

Version	1
Approved by	DFM Board 15 Nov 2024
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Endorsed by	

Diogenes Funds Management Ltd Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Policy

1. Introduction

Diogenes Funds Management Ltd (DFM) is committed to complying with the **Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)** (AML/CTF Act) and related legislation. This policy outlines the procedures DFM has established to mitigate the risk of money laundering (ML) and terrorism financing (TF) in its operations as the responsible entity of retail managed investment schemes.

DFM has engaged **Olivia 123** to perform AML/CTF checks and ensure compliance with customer identification and verification obligations.

2. Scope

This policy applies to all DFM employees, directors, representatives, and agents involved in providing financial services, including external service providers like Olivia 123.

3. Objectives

To provide a program that ensures that DFM meets its obligations under the AML/CTF Act including:

- to identify, mitigate and manage the risk of ML or TF;
- identification procedures for customers; and
- training and reporting.

4. Roles and Responsibilities

4.1 Board of Directors

The Board is responsible for overseeing the implementation and ongoing effectiveness of this policy. The Board will ensure regular reviews and updates of the AML/CTF policy to reflect regulatory changes or new business practices.

4.2 Compliance Officer

The Compliance Officer is responsible for ensuring DFM's compliance with the AML/CTF Act, including:

- Coordinating with Olivia 123 to ensure proper customer identification and verification.
- Monitoring and reporting suspicious activities to the Australian Transaction Reports and Analysis Centre (**AUSTRAC**).
- Reviewing and updating DFM's AML/CTF risk management procedures.

4.3 Olivia 123

Olivia123 provides Electronic Verification (EV) of individuals making online applications for DFM's investment products in accordance with the EV requirements set out in AUSTRAC's Applicable Customer Identification Procedures (APIC) to enable DFM to meet Part B of their AML/CTF program.

Olivia 123 will enable customer due diligence (CDD), including customer identification KYC, and AML/KYC verification for individuals, and where the customer is not an individual such as company, association or trust, the relevant entity's beneficial owners to enable DFM to detect suspicious activity. Olivia 123 identifies and provides information and reports of any discrepancies or concerns for DFM's Compliance Officer for further action.

Where the customer declines to provide information to enable Olivia 123 to perform EV, Olivia 123 will require the customer to provide documentary evidence (e.g. Driving Licence or Passport) to either enable EV, or to enable DFM or its agents to verify the individual.

While Olivia 123 is engaged to provide the KYC and AML/CTF details on behalf DFM it does so as an information provider only. DFM or its agents will remain responsible for assessing the information provided by Olivia123, and where appropriate making further enquires or reporting suspicious activity to AUSTRAC.

DFM will be liable to civil penalties for contraventions where CDD is not undertaken consistent with the legislated requirements.

5. AML/CTF Risk Management

5.1 Customer Identification and Verification (Know Your Customer – KYC)

Olivia 123 will be responsible for conducting customer identification and verification in compliance with the EV requirements of the AML/CTF Act. The following procedures will be followed:

- **Collection of Information:** Olivia 123 will collect the necessary identification documents (such as passports, driver's licences) from customers as part of the KYC process.
- **Verification:** Olivia 123 will identify:
 - (1) the customer and verify the customer's identity using reliable and independent sources, to be satisfied that they know who the customer is; and
 - (2) the beneficial owner of the customer and take reasonable measures to verify the identity of the beneficial owner, to be satisfied that they know who the beneficial owner is; and
 - (3) a person acting on behalf of the customer and take reasonable steps to verify the person's identity and authority to act on behalf of the customer, to be satisfied that they know who the person is and that the person has authority to act on behalf of the customer.

Where Olivia 123 has identified a customer as potentially being a PEP (politically exposed person) or being on a watch list for AML/CTF activity, Olivia 123 will provide supporting evidence to enable DFM to make an assessment based upon the risk based protocols embedded in AML/CTF program.

5.2 Verification Certificate

A Verification Certificate to be issued by Olivia 123 confirming identity of the customer or beneficial owner of the customer or person acting on behalf of the customer.

5.3 Ongoing Customer Due Diligence

Ascent Fund Services (Australia) Pty Ltd will monitor customer transactions on an ongoing basis to detect suspicious activities that may indicate money laundering or terrorism financing. Any unusual or high-risk transactions will be reported to the DFM Compliance Officer.

5.4 Transaction Monitoring

The Compliance Officer, in coordination with Olivia 123, will ensure that transactions are monitored for any red flags, including:

- Unusual transaction patterns that do not match a customer's known profile.
- Transactions involving high-risk countries or jurisdictions.
- Transactions with no apparent legal or economic purpose.

Olivia 123 will generate regular transaction monitoring reports for review by DFM's Compliance Officer.

6. Reporting Suspicious Matters

If DFM or Olivia 123 identifies any suspicious activity, the Compliance Officer will:

- Assess the matter and determine if a **Suspicious Matter Report (SMR)** must be submitted to **AUSTRAC**.
- Submit the SMR to AUSTRAC within the required reporting timeframes.
- Maintain records of all SMRs and any other communications with AUSTRAC for at least seven years.

7. Record Keeping

DFM, in collaboration with Olivia123, will retain records of the following for a minimum of seven years:

- All customer identification and verification documents.
- Transaction records.
- Correspondence and documents related to suspicious activity reports. These records must be securely stored and made available for regulatory review upon request.

8. AML/CTF Training

DFM is committed to providing regular AML/CTF training for all relevant employees, including the Compliance Officer and any representatives involved in financial services. Training will cover:

- AML/CTF legal obligations under the AML/CTF Act.
- Procedures for identifying and reporting suspicious matters.
- KYC and ongoing monitoring obligations.

Training sessions will be held at least annually, with updates provided as necessary based on regulatory changes or internal risk assessments.

9. Independent Review

The Board will engage an external auditor or independent reviewer to assess the effectiveness of DFM's AML/CTF program, including the role of Olivia 123. This review will be conducted every two years or more frequently if required by changes in DFM's business activities or regulatory environment.

10. Review of AML/CTF Program

The AML/CTF program will be reviewed annually by the Compliance Officer to ensure that it remains current and effective. The results of the review, along with any recommendations for improvement, will be presented to the Board for approval.

11. Non-Compliance and Disciplinary Action

Failure to comply with this AML/CTF policy may result in disciplinary action, up to and including termination of employment. Non-compliance may also expose DFM and its representatives to significant penalties under the AML/CTF Act.
