



# Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Act 2006

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The Australian government introduced the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Act 2006 in response to our international obligations to fight money laundering and terrorism financing.

BOQ takes preventing money laundering and terrorism financing very seriously and is implementing the necessary changes to meet its obligations. This Act affects all aspects of BOQ's operations, and extends to its agents and brokers.

The Act requires that BOQ adopts internal policies, procedures and controls to ensure that it complies with the Act. A summary of these follows:

- **Correspondent banks:** BOQ has implemented the necessary controls and procedures to ensure that any Correspondent bank is a bona fide bank with AML/CTF procedures.
- **Shell banks:** BOQ does not conduct business with shell banks nor with other banks that do conduct business with shell banks.
- **Politically-exposed persons (PEPs):** BOQ will implement controls to manage the ML/TF risk posed by PEPs.
- **AML/CTF Officer:** BOQ has assigned an AML/CTF Officer at the appropriate management level who is responsible for the AML/CTF program.
- **Risk assessment:** BOQ must take a risk-based approach to AML/CTF. To that end BOQ has completed a ML/TF-focused risk assessment of its products, customers, delivery channels and countries of operation. It also has a risk assessment tool for use in future product development and ongoing re-assessment of its risk.
- **AML/CTF program:** BOQ has developed an AML/CTF program that details the policies and procedures that have (or will be) put in place to meet BOQ's obligations under the Act.

**The AML/CTF program outlines the Bank's responsibilities. These include:**

**Independent review:** The AML/CTF program must be subject to regular periodic audit and independent review.

**Know your customer:** The AML/CTF Act changes the requirements that previously existed for customer identification under the FTRA.

- **Customer identification:** BOQ must change its customer identification and account opening procedures to collect and verify information about customers' identities in line with the AML/CTF Act. BOQ will also amend its agreements with its Agents to ensure that the Agents also comply with the new customer identification requirements.
- **Prescribed sanction lists:** As part of its risk-based approach, BOQ checks recipients of financial transactions against the lists provided by the Financial Action Task Force (FATF) of known terrorists and terrorist organisations to ensure that it does not facilitate the sending of money to terrorists.

**Records management:** Records about designated banking products and services, including new account opening, must be retained for seven years after the end of the customer relationship. That is, seven years after the account has been closed.

**Monitoring of suspicious customer activity and threshold reporting:**

BOQ must implement a system to monitor and report on suspicious customer activity and transactions over a threshold value. BOQ is implementing a dual approach to their reporting obligations to AUSTRAC which includes:

- The reporting of suspicious customer activities by members of staff or BOQ agents, who will be trained in BOQ's reporting procedures.
- An automated transaction monitoring system that will report not only threshold transactions but also suspicious customer transactions.

**International funds transfer instructions:** BOQ has a responsibility to report all international funds transfers to AUSTRAC. The Treasury and International Operations department of BOQ has implemented procedures and systems to ensure that these reports are completed.

**Training:** BOQ has implemented tailored employee and BOQ agent AML/CTF risk awareness training programs that all current and future staff and agents will be required to complete on a periodic basis. Communication of changes to AML/CTF legislation will be communicated to all relevant parties as those changes are identified.

**Employee due diligence:** BOQ's Human Resources policies and procedures will be amended to ensure that they comply with the requirements of the Act.