



1st July 2009

To Whom It May Concern:

Anti-Money Laundering and Counter-Terrorism Financing Act 2006

As the AML / CTF Compliance Officer for the IOOF Designated Business Group (DBG), I hereby confirm that;

1. The IOOF AML / CTF Program Part A and associated Policy was approved and adopted by the board of IOOF Holdings Ltd on 13th November 2007
2. The Program and Policy was also approved and adopted by the board of IOOF Investment Management Limited on 4th December 2007
3. The DBG has an AML / CTF Program and adequate policies and procedures in place to appropriately verify the identity of its customers as required under the AML / CTF Act
4. The AML Reporting Entities comprising the DBG were registered with Austrac on 5th December 2007
5. The DBG comprises the following AML Reporting Entities
 - IOOF Life Ltd
 - IOOF Ltd
 - IOOF Investment Management Limited
 - Perennial Investment Partners Limited
 - Perennial Fixed Interest Partners Pty Limited,
 - Perennial Growth Management Pty Limited
 - Perennial Value Management Limited,
 - Perennial International Equities Management Pty Limited
 - Perennial Investment Partners Asia Limited
 - Perennial Real Estate Investment Pty Ltd

In this regard, please find attached a copy of the IOOF Group AML Policy outlining our compliance with the key elements of the AML / CTF Act.

Yours Faithfully

Rob Urwin
Group Risk Manager
AML / CTF Compliance Officer
IOOF Holdings Ltd

Anti-Money Laundering and Counter-Terrorism
Financing
IOOF GROUP POLICY

Updated October 2008



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2			
3			
4			

RELEASE CONTROL

Dist. No.	Release Date	Approved By	Release Notes
1			
2			

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1. VERSION CONTROL

The AML/CTF Compliance Officer is responsible for:

- keeping this document current;
- distribution of this document;
- making any changes to the document;
- securing the required approvals for such changes;
- organizing any necessary training associated with such changes;
- publishing and communicating such changes within our reporting entity; and
- the discharge of all necessary records retention actions regarding this document.

The AML/CTF Compliance Officer is a member of the Group Compliance Team and can be contacted via the Head of Compliance.

2. PURPOSE OF THIS POLICY

This Policy records our approach to the identification, mitigation and management of the risks we reasonably face, that our products and services might be involved in or facilitate money laundering or the financing of terrorism.

3. SCOPE

This Policy applies to:

- All of the IOOF Group operations that are associated with the provision of products and services that fall within the scope of the *Anti Money Laundering and Counter Terrorism Financing Act (2006)*;
- All of our operations overseas as required by Chapters 8 and 9 of the AML/CTF Rules; and
- All persons engaged in our operations including Directors, employees, contractors, consultants and, where applicable, third party service providers.

Importantly, this Policy applies to all Reporting Entities within the IOOF Group.

4. OBJECTIVES OF THE IOOF GROUP AML/CTF PROGRAM

By approving and implementing this Policy, our objective is to establish the broad parameters within which we will identify, mitigate and manage the risk that we reasonably face that our products and services might be involved in or facilitate money laundering or the financing of terrorism.

By approving and implementing this Policy, we:

- meet our ethical obligations to the economies in which we do business;

- contribute to the stability, integrity and strength of the global financial system;
- establish the core principles that will guide the way we identify, manage and mitigate the risk of money laundering or terrorist financing occurring through our reporting entity;
- ensure that we meet our legal and regulatory obligations and our staff are trained in their obligations to comply with these legal and regulatory obligations; and
- protect our reporting entities and our people from the reputational damage, regulatory intervention and financial penalties that could be imposed for non-compliance with AML/CTF obligations.

5. CORE PRINCIPLES

We have adopted the following core principles:

1. We oppose the crimes of money laundering and terrorist financing and do not tolerate the use of our products and services for either of these purposes.
2. We report any activity that we detect which falls within section 41 of the AML/CTF Act (*Reports of Suspicious Matters*) to the AUSTRAC CEO.
3. We will comply with the letter and the spirit of all of the laws of the countries that relate to AML/CTF where we have permanent places of business through which we provide designated services.
4. We will provide our products and services only for legitimate purposes to persons whose identities we have been able to reasonably ascertain.
5. We will avoid relationships with those that we reasonably assess as representing too high a risk of money laundering or terrorist financing, and we will exit existing relationships that fit these criteria.
6. We will make available sufficient funding and resources for the implementation and performance of activities required by our AML/CTF Program.
7. Our staff will receive the AML/CTF training they need in order to understand their obligations under the law and to perform in their roles.
8. We will monitor our customers, their transactions, and our people, consistent with the level of money laundering and terrorist financing risk they represent.
9. We will manage changes to our products, business processes and systems to ensure that money laundering and terrorist financing risks are identified and managed.

6. ROLES AND RESPONSIBILITIES

AML/CTF program roles and responsibilities are allocated as follows:

The AML/CTF Project Executive Sponsor and Project Sponsor

1. Oversee the design, planning and implementation of the AML/CTF Program under the AML/CTF Act and AML/CTF Rules.
2. Manage the budget allocated to developing and implementing the AML/CTF Program.

The AML/CTF Compliance Officer

1. Oversee all aspects of operation of the AML/CTF Program.

2. Manage/Oversee compliance with the AML/CTF Act and the AML/CTF Rules, and any changes to these instruments.
3. Maintain high awareness of developments in the AML/CTF field in Australia and overseas.
4. Provide validation to Directors regarding the quality of AML/CTF compliance.
5. Report concerns about the level of AML/CTF compliance and the adequacy of resources available for the AML/CTF Program to relevant Boards of Directors.
6. Prepare and present regular reports for Directors on the quality of AML/CTF compliance.
7. Oversee the relationship and communications with AUSTRAC and any other regulator relevant to AML/CTF.
8. Prepare all necessary reports and supporting documentation including reports required by section 47 of the AML/CTF Act (*Compliance Reports*).
9. Act as the subject matter expert to the reporting entity on AML/CTF.
10. Identify the obligations under the AML/CTF Act and the AML/CTF Rules and any associated guidance material or regulations and translate these into actionable policies and procedures.
11. Integrate AML/CTF requirements into existing practices and procedures.
12. Create and maintain the AML/CTF Manual.
13. Establish and use controls to monitor and measure the quality of compliance against the requirements of the AML/CTF Program, the AML/CTF Act and the AML/CTF Rules.
14. Act as a champion and advocate for good practices in the area of AML/CTF.
15. Lead, educate and encourage Directors, senior management and other staff regarding AML/CTF.
16. Support and coordinate the focus of senior management on AML/CTF both at the enterprise-wide level and within individual business units.
17. Participate in the reporting entity's change management processes to identify changes in ML/TF risks associated with new, or changes to, products, services, delivery channels and business operations.
18. Provide validation to senior management regarding the quality of AML/CTF compliance.
19. Investigate and take necessary action regarding unusual or suspicious activities by employees and customers.
20. Act on information about systemic weaknesses in AML/CTF processes and procedures.
21. Prepare and present regular reports for senior management on the quality of AML/CTF compliance.
22. Manage staff who have been delegated responsibility for aspects of the AML/CTF Compliance Officer's role or who have been engaged to assist the AML/CTF Compliance Officer.
23. Identify and manage conflicts of interest and potential conflicts of interest between reporting entities covered by this role (if more than one).
24. Ensure that contracts with third parties cover AML/CTF requirements.
25. Review the AML/CTF Program on a regular basis.
26. Jointly with the Group Training Manager, oversee the currency, content and provision of AML/CTF training material.

27. Maintain records of the AML Program, any variations to the Program, decisions made under the Program and risk assessments carried out under the Program.

Head of Risk

1. Develop and maintain the AML/CTF risk profile across the enterprise.

General Manager, Human Resources

1. Conduct and oversee initial employee due diligence for new staff.
2. Conduct ongoing employee due diligence as appropriate.

The Group Training Manager

1. Jointly with the AML/CTF Compliance Officer, oversee the currency, content and provision of AML/CTF training material.

7. AML/CTF RISK ASSESSMENT

Our approach to AML/CTF risk assessment methodology is as follows:

- We undertake a structured approach to identify, assess and mitigate the risk that we reasonably face, that our products and services might be involved in or facilitate money laundering or the financing of terrorism.
- Our risk assessment identifies risks associated with our customers/investors, our employees, the designated services (products) we provide, the channels we provide those services through and the jurisdictions that we have exposure to.
- Our risk assessment includes the identification and design of controls against the identified risks according to the nature of these risks.
- Our risk methodology includes procedures for evaluating the ML/TF risk before introducing or making material changes to our products, channels, business structures and processes or before operating in new jurisdictions.
- Our risk methodology includes the requirement for review of our ML/TF risk profile, either as material changes are identified in ML/TF activities/typologies, as a result of regulator guidance, when money laundering or terrorist financing events happen within our businesses, when our section 47 controls indicate weaknesses, or on a periodic basis as deemed appropriate for the industry and ML/TF risk profile.
- To the extent possible, management of ML/TF risk is consistent with and included in our overall approach to risk management, including the requirements and responsibilities outlined in our Risk Management Policy.

8. DISCIPLINARY ACTION AND DISMISSAL

Our staff will face disciplinary action, and possibly dismissal, if they fail to follow our AML/CTF procedures. We will dismiss any Director, employee, agent or contractor who is involved in facilitating money laundering, terrorist financing or who launders money or finances terrorism using our products and services, and we will comply with any law that requires us to report

such matters to law enforcement. Law enforcement receives our full cooperation in the prosecution of such matters.

9. AML/CTF PROGRAM

Our AML/CTF Program is made up of the elements described in the IOOF AML/CTF Compliance Manual.

The General Manager, Human Resources is responsible for ensuring that new staff appointments and those changing roles are informed of their AML/CTF responsibilities as set out in the Governance Map.

10. AML/CTF BUSINESS POLICIES AND PROCEDURES

We use Technical Notes on key subject areas which our business units are expected to follow in general terms, unless they seek a general dispensation from the AML/CTF Compliance Officer.

Dispensation will not be granted except in unusual or exceptional circumstances and only once appropriate risk management controls have been agreed upon to cover the matters that have been dispensed with. Dispensation will not be granted where the subject matter reflects legal or regulatory obligations.

11. PUBLICATION OF THIS POLICY

This Policy is published on the IOOF intranet. It is also published on our website together with other AML/CTF materials that we make available to the public.

12. REVIEW OF THIS POLICY

The AML/CTF Compliance Officer will review this Policy annually and report to the relevant Boards as to the result of each review.

APPENDIX 1 – AML/CTF Glossary

Alternative Remittance Services or Designated Remittance Services	<p>Alternative remittance systems are financial services, traditionally operating outside the conventional financial sector, where value or funds are moved from one geographic location to another.</p> <p>See the Australian Institute of Criminology ‘Trends and Issues in Crime and Criminal Justice’ Issue No. 300 July 2005.</p> <p>The <i>AML/CTF Act</i> and the AML/CTF Rules have specific provisions to cover Designated Remittance Services, including new registration requirements.</p>
AML	Anti-Money Laundering - Laws, regulations, rules and practices associated with the combating the crime of money laundering.
<i>AML/CTF Act</i>	<i>The Anti-Money Laundering and Counter-Terrorism Financing Act</i> passed by the Australian Parliament on 12 December 2006.
AML/CTF Compliance Officer	The AML/CTF Compliance Officer required by Chapters 8 and 9 of the AML/CTF Rules.
AML/CTF Rules Rules	The rules registered by AUSTRAC from time to time under Section 229 of the <i>AML/CTF Act</i> . These rules will be released progressively through 2007.
AML/CTF program	<p>Required by Part 7 of the <i>AML/CTF Act</i> and Chapters 8 and 9 of the AML/CTF Rules.</p> <p>Under Part 7 of the <i>AML/CTF Act</i> an AML/CTF Program must have two parts, Part A and Part B. Part A of an AML/CTF Program includes governance, EDD, training, board approval, the appointment of an MLCO, independent review and overseas establishments. Part B of an AML/CTF Program covers customer identification procedures.</p>
ASIC	Australian Securities & Investment Commission
ATA2	<i>The Anti-Terrorism Act</i> No. 2 2005, which introduced certain new requirements for reporting of International Funds Transfer Instructions (IFTIs).
AUSTRAC	Australia's Financial Intelligence Unit and former regulator under the <i>FTRA</i> , which legislation will be replaced over time by the <i>AML/CTF Act</i> . AUSTRAC continues as a regulator in an enhanced role under the new <i>AML/CTF Act</i> .
Beneficial Ownership	Individuals who have the ultimate benefit and control of money or assets that are held by another entity.
CDD	<p>Customer Due Diligence. Often used interchangeably with KYC</p> <p>Means the process of obtaining identification and other information about a person in order to be able to assess the risk that they may be involved in ML or TF.</p> <p>Further background can be found in FATF recommendation 5 and in the Basel CDD Paper.</p>
Core Concept	<p>There are six core concepts in IOOF's AML/CTF Compliance Program:</p> <ul style="list-style-type: none"> Risk-based AML/CTF Program Risk Assessment Know Your Customer (KYC) Know Their Transactions - Monitoring Record-Keeping Reporting
CTF	Counter-Terrorist Financing - Laws, regulations, rules and practices associated with the countering the crime of terrorist financing.
Customer	Any individual or legal person, whether acting as a principal or as an agent for another, who seeks to obtain a designated service from a reporting entity whether on a frequent or regular basis or on a one-off occasion.
Date of Royal Assent	12 December 2006 was the day on which the <i>AML/CTF Act</i> received Royal Assent.

DBG	Designated Business Group is a construct under the <i>AML/CTF Act</i> to permit reporting entities to manage aspects of their obligations under the <i>AML/CTF Act</i> as a group. There is a definition of a DBG in Section 5 of the <i>AML/CTF Act</i> and this definition has been supplemented by Rule 2.1.2(4) of the <i>AML/CTF Rules</i> , registered on 31 March 2007.
Designated Service	A service described in a table in Section 6 of the <i>AML/CTF Act</i> . Provision of such services in Australia brings a person within the scope of the <i>AML/CTF Act</i> .
DFTI	Domestic Funds Transfer Instruction. A DFTI gives rise to certain obligations under the <i>AML/CTF Act</i> . See Part 5 and Division 4 of Part 10 of the <i>AML/CTF Act</i> .
EDD	Enhanced Due Diligence, which the <i>AML/CTF Rules</i> will require to be carried out on customers assessed as high risk. These Rules have not yet been registered.
Egmont	The peak body for financial intelligence units such as AUSTRAC. Reporting entities may decide to use membership of Egmont as one factor in measuring country ML and TF risk. www.egmontgroup.org
Electronic Identification	The proposed process of using electronic databases, usually from government sources, to verify information provided about identification. Australia has no current electronic verification capability.
Section 47 controls	Controls that are embedded into a business process that provide information about the use of the process. These controls provide important information for the completion of Section 47 Reports and also allow proper management of <i>AML/CTF</i> activities. A common example of such a control is the quality of account opening.
Section 47 control Owner	A role that has been given responsibility for a particular Section 47 control. See details of their responsibilities in the Governance Map.
Employee Due Diligence	Employee Due Diligence, which involves activity associated with assessing and managing the risk of a reporting entity's employees assisting their customers to engage in ML and TF. Required by Chapters 8 and 9 of the <i>AML/CTF Rules</i> .
Entity type	Means whether a customer is an individual or if, a legal person, what type of legal person they are.
FATF	Financial Action Task Force www.fatf-gafi.org The FATF is an inter-governmental body that sets standards, and develops and promotes policies to combat money laundering and terrorist financing. As at January 2007 it had 33 members: 31 countries and governments and two international organisations; and more than 20 observers: five FATF-style regional bodies and more than 15 other international organisations or bodies. Reporting entities may decide to use membership of FATF as one factor in measuring country ML and TF risk.
FATF 40 Recommendations	The 40 recommendations made by FATF regarding AML and CTF, most recently revised in 2003.
FATF 49	A reference to the combination of the FATF 40 Recommendations and the FATF 9 Special Recommendations.
FATF 9 Special Recommendations	Nine special recommendations made by FATF following September 11 2001, dealing specifically with CTF.
FTRA	<i>Financial Transactions Reporting Act</i> , which will be completely replaced by the <i>AML/CTF Act</i> at the end of the transitional arrangements.
Governance Map	The IOOF <i>AML/CTF</i> Governance Map identifies who in the IOOF Designated Business Group is responsible for the various <i>AML/CTF</i> functions.
Identification	The process of capturing enough information about a person to uniquely identify them.
Individual	Means a natural person.
JMLSG	The Joint Money Laundering Steering Group in the U.K., representing 16 industry associations. The JMLSG has published guidance for firms in the U.K. regulated by the FSA regarding AML and CTF. See www.jmlsg.org.uk

KYC	<p>The concept of 'Know Your Customer', which is often used interchangeably with CDD.</p> <p>Means the process of obtaining identification and other information about a person in order to be able to assess the risk that they may be involved in ML or TF.</p> <p>Further background can be found in FATF recommendation 5 and in the Basel CDD Paper.</p>
KYC Requirements	These describe what KYC information is required for each type of person.
Legal persons	Includes companies, trusts, partnerships, incorporated associations, unincorporated associations, registered cooperatives, governments and persons created by statute. It does not mean individuals.
ML	The crime of laundering money that is the proceeds of crime. Money laundering stems from an underlying crime.
ML/TF risk	ML/TF risk is defined in the AML/CTF Rules as meaning the risk that a reporting entity may reasonably face that the provision by it of designated services might (whether inadvertently or otherwise) involve or facilitate money laundering or financing of terrorism.
Occasional Customer	A person who does a one-off transaction with a reporting entity but who is not recognized as a customer because of the one-off nature of this transaction.
Organised Crime	Persons who organise themselves for the purpose of the commission of crimes. Their criminal activity is planned and forms part of a long-term pattern of criminal behaviour.
PEP	<p>Politically Exposed Person. No definition is currently available for a PEP under either the <i>AML/CTF Act</i> or the AML/CTF Rules. There is a definition of a PEP in the FATF 40 Recommendations and it is likely this will be the definition adopted by AUSTRAC but only to PEPs outside Australia. The FATF definition is:</p> <p>(PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials. Business relationships with family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. The definition is not intended to cover middle ranking or more junior individuals in the foregoing categories.</p>
Person	Includes both legal persons and individuals.
Prescriptive Regulation	Prescriptive regulation requires direct involvement of the regulator in setting the regulations, monitoring compliance, enforcement and updating the regulations. This is an onerous and resource demanding task and has a number of limitations. It is different to risk-based regulation, which is the approach taken in the AML/CTF Rules.
RBA	<p>Risk-Based Approach</p> <p>Under Chapters 4, 8 and 9 of the AML/CTF Rules a reporting entity may meet certain obligations by putting in place appropriate risk-based systems and controls. When determining what appropriate risk-based systems and controls are, reporting entities must consider the nature, size and complexity of its business and the type of ML/TF risk that it might reasonably face.</p>
Records Owner	<p>A role that has been given responsibility for a particular records procedure.</p> <p>See details of their responsibilities in the Governance Map.</p>
Records Procedure	A procedure that covers the creation and retention of a record that is required to be kept by a reporting entity under the <i>AML/CTF Act</i> .
Reduced Identification Requirements	Certain customers qualify for reduced identification requirements because of their nature; for example, sovereign governments of low risk countries, companies listed on A-Grade Exchanges etc.
Reporting entity	A person who provides a designated service described in Section 6 of the <i>AML/CTF Act</i> .
Section 47 Reports	These are annual reports required to be submitted by each reporting entity to AUSTRAC regarding their compliance with the <i>AML/CTF Act</i> .
SMR	A Suspicious Matter Report made to AUSTRAC. This report is required under Section 41 of the <i>AML/CTF Act</i> . SMRs are called SARs in the USA and in the U.K. Previously, under the <i>FTRA</i> , a SMR was commonly called a SUSTR.
TF	The crime of financing acts of terrorism or persons associated with terrorists and terrorist organizations.

Tipping off	Disclosing information about the forming of a suspicion or the making of a report under Section 41 to AUSTRAC, and includes disclosing of information which would enable a person to infer that a suspicion had been formed (or not formed) or a report made (or not made). Section 123 of the <i>AML/CTF Act</i> creates criminal offences associated with tipping off, and provides certain exemptions.
TME	Transaction Monitoring Environment Includes any TMS but is broader than a single system and is enterprise-wide, multi faceted and leveraging off a wide range of available inputs in order to focus the activity of monitoring of customers, transactions and asset movements.
TMS	Transaction Monitoring System A system, usually computer-based, which monitors customers, transactions and asset movements entered into by customers. The purpose of the monitoring includes detection of activity, transactions and asset movements which must be reported to AUSTRAC because they meet threshold requirements, they are IFTIs, or because they give rise to a suspicion under Section 41 of the <i>AML/CTF Act</i> .
Trigger event	An event which triggers the requirement to take a certain action prescribed by the <i>AML/CTF Act</i> or the AML/CTF Rules.
Verification	The process of using independent information, usually documents from a government agency, to verify information provided about identification of a person.
Wolfsberg Group	The Wolfsberg Group is an association of twelve global banks, which aims to develop financial services industry standards, and related products, for Know Your Customer, Anti-Money Laundering and Counter-Terrorist Financing policies. www.wolfsberg-principles.com
Wolfsberg Papers	Papers containing good practice principles on CDD, correspondent banking, ML, TF and other related subjects issued by the Wolfsberg Group. www.wolfsberg-principles.com