

AML/CTF Policy

DIFX PTY LTD (“DIFX”) is committed to preventing financial crimes, including money laundering and terrorism financing. As a registered entity with AUSTRAC, we adhere to *the Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) and implement strict compliance measures.

Like any financial institution, DIFX acknowledges the risk that its products and services could be misused for money laundering or terrorism financing. To mitigate this risk, we implement robust training, processes, and systems in line with Australian law and applicable local regulations in the jurisdictions where we operate. These measures safeguard DIFX’s reputation, ensure regulatory compliance, and uphold our responsibility as a good corporate citizen.

Failure to meet these obligations can lead to social harm, significant penalties, and legal or regulatory action. Therefore, we remain vigilant and proactive in maintaining the highest standards of compliance and integrity.

Our AML/CTF Policy

- **Outlines Compliance Measures:** Defines how DIFX complies with its legislative obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) and relevant international regulations.
- **Comprehensive Employee Training:** Requires all employees, contractors, and third-party service providers to undergo regular AML/CTF training.
- **Ensures Risk Mitigation:** Establishes robust procedures to identify, prevent, and mitigate the risks of money laundering and terrorism financing across our operations.
- **Transaction Monitoring:** Establishes systems for detecting suspicious transactions and ensuring compliance with reporting obligations.
- **Suspicious Activity Reporting:** Ensures timely reporting of Suspicious Matter Reports (SMR), Threshold Transaction Reports (TTR), and International Funds Transfer Instructions (IFTI) to AUSTRAC.

Definitions

Money laundering is the process of disguising the origins of illegally obtained funds to make them appear legitimate. Criminals use financial systems to move illicit money through a series of transactions, often across multiple jurisdictions, to avoid detection. Money laundering enables organised crime, corruption, and fraud.

Money laundering reduces the risk of detection and confiscation by authorities. It is just as serious as the criminal activity behind it – and preventing it can help reduce crime.

Terrorism financing differs from money laundering in 3 main ways:

- Its primary purpose is to disguise the ultimate use of the funds, as opposed to their origin
- It can involve relatively small sums of money, which can have a huge impact in terms of death, destruction and disruption
- Although terrorists may finance their activities through crime, legitimate funds can also be misappropriated to finance terrorism.

Customer Due Diligence (CDD) & Know Your Customer (KYC)

DIFX follows a **risk-based approach** to customer verification and ongoing monitoring. Our CDD and KYC procedures include:

- **Identity Verification:** Customers must provide valid government-issued identification and proof of address.
- **Beneficial Ownership Identification:** Identifying individuals who ultimately own or control an entity.
- **Enhanced Due Diligence (EDD):** Applied to high-risk customers, including Politically Exposed Persons (PEPs) and clients from high-risk jurisdictions.
- **Ongoing Monitoring:** Regular review of transaction patterns and account activities to detect anomalies.

Under the **AML/CTF Act**, DIFX is required to collect and verify this information, depending on the type of customer:

- **Personal** – an individual person of any nationality
- **Sole Traders** (operating without a company structure)- a person who trades in their own legal right without the use of a company structure, incorporation or partners and who, alone, has full liability for the activities of the business.

- **Australian Companies** - (proprietary, public, or listed companies)
- **Foreign Companies** (incorporated outside Australia)
- **Partnerships** - a relationship between persons (the partners) carrying on business in common, under a partnership agreement, with a view to profit
- **Trusts** - a relationship where the trustee holds property or assets for a beneficiary. The trustee can be an individual, a group of individuals or a company.
- **Associations** - a group of persons who have agreed to join together in pursuit of one or more common objectives. An association can be incorporated or unincorporated.
- **Registered Cooperatives** - a legal entity owned and controlled by the people for whom it was established and who benefit from using its services
- **Government Bodies** (Commonwealth, State, Territory, or foreign government entities)

Please note DIFX complies with the National Privacy Principle. Read more about DIFX Privacy Policy on the website.

DIFX's Five Key AML/CTF Principles

- **Compliance with AML/CTF Legislation:** Adheres to AML/CTF laws in all jurisdictions where DIFX operates.
- **International Standards Alignment:** Strives to meet international AML/CTF standards, including the Financial Action Task Force (FATF) Recommendations.
- **Cooperation with Authorities:** Works alongside the Australian Government, AUSTRAC, and international regulatory bodies to combat financial crime.
- **Risk-Based Decision-Making:** May restrict or refuse services based on ML/TF risk appetite and corporate social responsibility considerations.
- **Maintaining a Robust AML/CTF Program:** Ensures full compliance with Australian AML/CTF legislation through structured policies and procedures

Policy Roles and Responsibilities

The DIFX Board of Directors (the Board) and Senior Management have ongoing oversight of our AML/CTF policy and procedures. All permanent and temporary employees must comply with these policies, attend training specific to their role, and report suspicious matters or behaviours.

We have a dedicated AML/CTF Officer (the Group Money Laundering Reporting Officer - MLRO), responsible for monitoring the status and effectiveness of the Group's AML/CTF risk management and compliance and reporting it to our Executive team.

The MLRO also leads a Group AML/CTF team, which maintains the DIFX AML/CTF policy framework and provides subject matter expertise and advice to our businesses.

DIFX's AML/CTF Program

DIFX has developed and implemented an AML/CTF program tailored to its ML/TF risk profile. This program incorporates specific systems and controls, including:

- **ML/TF Risk Assessment:** Regular evaluations to identify and assess potential ML/TF risks associated with our products, services, customers, and geographic locations.
- **Employee Training:** Comprehensive training programs to ensure all employees understand their AML/CTF obligations and are equipped to identify and report suspicious activities.
- **Customer Due Diligence (CDD):** Robust procedures to verify the identity of customers and beneficial owners, including enhanced due diligence for high-risk customers.
- **Transaction Monitoring:** Continuous surveillance of transactions to detect and report suspicious activities, ensuring compliance with regulatory requirements.

Monitoring and Reporting Obligations

In compliance with AML/CTF regulations, DIFX reports the following to AUSTRAC, Australia's AML/CTF regulator:

- Transactions with a cash component of AUD 10,000 or more are reported within the required timeframe.
- Electronic transfers of funds into or out of Australia are duly reported.

- Any transactions or activities deemed suspicious are promptly reported to AUSTRAC.

These measures are part of DIFX's commitment to maintaining a robust AML/CTF framework, ensuring compliance with legal obligations, and upholding our responsibility as a trusted financial entity.

Non-Compliance & Penalties

Failure to comply with AML/CTF obligations may result in:

- Regulatory sanctions and monetary penalties from AUSTRAC.
- Criminal prosecution and imprisonment for serious breaches.
- Reputational damage and business restrictions.

Employees must report any compliance concerns immediately to the Money Laundering Reporting Officer (MLRO).