



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
Version	0.4
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 RCC
Responsible Executive	CRO
Document owner	Head of Compliance and Principal Legal Officer
Related documents:	<ul style="list-style-type: none">• Risk Management Strategy and Framework• Compliance Management Framework• Customer Identification, Due Diligence & Verification Procedure• Fraud and Financial Crimes Procedures• Scoreline2 Risk Scoring - Terms of Use and Instruction Guide• Recruitment and Selection Procedure• Fit and Proper Policy , Standard and Procedure
Date Approved	20/04/2017
Next scheduled review date	2020

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1. Purpose

MyState aims to prevent and detect money laundering or the financing of terrorism in order to ensure that it complies with Australia's anti-money laundering and terrorist financing laws.

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.

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 ML/TF risk arising from the provision of a designated service by MyState. Elements of Part A also inform the risk-based approach that is applied in Part B (customer identification).

2. Scope

This document applies to MyState Limited Group Companies and operating Subsidiaries. This document must be read in conjunction with the related documents and underlying frameworks that support the implementation of the groups Risk Management Strategy and Framework.

- Risk Appetite Statement
- Privacy Policy
- Fit and Proper Policy, standard and procedure
- Recruitment and Selection procedure
- Credit risk lending policy and standards
- Operational Risk Framework and Process
- Compliance Management Framework
- Fraud detection and prevention framework
- Customer Identification, Due Diligence & Verification Procedure
- Fraud and Financial Crime Procedure

3. Roles

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

MYS's 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 the below

- 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
- the Board charges the Group Risk Committee (GRC) with the responsibility of ensuring there are adequate resources, processes and systems in place to enable this policy and Framework function as intended

Group Risk Committee

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 &
- 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 ensure adequate funding is dedicated to the operation of the risk management framework and as such, to AML/CTF Policy and Program.

- assign responsibilities to ensure the effective management of the identified ML/TF risks;
- oversight of assurance that all parts of the organisation comply with the AML/CTF Policy and Program; &
- promote awareness of AML/CTF so that its cause and processes and procedures that flow becomes embedded throughout the organisation

Risk and Credit Committee

The primary purpose of the RCC 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;

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- review and approve the AML/CTF Program – Part B;
 - monitor MyState's AML/CTF performance and compliance with the AML/CTF Program Part A and Part B;&
 - review breach reporting of the AML/CTF Program – Part A and Part B and actions

Chief Risk Officer

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:

- ensuring a risk management framework and its associated components are appropriate for MYS's activities;
- establishing and maintaining the risk management monitoring and reporting processes necessary to ensure 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 awareness 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
- appoint the AML/CTF Compliance Officer

AML/CTF Compliance Officer

MyState designates the Head of Compliance & Principal Legal Officer to supervise this AML/CTF Policy and Program. The Head of Compliance & Principal Legal Officer reports in to the MyState CRO, and via the CRO has access to the Group Risk Committee and the MyState Board. MyState has also designated the Senior Manager Compliance as an alternate to the designated AML/CTF Compliance Officer.

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

- ensuring 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

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- 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
 - Co-ordination of the institution-wide ML/TF 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:

- ensuring that 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

Staff

The role of all staff members is to manage AML and CTF risk in their area of activity through adherence to delegated responsibilities and AML/CTF processes and procedures and by bringing to the immediate attention of their supervisor any factor identified that could place of MyState and its obligations with respect to AML/CTF at risk.

4. Definitions

Please refer to Annexure 1 – Definitions

5. 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 2016
- Financial Transaction Reports Act 1998

6. 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 it's customers MyState is better able to identify and mitigate ML/TF 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 Fraud and Financial Crime Procedures.

7. Conducting a ML/TF Risk Assessment

ML/TF risk is the risk that MyState or its products and services may be used to facilitate money laundering or terrorism financing. MyState will use a set of metrics that measures ML/TF risk (for example high, medium or low risk) associated with providing each designated service. The following are considered while determining the 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 risk level determines the risk-based customer identification procedures to be included in Part B of the AML/CTF program.

MyState will consider ML/TF 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 screened against the RSM to determine what level of ML/TF Risk it poses to MyState.

MyState will include an ML/TF 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.

In order to appropriately identify MyState's ML/TF Risk, MyState will conduct a timely institution-wide ML/TF Risk assessment of MyState utilising the Risk Scoring Model (RSM).

The institution-wide ML/TF Risk assessment of MyState will be used to determine if there are any significant changes in MyState's ML/TF Risk. The Group Risk Committee via Risk and Credit Committee 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.

7.1. The Risk Scoring Model

The Risk Scoring Model (RSM) will contain the set of metrics that MyState will use to measure its Customer relationships and transactions to determine the level of ML/TF Risk they pose to MyState.

The risk scoring model allows identification, analysis and assessment or qualification of ML/TF risk. It incorporates four risk categories (customer,

product / service, channel and employee) that typically influence the degree to which a money launderer or financier of terrorism might use MyState to launder money or finance terrorism.

It adopts a risk-based approach to managing ML/TF risk. This allows the identification of quantification of areas of greater risk and thereby matches effort with risk by placing more emphasis on implementing controls in higher risk areas. The results produce scores that can be used to interpret the indicative inherent risk in products, customer or channels.

The AML/CTF Compliance Officer will review the risk scoring model used on a regular basis to ensure it is fit for purpose. This model my internally developed or procured from an external source.

8. Approval and Oversight by the Board and Management

8.1. Review and Approval

The AML/CTF Policy and Program – including Part A will be reviewed and submitted for approval every three years by the Chief Risk Officer or Delegate. The approval will be provided by the MyState Board via the Group Risk Committee and the Risk and Credit Committee.

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.

8.2. 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 ML/TF)
- Assurance Testing and Internal Audit
- Annual AML/CTF Compliance Reporting
- AML/CTF Training Program Compliance

9. Employee Due Diligence

MyState undertakes an employee due diligence program to reduce ML/TF Risk. These includes the following:

9.1 Pre-Employment Screening

All prospective Employees and Officers who are applying for a position within MyState 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 MyState Limited - Recruitment and Selection Procedure prior to their appointment to that position.

9.2 Annual Assessments

- As identified in accordance with the Recruitment and Selection Procedure and Fit & Proper Policy, employees and officers whose position within MyState may enable them to facilitate the commission of a Money Laundering or Financing of Terrorism offence will be subject to an annual review including where appropriate additional background checks.

9.3 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.

9.4 Investigating Breaches

If an Officer or Employee believes that an Officer or Employee has failed to comply with the AML/CTF Act and the Associated Legislation, any system, control or procedure in this AML/CTF Program – Part A and/or Part B they must notify to 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 Act and the Associated Legislation, any system, control or procedure in this AML/CTF Program – Part A and /or Part B they must notify the CRO or a member of executive , or via the processes documented in the Whistleblower Protection Policy.

Any person making such a report will be subject to MyState's Whistleblower Protection Policy process and procedures.

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

- the AML/CTF Act and the Associated Legislation; or
- this AML/CTF Policy and Program or
- the AML/CTF Program Part B

by an Employee or Officer and will communicate regulatory breaches to the Group Risk Committee via the Risk and Credit Committee. The AML/CTF Compliance Officer will, if necessary, communicate their findings to AUSTRAC and the relevant law enforcement agencies as appropriate.

9.5 Managing Breaches by Employees

MyState has a Recruitment and Selection Procedure, a Fit & Proper Policy and a Code of Conduct to set out how MyState will manage an Officer or Employee who has failed to comply with the AML/CTF Act and the Associated Legislation, or any system, control or procedure in this AML/CTF Policy and Program.

10. AML/CTF Risk Assessment Training Program

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

- the sources of ML/TF 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 ML/TF risks they may reasonably face.

Compliance with the AML/CTF Training Program will be reported monthly to Risk and Credit Committee.

10.1 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.

10.2 New Employees

New Employees are required to attend induction training regarding their role and duties as an Employee, a component of which is training covered by the AML/CTF Training Program.

Verification that new Employees have completed MyState's induction training will be maintained by the Training Officer.

10.3 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 ML/TF Risk the relevant Employee poses to MyState.

10.4 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.

10.5 Senior Management

All members of Senior Management are required to attend training covered by the AML/CTF Training Program. The Training Officer will arrange for this training to be provided in a timely manner prior on a periodic basis throughout the year.

Verification that members of Senior Management have completed training covered by the AML/CTF Training Program will be maintained by the Training Officer.

10.6 AML/CTF Compliance Officer

MyState will ensure that the AML/CTF Compliance Officer has the appropriate training to satisfy the requirements of the role. The training for the AML/CTF Compliance Officer must ensure 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 Group Risk Committee via the Risk and Credit Committee regarding the effect of any new legal and regulatory developments under the AML/CTF Act and the Associated Legislation.

10.7 Internal Audit

The AML/CTF Compliance 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.

10.8 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.

10.9 Computer Based Training

Where available, all training covered by the AML/CTF Training Program will be delivered to Officers, Employees and Agents through computer based training programs. The training will be designed such that the Officer, Employee or Agent reads the material and answers questions on the computer.

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.

10.10 Types of Training

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

- the computer based training described in paragraph within this AML/CTF Policy and Program.
- regulatory updates and updated government lists to appropriate Employees and Agents on an as needed basis.

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- an internal compliance news service sent to appropriate Employees and Agents based on information provided by Customer Owned Banking Association (COBA).

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.

The AML/CTF Compliance Officer will approve all external training program attendance. The relevant officer, Employee or Agent is responsible for submitting notification of successful completion of any external training program to the Training Officer. The Training Officer will maintain a record of this training.

10.11 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.

10.12 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.

10.13 Record Keeping

The Training Officer will maintain and monitor all training covered by the AML/CTF Training Program. Specifically, the Training Officer 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.

10.14 - 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 Training Officer.

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.

11. 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 ML/TF Risk.

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

The AML/CTF Compliance Officer is responsible for notifying the Group Risk Committee via the Risk and Credit Committee about any AUSTRAC feedback.

The Group Risk Committee via the Risk and Credit Committee will review the AUSTRAC feedback with regard to:

- any appropriate adjustment to the ML/TF 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 will also ensure any AUSTRAC feedback is included in the institution-wide ML/TF Risk assessment of MyState.

12. Ongoing Customer Due Diligence

Ongoing Customer Due Diligence ensures customers are monitored on an ongoing basis to identify, mitigate and manage any ML/TF risk posed on account of providing the designated services. Ongoing customer due diligence includes the following;

12.1 Transaction Monitoring

MyState will undertake a risk-based transaction monitoring program. A transaction monitoring program:

- Includes appropriate risk-based systems and controls to monitor the transactions of customers

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- must identify transactions that are considered to be suspicious
 - should be capable of identifying complex, unusually large transactions and unusual patterns of transactions which have no apparent economic or visible lawful purpose.

A risk-based transaction monitoring program may include the following elements:

- risk-based processes for recognising 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)
- processes to establish customer transaction profiles that include the customer's transaction history (for example, to identify instances where a customer has conducted activity inconsistent with their profile)
- processes to compare established customer transaction profiles against risk-based typologies and transaction patterns
- processes to assign alerts to customers identified as high risk or those conducting transactions indicating suspicious behaviour.

MyState's transaction monitoring program may be conducted manually or using an automated transaction monitoring system.

12.2 Enhanced customer due diligence program

MyState will undertake a enhanced customer due diligence (ECDD) program. ECDD is the process of undertaking additional customer identification and verification measures in certain circumstances deemed to be high risk.

The ECDD program details the procedures MyState must undertake:

- if it determines under its risk-based systems and controls (for example, through its transaction monitoring program) the ML/TF 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
- 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 Fraud and Financial Crimes Procedures

13. AUSTRAC Reporting

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

13.1. Threshold transactions

MyState will ensure that if a customer commences to provide, or provides, a Designated Service to a Customer that involves a Threshold Transaction, MyState will make a Threshold Transaction report within the applicable timeframe.

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

The AML/CTF Compliance Officer will comply with requests by the AUSTRAC CEO to give further information or produce documents relevant to the Threshold Transaction report.

13.2. Suspicious Matter Reporting

MyState will ensure all Officers, Employees and Agents who identify occurrences of unusual or suspicious activity must provide the suspicious matter report to the Fraud Risk Team. 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 ensuring appropriate testing in respect of MyState suspicious matter reporting obligations and reporting thereof.

13.3. Tipping Off

Each Officer, Employee and Agent must not provide advice or other assistance to persons who violate, attempt to violate or avoid the AML/CTF Act, the Associated Legislation or this AML/CTF Program – Part A.

13.4. 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 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 Risk and Credit Committee.

The AML/CTF Compliance Officer will be responsible for:

- preparing the Compliance Report;
- giving it to Risk and Credit Committee;
- giving it to the AUSTRAC CEO; and
- For keeping and maintaining a record of the Compliance Report.

13.5. 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.

14. 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.

15. Record Keeping

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

16. 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;

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- 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 Risk and Credit Committee, who together will direct such action(s) as may be required based on the audit report's findings and ensure 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 Risk and Credit Committee.

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

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), Tasmanian Perpetual Trustees Limited (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 Officer means the Senior Manager of MyState designated by the Board as the AML/CTF Compliance Officer in accordance with the AML/CTF Rules

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 Fraud and Financial Crime 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

AUSTRAC CEO means the Chief Executive Officer of AUSTRAC

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

Board means the board of directors of MyState Limited

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

Legal & Compliance Business Unit means that part of MyState that has been established to monitor and maintain compliance measures to ensure 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

ML/TF 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

MyState for the purposes of this AML/CTF Program means MyState Limited, MyState Bank Limited and Tasmanian Perpetual Trustees Limited as well as all other MyState Limited Group Companies and subsidiaries

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

RSM means the risk scoring model developed to rate a Financial Institution's ML/TF Risk by customer type, product type, access channel type and employee type, licensed for use by MyState

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
