Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Policy

Sydney Accountants Pty Ltd

Business name	Sydney Accountants Pty Ltd
Document	AML/CTF Policy (forms part of our AML/CTF program)
AML/CTF Compliance Officer	Michael Tan, Director
Approved by	The Board of Sydney Accountants Pty Ltd
Date approved	19 July 2026
Version	1.0
Next review due	July 2027 (or earlier on material change)

1. Introduction

1.1 Purpose

This policy explains how Sydney Accountants meets its obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (the AML/CTF Act) and the AML/CTF Rules. It documents the systems, controls and procedures we use to identify, mitigate and manage the risk that our services could be misused for money laundering (ML), terrorism financing (TF) or proliferation financing (PF).

1.2 Legal status and structure

This policy, together with our **ML/TF Risk Assessment**, makes up our AML/CTF program. The program has two parts:

- **Part A**, the systems and controls we use to identify, mitigate and manage ML/TF risk across the business (governance, training, monitoring, reporting, record keeping and review). Part A is covered by sections 2 to 12.
- **Part B**, the customer due diligence (CDD) procedures we apply to identify and verify our customers. Part B is covered by sections 6 to 8.

1.3 Scope

This policy applies to all directors, employees and contractors of Sydney Accountants, and to every designated service we provide, namely:

1. **Company and trust formation**, assisting clients to create, and organising contributions for, companies and trusts.
2. **Registered office address**, providing our business address as the registered office of client entities.

3. **Trust account management of client money**, receiving, holding and disbursing client money through our statutory trust account.

1.4 What money laundering and terrorism financing are

Money laundering is the process of disguising the origin of proceeds of crime so they appear legitimate. Terrorism financing is the provision or collection of funds to be used for terrorist acts, whatever their source. Both can involve using an accounting practice to create structures, hold or move funds, or add a veneer of legitimacy. This policy is designed to prevent our services being used for these purposes.

2. Governance and oversight (Part A)

2.1 AML/CTF Compliance Officer

The Board has appointed **Michael Tan (Director)** as the AML/CTF Compliance Officer. He is a fit and proper person at management level with the authority and resources to run the program. His responsibilities include:

- maintaining and implementing this policy, the risk assessment and supporting procedures;
- being the central point of contact for staff on AML/CTF questions and for escalation of concerns;
- deciding on and lodging suspicious matter reports and other AUSTRAC reports;
- overseeing customer due diligence, ongoing monitoring and enhanced due diligence;
- arranging staff training and record keeping;
- liaising with AUSTRAC and responding to its requests and feedback; and
- reporting to the Board on the operation and effectiveness of the program.

2.2 Role of the Board and senior management

The Board approves this policy and the risk assessment and any material changes to them, provides adequate resources, oversees implementation, and reviews AML/CTF compliance at least annually. Senior management promotes a culture of compliance and ensures obligations are taken seriously across the practice.

2.3 Independent review

Part A of the program is subject to independent evaluation at regular intervals appropriate to our size and risk, and after any material change. The review considers whether the program meets the AML/CTF Act and Rules, whether it has been effectively implemented, and whether it remains appropriate for our business. The reviewer is independent of day-to-day AML/CTF operations. Findings and recommendations are reported to the Board and actioned by the Compliance Officer.

2.4 AUSTRAC enrolment

Sydney Accountants is enrolled with AUSTRAC as a reporting entity and keeps its enrolment details current.

3. Risk-based approach

3.1 Our risk assessment

Our ML/TF Risk Assessment considers the risk posed by our customer types, the designated services we provide, the channels through which we deliver them, and the foreign jurisdictions we deal with. It rates the **inherent** ML/TF risk of the business as **Medium** and, after the controls in this policy, the **residual** risk as **Low**.

3.2 Applying risk ratings

We match the level of due diligence and monitoring to the assessed risk of each customer and matter:

Risk rating	Typical customer / matter	Approach
Low	Established local individuals and small businesses well known to the practice; simple structures	Standard CDD; routine monitoring
Medium	New customers; companies/trusts with straightforward ownership; overseas clients with clear source of funds	Standard CDD with additional checks as needed
High	Foreign PEPs; complex or opaque ownership; unclear source of funds; sanctions or adverse-media concerns	Enhanced CDD and senior approval before acting

3.3 New services, channels and technologies

Before adopting a new designated service, delivery channel or technology, the Compliance Officer assesses the ML/TF risk it introduces and updates this policy and the risk assessment as needed.

4. Employee due diligence and screening

We screen prospective staff and contractors before appointing them to roles relevant to AML/CTF, in proportion to the risk of the role, including identity and relevant background checks. Where a staff member does not meet the standards required, or where AML/CTF concerns arise during employment, the matter is managed by senior management and may affect the person's duties or engagement.

5. AML/CTF risk-awareness training

All directors, employees and contractors in relevant roles complete AML/CTF training on induction and at least annually. Training covers the obligations under the AML/CTF Act, the types of ML/TF risk relevant to an accounting practice, how to recognise the red-flag indicators in section 7.3, the customer due diligence procedures in this policy, and how and when to escalate a concern to the Compliance Officer. Attendance and completion are recorded and retained.

6. Customer due diligence, knowing our customer (Part B)

6.1 When we identify and verify a customer

We identify and verify each customer **before** we provide a designated service to them, unless a limited exception in the AML/CTF Rules applies (in which case verification is completed as soon as practicable and subject to risk-based controls).

6.2 Minimum "know your customer" (KYC) information

We collect and verify identity information appropriate to the type of customer:

Customer type	Information collected	Verified from
Individual / sole trader	Full name, date of birth, residential address (and ABN for a sole trader)	Government-issued photo ID or a reliable electronic verification check
Australian company	Full name, ACN, registered office and principal place of business, and whether public or private	ASIC records or other reliable independent source
Foreign company	Name, country of formation, registration number and registered office	Official registry or other reliable independent source
Trust	Trust name, type, and details of the trustee(s), settlor and beneficiaries (or class of beneficiaries)	Trust deed and identification of the trustee
Partnership / association	Name, and details of partners or office holders	Partnership agreement, constitution or reliable independent source

6.3 Beneficial owners

For non-individual customers we identify, and take reasonable measures to verify, the **beneficial owners**, the individuals who ultimately own or control 25% or more of the customer, or who otherwise control it (including through the ability to appoint or remove directors or the trustee). We record the ownership and control structure and, where it is complex or unclear, escalate for enhanced due diligence.

6.4 Persons acting on behalf of a customer

Where a person deals with us on behalf of a customer (for example an agent or company officer), we identify that person and confirm they are authorised to act.

6.5 Purpose and nature of the relationship

We establish and record the purpose and intended nature of the relationship and, for trust-account matters, the expected source and use of funds.

6.6 Politically exposed persons (PEPs)

We determine whether a customer or beneficial owner is a domestic, foreign or international-organisation PEP, or an associate of one. **Foreign PEPs are treated as high risk**: we obtain senior management approval before acting, take reasonable measures to establish source of funds and source of wealth, and

apply enhanced ongoing monitoring. Domestic and international-organisation PEPs are risk-assessed and managed accordingly.

6.7 Sanctions screening

We screen customers and beneficial owners against the DFAT Consolidated List and other applicable sanctions lists at onboarding and periodically during the relationship. We do not provide services to, or deal with the assets of, a sanctioned person, and we report as required by law.

6.8 Simplified and enhanced due diligence

We apply **simplified** due diligence only where risk is demonstrably low and the Rules permit it, **standard** due diligence for most customers, and **enhanced** due diligence where risk is higher (see section 8).

6.9 If we cannot verify a customer

If we cannot satisfactorily identify or verify a customer or beneficial owner, or the information is inconsistent or suspicious, we do **not** provide (or continue to provide) the designated service, and the Compliance Officer considers whether a suspicious matter report is required.

7. Ongoing customer due diligence and transaction monitoring

7.1 Monitoring program

We monitor our business relationships on a risk basis to identify transactions or behaviour that are unusual, complex, lack an obvious economic or lawful purpose, or are inconsistent with what we know about the customer. Trust-account activity is checked against the customer's expected source and use of funds.

7.2 Keeping KYC information current

We keep customer information up to date, review it when circumstances change (for example a change of ownership, control or the nature of instructions), and re-verify where appropriate. Higher-risk customers are reviewed more frequently.

7.3 Red-flag indicators

Staff are trained to watch for indicators including, among others:

- reluctance or refusal to provide identity or beneficial-ownership information;
- company or trust structures that are unusually complex or have no clear commercial rationale;
- funds received from, or sent to, overseas parties or high-risk jurisdictions with an unclear source;
- requests to route third-party or unrelated funds through our trust account (pass-through);
- unusual urgency, secrecy, or willingness to pay above-market fees;
- transactions inconsistent with the customer's known business or means; and
- use of cash where non-cash payment would be expected.

Any such indicator must be escalated to the Compliance Officer.

8. Enhanced customer due diligence (ECDD)

We apply ECDD where the ML/TF risk is high, including for foreign PEPs, overseas clients, complex or opaque ownership, unclear source of funds or wealth, sanctions or adverse-media matches, or where a suspicious matter report has been considered or made. ECDD measures may include: obtaining and verifying additional identity information; taking reasonable measures to establish source of funds and source of wealth; seeking senior management approval to begin or continue the relationship; verifying information against additional independent sources; and applying more frequent and closer ongoing monitoring.

9. Reporting to AUSTRAC

We meet our reporting obligations in full:

Report	When it applies	Timeframe
Suspicious matter report (SMR)	Whenever we form a reasonable suspicion relating to a designated service (e.g. ML, TF, proceeds of crime, or an offence)	Within 3 business days of forming the suspicion, within 24 hours if it relates to terrorism financing
Threshold transaction report (TTR)	Cash transaction of AUD 10,000 or more (or foreign-currency equivalent)	Within 10 business days
International funds transfer instruction (IFTI)	Where applicable to services we provide	As required
AML/CTF compliance report	Annual report to AUSTRAC on our compliance	By the date set by AUSTRAC

The Compliance Officer is responsible for assessing and lodging reports. We must **not "tip off"** a customer, or any other person, that an SMR has been or may be made, or that a related investigation is underway; doing so is an offence.

10. Record keeping

We keep the following records for **seven years** and make them available to AUSTRAC on request:

- customer identification and verification records (KYC and beneficial ownership);
- records of the designated services provided and related transactions;
- records relating to our AML/CTF program, risk assessment, decisions and reports; and
- training records.

We do **not** retain copies or scans of customers' identity documents. Instead, we record the details of the verification checks performed, including the type of check, the source used, who carried it out and when, and the result, together with the relevant attributes of the documents relied on (for example document type, document/reference numbers, the name and date of birth shown, and expiry or issue dates). This allows us to evidence that verification was properly conducted while minimising the personal information we hold.

Records are stored securely and protected against unauthorised access, in line with our privacy obligations.

11. Responding to AUSTRAC and managing non-compliance

We respond promptly and fully to AUSTRAC requests, notices and feedback. Any staff member who becomes aware of a suspected breach of this policy or the AML/CTF Act must report it to the Compliance Officer, who assesses it, takes corrective action, keeps a record, and escalates material matters to the Board.

12. Approval, review and version control

This policy is approved by the Board and reviewed by the Compliance Officer at least annually, and sooner on any material change to our services, customers, the jurisdictions we deal with, the ML/TF environment, or the law and AUSTRAC guidance. Material changes are approved by the Board and recorded below.

Version	Date	Summary of change	Approved by
1.0	19 July 2026	Initial policy adopted	The Board

Sign-off

Role	Name	Signature	Date
AML/CTF Compliance Officer	Michael Tan		
For the Board			