Exemption 11 of 2016

Section 248 of the ***Anti-Money Laundering and Counter-Terrorism Financing Act 2006***

I, Bradley Brown, Acting National Manager, Strategic Intelligence and Policy Branch of the Australian Transaction Reports and Analysis Centre (AUSTRAC) and a delegate of the AUSTRAC CEO, pursuant to paragraph 248(1)(a) of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (**AML/CTF Act**), hereby exempt Boardroom Financial Services Pty Limited (ACN 136 781 443) (**Boardroom**) of 225 George Street, Sydney NSW 2000 in respect of the applicant's provision of designated services described in Items 46 and 54, subsection 6(2) of the AML/CTF Act (*the specified designated services),* from the following specified provisions of the AML/CTF Act:

(a) Divisions 2 to 7 of Part 2 (other than section 39);

during any period in which Boardroom satisfies all of the conditions specified in this instrument.

Conditions

Pursuant to paragraph 248(2)(b) of the AML/CTF, the exemption is subject to the following conditions:

1. Boardroom must inform the AUSTRAC CEO or his or her delegate of any changes that may affect the exemption within 14 days from when the change affecting the exemption occurs.

2. This exemption only applies in the following circumstances:
   a) In the operation of employee equity plans so as to provide designated services described in Item 46, Table 1, subsection 6(2) of the AML/CTF Act.
   b) In the provision of share sale facilities with respect to employee share plans so as to provide designated services described in Item 54, Table 1, subsection 6(2) of the AML/CTF Act, and
      i. The share sale facility is of the type listed in Appendix A and currently offered to customers by Boardroom,
      ii. The share sale facility only applies to plans for publicly listed companies, and
      iii. The share sale facility only applies to plans which operate in accordance with ASIC Regulatory Guide 49.

.... 15 August 2016

Bradley Brown
Acting National Manager, Strategic Intelligence and Policy
AUSTRAC

Important Notice to the person named in this instrument

1. Under subsection 248(3) of the AML/CTF Act, a person granted an exemption subject to one or more conditions must comply with the conditions specified in the instrument. Failure to comply with subsection 248(3) is a civil penalty provision and may result in any or all of the following:

   - the exemption ceasing to apply to the person during any period in which the person does not comply with the relevant condition/s;
   - the exemption being revoked;
   - the AUSTRAC CEO applying to the Federal Court of Australia for a civil penalty order requiring the person to pay a pecuniary penalty in respect of the breach.

2. Under sections 136 and 137 of the AML/CTF Act, it is an offence to provide false or misleading information or documents. If any of the information submitted by the applicant or its representatives is found to be false or misleading, the exemption may be revoked and action initiated against the applicant.

3. The person granted the exemption may request the AUSTRAC CEO to revoke or vary the exemption at any time.

4. Any request to vary this exemption must be submitted to the AUSTRAC CEO or an approved delegate no later than 14 days before the date the change is requested to commence.

Appendix A – categories of employee share plans

Type of plan	Description	Trust or Name on register	Vesting conditions	Cash movements
Gift	Client will gift participant securities to the value of $1,000	Either – trust is more typical	3 years. Employee can receive earlier if leaves employment (although then no longer has capacity to enjoy further benefits)	None – as gift
Contribution plan (usually deferred plan, but also Exempt an option)	Client will allow employee to purchase securities – usually from pre-tax contributions for a deferred plan. Client may offer a matching component. There is usually a cap on employee contributions of between 30-50% - although some clients allow 100% salary deduction.	Will be Trust if contributions are more than $1000	Vesting conditions apply to both the matching component (usually 2 or more years) and the contributed component (usually 12 months). The contributed component will vest earlier if the employee leaves, but the matched component will be forfeited. It does mean that unless the employee leaves, they are unable to sell securities received based on contributions until after 12 months after the date of contribution.	Contributions are made monthly out of salary.
Loan plans (not commonly used)	The client generally offers an interest free loan to the employee which is repaid through dividends. If the employee leaves the loan becomes repayable - it is either recourse or non-recourse beyond the proceeds of the sale of the securities.	Either	Minimum 3 years. If an employee leaves earlier, the securities vest but the employee must pay out the loan.	Loans are repaid either from the sale of the securities and proceeds are paid to the employee net of the loan balance. An employee can pay through own funds but funds must be through bank cheque in AU dollars. No personal cheques, cash or EFT is permitted.
Performance rights	These are zero priced options. Usually for relatively senior executives and potentially of high value.	Name on register and Trust	Will have vesting conditions – often of 3 years or more (Computershare has a 5 year vesting conditions) and also with stringent performance hurdles determining the number of rights which may be exercised. Forfeited if leave earlier.	As they are zero priced options no cash is payable.
Deferred share grants	Client makes grants of shares for nil consideration. Usually as a long term incentive to more senior management. The distinction with a performance right is that the employee has immediate entitlement to dividends	Trust	Will have vesting conditions – at least 2 years. Forfeited if leave earlier.	No cash is involved.
Options	Less common now due to accounting treatment	Name on register and Trust	Will always have an exercise period – at least 2 years and possibly longer. May have performance hurdles also. Will generally lapse if employee leaves before exercisable.	Exercise price can be funded through a cashless exercise where the broker sells shares and remits proceeds net of exercise price to employee. If the employee pays the funds then it must do so through a bank cheque in AU dollars or through a 'broker' cheque. No personal cheques, cash or EFT is permitted.