

# Anti-Money Laundering and Counter-Terrorism Financing Policy and Program

<b>Version</b>	5.2
<b>Category of document</b>	Lead Policy
<b>Short description</b>	This document outlines the Anti-Money Laundering and Counter-Terrorism Financing Program - Part A together with reference to Part B for the MyState Group.
<b>Applicable to</b>	MyState Group
<b>Approval Authority</b>	Board via GRC and ERC
<b>Responsible Executive</b>	CRO
<b>Document owner</b>	Senior Manager Fraud and Financial Crime
<b>Related documents:</b>	<ul style="list-style-type: none"> <li>• Risk Management Strategy and Framework</li> <li>• Compliance Management Framework</li> <li>• AML/CTF Part B - Customer Due Diligence Standard – Know Your Customer</li> <li>• AML/CTF Part B - Customer Identification, Due Diligence &amp; Verification Procedure</li> <li>• Fraud and Financial Crimes Monitoring Procedures</li> <li>• AML/CTF Organisation Risk Scoring Procedures</li> <li>•</li> </ul>
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### 1. Purpose

Pursuant to the *Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth)*, MyState must adopt and maintain a Standard Anti-Money Laundering and Counter-Terrorism Financing Program, to prevent, detect and report money laundering or the financing of terrorism.

The purpose of this document is to establish and describe MyState's AML/CTF Policy and Program which is designed to identify, mitigate and manage the AML/CTF risk arising from the provision of a designated service by MyState.

## 2. Scope

This document applies to MyState Limited Group (MyState) and all operating Subsidiaries. This document must be read in conjunction with the related documents and underlying frameworks that support the implementation AML/CTF Program.

## 3. Principles

The key principles of the AML/CTF Policy and Program are as follows:

- to provide measures to detect, deter and disrupt money laundering, the financing of terrorism and other serious financial crimes;
- acknowledge and implement obligations as applicable and required by the AML/CTF Act 2006; and
- provide relevant Australian Government bodies with information they may need to investigate money laundering, financing of terrorism and other serious financial crimes.

## 4. Roles

All employees must be familiar with the requirements of this policy and program and support the implementation of the same.

The overall approach to risk management is based on 'the three lines of defence' model which supports the relationship between the individual business units, the risk management and compliance functions, internal and external audit and the Board.

### *The 1st line of defence*

Individual business units are responsible for identifying, evaluating and managing the risks that originate in their respective business lines within the risk appetite statements and policies.

### *The 2nd line of defence*

The risk management and compliance functions are responsible for providing independent risk management expertise, monitoring and oversight.

### *The 3rd line of defence*

Internal and external audit independently reviews and tests business unit compliance with risk policies and procedures, and regularly assesses the overall adequacy and effectiveness of the risk management framework.

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MyState is committed to having an operationally effective corporate governance structure in place with respect to this AML/CTF Policy and Program. The following individuals and committees will have responsibilities under this AML/CTF Policy and Program. The three lines of defence structure translates to the following roles and responsibilities in the Group.

### **Board**

The Board will approve this policy and program and has ultimate responsibility of AML/CTF compliance across the group, including but not limited to:

- review and approval of the AML/CTF Policy and Program;
- receive and consider AML/CTF reports;
- review reportable breaches of the AML/CTF Program – Part A and Part B and actions;
- consider and approve AML/CTF recommendations by the Group Risk Committee (GRC); and
- the Board charges the GRC with the responsibility of provisioning that there are adequate resources, processes and systems in place to enable this policy and Framework function as intended.

### **Group Risk Committee (GRC)**

The Group Risk Committee is a Board Committee that is responsible for overseeing all risks and risk related activities other than those undertaken by the Board or other Board committees. The GRC is responsible for the governance of the overall Risk Management Strategy and Framework Policy, and in that capacity, is responsible for recommending the AML/CTF policy and program. The Committee is also responsible for:

- reviewing and recommending the AML/CTF Program and AML/CTF reports and making recommendations to the Board;
- receiving and reviewing reports from management concerning AML/CTF, and may also make recommendations as to strategies, policies and processes for AML/CTF;
- reviewing feedback from AUSTRAC;
- monitoring MyState's AML/CTF performance and compliance with the AML/CTF Program Part A and Part B; and

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- reviewing breach reporting of the AML/CTF Program – Part A and Part B and actions

### **Managing Director/CEO**

The Managing Director/CEO will demonstrate and communicate a genuine commitment to the risk management principles approved by the Board and will provide adequate funding to the operation of the AML/CTF Program, including but not limited to:

- assigning responsibilities to provide for the effective management of the identified AML/CTF risks;
- oversight of assurance that all parts of the organisation comply with the AML/CTF Policy and Program; and
- promoting awareness of AML/CTF so that its cause and processes and procedures that flow becomes embedded throughout the organisation.

### **Enterprise Risk Committee (ERC)**

The primary purpose of the ERC is to assist Management and the GRC discharge its responsibility to exercise due care, diligence and skill to oversee, direct and review the management of risk of the MyState Limited Group, which includes:

- reviewing and recommending approval the AML/CTF Policy and Program – and AML/CTF reports and making recommendations to the GRC;
- reviewing feedback from AUSTRAC;
- reviewing and approving the AML/CTF Program – Part B Customer Due Diligence Standard – Know Your Customer;
- monitoring MyState’s AML/CTF performance and compliance with the AML/CTF Program; and
- reviewing breach reporting of the AML/CTF Program.

### **Chief Risk Officer (CRO)**

The CRO reports to the MD and also has direct and unfettered access to the Chairperson of the GRC. Whilst normal line management and in turn, all employees retain responsibility for AML/CTF within MYS, the CRO provides an alternative avenue for identification of associated risks.

The CRO is responsible for:

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- the risk management framework and its associated components are kept relevant and appropriate for MYS's activities;
  - establishing and maintaining the risk management monitoring and reporting processes necessary to maintain compliance with the AML/CTF Policy and Program;
  - establishing and reviewing the processes and procedures for implementing the principles of the Risk Management Framework and its components, of which AML/CTF is one;
  - promoting a risk aware culture;
  - advising and assisting internal and external stakeholders with regards to the risk management policy and framework and its components;
  - encouraging and promoting communication throughout the risk management process; and
  - appointing the AML/CTF Compliance Officer.

#### **AML/CTF Compliance Officer**

MyState designates the Senior Manager Fraud and Financial Crime to supervise this AML/CTF Policy and Program. The Senior Manager Fraud and Financial Crime reports in to the MyState CRO, and via the CRO has access to the GRC and the MyState Board.

The AML/CTF Compliance Officer is appointed as the custodian of the AML/CTF Policy and Program and is responsible for the following:

- upholding continued compliance with the requirements of the AML/CTF Act and AML/CTF Rules (subject to the ongoing oversight of the reporting entity's board, executive and senior management);
- day-to-day oversight of the AML/CTF Program – Part A and Part B;
- regular reporting, including reporting of non-compliance, to the Board, board committees, executive and senior management as required;
- addressing any AUSTRAC feedback about the reporting entity's risk management performance or AML/CTF Program Part A and Part B;
- acting as the AUSTRAC contact officer for matters such as reporting suspicious matters, international funds transfer instructions and threshold transactions, urgent reporting, compliance audits, or requests for information or documents;

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- contributing to designing, implementing and maintaining internal AML/CTF compliance manuals, policies, procedures and systems;
  - providing a heightened awareness throughout the business of key AML/CTF issues and AML/CTF techniques;
  - completion of the annual institution-wide AML/CTF Risk assessment; and
  - effective closure of internal audit recommendations

### **Executives**

Members of the Executive will demonstrate and communicate genuine support to the risk management principles and the AML/CTF policy and program by:

- the requirements of the AML/CTF Program – Part A and Part B are incorporated where appropriate into divisional processes;
- being accountable for delivering the outcome of AML/CTF processes and procedures in their particular area of responsibility; and
- supporting the AML/CTF Compliance Officer in the execution of the responsibilities of the position.

### **Divisional Risk Committees (DRC)**

The DRCs are Line 1 Risk Management committees and are chaired by the respective executives. The DRCs are tasked with the following in regard to the AML/CTF Policy and Program:

- assist divisional staff to understand their AML/CTF obligations;
- appropriate procedures and controls are in place to meet these obligations;
- AML/CTF controls are regularly tested for appropriateness and adequacy;
- oversight of timely AML/CTF remediation; and
- escalate any breaches or known weaknesses to the AML/CTF Compliance Officer.

### **All Employees**

The role of all employees is to:

- manage AML/CTF risk in their area of activity;
- adhere to AML/CTF processes and procedures;
- bring to the immediate attention of their supervisor any incident that could place MyState at risk of meeting AML/CTF obligations.

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## 5. Definitions

Please refer to Annexure 1 – Definitions

## 6. Related regulations

Pursuant to the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* there are related regulations administered by AUSTRAC applicable to MyState and are considered in relation this policy and program. This include the following

- AML/CTF Rules Instrument 2007 (No. 1)
- [AML/CTF \(Prescribed Foreign Countries\) Regulation 2018](#)
- Financial Transaction Reports Act 1988

## 7. The AML/CTF Program

The AML /CTF program is comprised of two parts:

- Part A  
Is designed to identify, manage and mitigate money laundering and terrorism financing risk faced by MyState. This will include awareness training, employee due diligence, appointment of an AML/CTF Compliance Officer, ongoing due diligence, reporting requirements to AUSTRAC and review requirements of Part A.

Part A is contained in this document and is supported by the Financial Crime Monitoring Procedure.

- Part B  
Outlines MyState's customer identification procedures and requirements regarding the ongoing monitoring of customer transactions. This is required to satisfy MyState that an individual customer is who they claim to be, and for non-individual customers, beneficial ownership details are known. By knowing its customers MyState is better able to identify and mitigate AML/CTF risks in the conduct of financial transactions, particularly where the activity or transactions are unusual or uncharacteristic.

Part B is covered by MyState's Customer Identification, Due diligence and Verification Standards and Procedures and the Financial Crime Monitoring Procedure.



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## 8. Approval and Oversight by the Board and Management

### Review and Approval

The AML/CTF Policy and Program – including Part A will be reviewed and submitted for approval every 2 years by the CRO or Delegate. The approval will be provided by the MyState Board via the GRC and the ERC.

Earlier reviews may be required in the event of a change in underlying regulations or a material change to the size, business mix and complexity of the Group is identified.

### Oversight

Reporting to the Board, Executive and Senior Management will occur as required and as appropriate to provide oversight. Examples of reporting include but are not limited to the following;

- Breach Reporting;
- Incident Reporting (related to AML/CTF);
- Assurance Testing and Internal Audit;
- Annual AML/CTF Compliance Reporting; and
- AML/CTF Training Program Compliance.

## 9. Part A

Part A of the policy and program covers the following:

- Conducting an AML/CTF Risk Assessment;
- Ongoing Customer Due Diligence;
- Employee Due Diligence;
- AML/CTF Training;
- AUSTRAC Feedback;
- AUSTRAC Reporting;
- Independent Review.

### 9.1. AML/CTF Risk Assessment

AML/CTF risk is the risk that MyState or its products and services may be used to facilitate money laundering or terrorism financing. MyState uses a set of risk categories to measure AML/CTF risk (for example high, medium or low risk) for the assessments. The following risk assessments are undertaken:

**Customer risk assessment**

The following parameters are considered whilst determining customer risk:

- the customer type (including any customers who are politically exposed persons and their associates);
- type of product/service provided to the customer;
- channel via which this service is provided; and
- the jurisdiction within which the customer operates.

The assessment determines the risk-based customer identification procedures to be included in Part B of the AML/CTF program, and also the parameters for ongoing customer due diligence.

The assessment procedures are documented in the AML/CTF Organisational Risk Assessment Procedure.

**Product/channel risk assessment**

MyState will consider AML/CTF risk in the strategic development of new designated services it may make available to customers. This means that prior to a new designated service being made available to MyState's customers, the designated service will be assessed to determine what level of AML/CTF risk it poses to MyState.

MyState will include an AML/CTF risk assessment as a requirement for any new designated service (product), delivery method or technology where the characteristics of the proposed offering are not consistent with existing product already in the market and previously risk assessed.

Changes to existing products and services are also assessed from an AML/CTF perspective where the change to the designated service (product), delivery method or technology are not consistent with an existing product in the market.

**Organisational Risk assessment**

The institution-wide AML/CTF risk assessment of MyState will be used to determine if there are any significant changes in MyState's AML/CTF risk. The

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procedures to conduct the organisational risk assessment are documented in AML/CTF organisational risk assessment procedures.

The GRC via the ERC will review the results of the assessment to determine if its risk-based systems and controls set out in this AML/CTF Program Part A and Part B require amendment.

## **9.2. Ongoing Customer Due Diligence**

Customers are monitored on an ongoing basis to identify, mitigate and manage any AML/CTF risk posed on account of providing the designated services. Ongoing customer due diligence includes the following;

### **Know your customer (KYC) re-identification**

MyState will undertake a risk based re-KYC of customers at defined intervals. These re-KYC intervals are defined within the Financial Crime Monitoring Procedure.

### **Transaction Monitoring**

MyState, and where applicable it's agents, undertakes a transaction monitoring program, which includes but not limited to:

- risk-based systems and controls to monitor the transactions of customers;
- identify transactions that are considered to be suspicious;
- identifying complex, large and/or unusual patterns of transactions;
- identifying money laundering typologies and transaction patterns indicating suspicious behavior (for example, customers making large, structured cash deposits, and then subsequently transferring the funds electronically to unrelated accounts);
- establishing customer transaction profiles which includes the customer's transaction history (for example, to identify instances where a customer has conducted activity inconsistent with their profile) to identify any anomalies;
- assigning alerts to customers identified as high risk or those conducting transactions indicating suspicious behaviour.

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The list of transaction monitoring rules is contained in the Financial Crime Monitoring Procedure and in the Risk Scoring Model Procedure.

Any suspicious transaction behaviour is reported as a Suspicious Matter Report (SMR).

### **Enhanced customer due diligence program**

MyState undertakes an enhanced customer due diligence (ECDD) program. ECDD is the process of undertaking additional customer identification and verification measures for all customers identified as high risk.

Further details can be found in the Financial Crime Monitoring Procedure.

The ECDD program covers the following, but is not limited to:

- if it determines under its risk-based systems and controls (for example, through its transaction monitoring program) the AML/CTF risk associated with dealing with a certain customer is high;
- a designated service is being provided to a customer who is, or has a beneficial owner who is, a foreign PEP;
- when an SMR obligation arises; or
- if it is entering into or proposing to enter into a transaction, and one party to the transaction is physically present in, or is a corporation incorporated in, a prescribed foreign country.

MyState has implemented a range of ECDD procedures which are detailed in the Customer Identification, Due Diligence & Verification Procedure and the Financial Crime Monitoring Procedure.

### **9.3. Employee Due Diligence**

MyState undertakes an employee due diligence program to reduce AML/CTF risk. These include the following:

#### **Pre-Employment Screening**

All prospective Employees and Officers who are applying for a position within MyState will be subject to a background check in accordance with the Recruitment and Selection Procedure prior to their appointment to that position.

**Annual Assessments**

The group acknowledges that employees may pose an ongoing AML/CTF risk to the business, as such, ongoing annual due diligence assessments provides a control to manage this risk. The group takes a risk based approach to employee due diligence assessments, where the AML/CTF Risk Assessment finds a role as eligible, the incumbent employee will be subject to due diligence assessments annually. Details of the process are documented within the Recruitment and Selection Procedure.

**General Assessments**

All Employees and Officers who are transferred or promoted to a position that may enable them to facilitate the commission of a money laundering or terrorism financing offence will be subject to a background check in accordance with the Recruitment and Selection Procedure and Fit & Proper Policy.

**Investigating Breaches**

If an Officer or Employee believes that an Officer or Employee has failed to comply with AML/CTF obligations they must notify their supervisor, the AML/CTF Compliance Officer or Senior Management.

If an Officer or Employee believes that the AML/CTF Compliance Officer has failed to comply with the AML/CTF obligations they must notify the CRO or a member of executive.

Any person making such a report will be subject to or protected by MyState's Whistleblower Protection Policy.

The AML/CTF Compliance Officer or delegate will investigate any potential breaches of:

- the Act and the Associated Legislation; or
- this Policy and Program; or
- the Program Part B.

The AML/CTF Compliance Officer will communicate any regulatory breaches by an Employee or Officer to the GRC via the ERC and, if necessary, to AUSTRAC and the relevant law enforcement agencies as appropriate.

**Managing Breaches by Employees**

MyState has a Recruitment and Selection Procedure, a Fit & Proper Policy, a Consequence Management Framework and a Code of Conduct to set out how MyState will manage an Employee or Officer who has failed to comply with the entities AML/CTF obligations.

**9.4. AML/CTF Training Program**

It is a requirement of this Policy and Program that training will be provided, or made available, to all Employees and Agents on:

- the sources of AML/CTF risk to MyState Group;
- the reporting entity's commitment to AML/CTF compliance;
- the reporting entity's AML/CTF Program Part A and Part B;
- the MyState Group's obligations under the AML/CTF Act and Rules and the consequences of non-compliance; and
- the nature and consequences of the AML/CTF risks they may reasonably face.

Compliance with the AML/CTF Training Program will be monitored by the People and Culture Team with oversight by the AML/CTF Compliance Officer. This will be reported monthly to the relevant committees.

**Levels of Training**

The training provided under the AML/CTF Training Program will be specific to the work or responsibilities of each Officer, Employee and Agent. The requirements for training, and the contents of this training, will be tailored to the specific responsibility of different classes of Officers, Employees and Agents.

**New Employees**

New Employees are required to attend induction and complete online training regarding their role and duties as an Employee.

Verification that new Employees have completed MyState's online training and corporate induction program will be maintained by the People and Culture Team.

**Current or Existing Employees**

Current or existing Employees must undergo training covered by the AML/CTF Training Program on an annual basis.

In addition those Employees who are in a position or who are transferred or promoted to a position, which could enable them to facilitate the commission of money laundering or terrorism financing will be subject to training that has regard to the AML/CTF risk the relevant Employee poses to MyState.

All Officers, Employees and Agents will be required to successfully complete the training designated for their position. Failure to successfully complete training covered by the AML/CTF Training Program may result in disciplinary action.

**Board**

The Board will receive a general induction to all MyState policies including this AML/CTF Policy and Program on commencement of duties. Further training will be provided as requested by the Board Member.

**AML/CTF Compliance Officer**

MyState is responsible for providing the AML/CTF Compliance Officer with the appropriate training to satisfy the requirements of the role. The training for the AML/CTF Compliance Officer must make sure that the person fulfilling the role:

- stays abreast of any new legal and regulatory developments under the AML/CTF Act and the Associated Legislation;
- is able to determine the effect of any new legal and regulatory developments under the AML/CTF Act and the Associated Legislation on MyState, its Officers, Employees and Agents; and
- is able to recommend appropriate actions to the GRC via the ERC regarding the effect of any new legal and regulatory developments under the AML/CTF Act and the Associated Legislation.

**Internal Audit**

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The Chief Risk Officer will arrange for orientation and explanation for the Internal Audit Function, which will enable the Internal Audit Function to perform the testing and auditing of compliance with this AML/CTF Policy and Program Part A and Part B.

### **Components of Training Program**

Components of the AML/CTF Training Program will include, but not necessarily be limited to, the following topics:

- AML/CTF Policy and program
- money laundering techniques and schemes;
- review of the AML/CTF Act and the Associated Legislation;
- the consequences of not complying with the AML/CTF Act and the Associated Legislation, including penalties;
- roles and responsibilities for this AML/CTF Policy and Program;
- Customer identification procedures set out in Part B of the AML/CTF Program;
- Suspicious Matter reporting;
- Threshold Transaction Reporting;
- consideration of MyState obligations under other legislation including the *Privacy Act 1988 (Cth)*; and
- record keeping under the AML/CTF Act.

### **Types of Training**

MyState will provide the following training to all of its Employees and Agents:

- the online e-training; and
- regulatory updates and updated government lists to appropriate Employees and Agents on an as needed basis.

In addition MyState will source the training from external providers to be made available to Officers, Employees and Agents who, due to the nature of their job responsibilities, need training in excess of that provided by MyState.

### **Frequency of Training**

Certain Officers, Employees and Agents must undergo annual training covered by the AML/CTF Training Program, according to a schedule



determined by the AML/CTF Compliance Officer. In response to regulatory changes the AML/CTF Compliance Officer may mandate additional training requirements as needed.

### **Remedial Training**

All Officers, Employees and Agents will be required to undergo remedial training covered by the AML/CTF Training Program at the direction of the AML/CTF Compliance Officer (and where relevant their supervisor).

An Officer, Employee or Agent will be required to undertake remedial training covered by the AML/CTF Training Program if they fail to comply with this AML/CTF Policy and Program.

### **Record Keeping**

The People and Culture Team will maintain and monitor all training covered by the AML/CTF Training Program. Specifically, the People and Culture Team will:

- monitor the completion of training under the AML/CTF Training Program; and
- maintain documentation pertaining to testing material, schedules and individual results for training covered by the AML/CTF Training Program.

### **Updating Training Materials**

Training 'materials' are updated upon changes in regulation or law at the direction of the AML/CTF Compliance Officer and must be reviewed regularly in conjunction with the People and Culture Team.

At the discretion of the AML/CTF Compliance Officer updates may occur on a more frequent basis. Laws and regulations, policies and procedures, technical, software and current topical issues will be considered when updating the training covered by the AML/CTF Training Program.

### **9.5. AUSTRAC Feedback**

The AML/CTF Compliance Officer is the point of contact point for AUSTRAC when delivering any feedback on the performance of MyState's management of its AML/CTF Risk.

Feedback from AUSTRAC will take the form of reports resulting from formal inspection audits, guidance material, risk assessments or informal communications from AUSTRAC about industry-based or MyState specific matters.

The AML/CTF Compliance Officer is responsible for notifying the GRC via the ERC about any AUSTRAC feedback.

The GRC via the ERC will review the AUSTRAC feedback with regard to:

- any appropriate adjustment to the AML/CTF risks considered acceptable to MyState;
- any appropriate changes to the risk-based systems and controls MyState has included in this AML/CTF Policy and Program; and
- any appropriate changes to processes and procedures detailed in the Part B of the AML/CTF Program.

The AML/CTF Compliance Officer is responsible for any AUSTRAC feedback is included in the institution-wide AML/CTF risk assessment of MyState.

### **9.6. AUSTRAC Reporting**

MyState needs to comply with all of its reporting obligations as a reporting entity under the AML/CTF Act and the Associated Legislation.

The AML/CTF Compliance Officer will comply with requests by the AUSTRAC CEO to give further information or produce documents relevant to any of the reporting.

#### **Threshold transactions**

Where a customer undertakes a transaction that exceeds the Threshold Transaction limits, MyState will make a Threshold Transaction Report (TTR) within the applicable timeframe.

The relevant managers will be responsible for appropriate testing in respect of MyState TTR obligations and reporting thereof. The AML/CTF Compliance Officer will have oversight of meeting these obligations and further testing to review compliance.

Further details on this reporting is contained in the Financial Crime Monitoring Procedure.

### **Suspicious Matter Reporting**

MyState will provide all Employees, officers and Agents who identify occurrences of unusual or suspicious activity adequate resources and support to report suspicious matters. The Operations AML Team will then undertake the lodging of the Suspicious Matter Report (SMR) with AUSTRAC.

The AML/CTF Compliance Officer will be responsible for appropriate testing in respect of MyState SMR obligations and reporting thereof.

Further details on this reporting is contained in the Financial Crime Monitoring Procedure.

### **International Funds Transfer Instructions (IFTI) Reporting**

As per the AM/CTF Act, IFTI reporting obligations only arise when money is transferred directly to or from a customer's account and the entity is the first to receive the money from overseas or the last entity to send the funds overseas.

As MyState is neither the first or last entity in the overseas money transaction MyState does not have an obligation to report IFTI. However, MyState has an obligation to lodge an IFTI report when cross border funds are transferred through debit card transactions.

### **Tipping Off**

No Officer, Employee or Agent can provide advice or other assistance to persons who violate, attempt to violate or avoid the AML/CTF Act.

**Compliance Reporting**

MyState will submit to AUSTRAC a report relating to MyState's compliance with AML/CTF Act, the regulations and the AML/CTF Rules ('Compliance Report') in accordance with the AML/CTF Act.

The AML/CTF Compliance Officer will submit the AUSTRAC Annual Compliance Report in accordance with AUSTRAC timeframes on an annual basis for each registered designated service provider.

A copy of the AUSTRAC Annual Compliance Report will be provided to the GRC via the ERC.

The AML/CTF Compliance Officer will be responsible for:

- preparing the Compliance Report;
- submitting it to ERC;
- submitting it to the AUSTRAC CEO; and
- keeping and maintaining a record of the Compliance Report.

**Changes to Enrolment Details and Registration Details**

MyState will notify the AUSTRAC CEO of any changes to enrolment and registration details as per the requirements of the Act. The action will be undertaken by the AML/CTF Compliance Officer.

**9.7. Independent Review**

MyState is committed to the independent review of this AML/CTF Program - Part A. The independent review will assess:

- the effectiveness of this AML/CTF Policy and Program;
- whether this AML/CTF Policy and Program complies with the AML/CTF Rules;
- whether this AML/CTF Policy and Program has been effectively implemented; and
- whether MyState has complied with this AML/CTF Policy and Program.

MyState's independent audit function will conduct, at least once every three years or as required, an audit to assess MyState's compliance with the AML/CTF Act, Associated Legislation, this AML/CTF Policy and Program and

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as required any risk-based systems, controls, policies, procedures and training programs which underpin this AML/CTF Policy and Program.

Following the audit, the independent audit function will prepare a written report regarding the results of the evaluation. This audit report will be submitted to the GRC via the ERC, who together will direct such action(s) as may be required based on the audit report's findings and that any deficiencies detected are addressed and rectified.

Appropriate follow up on all identified issues requiring action is mandatory. In the event these issues are deemed significant, the implementation and completion of these actions will be reported to the GRC via the ERC.

## **10. Third Party Appointment**

Management may make the decision to outsource various components of the AML/CTF requirements to third party providers where appropriate. As part of the outsourcing process an AML/CTF risk assessment and gap analysis will be completed to confirm AML/CTF compliance and acceptance of the third party AML/CTF Program. While operational aspects of AML/CTF may be outsourced, the overarching obligation of the AML/CTF Act remains with MyState.

The AML/CTF officer is responsible for the on-going oversight of the 3rd parties arrangements and controls to meet the AML/CTF obligations.

## **11. Internal Communication**

MyState will make available a copy of this AML/CTF Policy and Program and Part B Procedures to all Officers and Employees. MyState will publish the money laundering and terrorism financing Part A and Part B Procedures on the Group's Intranet site.

This documentation will be accessible to all Employees and Officers and will be maintained by the AML/CTF Compliance Officer. The Intranet will contain this AML/CTF Program Part A, the most recent money laundering and terrorism financing communications and advisories, MyState money laundering and terrorism financing policies and procedures and contact information for money laundering and terrorism queries, as appropriate.

## 12. Record Keeping

As required by the AML/CTF Act and AML/CTF Rules, MyState must retain all reports and records as required.

### Version Control

Version Number	Date Approved	Brief Description	Approver
4.0	16 July 2015	AML/CTF Program Part A and Part B	Board
5.0	20 April 2017	AML/CTF Program Part A	Board
5.1	March 2020	Reviewed and updated to: <ul style="list-style-type: none"> <li>• General wording tidy up;</li> <li>• Further embed feedback obligations;</li> <li>• Include re-identification of high, medium and low risk customers;</li> <li>• Amended frequency to annually;</li> <li>• Amended AML/CTF Officer from Principal Legal Officer to Senior Manager Compliance; and</li> <li>• Re-ordered content.</li> </ul>	Board
5.2	17 March 2022	Reviewed and updated to: <ul style="list-style-type: none"> <li>• tidy up wording</li> <li>• amend AML/CTF Compliance Officer from Senior Manager Compliance to Senior Manager Fraud and Financial Crime</li> <li>• add outsourcing of AML/CTF components to third parties</li> </ul>	Board

## Annexure 1 – Definitions

**AFS Licence** means the Australian Financial Services Licence granted by ASIC to MyState Bank Limited (240896), its subsidiary Connect Asset Management Pty Ltd (289677), TPT Wealth (234630) under Part 7.6 of the Corporations Act.

**AML/CTF Act** means the *Anti-Money Laundering and Counter-Terrorism Act 2006 (Cth)*.

**AML/CTF Compliance Report** means a report lodged with the AUSTRAC CEO in accordance with Division 5, Part 3 of the AML/CTF Act.

**AML/CTF Program** means both the AML/CTF Program - Part A and AML/CTF Program - Part B.

**AML/CTF Policy and Program** means this document which details MyState's AML/CTF Policy and Part A of an AML/CTF Program as required by the AML/CTF Act.

**AML/CTF Program – Part B** means the document that describes the customer identification and due diligence procedures and Financial Crime Monitoring Procedure in detail.

**AML/CTF Rules** means the anti-money laundering and counter-terrorism rules made by the AUSTRAC CEO under *the Anti-Money Laundering and Counter-Terrorism Rules Instrument 2007 (No. 1) (Cth)*.

**Associated Legislation** means:

- the AML/CTF Rules; and
- the *Financial Transaction Reports Act 1988 (Cth)*; and
- *Charter of the United Nations Act (1945) (Cth)*; and
- *Charter of United Nations (Terrorism and Dealings with Assets) Regulations 2008 (Cth)*; and
- Criminal Code; and
- *Criminal Code Regulations 2002 (Cth)*; and
- *Proceeds of Crime Act 2002 (Cth)*.

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**AUSTRAC** means the Australian Transaction Reports and Analysis Centre.

**Beneficial Owner** has the same meaning given to that term in rule 1.2.1 of the AML/CTF Rules.

**Group Risk Committee** means the Board committee established by the Board to generally review the effectiveness of Risk Management Strategy and Framework Policy  
**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**Criminal Code** means the *Criminal Code Act 1995 (Cth)*.

**Customer** has the meaning given to that term by section 5 of the AML/CTF Act.

**Delivery Channel** means the method by which MyState will deliver its Products to Customers.

**Designated Services** has the meaning given to that term by section 5 of the AML/CTF Act.

**Electronic Funds Transfer Instructions** has the same meaning to that term by section 5 of the AML/CTF Act.

**Employee** is to be construed broadly to include, but not be limited to all individuals who have a traditional employer/employee relationship with MyState in either a permanent or temporary capacity. The term also includes individuals who are performing work in a contract capacity or as a consultant to MyState.

**Terrorism Financing** has the same meaning given to that term by section 5 of the AML/CTF Act.

**Internal Audit Function** means that part of MyState that has been established as the internal audit function in accordance with the Australian Prudential Regulation Authority's Prudential Standard CPS 510 – Governance.

**Know your Customer Information (KYC)** has the same meaning given to that term in rule 1.2.1 of the AML/CTF Rules.



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**Compliance Business Unit** means that part of MyState that has been established to monitor and maintain compliance measures to so that MyState complies with all the law and regulations that may apply to it from time to time.

**Locations** means the foreign jurisdictions with which MyState deals.

**Money Laundering** has the same meaning given to that term by section 5 of the AML/CTF Act.

**AML/CTF Risk** means the risk that MyState may reasonably face that the provision by MyState of designated services might (whether inadvertently or otherwise) involve or facilitate money laundering or terrorism financing.

**Officer** means an officer of MyState where the term 'officer' has the same meaning given to that term by section 5 of the Corporations Act.

**PEP** means Politically Exposed Person as defined by the Financial Action Task Force (FATF), an international inter-governmental body (of which Australia is a founding member) which sets standards and promotes effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

**Products** means any of the services provided by MyState that are designated services.

**Senior Manager** has the same meaning given to that term by section 5 of the Corporations Act.

**Senior Management** means the Senior Managers who are collectively responsible for the day to day management of MyState.

**Suspicious Matters** has the same meaning given to that term by section 5 of the AML/CTF Act.

**Threshold Transaction** has the same meaning given to that term by section 5 of the AML/CTF Act.