

Anti-Money Laundering for law practices – key terms and acronyms

Risk Management Topics:

Practice Management

From 31 March 2026, any legal practitioner providing a designated service will be a reporting entity under the amended *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML Act), and subject to new compliance obligations that commence on 1 July 2026. Familiarity with some of the key terms and acronyms that apply under the Anti-Money Laundering and Counter-Terrorism Financing (AML) regime will assist with preparation for what is coming:

AML/CTF Compliance Officer

means the person in a reporting entity with responsibility for compliance with the amended AML Act and reporting to AUSTRAC.

AUSTRAC (Australian Transaction Reports and Analysis Centre)

is the Australian AML regulator and financial intelligence unit. Legal practitioners who provide designated services will need to enrol with AUSTRAC from 31 March 2026.

Customer Due Diligence (CDD)

means knowing the client's identity and the nature and purpose of the client's business and transactions, and ongoing CDD involves monitoring for unusual transactions or behaviour that may give rise to a suspicious matter reporting obligation.

Designated services

are set out in section 6 of the amended AML Act and, relevantly for legal practitioners, include, among other things, assisting clients to buy or sell real estate, managing money, securities or other assets, and acting as a formation agent of companies, trusts or similar entities.

To find out more about whether and how your practice will be affected visit the AUSTRAC website: [Homepage | AUSTRAC](#) and the Law Society of NSW AML and CTF Hub: [AML and CTF Hub | The Law Society of NSW](#)

Anti-Money Laundering for law practices – key terms and acronyms

Money laundering (ML)	means turning the proceeds of crime into funds or assets that seem legitimate.
ML/TF risk assessment	is an assessment of the risks of money laundering, terrorism financing and proliferation financing that a reporting entity may reasonably face in providing its designated services.
PEP (politically exposed person)	means an individual who holds a prominent public position or role in a government body or international organisation, either in Australia or overseas. Immediate family members and/or close associates of these individuals are also considered PEPs.
Proliferation financing (PF)	means financing prohibited activities intended to help develop, buy, supply or deploy weapons of mass destruction.
Terrorism financing (TF)	means financing terrorists or terrorist activity, which poses a threat to national or international security.

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