Anti-money laundering and counter-terrorism financing (“AML/CTF”) policy

Policy Summary

Macquarie is committed to conducting its business in accordance with all applicable laws and regulations, and in a way that enhances its reputation in the market. This policy records Macquarie’s approach to the identification, mitigation and management of the risk that Macquarie’s products and services might be involved in the facilitation of money laundering or the financing of terrorism.

1. Description of money laundering and terrorism financing

- Macquarie defines money laundering (“ML”) as activity which is designed to conceal or disguise the true origin of criminally derived proceeds in order to make them appear to have been sourced from legitimate sources.
- Terrorist Financing (“TF”) is considered to be the act of providing financial support to terrorism or terrorist organisations to enable them to carry out acts of terrorism.

2. Objectives of Macquarie’s AML/CTF policy

Macquarie has established an AML/CTF policy which sets the core principles for the management of ML/TF risk. The policy is global in nature and outlines group-wide standards to meet regulatory and ethical obligations in the economies in which Macquarie does business. This contributes to the stability, integrity and strength of the global financial system and protects Macquarie from reputational damage and regulatory action. The Policy is subject to regular review to ensure it remains current with regulator expectations and industry standards.

3. The core principles

Macquarie has adopted the following core principles:

- Macquarie opposes the crimes of money laundering and terrorist financing and maintains a framework to identify and mitigate the risk that its products and services could be used for such purposes.
- Macquarie reports any activity that it detects which is suspicious and may involve potential money laundering or terrorism financing to the applicable regulator.
- Macquarie will comply with the AML/CTF laws, rules and regulations of the countries that relate to AML/CTF where Macquarie has permanent places of business through which Macquarie provides services.
- Macquarie will endeavor to provide its products and services only for legitimate purposes to customers whose identities Macquarie has been able to reasonably ascertain.
- Macquarie will take reasonable steps to ensure that sufficient funding and resources are available for the implementation and performance of activities required by Macquarie’s AML/CTF Program.
- Macquarie’s employees are required to attend AML/CTF training to understand their obligations under the relevant laws, rules and regulations.
- Macquarie will monitor its customers, their transactions, and its employees, consistent with the level of money laundering and terrorist financing risk they represent.

Macquarie will manage new and revised changes to Macquarie’s products, business processes and systems to ensure that money laundering and terrorist financing risks are identified and managed.
4. **Know your customer (“KYC”)**

Macquarie endeavours to follow all KYC policies and procedures relevant to the regions in which it operates. Applicable KYC policies and procedures to establish and verify the identity and bona fides of customers will also be complied with.

These will include:

- Customer acceptance procedures that identify types of customers and transactions likely to pose a higher than average risk to Macquarie and require a higher level of due diligence;
- Procedures to establish if customers are known or suspected money launderers, terrorists or otherwise engaged in criminal activity (e.g. reviewing customers against government/United Nations/regulators’ lists of proscribed persons);
- Enhanced Due Diligence undertaken where a transaction or a counterparty results in a heightened level of financial crime or reputational risk;
- A risk-based periodic review of existing customer records to maintain currency and completeness;
- Ongoing monitoring of transactions conducted by customers using a risk based approach;
- Procedures prohibiting accounts/relationships, including payment processing, with shell banks[1];
- A clear statement on what records must be kept on customer identification and individual transactions and their retention period; and
- Regular compliance reviews and independent audits of AML/CTF program and procedure documents and execution against established standards.

5. **Suspicious activity**

Macquarie staff are trained and made aware of “red flags”, or anything that is unusual or out of the ordinary when dealing with customers and customer related information. Macquarie has the relevant procedures and processes in place to ensure that any genuinely suspicious matters are detected and escalated for review by senior management.

6. **Macquarie’s AML/CTF training program**

Macquarie has a robust AML/CTF Training Program to educate employees in implementing and maintaining Macquarie’s AML/CTF Program. All employees undergo initial AML/CTF training when they join Macquarie. In addition, there are ongoing training requirements for all employees.

7. **Macquarie’s record retention**

Macquarie’s Record Management Policy requires retention of records for as long as required by applicable laws, rules and regulations.

8. **Independent review of the AML/CTF program**

Macquarie’s AML/CTF Program is subject to independent review in accordance with the requirements of each local jurisdiction. The results of the review are presented to senior management for review and action. In addition, regular reporting is provided by Compliance to Macquarie’s Board.

[1] A shell bank is an institution without a physical presence that is not affiliated with a regulated bank that does have a physical presence.

View the Macquarie Group’s Wolfsberg Anti-Money Laundering Questionnaire
View the Macquarie Group’s USA Patriot Act Certification