

Australian Bond Exchange Pty Limited

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ANTI MONEY LAUNDERING & KNOW YOUR CLIENT POLICY

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ABEABE AML / KYC Policy

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1. Overview

1.1. Background

The Anti-Money Laundering (“AML”) and Counter-Terrorism Financing (“CTF”) Act 2006 (“AML/CTF Act”) received Royal Assent on 12 December 2006. The broad purpose of the AML/CTF Act is to regulate financial transactions in a way that will help identify, mitigate and manage Money Laundering (“ML”) and Terrorism Financing (“TF”) risks.

The AML/CTF Act provides general principles and obligations while detailed operating rules are covered in Rules made by the Australian Transaction Reports and Analysis Centre (“AUSTRAC”). AUSTRAC is the government agency responsible for administering the AML/CTF Act.

ML involves the injection of funds generated from illegal activities into the legitimate financial system in order to hide or disguise the criminal source of those funds. TF is the use of money, which may or may not be generated from criminal activity, for financing terrorist activities.

The AML/CTF Act applies to persons who provide specified services (known as “designated services”).

Persons providing designated services are called “reporting entities”.

The AML/CTF Act adopts a risk-based approach. This approach means that the reporting entity will decide how best to identify, mitigate and manage the risk of ML and TF through its business. Reporting entities will therefore need to undertake a comprehensive assessment of these risks relative to their businesses. Reporting entities will need to be able to demonstrate to AUSTRAC that they have carried out such an assessment and have a program in place to identify, mitigate and manage the risk of their products or services being used to facilitate ML or TF.

1.2. Summary of general obligations

From 12 December 2007, reporting entities must have and carry out prescribed procedures to verify a customer’s identity before providing a designated service; adopt and maintain an AML/CTF program; and have an AML/CTF Compliance Officer.

From 12 December 2008, reporting entities must: report suspicious matters to AUSTRAC’s Chief Executive Officer (“CEO”); and undertake ongoing customer due diligence (transaction monitoring program and enhanced customer due diligence).

1.3. Definitions

Words and phrases defined in the AML/CTF Act or Rules have the same meaning when used in ABE AML/CTF Program (“Program”) unless otherwise specified.

Authorised Officer: in accordance with section 5 of the AML/CTF Act, an authorised officer is 'the AUSTRAC CEO or a person for whom an appointment as an authorised officer is in force under section 145'.

Politically Exposed Person (“PEP”): Includes an individual who holds a prominent public position or function in a government body or an international organisation (“a public individual”), such as a Head of State; head of a country or government; government minister or equivalent senior politician; senior government official; domestic or foreign Court Judge; governor of a central bank or

someone with a similar position; senior foreign representative; ambassador; high commissioner; high-ranking member of the armed forces; or board chair, chief executive, chief financial officer or similar officer of any State enterprise or international organisation. PEP also includes a person who is an immediate family member or close associate of a public individual. A close associate is anyone who is known to have joint beneficial ownership with a public individual, or sole beneficial ownership of a legal entity or legal arrangement that is known to exist for the benefit of the public individual (AML/CTF Rules, 1.2.1).

ABE's obligations under the Act arise from the provision of certain services that are designated services within the scope of the Act. This includes the following designated services:

Designated Service Application to ABE accepting money or property from a transferor entity to be transferred under a designated remittance arrangement.

Designated Remittance Services: A remittance arrangement is an arrangement for the transfer of money or property. ABE arranges for transfer to and from clients and intermediaries of cash, securities and other asset classes via service providers such as banks and market participants based both in Australia and overseas making money or property available to an ultimate transferee entity as a result of a transfer under a designated remittance arrangement as agent of a person, acquiring or disposing of a security, a derivative, or a foreign exchange contract on behalf of the person.

Securities, Derivatives and Foreign Exchange Contracts: ABE acquires and disposes of securities and derivatives as agent for clients, in the ordinary course of its business. ABE sells securities, OTC and exchange traded bonds and originates bond issues.

Issuing or selling a security or derivative to a person where the issue or sale is in the course of a business

Providing a custodial or depository service Custodial or Depository Services: ABE may provide a custodial or depository service, directly or through Perpetual Trustees within the meaning of s 766E of the Corporations Act 2001 (Cth).

Exchanging one currency for another Currency Exchange: ABE may offer clients the option of exchanging one currency for another in the

conduct of their trading accounts in the capacity of holder of an Australian financial services licence, making arrangements for a person to receive a designated service (other than a service covered by this item)

Arrangements to receive a designated service:

ABE makes arrangements for ABE's clients to receive financial services from other AFS

Licenses that are market participants in the relevant market.

1.4. Designated business group

ABE (a Reporting Entity ("RE")) does not currently share obligations with another person for the purposes of forming a Designated Business Group ("DBG") under the AML/CTF Act and Rules.

In order to join ABE's DBG, a director or officer of the other entity will need to elect in writing (on behalf of that entity) to be a member of ABE's DBG by completing the election form as specified by AUSTRAC at the time. The AML/CTF Compliance Officer will provide the completed form to AUSTRAC in the method specified by AUSTRAC.

When any of the following changes in ABE's DBG occurs, the AML/CTF Compliance Officer must notify

AUSTRAC's CEO, in writing, by completing the approved notification form:

- a withdrawal of a member from ABE's DBG;
- an election of a new member to join ABE's DBG;
- the termination of ABE's DBG; or
- any other change in the details previously notified to AUSTRAC's CEO in respect of the Nominated Contact Officer or ABE's DBG.

Any of the changes listed above must be approved by the Board of Directors of ABE's DBG.

The AML/CTF Compliance Officer must provide the notification to AUSTRAC no later than fourteen (14) business days from the date the change takes effect.

2. Part A

2.1 Part A - Business Elements

2.1.1 AML/CTF Program

ABE adopts Parts A and B of this Policy as its AML/CTF program ("ABE's AML/CTF Program") for the purposes of the AML/CTF Act.

This Program is adopted by the Board under section 81 of the AML/CTF Act.

Amendments to this document may be made only with the approval of the Board.

2.1.2 Independent review of the Program

Part A of the program will be subject to a regular independent review to:

- Assess the effectiveness of Part A of the program having regard to the AML/CTF risk of ABE Group;
- Assess whether the Part A program complies with the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2001 (No.1);
- Assess whether the Part A program has been effectively implemented; and
- Assess whether ABE Group has complied with our Part A program.

These reviews will be undertaken by suitably independent and qualified reviewers on a schedule informed by the AML/CTF Risk Assessment.

Results of these reviews will be provided to the Compliance Manager Board for consideration through the Board.

2.1.3 Relationship with AUSTRAC

All correspondence and other contact with AUSTRAC will be through the AML/CTF Compliance Officer in the first instance. Further, any staff member receiving correspondence or otherwise contacted by AUSTRAC must in the first instance escalate that regulatory contact to their respective line management to forward to the Compliance Manager.

ABE Group will have appropriate regard to any feedback provided by AUSTRAC with respect to its performance on the management of its money laundering and/or terrorism financing risk.

2.1.4 AML/CTF commitment and Program management

ABE is committed to full compliance with the AML/CTF Act and Rules and their objectives. To the extent permissible by law, this is followed in a manner which is consistent with business efficiency, the requirements of investor protection laws and the best interests of our investors who do not pose any material ML/TF Risk.

Oversight of compliance with this Program is conducted in line with the established corporate governance oversight processes and committees of ABE Group. Particular AML/CTF responsibilities are as follows:

Board

- Approve Part A of the program;
- Approve final implementation of the program; and
- Ongoing oversight of compliance with the Act.

Chief Executive Officer (CEO)

- Support the implementation of the program;
- Monitor the effectiveness of the program;
- Oversee AML/CTF strategies, plans or projects submitted by Compliance;
- Review and monitor the effectiveness of reports, minutes and findings presented by Compliance;
- Review and monitor the actions and decisions taken by Compliance;
- Report to the Executive on AML/CTF issues as required; and
- Carry out AML/CTF related strategies and actions as directed by the Board.

AML/CTF Compliance Officer

- Annually review the program, including risk assessments and recommend changes as required;
- Provide reports and other information on AML/CTF to the Board, CEO and the business as required;
- Prepare and maintain AML/CTF training and awareness material;
- Identify and engage independent reviewer to report on of the effectiveness of the implementation of Part A of the program; and
- Facilitate reporting of suspicious matters and transactions and international fund transfers to AUSTRAC.

All Staff

- Follow procedures established to enable compliance with the Act;
- Participate in ongoing training and employee due diligence when required;
- Escalate any suspicious matters, transactions or abnormal behaviour;
- Remain alert to activity which may lead or amount to money laundering and/or terrorism financing; and
- Escalate money laundering and/or terrorism financing issues as required.

2.1.5 AML/CTF Compliance Officer

ABE Group has appointed the Compliance Manager as the designated AML/CTF Compliance Officer. The AML/CTF Compliance Officer is responsible for implementing and over-seeing ABE's obligations under the AML/CTF Act and Rules in accordance with ABE's compliance procedures.

The AML/CTF Compliance Officer will at all times:

- be part of the management of ABE;
- report directly to the CEO of ABE; and
- possess sufficient skills and experience to carry out the role of the AML/CTF Compliance Officer.

The AML/CTF Compliance Officer is authorised to delegate any of its responsibilities under this Program, the AML/CTF Act or Rules to another ABE employee, agent or responsible third party provided it is reasonable to do so. The AML/CTF Compliance Officer's responsibilities are to be undertaken in conjunction with an external compliance consultant.

2.1.6 Records relating to ABE's AML/CTF Program

The AML/CTF Compliance Officer will ensure that the following records are retained for each of ABE's DBG reporting entities:

- this Policy, ABE's AML/CTF Program and each variation to them;
- Board of Director's approval of this Policy, ABE's AML/CTF Program and each variation to them;
- AUSTRAC's feedback and correspondence;
- external and internal AML/CTF reviews; and
- correspondence with external lawyers on AML/CTF issues.

These records be retained:

- in the case of records relating to the adoption of each variation to this Policy and ABE's AML/CTF Program, during the period it or any part of it remains in force and for seven (7) years after it ceases to be in force; and
- for the period of time determined by the AML/CTF Compliance Officer for all other records.

2.1.7 AML/CTF compliance reporting

The AML/CTF Compliance Officer must submit, on behalf of ABE, an AML/CTF Compliance Report to AUSTRAC within three (3) months of the end of each Reporting Period (“Reporting Period”), or otherwise as specified by AUSTRAC.

The AML/CTF Compliance Report must cover each of ABE’s compliance with the AML/CTF Act and Rules during the Reporting Period and take the form to be specified by AUSTRAC (if any).

2.1.8 Risk assessment

In determining and putting in place appropriate risk-based systems and controls to identify, mitigate and manage ML/TF risks in Part A of this Program, ABE has had regard to the following factors, the:

- nature, size and complexity of its business; and
- type of ML/TF risk that it might reasonably face.

ABE has also considered the following factors when identifying ABE’s exposure to ML and TF, the:

- customer types;
- types of designated services provided;
- methods by which those services are delivered; and
- country in which those services are delivered.

Prior to a new designated service being introduced to the market by ABE, the AML/CTF Compliance Officer will assess it to determine whether it involves the provision of a designated service. Where it is determined that a new service involves the provision of a designated service, the AML/CTF Compliance Officer will assess the ML/TF risk involved in the provision of the designated service.

An assessment of the AML/CTF risk(s) posed must also be conducted for all new:

- methods of designated service delivery prior to adopting them (for example, using a non-face-to-face method or the use of electronic funds transfers); and
- or developing technologies used for the provision of a designated service prior to adopting them.

The Board of Directors’ approval must be received before a new designated service is introduced to the market by ABE. The Board of Directors must be given a copy of the risk assessment conducted under this Program, before the approval is granted. This risk assessment must take into account:

- the nature, size and complexity of the business; and
- the type of ML/TF risk that might be reasonably faced by ABE.

2.1.9 Understanding the nature and purpose of business relationships

ABE should use this Program to understand the nature and purpose of its business relationships with customers. This includes:

- collecting information relevant to that understanding;
- understanding the control structure of non-individual customers;
- identifying significant changes in ML/TF risk; and
- assessing the ML/TF risk posed by:
 - o all new designated services prior to introducing them;
 - o all new methods of delivering a designated service prior to adopting them;
 - o all new or developing technologies used for the provision of a designated service prior to adopting them; and
 - o changes arising in the nature of the business relationship, control structure or beneficial ownership all existing customers.

2.1.10 Employee due diligence

ABE does not have any existing employees who are currently in a position to facilitate the commission of a ML or TF offence due to the clear separation of each employee's duties.

New Employees

The AML/CTF Compliance Officer must be informed of all prospective new employees before they are issued with an employment contract.

For all newly created roles or previously existing roles that are to be filled with a new employee, a risk assessment must be undertaken of that role to determine whether they will be in a position to facilitate the commission of a ML or TF offence.

In respect to all prospective employees who, if employed (to fill a newly created role that is able to facilitate a ML/TF transaction, or a previously-existing role that is now able to facilitate a ML/TF transaction), may be in a position to facilitate the commission of a ML or TF offence in connection with the provision of a designated service, the AML/CTF Compliance Officer will:

- collect information about and verify the identity of the employee in accordance with Part B as if they were a new individual customer;
- obtain a copy of the prospective employee's visa where the employee is not an Australian citizen;
- carry out at least two (2) reference checks;
- obtain copies of all tertiary educational qualifications or, if none, the person's highest educational qualification;
- carry out a criminal history check with the Australian Federal Police ("AFP") and
- carry out a bankruptcy/credit check.

- These procedures will be carried out before an employment offer is made unless the AML/CTF Compliance Officer decides otherwise having regard to the reason(s) why they cannot be completed beforehand and the ML/TF risk associated with the position of the prospective employee.

Existing Employees

Where it is proposed that an employee will be transferred or promoted to a new role, a risk assessment must be undertaken of that role to determine whether they will be in a position to facilitate the commission of a ML or TF offence.

Where an employee is transferred or promoted to a role that may put them in a position to facilitate the commission of a ML or TF offence in connection with the provision of a designated service, the

AML/CTF Compliance Officer will:

- obtain an updated copy of the employee's visa where the employee is not an Australian citizen; and
- carry out any other identification, reference, criminal history checks with the AFP or credit checks that are deemed necessary by the AML/CTF Compliance Officer.

Employees who fail to comply with the procedures above will be reported to ABE's Compliance Officer.

Appropriate disciplinary action, including termination of employment, will occur where it is deemed necessary.

Copies of employee checks undertaken in accordance with this Program will be kept in accordance with ABE's Document Retention Policy.

Managing Non-Compliance

ABE will, on an ongoing basis, monitor its employees' compliance with this Program. This will be done in a number of ways and may include, subject to applicable laws, surveillance of an employee's activities in the workplace.

An employee who fails to comply with this Program will be reported to the AML/CTF Compliance Officer.

Appropriate disciplinary action, including termination of employment, will occur where it is deemed necessary.

2.1.11 Risk awareness training

The Risk Awareness Training Program ("RATP") is designed to ensure each employee of ABE receives appropriate ongoing training on the ML/TF risk that each ABE DBG's RE may face. It is designed to enable

ABE's employees to understand:

- ABE's obligations under the AML/CTF Act and Rules;

- the consequences of non-compliance with the AML/CTF Act and Rules;
- the type of ML/TF risk that ABE might face and the potential consequences of such risk; and
- those processes and procedures provided for by this Program which are relevant to the work carried out by the employee.

Ongoing Compliance Training

An external compliance consultant provides regular updates on compliance issues, including AML/CTF and AUSTRAC issues. These updates are made available to all employees of ABE.

Employee AML/CTF Seminars

The AML/CTF Compliance Officer will organise AML/CTF seminars covering the AML/CTF issues faced by ABE. The AML/CTF seminars will be conducted as determined by the AML/CTF Compliance Officer. For new employees and employees on leave, a separate seminar may be conducted within a reasonable time of commencing employment if the AML/CTF Compliance Officer determines it is necessary having regard to the ML/TF risk associated with the position of the existing or prospective employee.

A record will be kept of each employee who attends an AML/CTF seminar in accordance with ABE's Document Retention Policy.

At the discretion of the AML/CTF Compliance Officer, additional seminars will be conducted to ensure that all employees remain aware of and up-to-date with changes in the AML/CTF legislation and requirements.

Non-attendance at an AML/CTF seminar by an employee, without reasonable excuse, will be reported to the CEO and appropriate disciplinary action will be taken at the request of the AML/CTF Compliance Officer.

From time to time some employees, depending on the nature of their role and responsibilities, maybe required to undertake additional training as directed by the AML/CTF Compliance Officer.

The AML/CTF Compliance Officer will make available to all employees a current copy of this Program.

2.2 Part A – Investor Elements

2.2.1 Risk rating

Given ABE's assessment of its ML/TF risks, unless this Program requires otherwise, all investors will be automatically rated as "Low Risk". (This is the "default" rating.)

During the completion of the investor identification and verification process detailed in Part B of this Program, if anything unusual is identified a further risk assessment may be required. The verification of the investor's details is effectively completing the risk assessment for the investor as anything unusual will be highlighted at this point.

An investor will be considered to be “Medium Risk” or “High Risk” if a risk rating performed under this Program produces that result or if the AML/CTF Compliance Officer or an officer of the Investment Administrator assigns the investor that rating.

All “Medium Risk” or “High Risk” investors will be listed in the ML/TF Risk Register, which must be updated for any additional Risk Information discerned about that investor under this Program.

The AML/CTF Officer must actively consider each investor after new Risk Information is entered in the ML/TF Risk Register about that investor to consider whether the investor’s Risk Rating should be changed.

2.2.2 Further KYC information

In addition to the collection of KYC information in the course of verifying information on an application for units from new investors, KYC information is for any new investors deemed to be of a “Medium/High” risk category or for any existing investor who is reclassified from a “Low” risk investor to “Medium” or “High”.

In those circumstances the following further KYC information will be sought by direct request to the investor:

- for an individual - any maiden name or former name;
- for an individual - countries of citizenship and residence;
- for an individual - occupation and employer or business activity;
- for all - source of funds and beneficial ownership.

If a satisfactory response is not received, no further applications for units or redemptions will be processed (unless to do so would be a breach of the Fund’s trust deed) and, if an unsatisfactory response or no response persists after appropriate reminders, the AML/CTF Compliance Officer contemplates making a Suspicious Matter Report.

2.2.3 Transaction monitoring

Transaction Monitoring is conducted and reported back to the AML/CTF Compliance Officer.

To enable ABE Group to detect, investigate and undertake action in response to changes in customer risk profiles and other suspicious matters described under section 41 of the Act, a transaction-monitoring program has been established. The transaction-monitoring program reflects the risk assessments undertaken in accordance with the AML/CTF Program in order to monitor the transactions of ABE Group customers. Its purpose is to identify, having regard to ML/TF risk, any transaction that appears to be suspicious within the terms of section 41 of the Act.

Transaction monitoring has regard to complex, unusual large, and unusual patterns of transactions, which have no apparent economic or visible lawful purpose.

The program is documented in operational procedures and includes Frontline Monitoring (Front Office staff), Operational Monitoring and hindsight review of transactional trends by Back Office Staff.

In reviewing transactions the AML/CTF Compliance Officer will consider whether to:

- lodge Suspicious Matter Reports;

- add information to the ML/TF Risk Register;
- if the investors risk rating has increased, seek further KYC information;
- propose a modification of this Program to the Board.

International Funds Transfer Instruction (IFTI) Reporting

As a provider of a Designated Remittance Service, ABE Group must complete IFTI reports within the timeframes required by The Act.

The Operations Cash Management function undertakes all international transfers and makes reports in accordance with their procedures and in line with the Act.

2.2.4 Enhanced customer due diligence (ECDD)

ABE Group, through the AML/CTF Compliance Officer will undertake Enhanced Customer Due Diligence (ECDD) to manage the AML/CTF Risk presented, in either of the following situations:

- ABE becomes aware of a suspicious matter in accordance with section 41 of the Act;
- ABE identifies there is a high ML/TF risk, including high risks from beneficial owners and PEPs;
- A designated service is being supplied a customer who is, or whose beneficial owner is, a PEP; or
- A party to the transaction in which ABE is entering has a physical presence, or incorporation, in a prescribed foreign country.

For each investor subject to ECDD, the AML/CTF Compliance Officer must undertake the following steps:

- endeavour to obtain further or updated KYC information;
- undertake more detailed analysis of the customer's KYC information and beneficial owner information, including identification of the sources of the wealth of the customer and each beneficial owner, and their sources of their funds;
- pursue verification or re-verification of KYC information;
- pursue verification or re-verification of beneficial owner information;
- undertake more detailed and specific monitoring and analysis of both past and future transactions, including their purposes;
- seek senior management approval for continuing a business relationship and continuing to provide a designated service to the customer; and
- liaise with a relevant regulator or law enforcement authority.

For each investor subject to ECDD, the AML/CTF Compliance Officer may also take the following steps if they are appropriate:

- seek information from the customer or third party in order to undertake one or more of the following:

- o clarify or update KYC information already collected;
- o clarify or update beneficial owner information already collected;
- o obtain further KYC and beneficial owner information, including identification of the sources of the wealth of the customer and each beneficial owner, and their sources of their funds; and
- o clarify the nature of the customer’s ongoing business with the reporting entity; and
- consider whether a transaction should not be processed.

In addition, a Suspicious Matter Report is lodged if necessary.

More generally, an investor subject to ECDD is constantly monitored by the AML/CTF Compliance Officer with a view to considering any suspicions which are relevant to ML/TF Risk.

2.2.5 Suspicious matter reports

The AML/CTF Compliance Officer lodges Suspicious Matter Reports (containing the information required by AML/CTF Rule 18.2 to the maximum extent possible) as required by Section 41 of the AML/CTF Act. This means lodging a report when the AML/CTF Compliance Officer (or contracted service provider) suspects on reasonable grounds:

- that a investor (or their agent) is not the person they claim to be;
- that information concerning the issue of units or prospective issue of units may be relevant to the investigation or prosecution of evasion of State, Territory or Federal taxation law, or of an offence against a law of the Commonwealth or of a State or Territory, or may be of assistance to enforcement of the Proceeds of Crime Act 2002 (Cth) or of a corresponding State or Territory law;
- that an issue of units or prospective issue of units is preparatory to a financing of terrorism offence, or that the information may be relevant to the investigation or prosecution of an offence of financing of terrorism;
- that an issue of units or prospective issue of units is preparatory to the commission of an offence of money laundering, or that the information may be relevant to the investigation or prosecution of a money laundering offence.

If a staff member or representative forms a suspicion, it must notify the AML/CTF Compliance Officer who lodges the report. If the suspicion is related to the offence of financing of terrorism, the report is submitted to the AUSTRAC within 24 hours of forming the suspicion. All suspicions must be reported within 3 days.

It is an offence under Section 123 of the AML/CTF Act for a reporting entity, or an employee of a reporting entity, to let the person about whom you formed the suspicion, another person, or organisation know that a suspicion has been formed or that a suspicious matter has been reported to AUSTRAC.

2.2.6 Ceasing to deal with extremely high risk investors

The AML/CTF Compliance Officer considers whether a High Risk investor who is known to have engaged in money laundering or terrorism financing, or is currently at extreme ML/TF risk, should have any applications for further units rejected and or cease to be an investor at all.

ABE does not deal with any investor whom it becomes aware is on a Prescribed List and should not be dealt with under Australia's terrorism legislation (DFAT list, Charter of the United Nations (Terrorism and Dealings with Assets) Regulations 2002).

3. Part B – Customer Identification

3.1 Application of Part B

Part B of ABE Group's AML/CTF program is focused on customer identification procedures for ABE's customers. ABE has embedded detailed, risk based, Know Your Customer procedures into all relevant areas of operations.

These procedures delineate customers into risk classes, utilising customer information, identification documentation and electronic sources of information along with a consideration of the process being undertaken within the customer lifecycle. ABE will consider the following factors when identifying its exposure to ML and TF and developing its customer identification procedures:

- customer types;
- types of designated services provided;
- methods by which those services are delivered; and
- country in which those services are delivered.

This risk based approach allows ABE to collect sufficient information to be certain as to the identity of the customer and to be aware of the need to call for further information or to escalate the matter for investigation in the event of discrepancies.

Part B of this Program applies to ABE, including any functions carried out by a responsible third party.

3.2 KYC – Customer identification and verification procedures

The customer identification and verification procedures must be carried out by ABE or a responsible third party:

- prior to commencing to provide a designated service to a customer (other than an existing customer), unless ABE has already carried out the applicable customer identification procedure in respect of the customer; and
- when ABE's employee is responsible for the customer (or another ABE employee on their behalf), unless the AML/CTF Compliance Officer authorises that these procedures can be conducted by an external party.

The same KYC procedures will be applied across all ABE customers in order to ensure that additional procedures do not need to be carried out where a customer uses more than one of ABE's designated service.

Once information relating to a customer has been collected and verified, ABE will re-assess the ML/TF risk posed by the customer. In re-assessing the AML/CTF Customer Type Risk for ABE, it must consider, where appropriate and among other factors, whether:

- the customer is involved in a complex business ownership structure with no legitimate commercial rationale;
- the non-individual customer (for example, a trust, company or partnership) has a complex business structure with little commercial justification, which obscures the identity of the ultimate beneficiaries of the customer;
- the customer is in a position which may expose ABE to the possibility of corruption;
- the customer is based in, or conducting business through or in, a high-risk jurisdiction;
- the customer is engaged in business which involves significant amounts of cash;
- there is no clear commercial rationale for the customer seeking a designated service;
- the customer is a PEP;
- an undue level of secrecy is requested regarding a designated service;
- the source of funds is difficult to verify;
- the beneficial owners are difficult to identify and/or verify;
- the beneficial owners of the customer are resident in a high-risk jurisdiction;
- there is a one-off transaction in comparison with an ongoing business relationship or series of transactions;
- a designated service can be used for ML or TF (and the extent to which it can be used);
- the customer makes or accepts payments (for example, electronic transfers) to or from accounts which have not been identified by the RE;
- the customer makes or accepts payments (for example, electronic transfers) to or from offshore accounts;
- the customer has access to offshore funds (for example, cash withdrawal or electronic funds transfer);
- the customer when migrating from one designated service to another carries a different type and level of AML/CTF risk;
- the customer has income which is not employment-based or from a regular known source;
- the customer is new, rather than having a long-term and active business relationship with the RE;
- the customer's business, provision or designated services is primarily of a money remittance service nature;
- the customer's business is registered in a foreign jurisdiction with no local operations or domicile;
- the customer's business is an unregistered charity, foundation or cultural association;

- the customer is represented by another person, such as under a power of attorney.

3.3 Individuals: Customer Identification and verification procedures

Minimum details required:

- Full Name • DOB
- Residential address

Also collect the following for sole traders:

- Full business name (if any)
- Full address of the principal place of business (if any) and
- ABN (if any)

Standard verification procedure:

- Australian driving licence
- Australian passport (or foreign passport)
- Card issued under state, territory or federal government law
- For foreign investors a Foreign passport or similar document issued for the purpose of international travel, that contains a photograph and the signature of the person

Non-standard verification procedure

To be followed where standard verification is not possible or where there is a discrepancy in the information collected or we are not reasonably satisfied that the investor is the individual he or she claims to be.

- Australian birth certificate
- Australian citizenship certificate
- Pension card or
- Health care card

All of the above documents must be accompanied by one of the following:

- a letter issued by government within the last 12 months
- a letter issued by the Tax Office within the last 12 months or
- a letter issued by local government.

For foreign investors we are cautious using identification other than a foreign passport. However a National Identity Card issued by a foreign government containing a photograph and signature of the person or Foreign driver's licence that contains a photograph of the person is also acceptable.

3.4 Companies: Australian companies

Minimum details required:

- Full Name of Company, as registered by ASIC

- Address of registered office
- Address of principal place of business
- ACN
- If a proprietary company – name of each director
- If a proprietary company – name and address of beneficial owners
- If the company is a regulated company, the name of the regulator and details of the licence
- If the company is a majority owned subsidiary of an Australian listed company, the name of the Australian listed company and the name of the relevant market/exchange
- If the company is a listed company, the name of the relevant market/exchange

Foreign registered companies: Minimum details required

- Name of Company
- Address of registered office in Australia
- Address of principal place of business in Australia, if any; or the full name and address of the company's local agent in Australia, if any
- ARBN
- Country in which the company was formed, incorporated or registered (i.e. country of origin)
- Whether registered in country of origin and type of company
- If a proprietary company – name and address of beneficial owners and directors
- If the company is a regulated company, the name of the regulator and details of the licence
- If the company is a majority owned subsidiary of an Australian listed company, the name of the Australian listed company and the name of the relevant market/exchange

Foreign unregistered companies: Minimum Details Required

- Name of Company
- Country in which the company was formed, incorporated or registered (country of origin)
- Whether registered in country of origin and, if so:
 - o Identification number
 - o Full address of the company in its country of origin, as registered by the foreign body of registration
 - o They type of company
- If a proprietary company- name of beneficial owners and directors

- If the company is not registered, the full address of the principal place of business

Standard verification procedure:

- Search of foreign stock exchange
- Search of foreign registration body or an original or certified copy* of a certificate of registration (or equivalent) issued by the relevant foreign registration body.
- Obtain a public document issued by the company
- In some circumstances: disclosure certificate that verifies information about the beneficial owners

3.6 Trusts and Trustees

Including a registered scheme, registered trust, government superannuation fund and any other trust (including custodian or nominee company).

Minimum details required:

- Name of Trust
- Business name of Trust
- Type of trust
- Country trust established
- The full name of the settlor of the trust, unless:
 - o the material asset contribution to the trust by the settlor at establishment was less than \$10,000; or
 - o the settlor is deceased.
- Name, and address or date of birth, of each beneficiary
- If trustee is an individual then the individual KYC must also be done as per Schedule 1
- If the trustee is a company then the KYC must also be done on the company as per Schedule 2
- If the trust is a registered scheme, the scheme's ARSN
- If the trust is a regulated trust, the name of the regulator and relevant ABN
- If the trust is a government superannuation fund established under legislation, the name of that legislation
- Name, and address or date of birth, of each beneficial owner

Standard verification procedure:

- Copy or extract of trust deed or
- Search of ASIC, APRA, ATO website
- Notice of assessment issued by the ATO in the last 12 months

Insert appropriate risk-based systems and controls to:

- Respond to any discrepancy that arises during verification. These must include a requirement to have regard to the money laundering and terrorism financing risk relevant to the designated services.
- Determine whether to rely on a disclosure certificate (including a requirement to have regard to the ML/TF risk relevant to the provision of the designated service, including the jurisdiction in which the company was incorporated, the jurisdiction of the primary operations of the foreign company and the location of the foreign stock or equivalent).
- Determine, in verification:
 - o Whether, and in what circumstances, a copy of a document can be relied upon;
 - o How to identify, and respond to, a document that is cancelled, forged, tampered with or stolen;
 - o Whether to use an authentication service; and
 - o Whether, and how, to confirm information by contacting a customer
- Whether a customer or beneficial owner is a politically exposed person

3.7 Trustees

Minimum details required:

- Name of each trustee
- Registered address of each trustee
- If the trust identifies the beneficiaries by reference to a class, details of the class. If not, the name of each beneficiary
- Name, and address or date of birth, of each beneficial owner

Standard verification procedure:

- Trust deed
- Search of ASIC, APRA, ATO website
- Notice of assessment issued by the ATO in the last 12 months
- In some circumstances: disclosure certificate

3.8 Partnerships

Minimum details required:

- Name of Partnership

Insert: appropriate risk-based systems and controls for determining the following-

- Whether, and to what extent, additional KYC information needs to be collected from a customer

- Whether, and to what extent, additional KYC information needs to be verified (and what documents will be used for verification)
- Whether, and in what circumstances, a photocopied document may be relied upon
- The process for responding to any discrepancy that arises during the verification process
- In what circumstances ABE will take steps to determine whether a document produced by a customer may have been forged, tampered with, cancelled or stolen (also outline the steps to be taken)
- Whether ABE will use any authentication service that may be available in respect of a document
- Whether, and how, to confirm KYC information by contacting the customer
- Whether a customer or beneficial owner is a politically exposed person

Insert: appropriate risk-based systems and controls for determining the following-

- Whether, and to what extent, additional KYC information needs to be collected from a customer
- Whether, and to what extent, additional KYC information needs to be verified (and what documents will be used for verification)
- Whether, and in what circumstances, a photocopied document may be relied upon
- The process for responding to any discrepancy that arises during the verification process
- In what circumstances ABE will take steps to determine whether a document produced by a customer may have been forged, tampered with, cancelled or stolen (also outline the steps to be taken)
- Whether ABE will use any authentication service that may be available in respect of a document
- Whether, and how, to confirm KYC information by contacting the customer
- Determine whether to rely on a disclosure certificate (including a requirement to have regard to the ML/TF risk relevant to the provision of the designated service, including the jurisdiction in which the company was incorporated, the jurisdiction of the primary operations of the foreign company and the location of the foreign stock or equivalent).
- Whether a customer or beneficial owner is a politically exposed person
- Business name of Partnership
- Registered address of partnership
- Country in which partnership was established
- Each partner must have individual KYC checks completed as per Schedule 1
- Full name and address of all partners

Standard verification procedure:

- Copy or extract of partnership agreement or
- Copy or extract of minutes or partnership meeting or
- Search of ASIC, APRA, ATO website
- Original or certified copy of a certificate or registration of business name issued by a government Agency.

3.9 Associations

Minimum details required:

- Full name of the association
- Full address of the association's principal place of administration or
- Full address of the association's registered office (if any) or
- Full name and residential address of the association's public officer (or of the president, secretary or treasurer, if no public officer)
- If an unincorporated association then the Full address of the association's principal place of administration (if any)
- Full name of the chairman, secretary and treasurer (or equivalent officers)
- Any unique identification number issued upon incorporation by the relevant registration body.
- In respect of the member of the unincorporated association (verified member) individual KYC checks completed as per Schedule 1
- Name, and address or date of birth, of each beneficial owner

Standard verification procedure:

- Copy or extract of Constitution or Rules of the association
- The minutes of meeting of the association
- Search of ASIC or the government body responsible for the incorporation of the association

3.10 Registered Co-operatives

Minimum details required:

- Full name of the registered co-operative and
- Full name of the chairman, secretary and treasurer or equivalent officer in each case and
- Any unique identification number issued upon its registration by the relevant body and
- Full address of the co-operative's registered office or

- Full address of the co-operative's principal place of operations (if any) or
- Full name and residential address of the co-operative's secretary (or if there is no such person, the cooperative's president or treasurer) and
- Name, and address or date of birth, of each beneficial owner

Standard verification procedure

- Copy or extract of the register maintained by the co-operative
- The minutes of meeting of the co-operative
- Search of ASIC or the government body responsible for the incorporation of the association
- In some circumstances: disclosure certificate

3.11 Government Bodies

Minimum details required:

- Full name of the government body
- Full address of the government body's principal place of operations
- Whether the government body is an entity or emanation, or is established under legislation
- If established under legislation, whether it is legislation of a State, Territory, or a foreign country; and the name of that State, Territory or country
- Name, and address or date of birth, of each beneficial owner (unless the entity of an Australian Government entity)

Standard verification procedure:

- Search the relevant Commonwealth, State, Territory or Foreign Country website for confirmation of the government body's existence or
- Review the relevant Commonwealth, State, Territory or Foreign Country register of government bodies (where available) or
- If the government body is established under legislation, a copy or relevant extract of the legislation obtained from a reliable and independent source, such as a government website

3.12 Agents: All types of investors appointing an Agent

The following procedures apply when an investor authorises an agent, who is an individual, to act for or on behalf of the investor in relation to designated services.

Minimum details required:

- Full name of each agent and

- Evidence of the agent's authority to act on behalf of the investor (e.g. signed letter, signed authorisation form, signed power of attorney etc.)
- Any other information required to be collected as specified by the product issuer (e.g. in a PDS, a product application form or agreement)

Standard verification procedure:

- Conduct KYC checks as per Schedule 1 on the identity of the agent or
- if the agent is acting under an AFSL, evidence that the agent is the holder or a representative of the holder of the AFSL. (Evidence may consist of the provision of the AFSL number or authorised representative number issued by ASIC, or a planner ID number of other method used by the issuer to track the source of applications or that otherwise identifies licensees and their representatives to the issuer)

3.12.1 Agents who are not individuals

It is possible that an investor may appoint a non-individual, such as a company, as the investor's agent. The AML/CTF Rules do not provide for collection and verification of information about the identity of agents who are not individuals.

However, ultimately such agents must act through an individual or individuals (e.g. employees of a company). As such, we comply with the above verification procedures in relation to those individuals, and collect their name and evidence of authority to act on behalf of the investor. In these cases, the evidence of authorisation must show the chain of authority from the investor to the non-individual agent and from the agent to the individual actually acting for or on behalf of the investor.

3.12.2 Non-individual investors appointing a verifying officer and agent

The following procedure applies when a non-individual investor (e.g. company, trustee, co-operative etc.) appoints a verifying officer (e.g. employee, agent or contractor) to identify an agent appointed by the non individual investor

A person may be appointed as a verifying officer only if he or she is an employee, agent or contractor of the customer.

Identify the verifying officer:

- Identify and verify the verifying officer in accordance with Schedule 1
- Obtain evidence of the investor's authorisation of the verifying officer to act as a verifying officer (e.g., signed letter, signed authorisation form etc.)

Identification of the Agent by the verifying officer:

- Full name of each agent to be provided to the reporting entity
- Position, title or role held by the agent with the investor
- A copy of the signature of the agent to be provided to the reporting entity
- Evidence of the investor's authorisation of the agent to act for or on behalf of the investor (e.g. signed letter, signed authorisation form, signed power of attorney etc.)

AND

- Make a record of the above information

3.13 Politically Exposed Persons

If it is determined that a customer or beneficial owner is a PEP, ABE must undertake the following measures:

- Where the individual is a domestic PEP or a PEP of an international organisation, determine whether there is a high risk of money laundering or terrorism financing. If so:
 - obtain senior management approval before having a business relation, or providing a service, to the client;
 - take reasonable steps to identify the source of the person's wealth and funds; and
 - undertake ongoing customer due diligence measures (transaction monitoring and enhanced customer due diligence) with respect to that person.
- Where the individual is a foreign politically exposed person, assume they pose a high risk of money laundering or terrorism financing, and carry out the above steps.

3.14 Where beneficial owner cannot be ascertained

Where a beneficial owner cannot be ascertained, ABE must identify and verify:

- For a company or partnership, any individual who:
 - o is entitled, directly or indirectly, to exercise 25% or more of the voting rights, including a power of veto; or
 - o is a senior managing official (or equivalent).
- For a trust, any individual who holds the power to appoint or remove trustees.
- For an association or registered co-operative, any individual who:
 - o is entitled, directly or indirectly, to exercise 25% or more of the voting rights, including a power of veto;
 - o would be entitled on dissolution to 25% or more of the property of the association or registered co-operative; or
 - o is a senior managing official (or equivalent)

3.15 Documentation in a foreign language

Any documentation provided as part of an application, redemption, KYC check or any other correspondence from the investor that is in a foreign language must be accompanied by an English translation prepared by a professional translator accredited by the National Accreditation Authority for

Translators and Interpreters ("NAATI") or equivalent (www.naati.com.au).

3.16 Certified copy of an original document

“Certified copy” means a document that has been certified as a true copy of an original document by one of the persons described in paragraphs 1 – 15 below.

“Certified extract” means an extract that has been certified as a true copy of some of the information contained in a complete original document by one of the persons described in paragraphs 1 – 15 below.

People who can certify document or extracts are:

- a lawyer – a person who is enrolled on the roll of the Supreme Court of a State or Territory or High Court of Australia, as a legal practitioner (however described)
- a judge of a court
- a magistrate
- a chief executive officer of a Commonwealth Court
- a registrar or deputy registrar of a court
- a Justice of the Peace
- a notary public (for the purposes of the Statutory Declaration Regulations 1993)
- a police officer
- a postal agent – an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public
- the post office – a permanent employee of the Australian Postal Corporation with 2 or more years of continuous service who is employed in an office supplying public postal services
- an Australian consular officer or an Australian diplomatic officer (within the meaning of the Consular Fees Act 1955)
- an officer with 2 or more years continuous service with one or more financial institutions (for the purposes of the Statutory Declarations Regulations 1993)
- a finance company officer with 2 or more continuous years of service with one or more financial companies (for the purposes of the Statutory Declarations Regulations 1993)
- an officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees
- an accountant – a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership

3.17 Foreign jurisdictions

Where ABE has the prospect to acquire a new customer from a foreign jurisdiction, an assessment must be made as to whether it is a high-risk jurisdiction. The factors that should be considered in this assessment include, but are not limited to:

- whether the customer is based in a country that is a Financial Action Task Force (“FATF”) member and any FATF reports about that country;
- the legal framework and standard AML/CTF controls of the foreign jurisdiction; and
- the economic climate of the foreign jurisdiction.

The assessment should take into account information from legitimate, respected domestic and/or international bodies. Where an assessment is made that the customer is from a high-risk jurisdiction, the matter must be referred to the AML/CTF Compliance Officer who will make a decision as to whether ABE should continue dealing with the customer.

3.18 Government databases

Where ABE is likely to provide designated services to a new customer, the following procedures must be carried out in addition to the KYC procedures discussed elsewhere in this Program by ABE’s employee responsible for the customer:

- Department of Foreign Affairs and Trade’s (“DFAT”) Consolidated List:
 - the name of a prospective customer must be checked against the DFAT Consolidated List available at <http://www.dfat.gov.au/sanctions/consolidated-list.html>;
 - the DFAT Consolidated List must be accessed directly from the DFAT website every time a prospective customer is checked – a copy of this spreadsheet should not be saved on an employee’s computer in order to ensure that the most recent version of the Consolidated List is used;
 - alternatively, the DFAT ‘LinkMatch Lite’ software may be used to check the names of a prospective customer – prior to a prospective customer being checked, the most recent version of the ‘LinkMatch Lite’ software must be requested via email to asset.freezing@dfat.gov.au;
 - where there is a match it must be immediately referred to the AML/CTF Compliance Officer who will carry out the “What if I do find a match?” procedures published at <http://www.dfat.gov.au/sanctions/consolidated-list.html>; and
 - where a match is found on the DFAT Consolidated List, there must not be any further dealings with the customer until permitted by the AML/CTF Compliance Officer.
- Australian National Security (“ANS”):
 - the name of the new customer must be checked against the ANS Listing of Terrorist Organisations available at <http://www.nationalsecurity.gov.au/Listedterroristorganisations/Pages/default.aspx> ;
 - the ANS Listing of Terrorist Organisations must be accessed directly from the ANS website listed in Section 55.1(b)(i) of this Program every time a

- prospective customer is being checked – a copy of this list should not be saved on an employee’s computer in order to ensure that the most recent version is used;
 - where there is a match it must be immediately referred to the AML/CTF Compliance Officer; and
 - where there is a match with the ANS Listing of Terrorist Organisations, there must not be any further dealings with the customer until permitted by the AML/CTF Compliance Officer.
- Criminal Code List:
 - the name of a new customer must be checked against the list contained in the Criminal Code Regulations 2002 available at:
<http://www.comlaw.gov.au/Details/F2013C00619>;
 - where there is a match it must be immediately referred to the AML/CTF Compliance Officer; and
 - where there is a match with the Criminal Code List, there must not be any further dealings with the customer until permitted by the AML/CTF Compliance Officer.

3.19 Discrepancies

Tolerance of discrepancies: Where, during the KYC Information collection and verification process, a director, officer or employee of ABE discovers any discrepancies in the KYC Information provided by the new customer, the matter should be immediately notified to the AML/CTF Compliance Officer. The discrepancy must not be raised with the new customer without first consulting the AML/CTF Compliance Officer.

Pre-defined tolerance levels for matches and errors: ABE will allow for obvious typographical errors in customer information other than name, company registration or identification number, or date of birth. Where the error relates to name, company registration or identification number, or date of birth, the AML/CTF Compliance Officer should be notified and independent contact should be initiated with the customer to clarify the information.