole traders	<p>An individual client, other than a sole trader, is a human being with legal capacity to enter into contracts and conduct transactions.</p> <p>A sole trader is an individual client who owns and runs a business alone, with no legal separation between the owner and the business. Like individuals, sole traders have the legal capacity to enter into contracts and conduct transactions.</p>	<p>The risk level varies based on several personal, transactional and contextual factors.</p> <p>Individual clients can have risk factors that increase the ML/TF risk, including their personal background, occupation or nature of business activities, source of funds, financial behaviour and any potential connections to high-risk activities or jurisdictions.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
Bodies corporate	<p>A body corporate is a type of legal structure with a separate legal identity from its owners or members. A body corporate is recognised by law as having its own rights and obligations.</p> <p>The most common forms of companies are:</p> <ul style="list-style-type: none"> <li>• private companies (Proprietary Limited)</li> <li>• public companies (Limited)</li> <li>• unlisted public companies (Limited)</li> <li>• owner’s strata corporations</li> <li>• cooperatives</li> <li>• incorporated partnerships.</li> </ul>	<p>Bodies corporate may be attractive to money launderers, as they are easy to set up or purchase with limited knowledge, skills or expertise. They also provide criminals with the capacity to launder high volumes of funds without the activity being directly linked to their own identity.</p> <p>Australian authorities report that bodies corporate are often exploited alongside other types of entities to create complex and opaque legal and group structures.</p> <p>The absence of public information about the beneficial owners of companies can make it difficult to verify whether you are indirectly engaging with a criminal entity. It often requires manual analysis and information gathering.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Kinds of client	Description	Vulnerabilities to ML/TF risk	Risk appetite - would you deal with these clients?
Partnerships	<p>A partnership refers to where two or more individuals or other legal entities share ownership. A partnership is not a separate legal entity from its owners.</p> <p>The most common forms of partnerships are:</p> <ul style="list-style-type: none"> <li>• general partnerships (simpler)</li> <li>• limited partnerships (more complex).</li> </ul>	<p>The level of risk will vary based on a range of factors.</p> <p>Partnership clients can have risk factors that increase the ML/TF risk, including the:</p> <ul style="list-style-type: none"> <li>• backgrounds of the partners</li> <li>• nature of their business activities</li> <li>• ownership and control structure</li> <li>• geographic location of the partners</li> <li>• source of partnership funds.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
Trusts	<p>A trust refers to a legal arrangement where one or more trustees hold and manage assets for the benefit of one or more beneficiaries.</p> <p>A trustee may be an individual or a legal entity (such as a company).</p> <p>The most common forms of trusts are:</p> <ul style="list-style-type: none"> <li>• discretionary trusts (often used for family trusts)</li> <li>• unit trusts (often used by investment firms)</li> <li>• testamentary trusts (often created as part of an estate).</li> </ul>	<p>Trusts are attractive vehicles for money laundering, as they separate the legal owner of the assets (the trustee) from the beneficiary. This helps hide the beneficiary's interests. Trusts may also use a shell company with dummy directors as trustee to make it harder to identify who is controlling the trust.</p> <p>Australian authorities say trusts are frequently used with companies to form complicated, unclear legal structures.</p> <p>Lack of transparency for trusts in Australia hinders the detection of criminal use, making it harder to identify and seize illicit assets.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Kinds of client	Description	Vulnerabilities to ML/TF risk	Risk appetite - would you deal with these clients?
Associations	<p>An association refers a group of individuals who come together for a common purpose without forming a corporation or similar legal entity. Unless it is registered as an incorporated association, the association itself does not have legal rights or obligations.</p> <p>Associations may be incorporated or unincorporated.</p>	<p>Associations can have risk factors that increase the ML/TF risk including the:</p> <ul style="list-style-type: none"> <li>• backgrounds of the members</li> <li>• nature of the association’s activities</li> <li>• incorporation status</li> <li>• control and governance structure</li> <li>• geographic location</li> <li>• source and use of association funds.</li> </ul> <p>Unincorporated associations do not have the legal right to own property. Other kinds of clients may sell, buy or transfer real estate on behalf of an unincorporated association.</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
Government bodies	<p>A government body refers to a legal entity that is established and recognised by a government to perform specific functions and duties. They have a separate legal identity from their members or employees. A government body is recognised by law as having rights and obligations.</p>	<p>While government entities are typically subject to strong oversight and internal controls, they can still be exploited indirectly or become vulnerable under certain conditions.</p> <p>Government body clients can have risk factors that increase their ML/TF risk, including the:</p> <ul style="list-style-type: none"> <li>• nature of their activities</li> <li>• geographic location</li> <li>• amount of bribery and corruption present</li> <li>• associations with high-risk jurisdictions.</li> </ul>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

## Clients: risk factors in providing conveyancing and other professional services



This table supports Step 2 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

It is important to note that the following risk factors will arise if they are present in any person involved in the designated service, including:

- the client of the designated service
- any representative of the client
- any person on whose behalf a client is receiving a service (for example, a beneficiary of a trust)
- any beneficial owner of the client.

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
Individuals that you suspect have committed profit-generating offences	<p>An individual may be involved in crime and use criminal proceeds to buy property.</p> <p>Not all criminal offences generate ML/TF risks. Offences that can be used to generate illicit profits include but are not limited to:</p> <ul style="list-style-type: none"> <li>• money laundering</li> <li>• terrorism financing</li> <li>• fraud and other financial crimes</li> <li>• tax evasion</li> <li>• corruption</li> <li>• drug trafficking</li> <li>• people smuggling.</li> </ul>	<p>Criminals who have profited from serious crimes are highly likely to try to launder their illicit funds through:</p> <ul style="list-style-type: none"> <li>• real estate purchases and sales</li> <li>• obtaining professional assistance through professional services</li> </ul> <p>They are likely to continue doing so until their behaviour is detected.</p>	<b>High</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
<p>Politically exposed persons (PEPs) (domestic)</p>	<p>Individuals who hold, or have held, senior roles in an Australian government body. This includes their family members and close associates, even if those people have not held such roles themselves.</p> <p>To establish if a former PEP may still present ML/TF risk, you should consider factors such as:</p> <ul style="list-style-type: none"> <li>• whether the person still has influence over government decisions</li> <li>• the time that has elapsed since the person was a PEP</li> <li>• whether the person is still prominent and politically connected.</li> </ul>	<p>PEPs often have a public profile and may be vulnerable to corruption and bribery.</p> <p>For example, they may be able to influence any of the following:</p> <ul style="list-style-type: none"> <li>• government spending and budgets</li> <li>• procurement processes</li> <li>• development approvals and grants.</li> </ul>	<p><b>Medium</b></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
PEPs (international organisations)	<p>Individuals who hold, or have held, senior roles in an international organisation. This also includes their family members and close associates, even if those people have not held such roles themselves.</p> <p>To establish if a former PEP may still present ML/TF risk, you should consider factors such as:</p> <ul style="list-style-type: none"> <li>• whether the person still has influence over international organisation decisions</li> <li>• the time that has elapsed since the person was a PEP</li> <li>• whether the person is still prominent and internationally connected.</li> </ul>	PEPs often have a public profile and may be vulnerable to corruption and bribery.	<b>Medium</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
PEPs (foreign)	<p>Individuals who hold, or have held, senior roles in a foreign country's government. This includes their family members and close associates, even if those people have not held such roles themselves.</p> <p>To establish whether a former PEP may still present ML/TF risk, you should consider factors such as:</p> <ul style="list-style-type: none"> <li>• whether the person still has influence over government decisions</li> <li>• the time that has elapsed since the person was a PEP</li> <li>• whether the person is still prominent and politically connected.</li> </ul>	<p>PEPs often have a public profile and may be vulnerable to corruption and bribery.</p> <p>Foreign PEPs involved in corrupt activity frequently travel outside their jurisdiction to avoid domestic law enforcement. They may seek to move illegally generated funds offshore to avoid confiscation.</p>	High	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
<p>Legal structures creating effective anonymity</p>	<p>Where a person's ownership and control structure is highly complex or unusual, it can be difficult to analyse each layer and identify the beneficial owners. This makes the beneficial ownership 'effectively anonymous'.</p> <p>Although there are legitimate reasons to use complex ownership and control structures, these structures are often used by criminals to distance themselves from transactions and activity that may attract attention from law enforcement.</p> <p>Importantly, beneficial owners of legal structures are not effectively anonymous if you can gather reliable documents that show individuals with ownership or control. For example, although information about trusts is not usually publicly available, getting the trust deed may show that the trustee and beneficiaries are related individuals.</p>	<p>Given the lack of measures to provide information about beneficial ownership of companies and trusts in Australia, the use of complex legal structures remains a major challenge for law enforcement.</p> <p>This vulnerability is of particular concern because the use of Australian companies and financial infrastructure to evade sanctions is a key proliferation funding threat.</p>	<p><b>High</b></p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
Third party (for individuals)	<p>An individual acts through a third party or intermediary, such as a local representative.</p> <p>Note: this risk does not apply if the third party is a reporting entity enrolled with AUSTRAC or the client is not an individual (such as a company).</p>	<p>Using a third party or intermediary makes it difficult to:</p> <ul style="list-style-type: none"> <li>know who the client is</li> <li>know what information the third party receives</li> <li>verify the source of funds.</li> </ul> <p>Law enforcement confiscation of real estate purchased with proceeds of crime is challenging when third parties are used to conceal property ownership.</p>	Medium	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Clients with significant unexplained wealth	<p>A client has wealth far greater than their known legal income or assets and is unable to provide a reasonable explanation for the source of their wealth.</p>	<p>Unexplained wealth is a strong indicator of money laundering. It is a common offence type used in money laundering prosecutions and criminal asset confiscation cases.</p>	High	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Charities and non-profit organisations (NPOs)	<p>Registered charities and legitimate NPOs provide an attractive channel for terrorism financing, as donations can be solicited from many individuals, witting and unwitting, and diverted for illicit purposes. Most observed cases relate to outgoing funds to support violent extremism or designated terrorist groups overseas.</p>	<p>As charities and NPOs are not reporting entities under the AML/CTF Act, detection of suspicious financial activity is therefore reliant on other reporting entities who provide services to NPOs.</p>	Medium	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Low-complexity clients	<p>A client presents with low complexity - for example, a domestic individual or a low-complexity legal structure with no other underlying high-risk factors.</p>	<p>There is low inherent risk associated with these parties in the absence of other risk factors. Low inherent risk does not mean no risk.</p>	Low	<input type="checkbox"/> Yes <input type="checkbox"/> No	

## Delivery channels: inherent risks in providing conveyancing and other professional services



This table supports Step 1 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

Channel type	Description	Vulnerabilities to ML/TF risk	Risk appetite - would you provide services using these channels?
In person	The client is engaged or provided access to a service through direct, face-to-face interactions.	Risk factors include: <ul style="list-style-type: none"> <li>exploitation through personal relationships and manipulation</li> <li>ability to detect fake or stolen IDs in person.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
Email	The client is engaged with or provided access to a service through emails.	Risk factors include: <ul style="list-style-type: none"> <li>higher risk of fraud and scams due to fake or stolen IDs</li> <li>challenges in identifying suspicious behaviour or inconsistencies</li> <li>email address spoofing</li> <li>lack of encryption for document transfer</li> <li>reliance on third-party technologies.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
Telephone	The client is engaged with or provided access to a service through the telephone (including calls and text messages).	Risk factors include: <ul style="list-style-type: none"> <li>challenges in identifying suspicious behaviour or inconsistencies</li> <li>phone number spoofing and voice manipulation.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No
Video conferencing programs	The client is engaged with or provided access to a service through videoconferencing programs.	Risk factors include: <ul style="list-style-type: none"> <li>higher risk of fraud and scams due to fake or stolen IDs</li> <li>challenges in identifying suspicious behaviour or inconsistencies</li> <li>potential use of AI</li> <li>reliance on third-party technologies.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Channel type	Description	Vulnerabilities to ML/TF risk	Risk appetite - would you provide services using these channels?
Online platforms	The client is engaged with or provided access to a service through an online platform, such as your website, a payment platform or other third-party apps.	<p>Depending on the platform’s purpose, functionality and regulatory oversight, digital channels are increasingly used to facilitate, conceal or coordinate illicit financial activity. Risk factors include:</p> <ul style="list-style-type: none"> <li>• criminals depositing illegal funds with limited visibility</li> <li>• higher risk of fraud and scams due to fake or stolen IDs</li> <li>• challenges in identifying suspicious behaviour or inconsistencies</li> <li>• reliance on third-party technologies.</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No

## Delivery channels: risk factors in providing conveyancing and other professional services




This table supports Step 2 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
Suspected false and fraudulent identities	<p>Criminals can use false identities to obtain services from practices without disclosing their real identity to the practice.</p> <p>False identities can involve using fake identification documents, lying on documentation about personal details or using technology to impersonate another person.</p>	<p>Using a false identity allows criminals to get services that may have otherwise been out of reach, avoiding detection by those practices and affecting the practice's ability to correctly assess ML/TF risk.</p> <p>Leveraging emerging technologies, criminals can more easily hide their identities than ever before. Using techniques such as spoofing (impersonating phone numbers and email addresses) or using deepfake images and videos, criminals can take advantage of remote and digital channels more easily than in the past.</p> <p>You should consider how their delivery channels may allow for false identities and how you will detect whether your client and other related parties are who they claim to be.</p>	High	<input type="checkbox"/> Yes <input type="checkbox"/> No	

## Countries: risk assessment in conveyancing and other professional services



This table supports Step 3 in [Part 1 of the Customise the program starter kit guide](#).  
Refer to the [customise guide](#) for full instructions on completing the table.

Country	Basel AML risk rating	Listed in high-risk country list?	Final country risk rating	Risk appetite - would you deal with these clients?	If NO, how will you avoid this risk?
Australia	<b>Low</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<b>Low</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Choose an item.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Choose an item.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Choose an item.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Choose an item.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Choose an item.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Choose an item.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Choose an item.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Choose an item.	<input type="checkbox"/> Yes <input type="checkbox"/> No	

## Common ML/TF methods in conveyancing and other professional services



'Common ML/TF methods' refers to publicly known trends in how criminals launder money and finance terrorism or the proliferation of weapons of mass destruction. Identifying trends and patterns in criminal behaviours will help you to:

- understand the nature of existing and emerging ML/TF threats
- detect where criminals may try to use these methods when trying to exploit your services.

The table below shows typical industry-specific ML/TF methods for you to look out for. Note that your practice may encounter criminals using other methods that are not listed here.

Use this information as a reference during your daily monitoring and when reviewing client activity. If you are not sure whether something is suspicious, escalate it so the AML/CTF compliance officer can make the assessment and determine next steps.

Method	Description	How it creates ML/TF risk	Possible red flags/indicators
<b>Conveyancing services</b> Use of non-financial professionals	Professionals, such as lawyers and accountants, are often used by people to represent their interests in particular situations. This may be through mechanisms such as a power of attorney - empowering someone to obtain services and make decisions as if they were the person themselves.	Legitimate services offered by professionals such as lawyers and accountants can also be used by criminals to help mask their identity and the origin of their criminal profits, despite whether the professional is aware of the criminal's intentions.  Example: A buyer may hire a solicitor to manage all interactions with a seller's conveyancer, making it difficult for the conveyancer to understand who their client is.	<ul style="list-style-type: none"> <li>• Client uses a third-party without a logical reason.</li> <li>• Person on the contract of sale is different from the individual dealing with the conveyancer.</li> </ul>
<b>Conveyancing services</b> Trust accounts	Conveyancers are required to hold funds received from buyers in a statutory trust account, as opposed to an ordinary practice bank account. When a buyer or real estate agent transfers a deposit to the conveyancer, they will hold it in their trust account until they are instructed to send those funds to the seller.	Criminals can misuse trust accounts to move illicit money while hiding its origin from the beneficiary.  Example: When a conveyancer transfers funds from the sale to a seller, the seller's bank will not have visibility of the original source of that deposit.  Criminal proceeds can also be commingled with legitimate client funds, making it difficult for law enforcement to detect suspicious activity.	<ul style="list-style-type: none"> <li>• Client asks conveyancer to hold a deposit in trust longer than required, then issues an unusual instruction for disbursement.</li> <li>• Client deposits cash for property deposit, then withdraws and requests refund by cheque or electronic transfer.</li> </ul>

Method	Description	How it creates ML/TF risk	Possible red flags/indicators
<b>Conveyancing services</b> Shell companies	<p>Companies that have no real assets or any legitimate operations. They may hold a bank account and be registered as providing certain services; however, the company will rarely show any indications of a legitimate business.</p>	<p>Domestic and foreign shell companies commonly feature in Australian money laundering investigations. They are used to create a layer between suspicious transactions and the criminals.</p> <p>Shell companies often use dummy directors or shareholders on official record who have no actual involvement with the company's activities. These individuals are used to conceal beneficial ownership and complicate the identification and disruption of money laundering.</p>	<ul style="list-style-type: none"> <li>• Company has little or no apparent business activity.</li> <li>• Company uses dummy directors or shareholders.</li> </ul>
<b>Conveyancing services</b> Offshore companies	<p>Companies and other legal entities or arrangements may be formed in one country but only ever used in others. These companies are particularly suspicious when they are based in countries that lack oversight or allow secrecy for beneficial owners (often known as tax havens).</p>	<p>Using offshore companies makes it harder for reporting entities to identify where beneficial owners are located and where funds ultimately originate from or will ultimately be received.</p> <p>Example: Where a person in a high-risk jurisdiction sends funds to an account held by a shell company in a tax haven country prior to a transfer to Australia, the Australian party would not have visibility of the true source.</p>	<ul style="list-style-type: none"> <li>• Client in Australia is purchasing property using an offshore company.</li> <li>• Client is a domestic entity owned by an offshore company in a tax haven or secrecy jurisdiction.</li> </ul>
<b>Conveyancing services</b> Overvaluation or undervaluation	<p>Where criminals work with other parties to misrepresent a property's price on official documents, allowing illicit funds to be legitimised through the transaction.</p> <p>This would not include situations where a property sells for above market value due to public demand - for example, where bidding at an auction increases the purchase price well above the price guide.</p>	<p>For undervaluation, the sale contract would record a price lower than market value. The buyer pays the difference to the seller with illicit cash.</p> <p>For overvaluation, the property would be purchased at an inflated price so that the buyer can secure the largest possible loan, which can then be repaid using illicit funds.</p>	<ul style="list-style-type: none"> <li>• Property sold well above or below market price.</li> <li>• Unusual valuation of atypical properties, such as hotels or resorts.</li> </ul>

Method	Description	How it creates ML/TF risk	Possible red flags/indicators
<b>Conveyancing services</b> Quick reselling	<p>Property is bought and resold quickly in a way that is unusual, often at an inflated price without any physical changes to the property.</p> <p>There may be normal situations where this may occur - for example, where market conditions allow buyers to make profits after a short period of time.</p>	<p>Criminals may create multiple transactions between related parties that create distance between the origin of funds and their ultimate destination, being invested in real estate.</p>	<ul style="list-style-type: none"> <li>• Client reselling property shortly after purchase for no logical reason.</li> <li>• Repeated transactions involving the same buyer or seller.</li> </ul>
<b>Other professional services</b> Misuse of client accounts (including trust accounts)	<p>Using client accounts to transfer funds without providing an underlying designated service.</p> <p>This can include unknown transactions made by the client or other professionals on their behalf.</p>	<p>Criminals can misuse trust accounts to move illicit money while hiding its origin from the beneficiary.</p> <p>Criminal proceeds can also be commingled with legitimate client funds, making it difficult for law enforcement to detect suspicious activity.</p>	<ul style="list-style-type: none"> <li>• There is no legitimate reason why the transfer is made through your trust account, rather than their personal bank account.</li> <li>• Client uses trust account to purchase services or products that have no reasonable connection to services typically provided by your firm.</li> </ul>
<b>Other professional services</b> Misuse of bodies corporate or legal arrangements	<p>Bodies corporate and legal arrangements can hide the ownership, purpose, activities and financing relating to criminal activity, serving as a source of income.</p>	<p>Makes it more challenging to monitor and perform customer due diligence and verify the source of funds.</p>	<ul style="list-style-type: none"> <li>• Structure of body corporate or legal arrangements can effectively ensure anonymity of individuals who own, control or benefit from property or money.</li> <li>• Structure is unnecessarily complex, and complexity cannot be explained by economic or legitimate reasons.</li> </ul>
<b>Other professional services</b> Use of specialised skills to use complexity to hide criminal activity	<p>Specialised skills can be used to benefit criminal activity. The skills include the creation of company and trust formation, performing financial transactions and providing financial advice.</p>	<p>Skill sets held by professional service providers can be used for methods of concealing and transferring criminal funds, obscuring ownership and criminal activity.</p> <p>The reputation and status of a legal practice creates an air of legitimacy that can be used to obscure the illicit use of services and skills.</p>	<ul style="list-style-type: none"> <li>• Requests or uses unnecessarily complex business ownership structures, including nominee shareholders and bearer shares.</li> <li>• Asks to buy aged shelf companies, rather than set up new ones.</li> <li>• Requests the creation of a trust where it is unlikely to be appropriate or necessary.</li> </ul>

Method	Description	How it creates ML/TF risk	Possible red flags/indicators
<b>Other professional services</b> Loan-back schemes	Used by criminals to disguise illicit funds as legitimate loans. Criminals lend themselves money, often through property purchases or shares in investment funds. The 'loan' makes it appear that funds come from legitimate business activity.	<ul style="list-style-type: none"> <li>Creates the appearance of lawful funds.</li> <li>Hides the true identity of the parties.</li> <li>Disguises the real purpose of the transaction.</li> <li>Makes it difficult to identify and verify the source of funds of a transaction and the identity of ownership.</li> </ul>	<ul style="list-style-type: none"> <li>Client using their own company or associate to provide a loan.</li> <li>Funds recycled through the same accounts.</li> <li>Loan terms are unusual or not at market rate.</li> <li>Requests contracts for private loan agreements outside the financial system, with an unclear source of funds or wealth.</li> <li>Is involved in business agreements or payments where the asset value is hidden or hard to determine.</li> </ul>
<b>Other professional services</b> Unnecessary use of non-financial professionals	Using professional services to create structures to move illicit funds unnoticed. This includes other professionals being used as a nominee director, shareholder or trustee, to disguise the client's true identity or involvement.	Increases the difficulty of verifying the client's true identity and finding and verifying the source of funds.	<ul style="list-style-type: none"> <li>Client insists on using unnecessary non-financial professionals without clear need.</li> <li>Unnecessary non-financial professionals are involved in multiple complex transaction without a clear business reason.</li> </ul>
<b>Other professional services</b> Shell companies	Companies that have no real assets or any legitimate operations. They may hold a bank account and be registered as providing certain services; however, the company will rarely show any indications of a legitimate business.	<p>Domestic and foreign shell companies commonly feature in Australian money laundering investigations. They are used to create a layer between suspicious transactions and the criminals.</p> <p>Shell companies often use dummy directors or shareholders on official record who have no actual involvement with the company's activities. These individuals are used to conceal beneficial ownership and complicate the identification and disruption of money laundering.</p>	<ul style="list-style-type: none"> <li>Company has little or no apparent business activity.</li> <li>Company uses dummy directors or shareholders.</li> </ul>

Method	Description	How it creates ML/TF risk	Possible red flags/indicators
<b>Other professional services</b> Offshore companies and trusts	Companies and other legal entities or arrangements may be formed in one country but only ever used in others. These companies are particularly suspicious when they are based in countries that lack oversight or allow secrecy for beneficial owners (often known as tax havens).	Using offshore companies makes it harder for reporting entities to identify where beneficial owners are located and where funds ultimately originate from or will ultimately be received.  Example: Where a person in a high-risk jurisdiction sends funds to an account held by a shell company in a tax haven country prior to a transfer to Australia, the Australian party would not have visibility of the true source.	<ul style="list-style-type: none"> <li>Client in Australia is using an offshore company.</li> <li>Client is a domestic entity owned by an offshore company in a tax haven or secrecy jurisdiction.</li> </ul>
<b>Other professional services</b> Overvaluation or undervaluation	The overvaluing, undervaluing or manipulation of the real value of an asset is a technique that consists of buying or selling assets at a price above or below their market value. This includes properties, body corporates and legal arrangements.	For undervaluation, the sale contract would record a price lower than market value. The buyer pays the difference to the seller with illicit cash.  For overvaluation, the asset would be purchased at an inflated price so that the buyer can secure the largest possible loan, which can then be repaid using illicit funds.	<ul style="list-style-type: none"> <li>Asset sold well above or below market price.</li> <li>Repeated transactions involving related parties.</li> </ul>
<b>Other professional services</b> Structuring payments	Structuring payments to avoid reporting obligations or evade tax. Structuring can also occur by using names of third parties to avoid the threshold reporting obligations.	Can be used to avoid suspicion from regulatory bodies or evade tax.	<ul style="list-style-type: none"> <li>Frequent small transactions just under threshold reporting.</li> <li>Use of multiple accounts (own or third party) to spread deposits.</li> </ul>

## Indicators of unusual or criminal behaviour

The tables below group common indicators of unusual or criminal behaviour based on the real estate and conveyancing industry, as well as the legal sector. Your practice may experience other indicators not listed.

Use this information as a reference during your ongoing monitoring and when reviewing client activity. If you are not sure whether something is suspicious, escalate it so the AML/CTF compliance officer can make the assessment and determine next steps.

Learn more about [risk insights and indicators of suspicious activity for the real estate sector](#) (applicable to conveyancing) and [risk insights and indicators of suspicious activity for legal professionals](#) (applicable to other legal services).

Go to:

- [Client behaviour](#)
- [Client profile](#)
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### Client behaviour

Theme	Indicators
The client provides unusual instructions or requests	<p><b>Conveyancing services</b></p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> <li>• push for transactions to be completed urgently, apply undue pressure or make last-minute changes to financing</li> <li>• give instructions on a property purchase or sale that are unusual or lack a clear financial purpose</li> <li>• request multiple changes after being asked for more information</li> <li>• begin purchasing a property without physically inspecting it</li> <li>• ask the conveyancer to hold funds in trust longer than required, then issue an unusual instruction for disbursement.</li> </ul>
	<p><b>Other professional services</b></p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> <li>• ask for limited or no interaction with regulatory agencies and show an understanding of reporting thresholds</li> <li>• are prepared to pay much higher fees than usual without clear reasons</li> <li>• make unusual requests with no clear economic reason</li> <li>• change instructions multiple times or in a short period of time without good reason</li> <li>• ask for shortcuts or speedy transactions, or other activities, without a clear reason</li> <li>• want to take risks to reduce tax bills or are open to avoiding tax.</li> </ul>

Theme	Indicators
The client exhibits unusual behaviours or avoids direct contact	<p><b>Conveyancing services</b></p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> <li>• appear nervous or are uncooperative during the CDD process</li> <li>• avoid face-to-face meetings without a clear reason</li> <li>• act in ways that do not match normal client behaviour</li> <li>• seem to follow instruction from someone else without naming that person</li> <li>• give limited ways to be contacted, such as through messaging apps, phone or email only.</li> </ul>
	<p><b>Other professional services</b></p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> <li>• request undue secrecy, or are reluctant to provide further information or documentation when asked</li> <li>• request services with no face-to-face interaction</li> <li>• end the relationship quickly and unexpectedly</li> <li>• appear nervous or defensive when questioned</li> <li>• have multiple accounts in their name or the names of family members or corporate entities with no clear business or other purpose</li> <li>• are involved in transactions or account activities that are suspicious but refuse / are unable to answer questions related to those activities.</li> </ul>
Third parties are unusually involved	<p><b>Conveyancing services</b></p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> <li>• appear to know and be working with the other parties to make a transaction look legitimate while stating they have no relationship</li> <li>• try to buy property in the name of a relative, minor or third party without a clear legal or financial reason</li> <li>• ask for sudden or unexplained changes in ownership, especially close to settlement</li> <li>• seek to transfer property without money changing hands; or transfer ownership indirectly through another person, company or trust.</li> </ul>
	<p><b>Other professional services</b></p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> <li>• appear to be acting on somebody else's instructions but do not reveal that person's identity</li> <li>• appear to know and be working with the other parties to make a transaction look legitimate while stating they have no relationship.</li> </ul>

## Client profile

Theme	Indicators
The client's request appears inconsistent with their profile	<p><b>Conveyancing services</b></p> <p>The client:</p> <ul style="list-style-type: none"> <li>• has wealth or assets that do not match their occupation or known income</li> <li>• operates a business with little or no trading activity</li> <li>• uses a business or entity to buy property in a way that does not match its profile (e.g. a charitable trust purchasing a luxury residential property).</li> </ul> <p><b>Other professional services</b></p> <p>The client:</p> <ul style="list-style-type: none"> <li>• has a lifestyle and/or transactions that are inconsistent with their known business and personal information</li> <li>• takes on work/employment that is outside their normal range of goods and services</li> <li>• has records that consistently show business sales losses, but they continue operating without a reasonable explanation</li> <li>• has no employees, which is unusual for their business type</li> <li>• is suspected of using personal accounts for business or vice-versa</li> <li>• recently established a series of new relationships with different financial entities</li> <li>• has changed professional advisers often without legitimate reasons; or was refused service by other professional advisors.</li> </ul>

Theme	Indicators
The client provides unusual information during CDD	<p><b>Conveyancing services</b></p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> <li>• provide identity or other verification documents that appear fraudulent or cannot be authenticated</li> <li>• provide identity documents with inconsistencies or differences in details like their name, address, date of birth or phone number</li> <li>• have common identifiers that are used by multiple other people who do not appear to be related or are carrying out similar transactions</li> <li>• give only a post box address or pretend it is a residential or business address to hide their real address</li> <li>• refuse to identify their source of funds or provides information that is false, misleading or substantially incorrect.</li> </ul> <p><b>Other professional services</b></p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> <li>• provide identity or other verification documents that appear fraudulent or cannot be authenticated</li> <li>• provide identity documents with inconsistencies or differences in details like their name, address, date of birth or phone number</li> <li>• have common identifiers that are used by multiple other people who do not appear to be related; or are carrying out similar transactions</li> <li>• give only a post office box address or pretend it is a residential or business address to hide their real address</li> <li>• refuse to identify their source of funds or provide information that is false, misleading or substantially incorrect.</li> </ul>
The client is subject to adverse information and potential criminal links	<p>The client, other parties involved or a person closely linked to the client has:</p> <ul style="list-style-type: none"> <li>• been subject to negative media reports or other adverse information from a reliable source, connecting them to profit-generating criminal activity</li> <li>• ties to industries with known ML/TF risks, including those identified in Australia's national risk assessments.</li> </ul>
The client is a PEP, from a high-risk country or subject to sanctions	<p>The client, other parties involved or a person closely linked to the client:</p> <ul style="list-style-type: none"> <li>• is a high-risk PEP or closely linked to one</li> <li>• comes from a high-risk country identified by credible sources as linked to corruption, organised crime, serious fraud or terrorism financing</li> <li>• is listed on the DFAT Consolidated List.</li> </ul>

## Unusual transactions and behaviours

Theme	Indicators
Transactions between the client and your practice are unusual	<p><b>Conveyancing services</b></p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> <li>• deposit physical currency for a property, then withdraw and request a refund by cheque or electronic transfer</li> <li>• pay physical currency directly to the seller as a deposit or in a large single payment</li> <li>• request to pay you in physical currency or foreign currency without a valid reason (e.g. having no personal or professional link to the currency)</li> <li>• request to pay you using virtual assets (such as Bitcoin or Ethereum).</li> </ul> <p><b>Other professional services</b></p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> <li>• pay you by a method not in line with their profile</li> <li>• unnecessarily split or structure transactions to avoid identification or reporting thresholds for other financial services</li> <li>• abort activities or transactions after receiving funds, with a request to refund or an unexplained request to send funds to a third party</li> <li>• provide confusing details about a transaction or know little about its purpose</li> <li>• use trust accounts for transactions that are more appropriately conducted from their bank account</li> <li>• use cryptocurrency or other virtual assets inconsistent with their client profile</li> <li>• make transactions in rounded sum values, not typical of what would be expected</li> <li>• make transactions consistent with a publicly known trend in criminal activity.</li> </ul>
Your client's property transactions are outside of normal patterns	<p><b>Conveyancing services</b></p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> <li>• buy or sell property in quick succession without a clear reason</li> <li>• request a service outside the conveyancer's normal area of practice, such as commercial instead of residential</li> <li>• pay far more or less than the expected market value</li> <li>• want an unnecessarily complex title transfer that increases costs or taxes</li> <li>• use promissory notes, bills of exchange, titles of credit or other negotiable instruments outside the financial system that can be settled in cash</li> <li>• pay part or all the property purchase price in physical cash</li> <li>• renovate and resell a recently purchased property without a clear or legitimate source of funds.</li> </ul>

Theme	Indicators
Your client's property transactions are outside of normal patterns	<p><b>Other professional services</b></p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> <li>• engage in transactions related to high-value assets with an unclear source of funds</li> <li>• make transactions involving a disproportionate amount of private funding or physical currency inconsistent with their socio-economic profile</li> <li>• have transaction activity inconsistent with their apparent financial standing, usual activities or employment status (e.g. they may be a student, unemployed or on social assistance)</li> <li>• have transaction activity far exceeding the projected activity at the start of the relationship</li> <li>• conduct transactions inconsistent with what is expected from their declared business (e.g. no payroll payments)</li> <li>• make frequent overseas transfers inconsistent with their financial profile</li> <li>• receive payments from unrelated or unknown third parties without legitimate explanation</li> <li>• have accounts that appear to be used for pass-through activities (e.g. to receive and forward funds to others)</li> <li>• are involved in transactions or requests for financial services (e.g. loans) that do not make commercial sense or with early settlement</li> <li>• have a sudden change in their financial profile, activity or transactions</li> <li>• have transactions with financial connections between individuals or entities that are not usually connected (e.g. a food importer dealing with an automobile parts exporter)</li> <li>• have a rapid turnover or transactions or activities (e.g. they may trade for a short time, close and then start up as a new company)</li> <li>• make large payments to subsidiaries or similarly controlled companies that are outside the normal course of business</li> <li>• use aliases or name variations from one transaction to another</li> <li>• conduct transaction(s) involving a suspected shell entity that appears to have no economic or logical reason to exist</li> <li>• have funds transferred in and out of an account on the same day or in a relatively short period of time without explanation</li> <li>• make or request wire transfers to or from multiple beneficiaries where those transfers are inconsistent with the expected use of their account type.</li> </ul>
Unusual third-party involvement in transactions with your practice	<p>The client or parties involved:</p> <ul style="list-style-type: none"> <li>• direct sale proceeds to a third party or ask that costs or invoices be paid by someone else</li> <li>• bring in a third party to cover costs or repayments or to receive proceeds without a clear reason</li> <li>• in conveyancing transactions, use third parties to distance themselves from the transaction, such as when the person on the contract of sale is different from the individual dealing with the conveyancer.</li> </ul>

### Foreign jurisdiction indicators

Theme	Indicators
The client is linked to a high-risk foreign jurisdiction	<p>The client, other parties involved or a person closely linked to the client:</p> <ul style="list-style-type: none"> <li>• is based in or is residing in a high-risk jurisdiction</li> <li>• has a company owned or controlled by another company based in a high-risk jurisdiction</li> <li>• transfers funds to or from a country that has no clear connection to them</li> <li>• transfers funds to or from entities in high-risk countries.</li> </ul>

### Terrorism financing indicators

Theme	Indicators
The client has known links to activities with high terrorism financing risk	<p>The client, other parties involved or a person closely linked to the client:</p> <ul style="list-style-type: none"> <li>• is known to be involved or suspected of involvement with terrorist or terrorist financing-related activities</li> <li>• is based in or linked to countries or regions identified by credible sources as providing funding or support for terrorist activities or that have listed terrorist organisations operating within them</li> <li>• appears in media or online as fundraising for causes that may be directly or indirectly linked to terrorism or violent extremism</li> <li>• is linked to unregistered NPOs or other unlicensed fundraising.</li> </ul>

### Proliferation financing indicators

Theme	Indicators
The client is linked to regions or other persons subject to high PF risk	<p>The client, other parties involved or a person closely linked to the client:</p> <ul style="list-style-type: none"> <li>• is linked to countries of proliferation or sanctions concern (e.g. the Democratic People's Republic of Korea or Iran)</li> <li>• shares addresses, employment or other details with sanctioned individuals or organisations.</li> </ul>
The client deals in goods subject to high PF risk	<p>The client, other parties involved or a person closely linked to the client:</p> <ul style="list-style-type: none"> <li>• deals in goods or technical controlled goods listed on the <a href="#">Defence and Strategic Goods List</a>.</li> </ul>

## Risk assessment sources

The following sources have been used to produce the ratings for inherent risks, risk factors and ML/TF methods in the Program Starter Kit for this AML/CTF program (as of 29 January 2026):

- [AUSTRAC - Money laundering in Australia national risk assessment 2024](#)
- [AUSTRAC - Terrorism financing in Australia national risk assessment 2024](#)
- [AUSTRAC - Proliferation financing in Australia national risk assessment 2022](#)
- [AUSTRAC - Risks and indicators of suspicious activity](#)
- [AUSTRAC - Reform guidance - Step 2: Identify and assess your risks: risk assessment \(Reform\)](#)
- [Australian Sanctions Office \(ASO\) - Advisory notes](#)
- international reporting on money laundering trends, including publications from the [Financial Action Task Force \(FATF\)](#), [Asia/Pacific Group on Money Laundering \(APG\)](#)
- financial transaction reporting to AUSTRAC
- financial, criminal and other intelligence holdings.



Record any other materials that you use to review and update this risk assessment in the table below.

Author	Name of material	Date published	Location of material
<i>e.g. AUSTRAC</i>	<i>e.g. New national risk assessments</i>	<i>e.g. 1 January 2028</i>	<i>e.g. website URL</i>

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