



Australian Government
Australian Transaction Reports
and Analysis Centre

Exemption 2 of 2018

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

I, Jennifer Ermert, Acting National Manager Legal Strategy and Solutions, of the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) and a delegate of the AUSTRAC CEO, acting under paragraph 248(1)(a) of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (**AML/CTF Act**):

1. revoke the previous Exemption made on 8 June 2017 in respect of Computershare Plan Managers Pty Ltd (**CPM**) (ABN 56 084 591 131); and
2. exempt CPM in respect of its provision of the designated services described in item 54 of table 1, subsection 6(2) of the AML/CTF Act, from the following provisions of the AML/CTF Act:
 - (a) sections 27 to 38 inclusive,during any period in which CPM satisfies all of the conditions specified in this instrument.

Conditions

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

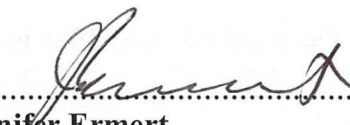
1. This exemption only applies to CPM in the following circumstances:
 - (a) where it is involved in arranging for the on-market sale of securities:
 - (i) formerly held by an employee in an employee equity plan administered by CPM on behalf of an issuer client; or
 - (ii) acquired through a corporate action, where the entitlement to participate in such corporate action was ultimately derived from the employee's securities acquired under an employee equity plan; or

- (b) where it is required to hold securities that have exited (but derived from) an employee equity plan administered by CPM in a nominee account, pending delivery to the executing broker for their sale on-market.
- 2. That if an event occurs that may affect CPM's compliance with this exemption, including the conditions, CPM must, in writing, notify the AUSTRAC CEO or delegate:
 - (a) within fourteen days of the event occurring; or
 - (b) within such other period as is authorised in writing by the AUSTRAC CEO or delegate,otherwise, this exemption ceases to apply until CPM notifies the AUSTRAC CEO or delegate of the event.

Interpretation

In this Instrument:

employee equity plan means one of the categories of employee equity plans listed in Appendix A.


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Jennifer Ermert
Acting National Manager Legal Strategy and Solutions
AUSTRAC

17/5/2018

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)	Client will allow employee to purchase securities – usually from pre-tax contributions for a deferred plan. Client may offer a matching component (e.g. Computershare matches up to \$3000). 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. There is one client which does allow an employee to access earlier but their contributions are capped at US\$5,000 and if they do access within 12 months of purchase then they forfeit their matching component of US\$5,000.	Contributions are made monthly out of salary.
Loan Plans	These are very rare now (only 6 clients still have these plans on foot and are in fun down). 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	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.
Partly paid shares	Only 1 client still has this form of plan and it has less than 300 participants with more than 10 years of tenure each. The employee has a window twice a year to make a call and pay all or part of the balance remaining on the shares. If they leave a call is placed automatically on the balance.	N/A	All outstanding entitlements have vested.	Calls are paid by bank cheque
Performance rights	These are zero priced options. Usually for relatively senior executives and potentially of high value.	Name on register	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	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.
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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 approved delegate no later than 14 days before the date the change is requested to commence.

