

KitLegal.

Reporting Groups

If you are a stand-alone legal entity that provides designated services, you will enrol with AUSTRAC and have your own AML/CTF framework so you don't need to worry about forming a reporting group and you can move on.

If you are part of a group of entities (i.e. you have multiple companies in your group structure), you will need to consider which entities in the group provide designated services.

If more than one entity will provide designated services and therefore require enrolment with AUSTRAC, you can create a reporting group to streamline AML/CTF compliance activities and remove duplication.

A reporting group will enable the sharing of resources, reduction of costs and the identification of ML/TF risks more effectively, specifically the group structure will enable:

- sharing of customer due diligence (**CDD**) across the group (allowing members of the group to share sensitive information with each other);
- the creation and maintenance of group-wide AML/CTF policies and ML/TF risk assessment;
- oversight and management of AML/CTF compliance across the group; and
- group management of ML/TF risks.¹

Types of reporting groups

There are 2 types of reporting groups under the new regime:

- **Business groups** – i.e. where entities are within a 'control' structure (usually head co with subsidiaries owned by the head co) – all entities of the group structure will be 'members' of the group, with those who are providing designated services required to enrol with AUSTRAC; and
- **Groups formed by election** i.e. franchise arrangements, JVs, agency or distribution networks, business groups that don't meet the 'control' test above etc.

In either situation, each member of the group will need to agree on who the 'lead entity' will be.

Lead entity

In order to be eligible, the 'lead entity' must:

- be Australian-based (Australian resident, company incorporated in Australia, registered foreign company or a trust that has at least one trustee that is a resident of Australia);
- not be controlled by another member of the group that provides a designated service; and
- have the capacity to decide the outcome of decisions about AML/CTF Policies of all members of the group.

So, it would usually be the parent or controlling company of your group structure that would be the 'lead entity' for the reporting group.

Obligations of the 'lead entity' include:

- responsibility for group-wide AML/CTF compliance including developing and implementing a group-wide ML/TF risk assessment and AML/CTF policies;
- keeping records about membership of the reporting group up to date, including recording changes of membership.
- taking reasonable steps to ensure that the members of the group are:
 - Identifying, assessing, managing and mitigating their risks
 - Complying with their AML/CTF obligations.

Our product will enable you to do all of this within platform.

¹ Each entity that provides designated services is still directly accountable for compliance in relation to the designated service it provides, but the group structure removes duplication and allows firm-wide policies.

How to form a reporting group

Resolutions

In order to form a reporting group:

- every member of the group (even those that are not providing designated services) must resolve to form the group, nominate the 'lead entity' and comply with the group-wide AML/CTF policies determined by the 'lead entity' from time to time; and
- the lead entity must accept the role as lead entity.

Our product will provide resolutions for you to use.

AUSTRAC enrolment

Each entity in the group that provides designated services will need to enrol with AUSTRAC.

In the enrolment form, you will need to specify whether the entity is a member of a reporting group and, for the lead entity, you will need to specify that the entity is the lead entity of the group.

For a member's enrolment, it must specify the name of the lead entity. For the lead entity's enrolment, it must specify information about each member of the group that is a reporting entity (i.e. providing designated services).

You must have a 'lead entity' appointed at all times.

You must notify AUSTRAC of any changes to enrolment details (including where a reporting entity no longer provides designated services, where a new entity who provides designated services joins the group or any change to the 'lead entity') within 14 days of the change.

Our product provides detailed guidance on how to enrol with AUSTRAC and how to form the reporting group.

KitLegal.

Reporting Groups
November 2025

Kit Legal Pty Ltd. Liability limited by a scheme approved under professional standards legislation.