

Blueshyft Risk Assessment

Checklist	Yes/No	Notes
Registered with ASIC	Yes	ABN 18 606 587 446. Registered since 22/06/2015.
Australian-based company	Yes	Head office is Pier 8/9, 23A Hickson Road, Walsh Bay, NSW, 2000.

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### Digital iD Risk Assessment Checklist

Please see the attached *Digital iD Product Description*, which provides further information and is referred to below as “the Document”.

Checklist	Yes/No	Notes
Australian-based company	Yes	Digital iD is an Australian-based verification provider operated by Australia Post.
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### Rapid ID Risk Assessment Checklist

Checklist	Yes/No	Notes
Australian-based company	Yes	Based in Toowong with complete Australian ownership. ABN: 13 611 116 404.
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Ref: 9865179

23 September 2019

Caleb Seng Puay Yeoh  
Director  
Level 3, TCB Building  
315 Brunswick Street  
Fortitude Valley QLD 4006

By email: s 22

Dear Caleb,

**Re: Compliance Assessment**

The purpose of this letter is to confirm that AUSTRAC will conduct a compliance assessment of InvestbyBit Pty Ltd, trading as Binance lite (**Binance Lite**). AUSTRAC will liaise with you as to a suitable date and time to conduct the on-site assessment. This letter sets out the assessment objectives and the records and information that AUSTRAC requests to support its assessment

**Assessment Objective and Scope**

The objective of AUSTRAC's compliance assessment is to review the systems and controls Binance Lite has implemented to meet certain obligations under The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**). These obligations are associated with the amendments to The *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1)* (Cth) (**AML/CTF Rules**).

The assessment will review Binance Lite's Part A and Part B of the Anti-money laundering and counter-terrorism financing program (**AML/CTF program**). The assessment will include inspecting the identification records for customers on-boarded in the period of 01 June 2019 to 31 August 2019.



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The scope of the assessment will include the following:

**Part 2 of the AML/CTF Act – Identification procedures**

- Section 32 – carrying out the applicable customer identification procedures (ACIP) before the commencement of the provision of a designated service.
- Section 36 – ongoing customer due diligence.

**Part 3 of the AML/CTF Act – Reporting obligations**

- Section 41 – reports of Suspicious Matters.
- Section 43 – reports of Threshold Transactions.
- Chapter 18 of the AML/CTF Rules - Reportable details for suspicious matters
- Chapter 19 of the AML/CTF Rules - Reportable details for threshold transactions

**Part 7 of the AML/CTF Act – AML/CTF program**

- Section 81 – requirement to have an AML/CTF program.
- Section 82 – compliance with Part A of an AML/CTF program.
- Chapter 4 of the AML/CTF Rules - Applicable Customer Identification Procedures (ACIP).
- Chapter 8 of the AML/CTF Rules – Part A of a standard anti-money laundering and counter-terrorism financing (AML/CTF) program.
- Chapter 15 of the AML/CTF Rules – Ongoing customer due diligence.

**Part 10 of the AML/CTF Act – Record keeping requirements**

- Section 106 – records of designated services.
- Section 107 – transaction records to be retained.
- Section 108 – customer-provided transaction documents to be retained.
- Section 112 – making of records of identification procedures.
- Section 113 – retention of records of identification procedures.
- Section 114 – records of identification procedures deemed to have been carried out by a reporting entity.

During the course of the assessment, AUSTRAC will discuss the above and any other matters arising with the appropriate senior executives and key staff responsible for discharging Binance Lite's obligations under the AML/CTF Act and AML/CTF Rules. It would be helpful if a representative of Binance Lite could be nominated as a liaison person during the assessment.



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### Prior to the on-site component

Prior to conducting the on-site assessment at Binance Lite's business premises, AUSTRAC would like to review some of Binance Lite's records and information in relation to the AML/CTF Act and AML/CTF Rules. Details of the information AUSTRAC requires are listed at **Annexure A**. AUSTRAC will advise you if anything further is required.

**Please provide items listed in Annexure A by 3:00pm Monday 7 October 2019.**

### Further Information

If you have any questions in relation to the assessment processes, please do not hesitate to contact s 22 on s 22 or via email at s 22.

Yours sincerely

s 22

Manger, Regulatory Supervision  
AUSTRAC

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### Annexure A

### Binance Lite's Compliance Assessment

Correspondence: PO Box 5516, West Chatswood NSW 1515

P: 02 9950 0055

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## Records and information required by 3:00pm Monday 7 October 2019

Where possible please provide readable, electronic copies of the information requested. The preferred format is on USB with the documents in order of the item numbers below. Public access or non-sensitive documents may be emailed. AUSTRAC's security and privacy provisions apply equally to all records and information provided regardless of the format they are provided in.

Please present the documentation suitably indexed for easy reference by our assessment team and ensure that the documentation provided succinctly addresses the topics below.

Documentation should be posted to s 22 at PO Box 5516 West Chatswood NSW; and for public access/non-sensitive documents by email to s 22 copying in s 22.

### DEFINITIONS

For the purpose of this notice:

All terms have the same meaning as in the AML/CTF Act and/or AML/CTF Rules.

**Relevant period** means 01 June 2019 to 31 August 2019.

### Digital currency exchange services

1. Products and services
  - 1.1. Provide a list of products and services offered by Binance Lite that are regulated by the AML/CTF Act and provide details on the designated services to which they relate.
  - 1.2. Provide a list of all of the digital currencies traded.
  - 1.3. Provide a list of the delivery channels Binance Lite use to provide digital currency exchange services to customers (i.e. website, mobile application, telephone, in person, ATM/Kiosk).
  - 1.4. Provide details of the locations where designated services are provided, including names of business and locations, and the functions performed at each location.
  - 1.5. Provide a summary of the transaction volume and transaction value per week for the relevant period. Include details of any anomalous transactions, for example, a transaction that is more than 20% of the average value of transactions.
2. Does Binance Lite allow transactions between fiat and digital currency? If so:
  - 2.1. Provide Binance Lite's written procedures, policies and training material that staff follow to facilitate this service.

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3. Provide Binance Lite's wallet address for all digital currencies transacted.
4. Provide the details of Binance Lite's bank and financial accounts used to provide digital currency exchange services during the relevant period, including the following information:
  - 4.1. bank name;
  - 4.2. account name;
  - 4.3. account type;
  - 4.4. account opening date;
  - 4.5. account closure date (if applicable); and
  - 4.6. the purpose of the account.

#### Part A AML/CTF Program

5. Provide all versions of the AML/CTF program adopted and maintained by Binance Lite for the relevant period for the purposes of the AML/CTF Act (include dated version control records).
  - 5.1. Include evidence of the board and/or senior management's approvals and adoption of all versions of the AML/CTF program in the relevant period.
6. Provide evidence that Binance Lite has considered the money laundering and terrorism financing (ML/TF) risk that its business may face, including the ML/TF risk associated with the designated services it provides, the delivery channels, its customer types and the jurisdictions with which it deals.
  - 6.1. Provide information on any risk matrix prepared or utilised and any relevant software platform used in the process.
  - 6.2. Provide information on how Binance Lite's risk assessment model is updated, including governance over the process.
  - 6.3. Provide documentation evidencing how the ML/TF risk assessment was undertaken and substantiation of the conclusions reached.
7. Provide a copy of Binance Lite's:
  - 7.1. Risk awareness-training program;
  - 7.2. Employee due diligence program;

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- 7.3. National Police History Checks (or equivalent) for all key personnel and employees of Binance Lite, which have not previously been supplied to AUSTRAC as part of the registration process; and
- 7.4. Provide details of whether any of Binance Lite's key personnel and/or employees have ever owned, operated, or been involved in the management of any other businesses who currently or have previously provided digital currency exchange services. If yes, please provide the following details:
- 7.4.1. name;
  - 7.4.2. date of Birth;
  - 7.4.3. related entity name and Australian Company number (ACN);
  - 7.4.4. the designated service(s) provided by the entity; and
  - 7.4.5. the current enrolment or registration status of the entity with AUSTRAC.
8. Provide a copy of all internal and external audit reviews (including independent review reports pursuant to rule 8.6 of the AML/CTF Rules) with respect to Binance Lite's compliance with its AML/CTF obligations.
- 8.1. Provide a copy of any management action plans established to remediate any findings. Include evidence to demonstrate the independence of reviewer/s for each independent review report.
  - 8.2. If an internal or external audit review has not been carried out, provide details of when the review is scheduled to be carried out, and the scope of the review.
9. Provide a copy of Binance Lite's transaction monitoring program for the relevant period. Include dated version control records for each document provided.
- 9.1. Provide a copy of the procedures or operating guidelines relevant to transaction monitoring.
  - 9.2. Provide a copy of the business or transaction monitoring rules used in Binance Lite's transaction monitoring system. Also provide details of how the business rules were developed, approved and the processes for amending them over time.
  - 9.3. Provide the total number of alerts generated by the transaction monitoring program for the relevant period.



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- 9.4. Provide any statistics or analysis on the number of alerts generated for the relevant period and the action taken against such alerts.
- 9.5. List any transaction monitoring obligations which are outsourced.
- 9.6. How often does Binance Lite review its transaction monitoring rules and alerts?
- 9.7. What triggers Binance Lite to review its transaction monitoring rules and alerts?
- 9.8. Provide a copy of any documents evidencing management oversight of the transaction monitoring program.

***Customer identification procedure and ongoing customer due diligence (OCDD)***

10. Provide a copy of all versions of the Part B AML/CTF program for the relevant period.
  - 10.1. List any customer identification obligations which are outsourced.
  - 10.2. Provide a copy of Binance Lite's procedure manual or operating guidelines indicating when further applicable customer identification procedure (ACIP) information is collected. Include circumstances under which ACIP information would be updated or verified for OCDD purposes.
  - 10.3. Provide information on the trigger events for Binance Lite to undertake reasonable measures to review and update customer information including obtaining further information on the source of the customer's funds and source of wealth.
  - 10.4. Provide a copy of procedure manuals or operating guidelines indicating when further ACIP information and beneficial owner information would be collected, and circumstances under which beneficial owner information would be updated or verified for OCDD purposes.
  - 10.5. Provide a copy of the risk methodology used to risk rate customers. (If this is the same as the information provided in response to item 6, please note this and only supply the copy once.)
11. Provide a copy of Binance Lite's Enhanced Customer Due Diligence (ECDD) program.
  - 11.1. Include details and procedures of how Binance Lite undertakes monitoring to identify a politically exposed person.
12. Provide records of all customers who were on-boarded in the relevant period and include the following information:
  - 12.1. Customer name;
  - 12.2. Customer type (i.e. individual, company etc.);



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- 12.3. Customer risk rating;
  - 12.4. On-boarded date;
  - 12.5. Where the customer was on-boarded;
13. For each customer in item 11 provide the following information about their transactions in the relevant period:
- 13.1. Date of transaction;
  - 13.2. Digital Currency transaction type (e.g. Bitcoin, Litecoin etc.);
  - 13.3. Total amount of the transaction in Australian Dollars;
  - 13.4. Total quantity of digital currency for the transaction;
  - 13.5. Digital currency public key/wallet address (where a digital currency service was provided);
  - 13.6. Any dates that ECDD has been carried out and any future dates that ECDD will be performed; and
  - 13.7. If ECDD has been carried out, a copy of the record of all instances of ECDD that has been completed within the relevant period.
14. Provide information on the Applicable Customer Identification Procedure and Customer Due Diligence undertaken on any commercial enterprise and/or Digital Currency Exchange Provider that you may purchase cryptocurrency from.

#### Organisational structure

15. Provide a copy of an organisational chart and information relating to the structure, number of employees, activities and responsibilities of all areas that have obligations under the AML/CTF Act.
- 15.1. Provide any supporting information relating to the operational structure, activities and persons who have responsibility for Binance Lite meeting its obligations under the AML/CTF Act.
  - 15.2. Provide any supporting information relating to the operational structure, activities and persons who have responsibility for Binance.com meeting its obligations under the AML/CTF Act.



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- 15.3. If relevant, provide details of Binance Lite's branches in foreign countries. Include full addresses, telephone numbers, and Binance Lite's method/s to balance payment with overseas counterparts.

#### *Reporting obligations*

16. Provide a copy of any written operating guidelines, policies, procedures and training materials relating to Binance Lite's reporting of threshold transactions.
- 16.1. Provide details of systems and controls to ensure compliance with threshold transaction reporting obligations.
17. Provide a copy of any written operating guidelines, policies, procedures and training materials relating to Binance Lite's reporting of suspicious transactions.
- 17.1. Provide details of systems and controls to ensure compliance with threshold transaction reporting obligations.

#### *Record keeping procedures*

18. Provide a copy of any written procedures to ensure records are made and retained as prescribed in the AML/CTF Act.

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