



20 February 2026

AUSTRAC
323 Castlereagh St
Sydney NSW 2000

Dear AUSTRAC,

Consultation on Updates to the AML/CTF Rules

The Australian Financial Markets Association (AFMA) represents the interests of over 140 participants in Australia's wholesale banking and financial markets. Our members include Australian and foreign-owned banks, securities companies, treasury corporations, traders across a wide range of markets and industry service providers. Our members are the major providers of services to Australian businesses and retail investors who use the financial markets. A significant proportion of AFMA's members are reporting entities for the purposes of the AML/CTF Act.

Thank you for the opportunity to engage on the draft updates to the new AML/CTF Rules. Our substantive comments are set out below. We note that AFMA has had the opportunity to review, and supports, the submission points made by the ABA.

Reporting Groups

AFMA is appreciative of the proposed changes to the Rules regarding reporting groups. As previously communicated to AUSTRAC, the requirement in the final Rules that all members of the reporting group individually choose the lead entity, with a failure by a member of the reporting group resulting in the cessation of that group, significantly exacerbated operational complexity and the risk of reporting groups being inadvertently extinguished. On this basis, the proposed changes to Rule 2-1(1) are supported.

Similarly, the proposed changes to Rule 2-1(2)(c) are consistent with AFMA's request and will assist with the inclusion of offshore prudentially-regulated subsidiaries in the reporting group without imposing any additional legal obligations.

Customer Dure Diligence

AFMA supports the general theme of the proposed changes to the customer due diligence rules, particularly the instances where deemed compliance relief is extended.

Our only additional comment is in respect of proposed Rule 6-7 and ensuring alignment between the intention of the proposed changes (as articulated in the Exposure Draft Explanatory Statement) and the draft Rule. As we understand the proposed Rule:

- 6-7(1A) applies only where the customer is a government body and hence does not extend to customers that are listed public companies or customers that are majority-owned by government entities (as suggested in the Exposure Draft Explanatory Statement at paragraph 30);
- 6-7(1B) allows for reporting entities to “stop” at listed public companies or government entities when looking to identify beneficial owners, even in circumstances where such entities are not majority-owners of the customer.

AFMA notes that, according to the Explanatory Statement, the extension of the relief is intended to apply to customers that are “majority-owned” by a listed public company or government body. However, the draft amendment refers to the customer being “owned in whole or in part” by a listed public company or a government body. The term ‘in part’ does not necessarily equate to majority-owned.

Our view is that the language in the proposed Rule could be tighter to ensure that it more clearly aligns with the articulated policy intent.

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AFMA and its members value the continued engagement with AUSTRAC and the opportunity to consult on the draft updates to the AML/CTF Rules. Please contact me on (02) 9776 7996 if you have any queries about this submission.

Yours sincerely,



Rob Colquhoun
Chief Operating Officer
Head of AML