



MyState Limited

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

Document Hierarchy

Title of document	Anti-Money Laundering and Counter-Terrorism Financing Policy and Program
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Category of document	Lead Policy
Short description	This document outlines the Anti-Money Laundering and Counter-Terrorism Financing Program - Part A together with reference to Part B for the MyState Group.
Applicable to	MyState Group
Approval Authority	Board via GRC and ERC
Responsible Executive	CRO
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Related documents:	<ul style="list-style-type: none"> • Risk Management Strategy and Framework • Compliance Management Framework • Customer Due Diligence Standard – Know Your Customer • Customer Identification, Due Diligence & Verification Procedure • Fraud and Financial Crimes Monitoring Procedures • AML/CTF Organisation Risk Scoring Procedures • Scoreline2 Risk Scoring - Terms of Use and Instruction Guide
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Index

1.	Purpose	3
2.	Scope.....	3
3.	Principles.....	3
4.	Roles.....	3
5.	Definitions	8
6.	Related regulations.....	8
7.	The AML/CTF Program	8
8.	Approval and Oversight by the Board and Management	9
9.	Part A.....	9
9.1.	AML/CTF Risk Assessment	10
9.2.	Ongoing Customer Due Diligence	11
9.3.	Employee Due Diligence.....	12
9.4.	AML/CTF Training Program	14
9.5.	AUSTRAC Feedback	18
9.6.	AUSTRAC Reporting	18
9.7.	Independent Review.....	20
10.	Internal Communication	21
11.	Record Keeping.....	21

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.

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 translate 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:

- review and recommend the AML/CTF Program and AML/CTF reports and make 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;
- review feedback from AUSTRAC;
- monitor MyState's AML/CTF performance and compliance with the AML/CTF Program Part A and Part B; and
- review 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:

- assign 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
- promote 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:

- review and recommend approval the AML/CTF Policy and Program –and AML/CTF reports and make recommendations to the Group Risk Committee;
- review feedback from AUSTRAC;
- review and approve the AML/CTF Program – Part B Customer Due Diligence Standard – Know Your Customer;

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- monitor MyState's AML/CTF performance and compliance with the AML/CTF Program; and
 - review 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:

- 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 Compliance to supervise this AML/CTF Policy and Program. The Senior Manager Compliance 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);

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- 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;
 - Contributing to designing, implementing and maintaining internal AML/CTF compliance manuals, policies, procedures and systems;
 - Provide a heightened awareness throughout the business of key AML/CTF issues and AML/CTF techniques; and
 - Co-ordination of the institution-wide AML/CTF Risk assessment.

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;
- be 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;
- the controls are regularly tested for appropriateness and adequacy; 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.

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 procedures.

- Part B
Outlines MyState’s customer identification procedures and requirements regarding the ongoing monitoring of customer transaction. 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 Procedures.

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 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 a AML/CTF Risk Assessment;
- Ongoing Customer Due Diligence;
- Employee Due Diligence;
- AML/CTF Training;
- AUSTRAC Feedback;
- AUSTRAC Reporting;

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- 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 while 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 risk

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

The GRC via 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);
- establish 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;

- assign alerts to customers identified as high risk or those conducting transactions indicating suspicious behaviour.

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

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 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 Procedures.

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 Financing of Terrorism 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 process and procedures.

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

- the Act and the Associated Legislation; or

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- this Policy and Program; or
 - the Program Part B.

By an Employee or Officer and will communicate regulatory breaches to the GRC via the ERC. The AML/CTF Compliance Officer will, if necessary, communicate their findings 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 Officer or Employee 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 Groups obligations under the AML/CTF Act and Rules and the consequences of non-compliance
- the nature and consequences of the AML/CTF risks they may reasonably face.

Compliance with the AML/CTF Training Program will be monitored by 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 the Financing of Terrorism 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;
- 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

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.
- 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, People and Culture Team will:

- monitor the completion of training under the AML/CTF Training Program;
- 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 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; and
- any appropriate changes to the risk-based systems and controls MyState has included in this AML/CTF Policy and Program.
- any appropriate changes 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 within the applicable timeframe.

The relevant managers will be responsible for appropriate testing in respect of MyState threshold transaction reporting 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 procedures.

Suspicious Matter Reporting

MyState will provide all Officers, Employees and Agents who identify occurrences of unusual or suspicious activity adequate resources and support to report suspicious matters. The Fraud Risk Team will then undertake the lodging of the Suspicious Matter Report with AUSTRAC.

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

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

International Funds Transfer Instructions (IFTI) Reporting

IFTI reporting obligations arise when money is transferred directly to or from a customers account overseas.

Where a customer undertakes a transaction that qualifies for IFTI reporting, MyState will make an IFTI report within the applicable timeframe.

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 MyState's compliance with AML/CTF Act, the regulations and the AML/CTF Rules ('Compliance Report') in accordance with 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 Group Risk Committee via the Enterprise Risk Committee.

The AML/CTF Compliance Officer will be responsible for:

- preparing the Compliance Report;
- submitting it to ERC
- submitting it to the AUSTRAC CEO; and
- For 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 details 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 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 Group Risk Committee via the Enterprise Risk Committee, 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 Group Risk Committee via the Enterprise Risk Committee.

10. 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 Financing of Terrorism Part A and Part B Procedures on the Group's Intranet site.

This documentation will be accessible to all Officers and Employees 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 Financing of Terrorism communications and advisories, MyState Money Laundering and Financing of Terrorism policies and procedures and contact information for Money Laundering and Financing of Terrorism queries, as appropriate.

11. 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">• General wording tidy up;• Further embed feedback obligations;• Include re-identification of high, medium and low risk customers;• Amended frequency to annually;• Amended AML/CTF Officer from Principal Legal Officer to Senior Manager Compliance; and• Re-ordered content.	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 AMLCTF 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)*.

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.

Financing of Terrorism 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

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 the Financing of Terrorism

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 financial 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