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Details of Filing

Document Lodged:	Defence - Form 33 - Rule 16.32
Court of Filing	FEDERAL COURT OF AUSTRALIA (FCA)
Date of Lodgment:	22/03/2024 4:31:48 PM AEDT
Date Accepted for Filing:	22/03/2024 4:31:57 PM AEDT
File Number:	VID1373/2019
File Title:	EDMUND HOW FEN YONG v WESTPAC BANKING CORPORATION
Registry:	VICTORIA REGISTRY - FEDERAL COURT OF AUSTRALIA



Sia Lagos

Registrar

Important Information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

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Form 33
Rule 16.32

Defence to the Second Amended Statement of Claim

No. VID1373 of 2019

Federal Court of Australia
District Registry: Victoria
Division: General

EDMUND HOW FENG YONG

Applicant

WESTPAC BANKING CORPORATION (ACN 007 457 141)

Respondent

Unless otherwise indicated, the defined terms used in the Second Amended Statement of Claim filed 4 December 2023 (**SASOC**) have the same meaning in this Defence to the SASOC. The respondent (**Westpac**) does not admit any factual assertions contained in or implied by the use of those defined terms. Headings are used for convenience only and do not form part of the Defence to the SASOC.

A. INTRODUCTION

A.1 The Applicant and the Group Members

1. In answer to paragraph 1, Westpac:
 - (a) admits that the applicant purports to bring this proceeding as a representative proceeding under the provisions of Part IVA of the Federal Court of Australia Act 1976 (Cth);
 - (b) admits that the group members on whose behalf the applicant brings these proceedings are said to be those described in paragraph 1;
 - (c) denies that the applicant or the group members have suffered loss or damage by reason of the alleged conduct of Westpac;
 - (d) otherwise does not know and therefore cannot admit paragraph 1.
2. Westpac does not know and therefore cannot admit paragraph 2.
3. In answer to paragraph 3, Westpac:
 - (a) repeats paragraphs 1(a) to (c);
 - (b) otherwise does not know and therefore cannot admit paragraph 3.

Filed on behalf of (name & role of party)	Westpac Banking Corporation, Respondent		
Prepared by (name of person/lawyer)	Richard Harris		
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A.2 The Respondent

A.2.1 Introduction

4. In answer to paragraph 4, Westpac:

- (a) in answer to subparagraph (a):
 - (i) says it was incorporated pursuant to the Bank of New South Wales Act 1850 (NSW);
 - (ii) admits that it is capable of being sued;
 - (iii) otherwise denies subparagraph (a);
- (b) admits subparagraphs (b) to (d).

B. WESTPAC'S BUSINESS

B.1 Westpac's Business

5. In answer to paragraph 5, Westpac:

- (a) admits that, at all times material to the allegations made in the proceedings, it provided financial services which included retail, business and institutional banking, superannuation, life insurance, general insurance, broking services and finance services including in Australia, New Zealand and the Pacific Region;
- (b) otherwise denies paragraph 5.

6. In answer to paragraph 6, Westpac:

- (a) admits that it does, and that at all times material to the allegations made in the proceedings it did, prepare and present consolidated financial statements for it and its subsidiaries in accordance with the requirements of Australian Accounting Standard AASB 10 (Consolidated Financial Statements) as in force from time to time; and
- (b) otherwise denies paragraph 6.

7. Westpac admits paragraph 7.

B.1.01 Westpac's relevant business units and compliance systems

7A. Westpac admits paragraph 7A.

7B. In answer to paragraph 7B, Westpac:

- (a) says that it adopted a three lines of defence model to manage compliance with legislative requirements;
- (b) relies on the whole Compliance Management Framework, Operational Risk Management Framework and Incident Management Policies for their full force and effect (as amended from time to time); and
- (c) otherwise admits paragraph 7B.

7C. Westpac admits paragraph 7C.

7D. Westpac admits paragraph 7D.

7E. In answer to paragraph 7E, Westpac:

- (a) says that subparagraphs (a)(i) and (ii) are limited to breaches or potential breaches of the AML/CTF Act or AML/CTF Rules;
- (b) says in respect to subparagraph (b) that the Incident Management Policies defined "Compliance Incidents":
 - (i) from 31 January 2018 to 6 September 2018, and 21 January 2019 to the end of the Relevant Period, as including any actual, likely or suspected breach of any applicable law, regulation or licence condition, or a material contravention of a policy that incorporates compliance requirements;
 - (ii) between 6 September 2018 and 20 January 2019 where it was defined as including 'an actual, likely or potential breach of a compliance requirement';
- (c) relies on the whole Incident Management Policies for their full force and effect (as amended from time to time);
- (d) relies on all of the relevant policy and procedure documents, in force from time to time, that comprise the Incident Management Policies; and
- (e) otherwise admits paragraph 7E.

B.1.1 Westpac's Correspondent Banking Relationships and LitePay

8. Westpac admits paragraph 8.

9. Westpac admits paragraph 9.

10. Westpac admits paragraph 10.

11. Westpac admits paragraph 11.

12. Westpac admits paragraph 12.

13. In answer to paragraph 13, Westpac:

- (a) says that the LitePay product was closed in November 2019; and
- (b) otherwise admits paragraph 13.

14. Westpac admits paragraph 14.

15. Westpac denies paragraph 15.

B.2 The market disclosure regime governing Westpac

16. Westpac admits paragraph 16.

17. Westpac admits paragraph 17.

B.3 The Anti-Money Laundering and Counter-Terrorism Financing regime governing Westpac

B.3.1 *Westpac's ML/TF Preliminary Risk Assessment and Due Diligence Assessment obligations*

18. Westpac admits paragraph 18.

B.3.2 *Westpac's IFTI reporting obligations*

19. Westpac admits paragraph 19.

B.3.3 *Westpac's record obligations*

20. Westpac admits paragraph 20.

21. Westpac admits paragraph 21.

22. Westpac admits paragraph 22.

B.3.4 *Westpac's anti-money laundering and counter terrorism financing program obligations*

23. In answer to paragraph 23, Westpac:

- (a) admits subparagraphs (a) to (c);
- (b) says that it:
 - (i) had and maintained a joint anti-money laundering and counter terrorism financing program within the meaning of s 83 of the AML/CTF Act that applied to Westpac throughout the Relevant Period and at all material times; and
 - (ii) was required by s 82(1) of the AML/CTF Act to comply with Part A of its joint anti-money laundering and counter terrorism financing program as in place from time to time throughout the Relevant Period and at all material times; and
- (c) otherwise denies paragraph 23.

24. In answer to paragraph 24, Westpac:

- (a) repeats paragraph 23(b);
- (b) in respect of subparagraph (c)(D), says that from 4 June 2014 to 12 January 2018 rule 9.1.5 of the AML/CTF Rules required that Part A of the anti-money laundering and counter terrorism financing program be designed to "assess" the risks posed by the matters set out in subparagraphs (c)(D)(1)-(4);
- (c) otherwise admits paragraph 24.

B.3.5 *Westpac's AML/CTF Program*

25. In answer to paragraph 25, Westpac:

- (a) admits that Part A of Westpac's AML/CTF Program contained procedures for managing ML/TF Risk;

- (b) says that further procedures were set out in a standard called ML/TF Risk Assessment and Methodology Standard; and
- (c) otherwise denies paragraph 25.

26. In answer to paragraph 26, Westpac:

- (a) admits subparagraphs (a) to (c); and
- (b) otherwise denies paragraph 26.

B.3.6 Westpac's monitoring obligations

27. Westpac admits paragraph 27.

B.3.7 Westpac's exposure to reputational risk and civil penalties

28. Westpac denies paragraph 28.

29. In answer to paragraph 29, Westpac:

- (a) admits that:
 - (i) the maximum penalty for a contravention of the statutory provisions referred to in subparagraphs (i) to (vii) was the amounts set out in subparagraphs (vi) to (ix) in the periods identified;
 - (ii) Westpac may be exposed to the imposition by a Court of a pecuniary penalty if it contravened a statutory provision referred to in subparagraphs (i) to (v);
- (b) says that:
 - (i) the amount of any pecuniary penalty imposed for a particular contravention or contraventions of one or more of the statutory provisions referred to in subparagraphs (i) to (v) is a matter of discretion for the Court;
 - (ii) in making a judgment in a particular case as to the appropriate penalty, the Court must identify and balance using a process of intuitive synthesis all of the factors and circumstances relevant in the particular case including the factors set out in *Trade Practices Commission v CSR Limited* (1991) ATPR 41-076 and relevant principles such as the "course of conduct" principle explained in, among other decisions, *Construction, Forestry, Mining and Energy Union v Cahill* (2010) 269 ALR 1;
- (c) otherwise denies paragraph 29.

B.3A Westpac's Board and Management Committees

30. In answer to paragraph 30, Westpac:

- (a) says that it was the Westpac Board Risk and Compliance Committee (BRCC) that had the purpose of assisting the Board of Westpac on the matters set out in paragraph 30(a) to (e);
- (b) otherwise admits paragraph 30.

30A. In answer to paragraph 30A, Westpac:

- (a) relies on the whole Operational Risk Management Framework, Compliance Management Framework and the Financial Crime Risk Management Framework for their full force and effect (as amended from time to time);
- (b) otherwise admits paragraph 30A.

30B. In answer to paragraph 30B, Westpac:

- (a) relies on the whole Financial Crime Risk Management Framework for its full force and effect (as amended from time to time);
- (b) otherwise admits paragraph 30B.

30C. In answer to paragraph 30C, Westpac says:

- (a) that from at least 10 December 2014, it had a Westpac Institutional Bank Operational Risk & Compliance Committee;
- (b) subparagraphs (a) – (d) describe the purpose and objectives of the WIB Operational Risk & Compliance Committee, as set out in the terms of reference for that committee;
- (c) the Westpac Institutional Bank Risk Committee (known as WIB RISKCO) was a separate committee, which had its first meeting on 16 November 2015;
- (d) the purpose of WIB RISKCO pursuant to its Terms of Reference included to lead the optimisation of credit, market, operational, reputational and strategic risk reward, and oversee management of compliance across the Institutional Bank, within the context of Westpac's risk appetite;
- (e) the chair of WIB RISKCO had the discretion to escalate issues where:
 - (i) WIB RISKCO did not have authority to act, or could not agree on a specific matter; or
 - (ii) the chair decided it was appropriate to advise RISKCO of an issue;
- (f) otherwise denies paragraph 30C.

Particulars

WBC.0201.0028.2590

B.4 Directors and Officers of Westpac

B.4.1 The Chief Executive Officer

31. Westpac admits paragraph 31.

32. In answer to paragraph 32, Westpac:

- (a) says in relation to subparagraph (a) that Mr Hartzler was the Group Chief Executive Officer of Westpac from 2 February 2015 to 1 December 2019;

- (b) says in relation to subparagraph (b) that Mr Hartzler was an executive director of Westpac from 2 February 2015 to 2 December 2019;
- (c) admits subparagraph (c); and
- (d) otherwise denies paragraph 32.

~~B.4.2~~ [Not Used]

33. In answer to paragraph 33, Westpac:

- (a) admits that at all material times it had a Chief Risk Officer who was responsible for risk management activities across the Group;
- (b) admits subparagraph (b); and
- (c) otherwise denies paragraph 33.

34. Westpac admits paragraph 34.

35. In answer to paragraph 35, Westpac says that:

- (a) Ms Holcomb ceased to be the Chief Risk Officer of Westpac effective 25 June 2018; and
- (b) otherwise admits paragraph 35 in respect of the period 1 August 2014 to 24 June 2018.

36. In answer to paragraph 36, Westpac:

- (a) says that Mr King held the role of Chief Financial Officer from April 2014 to 24 June 2018 and from 1 October 2018 to 1 December 2019; and
- (b) admits subparagraphs (a), (ba) and (b); and
- (c) otherwise denies paragraph 36.

37. Westpac admits paragraph 37.

B.4.3 The Chairman

38. Westpac admits paragraph 38.

B.4.4 Non-executive directors

39. Westpac admits paragraph 39.

40. Westpac admits paragraph 40.

41. Westpac admits paragraph 41.

42. Westpac admits paragraph 42.

43. Westpac admits paragraph 43.

44. Westpac admits paragraph 44.

- 45. Westpac admits paragraph 45.
- 46. Westpac admits paragraph 46.
- 47. Westpac admits paragraph 47.
- 48. Westpac admits paragraph 48.
- 49. Westpac admits paragraph 49.
- 50. Westpac admits paragraph 50.
- 51. Westpac admits paragraph 51.
- 52. Westpac admits paragraph 52.
- 53. In answer to paragraph 53, Westpac:
 - (a) says that Mr Cairns was from 8 July 2004 to 13 December 2013:
 - (i) an independent director of Westpac;
 - (ii) a member of Westpac's Risk and Compliance Committee;
 - (b) admits subparagraph (c) in respect of the period up to 13 December 2013; and
 - (c) otherwise denies paragraph 53.

B.4.5 The Chief Compliance Officer

- 54. In answer to paragraph 54, Westpac:
 - (a) says that the role of the Chief Compliance Officer included receiving reports from parts of Westpac responsible for managing the aspects of compliance relevant to the role of the Chief Compliance Officer; and
 - (b) otherwise denies paragraph 54.
- 55. In answer to paragraph 55, Westpac:
 - (a) says that Ms Lim was the General Counsel of Westpac from 1 December 2011;
 - (b) says Ms Lim became the Chief Compliance Officer on 1 November 2013;
 - (c) otherwise admits subparagraphs (a) and (b);
 - (d) denies subparagraph (c).
- 56. In answer to paragraph 56, Westpac:
 - (a) admits subparagraph (a);
 - (b) denies subparagraph (b).

B.4A Other officers

57A. In answer to paragraph 57A, Westpac:

- (a) says Mr Whitfield was Group Executive Westpac Institutional Bank from July 2009 until July 2015;
- (b) admits subparagraph (b); and
- (c) otherwise denies paragraph 57A.

57B. In answer to paragraph 57B, Westpac:

- (a) says Mr Coffey was Westpac's Chief Financial Officer from December 2005 until April 2014;
- (b) admits subparagraph (b); and
- (c) otherwise denies paragraph 57B.

57C. In answer to paragraph 57C, Westpac:

- (a) says Ms Cobley was Group Executive of Westpac Institutional Bank, otherwise Chief Executive Westpac Institutional Bank from September 2015 to the end of the Relevant Period; and
- (b) admits subparagraph (b).

57D. In answer to paragraph 57D, Westpac:

- (a) says that from January 2017 to October 2021, Ms Challenor held the role of General Manager, Global Transaction Services;
- (b) says that Ms Challenor reported to Ms Cobley until the end of the Relevant Period;
- (c) otherwise admits subparagraphs (b) and (d); and
- (d) denies subparagraph (c).

57E. In answer to paragraph 57E, Westpac:

- (a) says from September 2015 to December 2015, Ms Peacock held the role of Acting Group Head of Financial Crime;
- (b) says from December 2015 to June 2018, Ms Peacock held the role of Group Head of Financial Crime;
- (c) admits subparagraphs (c) and (d); and
- (d) otherwise denies paragraph 57E.

57F. In answer to paragraph 57F, Westpac:

- (a) says from April 2015 to January 2017, Ms Williams held the role of Group Money Laundering Reporting Officer and ABC Officer of Westpac;
- (b) admits subparagraph (b);
- (c) says from August 2015 to September 2015, Ms Williams reported to the General Manager, Operational Risk and Assurance;

- (d) says from September 2015 to December 2016, Ms Williams reported to the Acting Group Head of Financial Crime or Group Head of Financial Crime;
- (e) admits subparagraph (e); and
- (f) otherwise denies paragraph 57F.

57G. In answer to paragraph 57G, Westpac:

- (a) admits subparagraph (a);
- (b) says that:
 - (i) from May 2017 to May 2018, Ms Wood formally reported to the Group Head of Financial Crime, who in turn reported to the Chief Risk Officer; and
 - (ii) from June 2018 to September 2018, Ms Wood formally reported to the Acting General Manager, Operational Risk and Financial Crime, who in turn reported to the Chief Risk Officer or, from June to September 2018, the Acting Chief Risk Officer;
- (c) admits subparagraph (d) for the period from October 2018 to May 2019;
- (d) admits subparagraphs (e) and (g);
- (e) says in answer to subparagraph (f) that it:
 - (i) relies on the whole transcript of the s19 examination of Mr King for its full force and effect; and
 - (ii) otherwise denies subparagraph (f); and
- (f) otherwise denies paragraph 57G.

57H. Westpac admits paragraph 57H.

B.4B Senior management

57I. In answer to paragraph 57I, Westpac:

- (a) with respect to Ms Beesley:
 - (i) says from the start of the Relevant Period to January 2015, she held the role of Group Head of AML/CTF & Sanctions;
 - (ii) admits subparagraph (a)(iii) and (iv);
 - (iii) says that from January 2015 to July 2015, she was the Chief Financial Crime Officer; and
 - (iv) otherwise denies subparagraph (a);
- (b) with respect to Ms Cahill:
 - (i) says that from June 2015 to October 2015 she was the General Manager, Operational Risk and Assurance;
 - (ii) admits subparagraph (b)(i) for the period November 2015 to January 2018;
 - (iii) admits subparagraph (b)(ii); and

- (iv) otherwise denies subparagraph (b);
- (c) with respect to Ms Hilton:
 - (i) admits subparagraph (c)(i) save that she commenced the role in around February 2018;
 - (ii) says that from October 2018 to December 2018 she was Acting General Manager, Operational Risk;
 - (iii) admits subparagraph (c)(ii) for the period from December 2018; and
 - (iv) otherwise denies subparagraph (c);
- (d) with respect to Mr Jankoski:
 - (i) says in relation to subparagraph (d)(i) that:
 - (A) from March 2016 to January 2017 he was the Deputy Group MLRO;
 - (B) from January 2017 to May 2017 he was the Acting Group MLRO;
 - (C) from May 2017 to November 2017 he returned to the role of Deputy Group MLRO;
 - (D) from April 2016 to December 2016, he reported to the Group MLRO;
 - (E) from December 2016 to April 2017, he reported to the Group Head of Financial Crime; and
 - (F) from May 2017 to November 2017, he reported to the Group MLRO;
 - (ii) admits subparagraph (d)(ii) for the period November 2017 to February 2019;
 - (iii) says that from February 2019 to April 2019, he reported to the Head of Business Controls, GTS Financial Crime;
 - (iv) otherwise denies subparagraph (d);
- (e) with respect to Mr Hassiem:
 - (i) says that:
 - (A) from the start of the Relevant Period to May 2015 he was the Executive Manager WIB AML/CTF Sanctions;
 - (B) from May 2015 to May 2017 he was the Executive Manager Financial Crime;
 - (ii) admits subparagraphs (e)(iii) and (vi);
 - (iii) in answer to subparagraphs (e)(iv) and (v):
 - (A) says that from July 2014 to October 2016 he reported to the Head of Compliance WIB;
 - (B) otherwise admits subparagraph (e)(v) for the period from November 2016 to May 2018;

- (C) otherwise denies subparagraphs (e)(iv) and (v);
- (iv) admits subparagraph (e)(vii) for the period of October 2018 to March 2019;
- (v) says that:
 - (A) from April 2019 to October 2019, Mr Hassiem reported to the Global Head of Financial Crime, who in turn reported to the Chief Compliance Officer; and
 - (B) in November 2019, Mr Hassiem reported to the General Manager Financial Crime, who in turn reported to the Chief Risk Officer; and
- (vi) otherwise denies subparagraph (e); and
- (f) otherwise denies paragraph 57I.

B.5 The knowledge of the officers of Westpac is the knowledge of Westpac

57. Westpac denies paragraph 57.

58. Westpac denies paragraph 58.

BA. WESTPAC'S GROUP AUDIT AND ASSURANCE REPORTS

59A. Westpac admits paragraph 59A.

59B. In answer to paragraph 59B, Westpac:

- (a) relies on the whole report titled "AML/CTF – Australia – Key High Risk Obligations Audit" for its full force and effect; and
- (b) otherwise admits paragraph 59B.

59C. In answer to paragraph 59C, Westpac:

- (a) relies on the draft Board Audit Committee Group Assurance Quarterly Report and the Memorandum to the Westpac Group Executive Risk Committee for their full force and effect;
- (b) otherwise admits paragraph 59C.

59D. In answer to paragraph 59D, Westpac:

- (a) says Group Audit authored a report dated 6 February 2018 titled "Westpac Designated Business Group Joint AML/CTF Program Part A Audit Report";
- (b) says that the Group Audit report referred to a prior AML/CTF audit engagement dated September 2013;
- (c) relies on the whole of the Group Audit report for its full force and effect; and
- (d) otherwise denies paragraph 59D.

59E. In answer to paragraph 59E, Westpac:

- (a) says Group Audit authored a report dated 19 April 2018 titled "Westpac Designated Business Group Joint AML/CTF Program Part A (Phase 2)";

- (b) says that the Group Audit report stated that the current AML/CTF program did not clearly define the minimum required frequency for independent review of the program and as a result, the Part A Program was not subject to independent review for several years;
- (c) relies on the whole of the report for its full force and effect; and
- (d) otherwise denies paragraph 59E.

BB. AUSTRAC'S LITIGATION AGAINST COMMONWEALTH BANK OF AUSTRALIA

- 59F. Westpac admits paragraph 59F.
- 59G. Westpac admits paragraph 59G.
- 59H. Westpac admits paragraph 59H.
- 59I. Westpac admits paragraph 59I.
- 59J. Westpac does not know and therefore cannot admit paragraph 59J.
- 59K. Westpac admits paragraph 59K.
- 59L. Westpac admits paragraph 59L.
- 59M. Westpac admits paragraph 59M.
- 59N. Westpac admits paragraph 59N.

C. CONTINUOUS DISCLOSURE CONTRAVENTIONS

C.1 Westpac's knowledge

C.1.1 As at 30 June 2014

- 59. In answer to paragraph 59, Westpac:
 - (a) says that on 30 June 2014, Mr Targett and Ms Holcomb were sent a report titled "Group Assurance Report – AML/CTF International Funds Transfer Instructions Reporting – Audit" dated 30 June 2014;
 - (b) says the report related to a review conducted by Westpac's Group Assurance team relating to International Funds Transfer Instruction reporting which identified issues to the effect set out in subparagraphs (a) to (d) which were rated as 'Medium' issues;
 - (c) says that the report did not identify that Westpac had failed to report any international funds transfer instructions it was required to;
 - (d) relies on the whole report for its full force and effect;
 - (e) otherwise denies paragraph 59.
- 60. In answer to paragraph 60, Westpac:
 - (a) repeats paragraph 59;
 - (b) admits subparagraphs (a) to (c);

- (c) says that management undertook a number of actions to address those issues which led to the closure of the issue at subparagraph (a) in January 2016 and the issue at subparagraph (b) in March 2016;
 - (d) otherwise denies subparagraph paragraph 60.
- 61. In answer to paragraph 61, Westpac:
 - (a) repeats paragraph 60;
 - (b) admits that, by no later than 30 June 2014, Westpac had contravened its obligation to report international funds transfer instructions within 10 business days under the AML/CTF Act;
 - (c) says it was not aware of that non-reporting at the time;
 - (d) says that the international funds transfer instructions were reported to the AUSTRAC CEO between around October 2018 and November 2019;
 - (e) otherwise denies paragraph 61.
- 62. In answer to paragraph 62, Westpac;
 - (a) repeats paragraph 61;
 - (b) otherwise denies paragraph 62.
- 63. In answer to paragraph 63, Westpac:
 - (a) repeats paragraphs 60 and 61;
 - (b) admits that during the period 5 November 2013 to 19 November 2018, Westpac was the recipient of 19,489,756 incoming IFTIs which were not reported to the AUSTRAC CEO within 10 business days of receipt;
 - (c) says that:
 - (i) the applicant has not particularised or otherwise disclosed the methodology used as the basis for the identification in paragraph 63 of the SASOC of an approximate numerical range of international funds transfer instructions that had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 63 of the SASOC;
 - (ii) the nature of the information that Westpac currently has access to means that it cannot identify the number of international funds transfer instructions that had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 63 of the SASOC;
 - (d) on the basis of the matters set out in subparagraph (b), otherwise does not know and therefore cannot admit paragraph 63.
- 64. In answer to paragraph 64, Westpac:
 - (a) repeats paragraph 63; and
 - (b) otherwise denies paragraph 64.
- 65. Westpac denies paragraph 65.

66. Westpac denies paragraph 66.

67. Westpac denies paragraph 67.

68. Westpac denies paragraph 68.

C.1.2 As at 27 January 2015

69. In answer to paragraph 69, Westpac:

(a) says that:

(i) on 27 January 2015, Mr Hassiem sent an email attaching a copy of the presentation entitled "Building a sustainable WIB Financial Crime Risk Management (FCRM Model), Draft for discussion and feedback";

(ii) the presentation entitled "Building a sustainable WIB Financial Crime Risk Management (FCRM Model)" stated that:

"The manual nature of Correspondent Banking Due Diligence and the lack of automated transaction monitoring and ongoing due diligence creates a reactive environment with regard to Correspondent Banking risk management, i.e. investment is required for transaction monitoring, ongoing risk management and review cycle management";

(b) relies on the whole presentation for its full force and effect; and

(c) otherwise does not admit paragraph 69.

70. In answer to paragraph 70, Westpac:

(a) repeats paragraphs 59 and 69;

(b) otherwise does not admit paragraph 70.

71. In answer to paragraph 71, Westpac:

(a) repeats paragraphs 60 and 70;

(b) otherwise denies paragraph 71.

72. In answer to paragraph 72, Westpac:

(a) repeats paragraphs 60 and 70;

(b) otherwise denies paragraph 72.

73. Westpac denies paragraph 73.

74. Westpac denies paragraph 74.

C.1.3 As at 15 July 2015

75. In answer to paragraph 75, Westpac:

(a) says that the report did not identify that Westpac had failed to report any international funds transfer instructions it was required to;

- (b) relies on the whole report for its full force and effect;
 - (c) otherwise admits paragraph 75.
76. In answer to paragraph 76, Westpac:
- (a) repeats paragraph 60 and 75;
 - (b) otherwise denies paragraph 76.
77. In answer to paragraph 77, Westpac:
- (a) repeats paragraph 76;
 - (b) admits that, by no later than 15 July 2015, Westpac had contravened its obligation to report international funds transfer instructions within 10 business days under the AML/CTF Act;
 - (c) says it was not aware of that non-reporting at the time;
 - (d) says that international funds transfer instructions were reported to the AUSTRAC CEO between around October 2018 and November 2019; and
 - (e) otherwise denies paragraph 77.
78. In answer to paragraph 78, Westpac:
- (a) repeats paragraph 77;
 - (b) otherwise denies paragraph 78.
79. In answer to paragraph 79, Westpac:
- (a) repeats paragraphs 60, 63(b), 76 and 77;
 - (b) says that:
 - (i) the applicant has not particularised or otherwise disclosed the methodology used as the basis for the identification in paragraph 79 of the SASOC of an approximate numerical range of international funds transfer instructions that had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 79 of the SASOC;
 - (ii) the nature of the information that Westpac currently has access to means that it cannot identify the number of international funds transfer instructions that had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 79 of the SASOC;
 - (c) on the basis of the matters set out in subparagraph (b), otherwise does not know and therefore cannot admit paragraph 79.
80. In answer to paragraph 80, Westpac:
- (a) repeats paragraph 79;
 - (b) otherwise denies paragraph 80.
81. Westpac denies paragraph 81.

82. Westpac denies paragraph 82.

83. Westpac denies paragraph 83.

84. Westpac denies paragraph 84.

C.1.4 As at 1 December 2016

85. In answer to paragraph 85, Westpac:

- (a) admits that LitePay was launched in the Philippines in August 2016;
- (b) admits the first subparagraph (a);
- (c) says in relation to the second subparagraph (a) that the email referred to in that subparagraph:
 - (i) stated that one suggestion to focus in on child exploitation or other illegal business activity is to change (or create a third detection scenario) 'multiple customer transfer fund to one beneficiary account in a short time frame via LVP channel';
 - (ii) asked whether a scenario could be created to identify payments going to the Cebu region via a branch BIC;
 - (iii) agreed that any detection scenario that is applied to LitePay should be applied to OTT;
- (d) admits subparagraph (b) save to say that the memorandum was from Ms Pearce;
- (e) says in relation to subparagraph (c) that a Final Risk Assessment for LitePay dated 5 August 2016 from Ms Pearce to Mr Hassiem, copied to Ms Williams was prepared which included the following recommendations from WIB Financial Crime Compliance:
 - (i) since GPP-SPP and SWIFT also facilitate payments of a lower value, that the same new scenarios be applied to all international payments systems "subject to feasibility considerations"; and
 - (ii) that the following two new transaction monitoring scenarios be applied to LitePay)

WS 245: LitePay Low Value Payment (Many-to-one)

The purpose of this scenario is to detect potential layering of illegally obtained cash for the purpose of money laundering. This scenario will trigger when a single beneficiary has received payment more than the defined value threshold of funds over a rolling 7, 14 or 28 days period from multiple senders via LitePay International Service);

WS 244: LitePay Low Value Payment (One-to-many)

The purpose of this scenario is to detect potential layering of illegally obtained cash for the purpose of money laundering. This scenario will trigger when an Individual customer has transferred more than the defined value threshold to multiple beneficiaries via LitePay International Service over a respective 7, 14 or 28 day rolling period,

- (f) relies on the whole email dated 17 May 2016, memorandum dated 17 May 2016 and Final Risk Assessment for LitePay dated 5 August 2016 for their full force and effect;
- (g) otherwise denies paragraph 85.

86. In answer to paragraph 86, Westpac:

- (a) repeats subparagraph (e) of paragraph 85;
- (b) says that, from August 2016, it applied two automated transaction monitoring detection scenarios to LitePay transactions (WS 245 and WS 244), which were designed with regard to the money laundering and terrorism financing risks associated with LitePay including with respect to child exploitation;
- (c) otherwise denies paragraph 86.

87. In answer to paragraph 87, Westpac:

- (a) says that the email referred to in paragraph 87 summarised the results from a post implementation review of the transactions processed through the Low Value Payment Channel and to assess the customers, recipients and payments and noted that:
 - (i) an SMR was submitted based on suspicion of potential pay-per-view child exploitation material activity;
 - (ii) four other customers were identified for additional review actions;
 - (iii) no detection scenario alerts have triggered to date; and
 - (iv) a review of top senders and recipients of transactions through the Low Value Payments Channel will continue with a view to informing additional or updates to existing detection scenarios;
 - (v) relies on the whole email for its full force and effect;
- (b) otherwise denies paragraph 87.

88. In answer to paragraph 88, Westpac:

- (a) says that a spreadsheet tracking technology issues throughout the organisation included the following entry with 1 December 2016 as the 'issue raised date':

"[it] has been discovered that backup systems migrated to GEBR when it was first established (when migrating over to the MTE environment) did not get correctly configured for monthly backups. Therefore, although we have the capability to restore from system failure / corruption, long term data retention has not being [sic] taking place. This affects our ability to restore old data and meet compliance requirements for 7-year retention for some systems";
- (b) relies on the whole spreadsheet for its full force and effect;
- (c) otherwise denies paragraph 88.

89. In answer to paragraph 89, Westpac:

- (a) repeats paragraphs 85 to 88;

- (b) admits that, by no later than 1 December 2016, it did not implement appropriate detection scenarios to adequately monitor LitePay customers for known indicators of child exploitation typologies in the Philippines;
 - (c) admits that, by no later than 1 December 2016 and until October 2019, it did not implement an appropriate detection scenario to monitor for the known child exploitation typologies involving frequent low value payments to the Philippines and South East Asia via non-LitePay channels;
 - (d) says that in June 2018, an updated automated detection scenario was implemented to monitor the LitePay channel for the known child exploitation typologies involving the Philippines;
 - (e) says that on 24 October 2018, WS 248 was applied to all GPP payments;
 - (f) admits that by 1 December 2016, the configuration of its systems meant that it did not retain a record of certain electronic funds transfer instructions for 7 years. The record that Westpac did not retain was the 'unique reference number' that was passed onto it by Citibank and was a reference number for each transaction;
 - (g) otherwise denies paragraph 89.
90. In answer to paragraph 90, Westpac:
- (a) repeats paragraphs 60, 70, 76 and 89;
 - (b) otherwise denies paragraph 90.
91. In answer to paragraph 91, Westpac:
- (a) repeats paragraphs 60, 70, 76 and 89
 - (b) otherwise denies paragraph 91.
92. In answer to paragraph 92, Westpac:
- (a) repeats subparagraphs 89(b) to 89(e);
 - (b) otherwise denies paragraph 92.
93. In answer to paragraph 93, Westpac:
- (a) repeats subparagraphs 89(b) to 89(e);
 - (b) otherwise denies paragraph 93.
94. In answer to paragraph 94, Westpac:
- (a) repeats subparagraphs 89(b) to 89(e);
 - (b) otherwise denies paragraph 94.
95. In answer to paragraph 95, Westpac:
- (a) repeats subparagraphs 89(b) to 89(e)

(b) otherwise denies paragraph 95.

96. Westpac denies paragraph 96.

97. Westpac denies paragraph 97.

98. Westpac denies paragraph 98.

99. Westpac denies paragraph 99.

100. Westpac denies paragraph 100.

101. Westpac denies paragraph 101.

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102. In answer to paragraph 102, Westpac:

(a) admits subparagraph (a);

(b) says in relation to subparagraph (b) that:

(i) on 21 May 2017, Mr Ratnayake sent an email to Mr Hard which recorded that “Audience is Sybil & Di” and attached a document titled ‘ACM & Low Value Compliance Remediation’;

(ii) the document titled ‘ACM & Low Value Compliance Remediation’ recorded that “ACM Direct for SCB: IFTI & Screening required, only AUD”;

(c) relies on the whole of the documents for their full force and effect; and

(d) otherwise denies paragraph 102.

103. Westpac admits paragraph 103.

104. In answer to paragraph 104, Westpac:

(a) says that in August 2017, one junior employee in Digital Transformation Technology prepared a spreadsheet in relation to sample payments from the ACM product which, in relation to certain Citibank files, records “No” in response to the question “Is IFIT Reported Y/N ? [sic]”. That employee did not appreciate at the time that Westpac was in breach of its obligations to report Citibank IFTIs within 10 business days;

(b) otherwise denies paragraph 104.

105. In answer to paragraph 105, Westpac:

(a) admits subparagraph (a);

(b) says that on 9 August 2017, Ms Crasto and Mr Ratnayake were sent an email which said, “Looks like we may have a problem with reporting for the Standard Chartered Direct Model (Uses the Off System BSB). I am looking for the related documentation to understand better, also checking with Nick Bird. Bit of confusion below about address truncation, but I think it is OK...TBC”

(c) relies on the whole of the emails for their full force and effect;

- (d) otherwise denies paragraph 105.
106. In answer to paragraph 106, Westpac:
- (a) relies on the whole of the emails for their full force and effect
 - (b) otherwise admits paragraph 106.
107. In answer to paragraph 107, Westpac:
- (a) admits that it was not reporting to AUSTRAC IFTIs received from SCB within 10 business days;
 - (b) admits that it was not reporting to AUSTRAC IFTIs received from Citibank within 10 business days;
 - (c) says it was not aware of that non-reporting at the time;
 - (d) says that the international funds transfer instructions were reported to the AUSTRAC CEO between around October 2018 and November 2019; and
 - (e) otherwise denies paragraph 107.
108. In answer to paragraph 108, Westpac:
- (a) repeats paragraph 107;
 - (b) otherwise admits paragraph 108.
109. In answer to paragraph 109, Westpac:
- (a) repeats paragraph 108;
 - (b) otherwise denies paragraph 109.
110. In answer to paragraph 110, Westpac:
- (a) repeats paragraphs 60, 63(b), 76 and 108;
 - (b) says that:
 - (i) the applicant has not particularised or otherwise disclosed the methodology used as the basis for the identification in paragraph 110 of the SASOC of an approximate numerical range of international funds transfer instructions that had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 110 of the SASOC;
 - (ii) the nature of the information that Westpac currently has access to means that it cannot identify the number of international funds transfer instructions that had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 110 of the SASOC;
 - (c) on the basis of the matters set out in subparagraph (b), otherwise does not know and therefore cannot admit paragraph 110.
111. In answer to paragraph 111, Westpac:
- (a) repeats paragraph 110;

(b) otherwise denies paragraph 111.

112. Westpac denies paragraph 112.

113. Westpac denies paragraph 113.

114. Westpac denies paragraph 114.

115. Westpac denies paragraph 115.

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116. Westpac does not know and therefore cannot admit paragraph 116.

117. In answer to paragraph 117, Westpac:

(a) repeats paragraphs 69, 85 to 88, 102, 104 to 106 and 116;

(b) otherwise denies paragraph 117.

118. In answer to paragraph 118, Westpac:

(a) repeats paragraphs 70, 89, 107 and 117;

(b) otherwise denies paragraph 118.

119. In answer to paragraph 119, Westpac:

(a) repeats paragraphs 70, 89, 107 and 117;

(b) otherwise denies paragraph 119.

120. In answer to paragraph 120, Westpac:

(a) repeats paragraphs 70, 76, 89, 107 and 117;

(b) otherwise denies paragraph 120.

121. In answer to paragraph 121, Westpac:

(a) repeats paragraphs 70, 76, 89, 107 and 117;

(b) otherwise denies paragraph 121.

122. Westpac denies paragraph 122.

123. Westpac denies paragraph 123.

124. Westpac denies paragraph 124.

125. Westpac denies paragraph 125.

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126. In answer to paragraph 126, Westpac:

- (a) says that on 24 September 2017, Ms Cobley was sent a draft of Deloitte's "Project Dart AML/CTF Current State Assessment and Retrospective Review of Project Carter Issues" dated 22 September 2017 which stated the information in subparagraphs (a) to (c);
 - (b) says that on 20 October 2017, Mr Hassiem sent an email to Ms Nielsen (copied to Ms Challenor) which extracted points from Deloitte's commentary on Westpac's Correspondent Bank Due Diligence, including extracts in the terms of subparagraphs (b) and (c);
 - (c) says that on 7 November 2017, Deloitte sent to Mr Pollock and Ms Cahill a draft report entitled "Project Dart AML/CFT Current State Assessment and Retrospective Review of Project Carter Issues" which stated the information in subparagraphs (a) to (c);
 - (d) relies on the whole report for its full force and effect; and
 - (e) otherwise denies paragraph 126.
127. In answer to paragraph 127, Westpac:
- (a) says that on 18 November 2017, Ms Cahill sent an email to Ms Peacock and Ms Wood attaching speaking notes for a presentation entitled "Making Risk Everyone's Business" which included a statement in the terms set out in paragraph 127;
 - (b) relies on the whole of the speaking notes for their full force and effect; and
 - (c) otherwise denies paragraph 127.
128. In answer to paragraph 128, Westpac:
- (a) admits paragraph 128;
 - (b) relies on the whole memorandum for its full force and effect.
129. In answer to paragraph 129, Westpac:
- (a) admits paragraph 129;
 - (b) relies on the whole memorandum for its full force and effect.
130. In answer to paragraph 130, Westpac:
- (a) admits paragraph 130;
 - (b) relies on the whole memorandum for its full force and effect.
131. In answer to paragraph 131, Westpac:
- (a) says that the first page of the report records in relation to WIB:
 - (i) *"In undertaking a product development for Australasian Cash Management, it was identified that the existing ACM customer arrangements should be reviewed to ensure that sanctions and IFTI reporting requirements continue to be met. Previously, certain arrangements were operating under an exemption from Group Sanctions";*

- (ii) *“In this SCB Direct Model where the instructions are sent to Westpac to process payments on behalf of SCB customers to pay beneficiaries, the issue encountered are (sic) related to no sanctions screening and IFTI reporting. Outcome proposed is to sanction screen the payments and get IFTI reported”;*

- (b) relies on the whole report for its full force and effect; and
- (c) otherwise admits paragraph 131.

132. In answer to paragraph 132, Westpac:

- (a) says that the email recorded: “Resolution of IFTI reporting issue related to Citibank and Standard Chartered ACM payments delayed. Alternate solutions to be investigated”;
- (b) relies on the whole document for its full force and effect; and
- (c) otherwise admits paragraph 132.

133. In answer to paragraph 133, Westpac:

- (a) says that a draft memorandum with the date 29 March 2018 and subject “Risk Acceptance for Citi Bank non-compliance with IFTI and Sanction Screening for 3rd party payments” included statements in the terms of subparagraphs (a) to (c);
- (b) says that the draft memorandum did not identify that Westpac had failed to report any international funds transfer instructions it was required to;
- (c) relies on the whole memorandum for its full force and effect; and
- (d) otherwise denies paragraph 133.

134. In answer to paragraph 134, Westpac:

- (a) relies on the whole report for its full force and effect;
- (b) otherwise admits paragraph 134.

135. In answer to paragraph 135, Westpac:

- (a) says a draft Memorandum dated 20 April 2018 with the subject “Risk Acceptance for Citi Bank non-compliance with IFTI and Sanction Screening for 3rd party payments” included statements to the effect set out in subparagraphs (a) to (e);
- (b) says that the report did not identify that Westpac had failed to report any international funds transfer instructions it was required to;
- (c) relies on the whole memorandum for its full force and effect; and
- (d) otherwise denies paragraph 135.

136. In answer to paragraph 136, Westpac:

- (a) says that a draft memorandum dated 2 May 2018 with the subject “Approval for extension of Juno issue ISS 0054685 – non-compliance with IFTI and Sanction

Screening on the Australian Cash Management (ACM) Standard Chartered Bank (SCB) Direct Model 2", included statements to the effect set out in subparagraphs (a) to (c);

- (b) says that the memorandum did not identify that Westpac had failed to report any international funds transfer instructions it was required to;
 - (c) relies on the whole memorandum for its full force and effect; and
 - (d) otherwise denies paragraph 136.
137. In answer to paragraph 137, Westpac:
- (a) relies on the whole memorandum for its full force and effect;
 - (b) otherwise admits paragraph 137.
138. In answer to paragraph 138, Westpac:
- (a) relies on the whole memorandum for its full force and effect;
 - (b) otherwise admits paragraph 138.
139. In answer to paragraph 139, Westpac:
- (a) says that the document is entitled "RELEVANT MATTER: International Funds Transfer Instruction (IFTI) reporting";
 - (b) relies on the whole document for its full force and effect;
 - (c) otherwise admits paragraph 139.
140. In answer to paragraph 140, Westpac:
- (a) repeats paragraphs 69, 85 to 88, 102, 104 to 106, 116 and 126 to 139;
 - (b) otherwise denies paragraph 140.
141. In answer to paragraph 141, Westpac:
- (a) repeats paragraphs 63(b) and 140;
 - (b) admits that, by no later than 31 May 2018, Westpac was contravening, and had contravened, its obligation to report international funds transfer instructions within 10 business days under the AML/CTF Act;
 - (c) says it was not aware of that non-reporting at the time;
 - (d) says that the international funds transfer instructions were reported to the AUSTRAC CEO between around October 2018 and November 2019; and
 - (e) otherwise denies paragraph 141.
142. In answer to paragraph 142, Westpac:
- (a) repeats paragraph 141;
 - (b) otherwise denies paragraph 142.

143. In answer to paragraph 143, Westpac:
- (a) repeats paragraphs 70, 89, 107, 117 and 140;
 - (b) otherwise denies paragraph 143.
144. In answer to paragraph 144, Westpac:
- (a) repeats paragraph 70, 89, 107, 117 and 140
 - (b) otherwise denies paragraph 144.
145. In answer to paragraph 145, Westpac:
- (a) repeats paragraphs 70, 76, 89, 107, 117 and 140;
 - (b) otherwise denies paragraph 145.
146. In answer to paragraph 146, Westpac:
- (a) repeats paragraphs 70, 76, 89, 107, 117 and 140;
 - (b) otherwise denies paragraph 146.
147. In answer to paragraph 147, Westpac:
- (a) repeats paragraph 89(b) and 89(e);
 - (b) otherwise denies paragraph 147.
148. In answer to paragraph 148, Westpac:
- (a) repeats paragraphs 89(b) to 89(e);
 - (b) otherwise denies paragraphs 148.
149. In answer to paragraph 149, Westpac:
- (a) repeats paragraphs 89(b) to 89(e);
 - (b) otherwise denies paragraphs 149.
150. In answer to paragraph 150, Westpac:
- (a) repeats subparagraphs 89(b) and 89(e);
 - (b) otherwise denies paragraph 150.
151. In answer to paragraph 151, Westpac:
- (a) repeats paragraphs 63(b), 107, 140 and 141;
 - (b) says that:
 - (i) the applicant has not particularised or otherwise disclosed the methodology used as the basis for the identification in paragraph 151 of the SASOC of an approximate numerical range of international funds transfer instructions that

had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 151 of the SASOC;

- (ii) the nature of the information that Westpac currently has access to means that it cannot identify the number of international funds transfer instructions that had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 151 of the SASOC;

- (c) on the basis of the matters set out in subparagraph (b), otherwise does not know and therefore cannot admit paragraph 151.

152. In answer to paragraph 152, Westpac:

- (a) repeats paragraph 151;
- (b) otherwise denies paragraph 152.

153. Westpac denies paragraph 153.

154. Westpac denies paragraph 154.

155. Westpac denies paragraph 155.

156. Westpac denies paragraph 156.

157. Westpac denies paragraph 157.

158. Westpac denies paragraph 158.

159. Westpac denies paragraph 159.

160. Westpac denies paragraph 160.

161. Westpac denies paragraph 161.

162. Westpac denies paragraph 162.

163. Westpac denies paragraph 163.

164. Westpac denies paragraph 164.

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165. In answer to paragraph 165, Westpac:

- (a) says in relation to subparagraph (b) that the incidents in the RDF briefing note include an expected remediation date or remedied date for each incident:
 - (i) Citibank – end of September 2018;
 - (ii) Bank of Ireland – end of July 2018;
 - (iii) Standard Chartered Bank – end of July 2018;
 - (iv) Bank of New York – remedied in May 2018;
 - (v) Wells Fargo – remedied in July 2017;

- (b) relies on the whole document for its full force and effect;
 - (c) otherwise admits paragraph 165.
166. In answer to paragraph 166, Westpac:
- (a) says that the email chain also records that:
 - (i) the issue at subparagraph (a) was remedied in May 2018, by moving payment instructions to a new file format that supported IFTI reporting requirements;
 - (ii) the issue at subparagraph (b) was remedied in July 2017 by moving payment instructions to a new file that supported IFTI reporting requirements;
 - (b) relies on the whole email chain for its full force and effect;
 - (c) otherwise admits paragraph 166.
167. In answer to paragraph 167, Westpac:
- (a) relies on the whole minutes of the meeting of the Board Risk and Compliance Committee on 1 August 2018 for their full force and effect;
 - (b) otherwise admits paragraph 167.
168. Westpac denies paragraph 168.
169. In answer to paragraph 169, Westpac:
- (a) relies on the whole letter dated 15 August 2018 to AUSTRAC for its full force and effect;
 - (b) otherwise admits paragraph 169.
170. In answer to paragraph 170, Westpac:
- (a) repeats paragraphs 63(b) and 165 to 169;
 - (b) admits that, by no later than 15 August 2018, Westpac had contravened its obligation to report international funds transfer instructions within 10 business days under the AML/CTF Act;
 - (c) says it was not aware of that non-reporting at the time;
 - (d) says that international funds transfer instructions were reported to the AUSTRAC CEO between around October 2018 and November 2019; and
 - (e) otherwise denies paragraph 170.
171. In answer to paragraph 171, Westpac:
- (a) repeats paragraph 170;
 - (b) otherwise denies paragraph 171.

172. In answer to paragraph 172, Westpac:

- (a) repeats paragraph 63 and 170;
- (b) says that:
 - (i) the applicant has not particularised or otherwise disclosed the methodology used as the basis for the identification in paragraph 172 of the SASOC of an approximate numerical range of international funds transfer instructions that had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 172 of the SASOC;
 - (ii) the nature of the information that Westpac currently has access to means that it cannot identify the number of international funds transfer instructions that had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 172 of the SASOC;
- (c) on the basis of the matters set out in subparagraph (b), otherwise does not know and therefore cannot admit paragraph 172.

173. In answer to paragraph 173, Westpac:

- (a) repeats paragraph 172;
- (b) otherwise denies paragraph 173.

174. Westpac denies paragraph 174.

175. Westpac denies paragraph 175.

176. Westpac denies paragraph 176.

177. Westpac denies paragraph 177.

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178. In answer to paragraph 178, Westpac:

- (a) relies on the whole email for its full force and effect;
- (b) otherwise admits paragraph 178.

179. In answer to paragraph 179, Westpac:

- (a) says that the extract is from JUNO;
- (b) says that the extract is not dated but is attached to an email dated 18 September 2018;
- (c) relies on the whole extract for its full force and effect;
- (d) otherwise admits paragraph 179.

180. In answer to paragraph 180, Westpac:

- (a) relies on the whole document titled "Westpac Operational Risk & Compliance 2nd Line Assurance Report relating to AML/CTF Correspondent banking Review" for its full force and effect;

- (b) otherwise admits paragraph 180.
181. In answer to paragraph 181, Westpac:
- (a) admits that on 27 September 2018, the Board including Mr Maxsted, Mr Hartzer, Mr Marriott, Ms Caesar, Ms Deans, Mr Dunn, Mr Hawkins and Mr Nash were informed in substance about the IFTI reporting matter and record retention matter;
- (b) the minutes of the Board meeting record that:
- “In particular, Peter provided an update in relation to the ongoing investigation and remediation activity underway in respect of the non-reporting of international funds transfer instructions relating to the Australasian cash management product, including the continued engagement with AUSTRAC.*
- ...*
- Dave Curran also discussed the associated review, being led by the Group Technology situation management team, to examine the adequacy of record retention settings and controls across a number of critical WIB and Treasury servers and determine if there are any potential regulatory reporting implications (including the consistency of the back-up policy applied with broader record retention obligations).”*
- (c) relies on the whole of the speaking notes and Board minutes referred to in paragraph 181 for their full force and effect;
- (d) otherwise denies paragraph 181.
182. In answer to paragraph 182, Westpac:
- (a) relies on the whole memorandum to the Westpac Group Operational Risk and Financial Crime Committee for its full force and effect;
- (b) otherwise admits paragraph 182.
183. In answer to paragraph 183, Westpac:
- (a) says that the memorandum was marked as a draft;
- (b) relies on the whole document for its full force and effect;
- (c) otherwise admits paragraph 183.
184. In answer to paragraph 184, Westpac:
- (a) relies on the whole email for its full force and effect;
- (b) otherwise admits paragraph 184.
185. In answer to paragraph 185, Westpac:
- (a) admits that the memorandum to the Board dated 24 October 2018 was sent to:
- (i) Mr Kelly and Ms Challenor on 26 October 2018;
- (ii) Ms Lim on 28 October 2018;
- (iii) Mr Hartzer on 1 November 2018; and
- (iv) Mr Maxsted;

- (b) admits that the memorandum to the Board dated 24 October 2018 records the content set out in subparagraphs (a) and (b);
 - (c) relies on the whole Memorandum to the Board for its full force and effect;
 - (d) otherwise denies paragraph 185.
186. In answer to paragraph 186, Westpac:
- (a) admits that the document titled “International Funds Transfer Instruction (IFTI) Reporting Issue” records the matters at subparagraphs (a) to (d);
 - (b) admits that the individuals listed in paragraph 186 received the document titled “International Funds Transfer Instruction (IFTI) Reporting Issue”;
 - (c) relies on the whole document referred to at (a) for its full force and effect;
 - (d) otherwise denies paragraph 186.
187. In answer to paragraph 187, Westpac:
- (a) relies on the whole document for its full force and effect;
 - (b) otherwise admits paragraph 187.
188. In answer to paragraph 188, Westpac:
- (a) relies on the whole letter for its full force and effect;
 - (b) admits paragraph 188.
189. In answer to paragraph 189, Westpac:
- (a) admits that the memorandum to the Westpac Group Executive Risk Committee dated 28 November 2018 with the subject “International Funds Transfer Instruction (IFTI) Reporting” records the matters in subparagraphs (a) and (b);
 - (b) relies on the whole memorandum for its full force and effect;
 - (c) otherwise denies paragraph 189.
190. In answer to paragraph 190, Westpac:
- (a) repeats its responses to paragraphs 69, 85 to 88, 102, 104 to 106, 116, 126 to 139, 165 to 169 and 178 to 189;
 - (b) otherwise denies paragraph 190.
191. In answer to paragraph 191, Westpac:
- (a) repeats paragraphs 63(b) and 190;
 - (b) admits that by no later than 28 November 2018, it had contravened its obligation to report international funds transfer instructions within 10 days under the AML/CTF Act;
 - (c) says it was not aware of that non-reporting at the time;

- (d) says that the international funds transfer instructions were reported to the AUSTRAC CEO between around October 2018 and November 2019;
 - (e) otherwise denies paragraph 191.
192. In answer to paragraph 192, Westpac:
- (a) repeats its response to paragraph 191;
 - (b) otherwise denies paragraph 192.
193. In answer to paragraph 193, Westpac:
- (a) repeats paragraphs 70, 89, 107, 117, 140, 170 and 190;
 - (b) otherwise denies paragraph 193.
194. In answer to paragraph 194, Westpac:
- (a) repeats paragraphs 70, 89, 107, 117, 140, 170 and 190;
 - (b) otherwise denies paragraph 194.
195. In answer to paragraph 195, Westpac:
- (a) repeats paragraphs 70, 89, 107, 117, 140, 170 and 190;
 - (b) otherwise denies paragraph 195.
196. In answer to paragraph 196, Westpac:
- (a) repeats paragraphs 70, 89, 107, 117, 140, 170 and 190;
 - (b) otherwise denies paragraph 196.
197. In answer to paragraph 197, Westpac:
- (a) repeats its response to paragraphs 63(b), 170, 190, and 191;
 - (b) says that:
 - (i) the applicant has not particularised or otherwise disclosed the methodology used as the basis for the identification in paragraph 197 of the SASOC of an approximate numerical range of international funds transfer instructions that had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 197 of the SASOC;
 - (ii) the nature of the information that Westpac currently has access to means that it cannot identify the number of international funds transfer instructions that had not been reported under the AML/CTF Act within 10 business days for the time period identified in paragraph 197 of the SASOC;
 - (c) on the basis of the matters set out in subparagraph (b), otherwise does not know and therefore cannot admit paragraph 197.
198. In answer to paragraph 198, Westpac:
- (a) repeats its response to paragraphs 170, 190 and 191;

(b) otherwise denies paragraph 198.

199. Westpac denies paragraph 199.

200. Westpac denies paragraph 200.

201. Westpac denies paragraph 201.

202. Westpac denies paragraph 202.

203. Westpac denies paragraph 203.

204. Westpac denies paragraph 204.

205. Westpac denies paragraph 205.

206. Westpac denies paragraph 206.

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207. In answer to paragraph 207, Westpac:

(a) admits that the memorandum to the Board Risk and Compliance Committee dated 25 January 2019 records:

“Group Technology has completed a technical review of the enterprise back-up integrity status, which was triggered by the recent Westpac Institutional Bank (WIB) International Funds Transfer Instruction (IFTI) reporting issue. The technical review of 9 back-up platforms encompassing over 15,900 servers identified the following issues: ... IFTI-related issues: ... 2 WIBS servers associated with IFTIs were rated Red by Group Technology because required historical data is unavailable on back-up and unable to be reconstructed from other sources within the Group”;

(b) relies on the whole document for its full force and effect;

(c) otherwise denies paragraph 207.

208. In answer to paragraph 208, Westpac:

(a) relies on the whole letter for its full force and effect;

(b) otherwise admits paragraph 208.

209. In answer to paragraph 209, Westpac:

(a) relies on the whole letter for its full force and effect;

(b) admits that a memorandum to the Board dated 26 February 2019 records:

“AUSTRAC intensity of scrutiny on this matter has escalated, and we expect that potentially significant enforcement action is under consideration. Should this occur, the potential outcome could be significant”;

(c) relies on the whole memorandum for its full force and effect; and

(d) otherwise denies paragraph 209.

210. In answer to paragraph 210, Westpac:
- (a) relies on the whole minutes of the meeting of the Board Risk and Compliance Committee on 6 March 2019 for their full force and effect;
 - (b) otherwise admits paragraph 210.
211. In answer to paragraph 211, Westpac:
- (a) relies on the whole memorandum to the Westpac Institutional Bank Risk and Compliance Committee for its full force and effect;
 - (b) otherwise admits paragraph 211.
212. In answer to paragraph 212, Westpac:
- (a) relies on the whole document for its full force and effect;
 - (b) admits paragraph 212.
213. In answer to paragraph 213, Westpac:
- (a) says that the memorandum to the Board Risk and Compliance Committee dated 18 April 2019 is in draft;
 - (b) admits that the draft memorandum to the Board Risk and Compliance Committee dated 18 April 2019 records the matters in subparagraphs (a) to (c);
 - (c) relies on the whole document for its full force and effect;
 - (d) otherwise denies paragraph 213.
214. Westpac denies paragraph 214.
215. In answer to paragraph 215, Westpac:
- (a) repeats paragraphs 70, 89, 107, 117, 140, 170, 190 and 214;
 - (b) otherwise denies paragraph 215.
216. In answer to paragraph 216, Westpac:
- (a) repeats paragraphs 70, 89, 107, 117, 140, 170, 190 and 214;
 - (b) otherwise denies paragraph 216.
217. In answer to paragraph 217, Westpac:
- (a) repeats paragraphs 70, 89, 107, 117, 140, 170, 190 and 214;
 - (b) otherwise denies paragraph 217.
218. In answer to paragraph 218, Westpac:
- (a) repeats paragraphs 70, 89, 107, 117, 140, 170, 190 and 214;
 - (b) otherwise denies paragraph 218.
219. Westpac denies paragraph 219.

220. Westpac denies paragraph 220.

221. Westpac denies paragraph 221.

222. Westpac denies paragraph 222.

C.2 Continuous Disclosure Contraventions

C.2.1 30 June 2014 Risk of IFTI Non-Compliance Information

223. Westpac denies paragraph 223.

224. Westpac denies paragraph 224.

225. In answer to paragraph 225, Westpac:

- (a) repeats the denials to paragraphs 223 and 224;
- (b) says that:
 - (i) from the commencement of the Relevant Period Westpac has disclosed to the ASX and NZX that:
 - (A) Westpac's business was highly regulated and therefore could be affected by:
 - (1) the risk of failing to comply with legal and regulatory requirements including a failure to comply with the AML/CTF Act (compliance risk);
 - (2) the risk of loss arising from inadequate or failed internal processes, people and systems or from external events (operational risk);
 - (B) if Westpac failed to comply with the legal and regulatory requirements that it was required to, it may be subject to fines and penalties which could adversely affect Westpac's business, reputation, prospects, financial performance or financial condition;
 - (C) there can be no assurance that future developments will be in accordance with Westpac's expectations and actual results could differ materially from those expected depending on the outcome of various factors including:
 - (1) the effectiveness of Westpac's risk management policies including internal processes, systems and employees (which have inherent limitations and may prove ineffective or inadequate); and
 - (2) regulatory investigations, litigation, fines and penalties;

Particulars

Westpac 2014 Annual Report, 12 November 2014, pages 22, 85, 112, 115, 117 and 121.

Westpac 2015 Interim Financial Results, 4 May 2015, pages 38, 71, 72, 75, 77, 78 and 122.

Westpac 2015 Annual Report, 11 November 2015, pages 73, 99, 102, 103, 104 and 108.

Westpac 2016 Interim Financial Results, 2 May 2016, pages 38, 72, 73, 76, 78 and 127.

Westpac 2016 Annual Report, 9 November 2016, pages 69, 94, 98, 99 and 103.

Westpac 2017 Interim Financial Results, 8 May 2017, pages 70, 71, 75, 76 and 126.

Westpac 2017 Annual Report, 8 November 2017, 71, 97, 98, 99, 100, 103, 108 and 219.

Westpac 2018 Interim Financial Results, 7 May 2018, pages 70, 71, 75, 76, 77, 78, 79, 83, 84, 85 and 138.

Westpac 2018 Annual Report, 7 November 2018, pages 81, 109, 110, 111, 112, 116, 117 and 118.

Westpac 2019 Interim Financial Results, 6 May 2019, pages 90, 91, 92, 93, 94, 98, 99, 100 and 168.

Westpac 2019 Annual Report, 4 November 2019, pages 77, 103, 104, 105, 109, 116 and 255.

- (ii) on 5 November 2018, Westpac disclosed to the ASX and the NZX that:
- (A) Westpac had recently self-reported to AUSTRAC a failure to report a large number of IFTIs as required by the AML/CTF Act in relation to one WIB product relating to batch instructions received from 2009 until recently from a small number of correspondent banks for payments made predominantly to beneficiaries in Australia in Australian dollars, the majority of which were low value and made by Government pension funds and corporates;
 - (B) Westpac was investigating and working with AUSTRAC to remediate the failure to report the IFTIs;
 - (C) while the matter was reported as a contingent liability, no provision had been raised for this matter including in relation to any potential regulatory action;
 - (D) Westpac was giving increased attention to non-financial risks including financial crime;
 - (E) Westpac knew it had more to do to improve;
 - (F) Westpac was making a significant investment to improve its financial crime systems and processes;

- (G) a failure to comply with financial crime obligations was a significant risk to Westpac;
- (H) while Westpac had systems, policies, processes and controls in place that are designed to manage its financial crime obligations (including its reporting obligations), these may not always have been nor continue to be effective;
- (I) if Westpac failed to comply with these obligations, it could face regulatory action such as litigation, fines, penalties and the revocation, suspension or variation of licence conditions;
- (J) non-compliance could also lead to litigation commenced by third parties (including class action proceedings) and cause reputational damage;
- (K) these actions could, either individually or in aggregate, adversely affect Westpac's business, prospects, reputation, financial performance or financial condition;

Particulars

Westpac 2018 Full Year Financial Results, 5 November 2018, pages 70 and 109.

Westpac 2018 Annual Report, 7 November 2018, pages 11, 12, 21, 99, 111, 112 and 241.

- (iii) on 6 May 2019, Westpac disclosed to the ASX and NZX that:
 - (A) Westpac had self-reported to AUSTRAC a failure to report a large number of IFTIs as required by the AML/CTF Act in relation to one WIB product;
 - (B) the majority of the IFTIs:
 - (1) related to batch instructions received by Westpac between 2009 and 2018 from a small number of correspondent banks for payments made predominantly to beneficiaries in Australia in Australian dollars;
 - (2) were low value and made by Government pension funds and corporates;
 - (C) Westpac was continuing to work with AUSTRAC to remediate the failure to report the IFTIs;
 - (D) AUSTRAC was investigating the matter and, over the previous six months, had issued a number of detailed notices requiring the production of documents and information;
 - (E) no provision had been raised for this matter including in relation to any potential regulatory enforcement action;
 - (F) the consequences of the failure to comply with financial crime obligations could include regulatory enforcement action by

AUSTRAC or other regulators, including litigation resulting in fines and/or penalties;

- (G) while Westpac had systems, policies, processes and controls in place that are designed to manage its financial crime obligations (including its reporting obligations), these may not always have been nor continue to be effective;
- (H) if Westpac failed to comply with these obligations, it could face regulatory action such as litigation, fines, penalties and the revocation, suspension or variation of licence conditions;
- (I) non-compliance could also lead to litigation commenced by third parties (including class action proceedings) and cause reputational damage;
- (J) these actions could, either individually or in aggregate, adversely affect Westpac's business, prospects, reputation, financial performance or financial condition;
- (K) Westpac continues to progress a program of work to improve its management of financial crime risk including a review of Westpac's AML/CTF policies, the completeness of data feeding into its AML/CTF systems and its AML/CTF processes and controls;
- (L) Westpac had been regularly updating AUSTRAC on progress and had commenced implementing a number of improvements to its AML/CTF Program, governance, policies, systems and controls together with related remediation work in respect of certain reporting practices;
- (M) these efforts had related to matters such as customer on-boarding, ongoing customer due diligence, transaction monitoring and regulatory reporting (including in relation to IFTIs, SMRs and Threshold Transaction Reports (TTRs));

Particulars

Westpac 2019 Interim Financial Results, 6 May 2019, pages 79, 80, 92 and 146.

- (iv) on 23 October 2019, Westpac disclosed to the ASX and NZX that:
 - (A) the contingent liability that had been disclosed on 5 November 2018 related to failure to report a large number of IFTIs as required under the AML/CTF Act which Westpac self-reported to AUSTRAC;
 - (B) the majority of the IFTIs:
 - (1) concern batch instructions received by Westpac through one WIB product between 2009 and 2018 from a small number of correspondent banks for payments made predominantly to beneficiaries living in Australia in

Australian dollars, on behalf of clients of those correspondent banks;

- (2) were low value, recurring and made by foreign government pension funds and corporates;
- (C) ASTRAC had issued a number of detailed statutory notices over the last year:
 - (1) requiring information relating to Westpac's processes, procedures and oversight;
 - (2) which relate to a range of matters including the IFTI reporting failures and associated potential failings related to record keeping and obligations to obtain and pass on certain data in funds transfer instructions, as well as correspondent banking due diligence, risk assessments and transaction monitoring;
- (D) Westpac had not yet received an indication from ASTRAC about the nature of any enforcement action it may take;
- (E) Westpac was continuing to work with ASTRAC in relation to these matters;
- (F) any enforcement action against Westpac may include civil penalty proceedings and result in the payment of a significant financial penalty, which Westpac is currently unable to reliably estimate;
- (G) previous enforcement action by ASTRAC against other institutions had resulted in a range of outcomes, depending on the nature and severity of the relevant conduct and its consequences;

Particulars

Westpac ASX Release dated 23 October 2019, pages 1 and 3.

- (v) on 4 November 2019, Westpac disclosed to the ASX and NZX that:
 - (A) the information existed which is set out in subparagraph (iv) above;
 - (B) as ASTRAC was still investigating the issues referred to in subparagraph (iv)(C) above, any penalty could not be reliably estimated and accordingly no provision had been raised;
 - (C) the consequences of the failure to comply with financial crime obligations could include regulatory enforcement action by ASTRAC or other regulators, including litigation resulting in fines and/or penalties;
 - (D) while Westpac had systems, policies, processes and controls in place that are designed to manage its financial crime obligations (including its reporting obligations), these may not always have been nor continue to be effective;

- (E) if Westpac failed to comply with these obligations, it could face regulatory action such as litigation, fines, penalties and the revocation, suspension or variation of licence conditions;
- (F) non-compliance could also lead to litigation commenced by third parties (including class action proceedings) and cause reputational damage;
- (G) these actions could, either individually or in aggregate, adversely affect Westpac's business, prospects, reputation, financial performance or financial condition;
- (H) Westpac was continuing to progress a program of work to improve its management of financial crime risks including a review of its AML/CTF policies, the completeness of data feeding into its AML/CTF systems and its AML/CTF processes and controls;
- (I) Westpac had been regularly updating AUSTRAC on progress;
- (J) Westpac continued to implement a number of improvements to its AML/CTF program, governance, policies, systems and controls together with related remediation work in respect of certain controls and reporting practices;
- (K) these efforts related to matters such as customer on-boarding, customer and payment screening, ongoing customer due diligence, transaction monitoring and regulatory reporting (including in relation to IFTIs, SMRs and TTRs);

Particulars

Westpac 2019 Full Year Financial Results, 4 November 2019, pages 78, 79 and 119.

Westpac 2019 Annual Report, 4 November 2019, pages 15, 104 and 255.

- (c) says that because the 30 June 2014 Risk of IFTI Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX;
- (d) otherwise denies paragraph 225.

226. Westpac denies paragraph 226.

C.2.2 30 June 2014 Risk of IFTI Non-Compliance and Loss Information

227. Westpac denies paragraph 227.

228. Westpac denies paragraph 228.

229. In answer to paragraph 229, Westpac:

- (a) repeats the denials to paragraphs 227 and 228;
- (b) repeats paragraph 225(b);

- (c) says that because the 30 June 2014 Risk of IFTI Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 229.

230. Westpac denies paragraph 230.

C.2.3 30 June 2014 IFTI Reporting Failures Information

231. Westpac denies paragraph 231.

232. Westpac denies paragraph 232.

233. In answer to paragraph 233, Westpac:

- (a) repeats the denials to paragraphs 231 and 232;
- (b) repeats paragraph 225(b);
- (c) assuming that the reference to “30 June 2014 IFTI Non-Compliance Information” (which is not defined in the SASOC) is intended to refer to the “30 June 2014 IFTI Reporting Failures Information”, otherwise admits that it did not inform the ASX and/or the NZX of information on the terms of the “30 June 2014 IFTI Reporting Failures Information” immediately on 30 June 2014; and
- (d) otherwise denies paragraph 233.

234. Westpac denies paragraph 234.

C.2.4 30 June 2014 IFTI Reporting Failures and Loss Information

235. Westpac denies paragraph 235.

236. Westpac denies paragraph 236.

237. In answer to paragraph 237, Westpac:

- (a) repeats the denials to paragraphs 235 and 236;
- (b) repeats paragraph 225(b);
- (c) assuming that the reference to “30 June 2014 IFTI Non-Compliance Information” (which is not defined in the SASOC) is intended to refer to the “30 June 2014 IFTI Reporting Failures and Loss Information”, says that because the 30 June 2014 IFTI Reporting Failures and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 237.

238. Westpac denies paragraph 238.

C.2.5 27 January 2015 Risk of Systemic Non-Compliance Information

239. Westpac denies paragraph 239.

240. Westpac denies paragraph 240.

241. In answer to paragraph 241, Westpac:

- (a) repeats the denials to paragraphs 239 and 240;
- (b) repeats paragraph 225(b);
- (c) says that because the 27 January 2015 Risk of Systemic Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 241.

242. Westpac denies paragraph 242.

C.2.6 27 January 2015 Risk of Systemic Non-Compliance and Loss Information

243. Westpac denies paragraph 243.

244. Westpac denies paragraph 244.

245. In answer to paragraph 245, Westpac:

- (a) repeats the denials to paragraphs 243 and 244;
- (b) repeats paragraph 225(b);
- (c) says that because the 27 January 2015 Risk of Systemic Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 245.

246. Westpac denies paragraph 246.

C.2.7 15 July 2015 Risk of IFTI Non-Compliance Information

247. Westpac denies paragraph 247.

248. Westpac denies paragraph 248.

249. In answer to paragraph 249, Westpac:

- (a) repeats the denials to paragraphs 247 and 248;
- (b) repeats paragraph 225(b);
- (c) says that because the 15 July 2015 Risk of IFTI Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 249.

250. Westpac denies paragraph 250.

C.2.8 15 July 2015 Risk of IFTI Non-Compliance and Loss Information

251. Westpac denies paragraph 251.

252. Westpac denies paragraph 252.

253. In answer to paragraph 253, Westpac:

- (a) repeats the denials to paragraphs 251 and 252;
- (b) repeats paragraph 225(b);
- (c) says that because the 15 July 2015 Risk of IFTI Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 253.

254. Westpac denies paragraph 254.

C.2.9 15 July 2015 IFTI Reporting Failures Information

255. Westpac denies paragraph 255.

256. Westpac denies paragraph 256.

257. In answer to paragraph 257, Westpac:

- (a) repeats the denials to paragraphs 255 and 256;
- (b) repeats paragraph 225(b);
- (c) otherwise admits that it did not inform the ASX and/or NZX of information on the terms of the “15 July 2015 IFTI Reporting Failures Information” immediately on 15 July 2015; and
- (d) otherwise denies paragraph 257.

258. Westpac denies paragraph 258.

C.2.10 15 July 2015 IFTI Reporting Failures and Loss Information

259. Westpac denies paragraph 259.

260. Westpac denies paragraph 260.

261. In answer to paragraph 261, Westpac:

- (a) repeats the denials to paragraphs 259 and 260;
- (b) repeats paragraph 225(b);
- (c) says that because the 15 July 2015 IFTI Reporting Failures and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 261.

262. Westpac denies paragraph 262.

C.2.11 1 December 2016 Risk of Systemic Non-Compliance Information

263. Westpac denies paragraph 263.

264. Westpac denies paragraph 264.

265. In answer to paragraph 265, Westpac:

- (a) repeats the denials to paragraphs 263 and 264;
- (b) repeats paragraph 225(b);
- (c) says that because the 1 December 2016 Risk of Systemic Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 265.

266. Westpac denies paragraph 266.

C.2.12 1 December 2016 Risk of Systemic Non-Compliance and Loss Information

267. Westpac denies paragraph 267.

268. Westpac denies paragraph 268.

269. In answer to paragraph 269, Westpac:

- (a) repeats the denials to paragraphs 267 and 268;
- (b) repeats paragraph 225(b);
- (c) says that because the 1 December 2016 Risk of Systemic Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 269.

270. Westpac denies paragraph 270.

C.2.13 1 December 2016 Failure to Monitor for Child Exploitation Information

271. Westpac denies paragraph 271.

272. Westpac denies paragraph 272.

273. In answer to paragraph 273, Westpac:

- (a) repeats the denials to paragraphs 271 and 272;
- (b) repeats paragraph 225(b);
- (c) says that because the 1 December 2016 Failure to Monitor for Child Exploitation Information did not exist, it was not disclosed to the ASX or the NZX;
- (d) otherwise denies paragraph 273.

274. Westpac denies paragraph 274.

C.2.14 1 December 2016 Failure to Monitor for Child Exploitation and Loss Information

275. Westpac denies paragraph 275.

276. Westpac denies paragraph 276.

277. In answer to paragraph 277, Westpac:

- (a) repeats the denials to paragraphs 275 and 276;
- (b) repeats paragraph 225(b);
- (c) says that because the 1 December 2016 Child Exploitation and Loss Information did not exist, it was not disclosed to the ASX or the NZX;
- (d) otherwise denies paragraph 277.

278. Westpac denies paragraph 278.

C.2.15 1 December 2016 Risk of Failure to Monitor for Child Exploitation Information

279. Westpac denies paragraph 279.

280. Westpac denies paragraph 280.

281. In answer to paragraph 281, Westpac:

- (a) repeats the denials to paragraphs 279 and 280;
- (b) repeats paragraph 225(b);
- (c) says that because the 1 December 2016 Risk of Failure to Monitor for Child Exploitation Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 281.

282. Westpac denies paragraph 282.

C.2.16 1 December 2016 Risk of Failure to Monitor for Child Exploitation and Loss Information

283. Westpac denies paragraph 283.

284. Westpac denies paragraph 284.

285. In answer to paragraph 285, Westpac:

- (a) repeats the denials to paragraphs 283 and 284;
- (b) repeats paragraph 225(b);
- (c) says that because the 1 December 2016 Risk of Failure to Monitor for Child Exploitation and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 285.

286. Westpac denies paragraph 286.

C.2.17 31 August 2017 IFTI Non-Compliance Information

287. Westpac denies paragraph 287.

288. Westpac denies paragraph 288.

289. In answer to paragraph 289, Westpac:

- (a) repeats the denials to paragraphs 287 and 288;
- (b) repeats paragraph 225(b);
- (c) otherwise admits that it did not inform the ASX and/or NZX of information on the terms of the "31 August 2017 IFTI Non-Compliance Information" immediately on 31 August 2017;
- (d) otherwise denies paragraph 289.

290. Westpac denies paragraph 290.

C.2.18 31 August 2017 IFTI Non-Compliance and Loss Information

291. Westpac denies paragraph 291.

292. Westpac denies paragraph 292.

293. In answer to paragraph 293, Westpac:

- (a) repeats the denials to paragraphs 291 and 292;
- (b) repeats paragraph 225(b);
- (c) says that because the 31 August 2017 IFTI Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX;
- (d) otherwise denies paragraph 293.

294. Westpac denies paragraph 294.

C.2.19 31 August 2017 IFTI Reporting Failures Information

295. Westpac denies paragraph 295.

296. Westpac denies paragraph 296.

297. In answer to paragraph 297, Westpac:

- (a) repeats the denials to paragraphs 295 and 296;
- (b) repeats paragraph 225(b);
- (c) otherwise admits that it did not inform the ASX and/or NZX of information on the terms of the "31 August 2017 IFTI Reporting Failures Information" immediately on 31 August 2017;
- (d) otherwise denies paragraph 297.

298. Westpac denies paragraph 298.

C.2.20 31 August 2017 IFTI Reporting Failures and Loss Information

299. Westpac denies paragraph 299.

300. Westpac denies paragraph 300.

301. In answer to paragraph 301, Westpac:

- (a) repeats the denials to paragraphs 299 and 300;
- (b) repeats paragraph 225(b);
- (c) says that because the 31 August 2017 IFTI Reporting Failures and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 301.

302. Westpac denies paragraph 302.

C.2.21 30 September 2017 Systemic Non-Compliance Information

303. Westpac denies paragraph 303.

304. Westpac denies paragraph 304.

305. In answer to paragraph 305, Westpac:

- (a) repeats the denials to paragraphs 303 and 304;
- (b) repeats paragraph 225(b);
- (c) says that because the 30 September 2017 Systemic Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 305.

306. Westpac denies paragraph 306.

C.2.22 30 September 2017 Systemic Non-Compliance and Loss Information

307. Westpac denies paragraph 307.

308. Westpac denies paragraph 308.

309. In answer to paragraph 309, Westpac:

- (a) repeats the denials to paragraphs 307 and 308;
- (b) repeats paragraph 225(b);
- (c) says that because the 30 September 2017 Systemic Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 309.

310. Westpac denies paragraph 310.

C.2.23 30 September 2017 Risk of Systemic Non-Compliance Information

311. Westpac denies paragraph 311.

312. Westpac denies paragraph 312.

313. In answer to paragraph 313, Westpac:

- (a) repeats the denials to paragraphs 311 and 312;
- (b) repeats paragraph 225(b);
- (c) says that because the 30 September 2017 Risk of Systemic Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 313.

314. Westpac denies paragraph 314.

C.2.24 30 September 2017 Risk of Systemic Non-Compliance and Loss Information

315. Westpac denies paragraph 315.

316. Westpac denies paragraph 316.

317. In answer to paragraph 317, Westpac:

- (a) repeats the denials to paragraphs 315 and 316;
- (b) repeats paragraph 225(b);
- (c) says that because the 30 September 2017 Risk of Systemic Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 317.

318. Westpac denies paragraph 318.

C.2.25 31 May 2018 IFTI Non-Compliance Information

319. Westpac denies paragraph 319.

320. Westpac denies paragraph 320.

321. In answer to paragraph 321, Westpac:

- (a) repeats the denials to paragraphs 319 and 320;
- (b) repeats paragraph 225(b);
- (c) says that because the 31 May 2018 IFTI Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 321.

322. Westpac denies paragraph 322.

C.2.26 31 May 2018 IFTI Non-Compliance and Loss Information

323. Westpac denies paragraph 323.

324. Westpac denies paragraph 324.

325. In answer to paragraph 325, Westpac:

- (a) repeats the denials to paragraphs 323 and 324;
- (b) repeats paragraph 225(b);
- (c) says that because the 31 May 2018 IFTI Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 325.

326. Westpac denies paragraph 326.

C.2.27 31 May 2018 Systemic Non-Compliance Information

327. Westpac denies paragraph 327.

328. Westpac denies paragraph 328.

329. In answer to paragraph 329, Westpac:

- (a) repeats the denials to paragraphs 327 and 328;
- (b) repeats paragraph 225(b);
- (c) says that because the 31 May 2018 Systemic Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 329.

330. Westpac denies paragraph 330.

C.2.28 31 May 2018 Systemic Non-Compliance and Loss Information

331. Westpac denies paragraph 331.

332. Westpac denies paragraph 332.

333. In answer to paragraph 333, Westpac:

- (a) repeats the denials to paragraphs 331 and 332;
- (b) repeats paragraph 225(b);
- (c) says that because the 31 May 2018 Systemic Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 333.

334. Westpac denies paragraph 334.

C.2.29 31 May 2018 Risk of Systemic Non-Compliance Information

335. Westpac denies paragraph 335.
336. Westpac denies paragraph 336.
337. In answer to paragraph 337, Westpac:
- (a) repeats the denials to paragraphs 335 and 336;
 - (b) repeats paragraph 225(b);
 - (c) says that because the 31 May 2018 Risk of Systemic Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
 - (d) otherwise denies paragraph 337.
338. Westpac denies paragraph 338.

C.2.30 31 May 2018 Risk of Systemic Non-Compliance and Loss Information

339. Westpac denies paragraph 339.
340. Westpac denies paragraph 340.
341. In answer to paragraph 341, Westpac:
- (a) repeats the denials to paragraphs 339 and 340;
 - (b) repeats paragraph 225(b);
 - (c) says that because the 31 May 2018 Risk of Systemic Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
 - (d) otherwise denies paragraph 341.
342. Westpac denies paragraph 342.

C.2.31 31 May 2018 Failure to Monitor for Child Exploitation Information

343. Westpac denies paragraph 343.
344. Westpac denies paragraph 344.
345. In answer to paragraph 345, Westpac:
- (a) repeats the denials to paragraphs 343 and 344;
 - (b) repeats paragraph 225(b);
 - (c) says that because the 31 May 2018 Failure to Monitor for Child Exploitation Information did not exist, it was not disclosed to the ASX or the NZX; and
 - (d) otherwise denies paragraph 345.
346. Westpac denies paragraph 346.

C.2.32 31 May 2018 Failure to Monitor for Child Exploitation and Loss Information

347. Westpac denies paragraph 347.

348. Westpac denies paragraph 348.

349. In answer to paragraph 349, Westpac:

- (a) repeats the denials to paragraphs 347 and 348;
- (b) repeats paragraph 225(b);
- (c) says that because the 31 May 2018 Failure to Monitor for Child Exploitation and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 349.

350. Westpac denies paragraph 350.

C.2.33 31 May 2018 Risk of Failure to Monitor for Child Exploitation Information

351. Westpac denies paragraph 351.

352. Westpac denies paragraph 352.

353. In answer to paragraph 353, Westpac:

- (a) repeats the denials to paragraphs 351 and 352;
- (b) repeats paragraph 225(b);
- (c) says that because the 31 May 2018 Risk of Failure to Monitor for Child Exploitation Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 353.

354. Westpac denies paragraph 354.

C.2.34 31 May 2018 Risk of Failure to Monitor for Child Exploitation and Loss Information

355. Westpac denies paragraph 355.

356. Westpac denies paragraph 356.

357. In answer to paragraph 357, Westpac:

- (a) repeats the denials to paragraphs 355 and 356;
- (b) repeats paragraph 225(b);
- (c) says that because the 31 May 2018 Risk of Failure to Monitor for Child Exploitation and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 357.

358. Westpac denies paragraph 358.

C.2.35 31 May 2018 IFTI Reporting Failures Information

359. Westpac denies paragraph 359.

360. Westpac denies paragraph 360.

361. In answer to paragraph 361, Westpac:

- (a) repeats the denials to paragraphs 359 and 360;
- (b) repeats paragraph 225(b);
- (c) otherwise admits that it did not inform the ASX and/or NZX of information on the terms of the "31 May 2018 IFTI Reporting Failures Information" immediately on 31 May 2018; and
- (d) otherwise denies paragraph 361.

362. Westpac denies paragraph 362.

C.2.36 31 May 2018 IFTI Reporting Failures and Loss Information

363. Westpac denies paragraph 363.

364. Westpac denies paragraph 364.

365. In answer to paragraph 365, Westpac:

- (a) repeats the denials to paragraphs 363 and 364;
- (b) repeats paragraph 225(b);
- (c) says that because the 31 May 2018 IFTI Reporting Failures and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 365.

366. Westpac denies paragraph 366.

C.2.37 15 August 2018 IFTI Non-Compliance Information

367. Westpac denies paragraph 367.

368. Westpac denies paragraph 368.

369. In answer to paragraph 369, Westpac:

- (a) repeats the denials to paragraphs 367 and 368;
- (b) repeats paragraph 225(b);
- (c) says that because the 15 August 2018 IFTI Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 369.

370. Westpac denies paragraph 370.

C.2.38 15 August 2018 IFTI Non-Compliance and Loss Information

371. Westpac denies paragraph 371.

372. Westpac denies paragraph 372.

373. In answer to paragraph 373, Westpac:

- (a) repeats the denials to paragraphs 371 and 372;
- (b) repeats paragraph 225(b);
- (c) says that because the 15 August 2018 IFTI Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 373.

374. Westpac denies paragraph 374.

C.2.39 15 August 2018 IFTI Reporting Failures Information

375. Westpac denies paragraph 375.

376. Westpac denies paragraph 376.

377. In answer to paragraph 377, Westpac:

- (a) repeats the denials to paragraphs 375 and 376;
- (b) repeats paragraph 225(b);
- (c) otherwise admits that it did not inform the ASX and/or NZX of information on the terms of the “15 August 2018 IFTI Reporting Failures Information” immediately on 15 August 2018; and
- (d) otherwise denies paragraph 377.

378. Westpac denies paragraph 378.

C.2.40 15 August 2018 IFTI Reporting Failures and Loss Information

379. Westpac denies paragraph 379.

380. Westpac denies paragraph 380.

381. In answer to paragraph 381, Westpac:

- (a) repeats the denials to paragraphs 379 and 380;
- (b) repeats paragraph 225(b);
- (c) says that because the 15 August 2018 IFTI Reporting Failures and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 381.

382. Westpac denies paragraph 382.

C.2.41 28 November 2018 IFTI Non-Compliance Information

383. Westpac denies paragraph 383.

384. Westpac denies paragraph 384.

385. In answer to paragraph 385, Westpac:

- (a) repeats the denials to paragraphs 383 and 384;
- (b) repeats paragraph 225(b);
- (c) says that because the 28 November 2018 IFTI Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 385.

386. Westpac denies paragraph 386.

C.2.42 28 November 2018 IFTI Non-Compliance and Loss Information

387. Westpac denies paragraph 387.

388. Westpac denies paragraph 388.

389. In answer to paragraph 389, Westpac:

- (a) repeats the denials to paragraphs 387 and 388;
- (b) repeats paragraph 225(b);
- (c) says that because the 28 November 2018 IFTI Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 389.

390. Westpac denies paragraph 390.

C.2.43 28 November 2018 Systemic Non-Compliance Information

391. Westpac denies paragraph 391.

392. Westpac denies paragraph 392.

393. In answer to paragraph 393, Westpac:

- (a) repeats the denials to paragraphs 391 and 392;
- (b) repeats paragraph 225(b);
- (c) says that because the 28 November 2018 Systemic Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 393.

394. Westpac denies paragraph 394.

C.2.44 28 November 2018 Systemic Non-Compliance and Loss Information

395. Westpac denies paragraph 395.

396. Westpac denies paragraph 396.

397. In answer to paragraph 397, Westpac:

- (a) repeats the denials to paragraphs 395 and 396;
- (b) repeats paragraph 225(b);
- (c) says that because the 28 November 2018 Systemic Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 397.

398. Westpac denies paragraph 398.

C.2.45 28 November 2018 Risk of Systemic Non-Compliance Information

399. Westpac denies paragraph 399.

400. Westpac denies paragraph 400.

401. In answer to paragraph 401, Westpac:

- (a) repeats the denials to paragraphs 399 and 400;
- (b) repeats paragraph 225(b);
- (c) says that because the 28 November 2018 Risk of Systemic Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 401.

402. Westpac denies paragraph 402.

C.2.46 28 November 2018 Risk of Systemic Non-Compliance and Loss Information

403. Westpac denies paragraph 403.

404. Westpac denies paragraph 404.

405. In answer to paragraph 405, Westpac:

- (a) repeats the denials to paragraphs 403 and 404;
- (b) repeats paragraph 225(b);
- (c) says that because the 28 November 2018 Risk of Systemic Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 405.

406. Westpac denies paragraph 406.

C.2.47 28 November 2018 IFTI Reporting Failures Information

407. Westpac denies paragraph 407.

408. Westpac denies paragraph 408.

409. In answer to paragraph 409, Westpac:

- (a) repeats the denials to paragraphs 407 and 408;
- (b) repeats paragraph 225(b);
- (c) otherwise admits that it did not inform the ASX and/or NZX of information on the terms of the "28 November 2018 IFTI Reporting Failures Information" immediately on 28 November 2018; and
- (d) otherwise denies paragraph 409.

410. Westpac denies paragraph 410.

C.2.48 28 November 2018 IFTI Reporting Failures and Loss Information

411. Westpac denies paragraph 411.

412. Westpac denies paragraph 412.

413. In answer to paragraph 413, Westpac:

- (a) repeats the denials to paragraphs 411 and 412;
- (b) repeats paragraph 225(b);
- (c) says that because the 28 November 2018 IFTI Reporting Failures and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 413.

414. Westpac denies paragraph 414.

C.2.49 18 April 2019 Systemic Non-Compliance Information

415. Westpac denies paragraph 415.

416. Westpac denies paragraph 416.

417. In answer to paragraph 417, Westpac:

- (a) repeats the denials to paragraphs 415 and 416;
- (b) repeats paragraph 225(b);
- (c) says that because the 18 April 2019 Systemic Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 417.

418. Westpac denies paragraph 418.

C.2.50 18 April 2019 Systemic Non-Compliance and Loss Information

419. Westpac denies paragraph 419.

420. Westpac denies paragraph 420.

421. In answer to paragraph 421, Westpac:

- (a) repeats the denials to paragraphs 419 and 420;
- (b) repeats paragraph 225(b);
- (c) says that because the 18 April 2019 Systemic Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 421.

422. Westpac denies paragraph 422.

C.2.51 18 April 2019 Risk of Systemic Non-Compliance Information

423. Westpac denies paragraph 423.

424. Westpac denies paragraph 424.

425. In answer to paragraph 425, Westpac:

- (a) repeats the denials to paragraphs 423 and 424;
- (b) repeats paragraph 225(b);
- (c) says that because the 18 April 2019 Risk of Systemic Non-Compliance Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 425.

426. Westpac denies paragraph 426.

C.2.52 18 April 2019 Risk of Systemic Non-Compliance and Loss Information

427. Westpac denies paragraph 427.

428. Westpac denies paragraph 428.

429. In answer to paragraph 429, Westpac:

- (a) repeats the denials to paragraphs 427 and 428;
- (b) repeats paragraph 225(b);
- (c) says that because the 18 April 2019 Risk of Systemic Non-Compliance and Loss Information did not exist, it was not disclosed to the ASX or the NZX; and
- (d) otherwise denies paragraph 429.

430. Westpac denies paragraph 430.

D. WESTPAC'S AML/CTF COMPLIANCE STATEMENTS AND CONTINUOUS DISCLOSURE STATEMENTS

D.1 Westpac's statements about AML/CTF Act compliance

D.1.1 AML/CTF Policy

431. Westpac admits paragraph 431.

432. Westpac admits paragraph 432.

D.1.2 2013 Compliance Statements

433. Westpac admits paragraph 433.

434. Westpac admits paragraph 434.

435. Westpac admits paragraph 435.

436. Westpac admits paragraph 436.

D.1.3 2014 Compliance Statements

437. Westpac admits paragraph 437.

438. Westpac admits paragraph 438.

D.1.4 2015 Compliance Statements

439. Westpac admits paragraph 439.

440. Westpac admits paragraph 440.

441. Westpac admits paragraph 441.

442. Westpac admits paragraph 442.

443. Westpac admits paragraph 443.

444. Westpac admits paragraph 444.

D.1.5 2016 Compliance Statements

445. Westpac admits paragraph 445.

446. Westpac admits paragraph 446.

D.1.6 2017 Compliance Statements

447. Westpac admits paragraph 447.

448. Westpac admits paragraph 448.

D.1.7 2018 Compliance Statements

449. Westpac admits paragraph 449.

450. Westpac admits paragraph 450.

451. In answer to paragraph 451, Westpac:

- (a) admits subparagraphs (a), (c), (d) and (e);
- (b) in response to subparagraph (b) says that the 2018 Annual Report records that batch instructions were received from 2009 until “recently” from a small number of Correspondent Banks for payments made predominantly to beneficiaries in Australia in Australian dollars; and
- (c) otherwise denies paragraph 451.

D.1.8 2019 Compliance Statements

452. Westpac admits paragraph 452.

453. Westpac admits paragraph 453.

454. Westpac admits paragraph 454.

455. Westpac admits paragraph 455.

456. Westpac admits paragraph 456.

457. Westpac admits paragraph 457.

458. Westpac admits paragraph 458.

459. In answer to paragraph 459, Westpac:

- (a) repeats paragraph 225(b);
- (b) says that each of the AML/CTF Compliance Statements:
 - (i) was a point in time disclosure;
 - (ii) was not required by law to be corrected, qualified or contradicted at any time after they were made; and
- (c) otherwise denies paragraph 459.

D.1.9 Westpac’s AML/CTF Compliance Representations

460. Westpac denies paragraph 460.

461. Westpac denies paragraph 461.

462. Westpac denies paragraph 462.

463. Westpac denies paragraph 463.

D.1.10 Misleading or deceptive conduct

D.1.10.1 First AML/CTF Compliance Representations

464. Westpac denies paragraph 464.

- 465. Westpac denies paragraph 465.
- 466. Westpac denies paragraph 466.
- 467. Westpac denies paragraph 467.
- 468. Westpac denies paragraph 468.
- 469. Westpac denies paragraph 469.

D.1.10.2 Second AML/CTF Compliance Representations

- 470. Westpac denies paragraph 470.
- 471. Westpac denies paragraph 471.
- 472. Westpac denies paragraph 472.
- 473. Westpac denies paragraph 473.
- 474. Westpac denies paragraph 474.
- 475. Westpac denies paragraph 475.
- 476. In answer to paragraph 476, Westpac:
 - (a) says on 5 November 2018, Westpac announced its Full Year Financial Results for the 12 months ending 30 September 2018;
 - (b) says the 2018 Full Year Financial Results Presentation was held in person, online and on the phone;
 - (c) says during the presentation, participants were able to ask questions and as part of a longer question, an analyst asked:

“Then just also around your contingent liability disclosures. You’ve spoken to self-reporting some transactions to AUSTRAC. Can you just give us any more detail around that please?”
 - (d) admits that the transcript of the conference call records that the answer was given in the terms set out in paragraph 476;
 - (e) relies on the whole transcript of the 2018 Full Year Financial Results for its full force and effect; and
 - (f) otherwise denies paragraph 476.

Particulars

WCA.2006.0031.1020

- 477. Westpac denies paragraph 477.
- 478. Westpac denies paragraph 478.
- 479. Westpac denies paragraph 479.

480. Westpac denies paragraph 480.

481. Westpac denies paragraph 481.

482. Westpac denies paragraph 482.

483. Westpac denies paragraph 483.

D.2 Westpac's statements about continuous disclosure

D.2.1 Market Disclosure Policy

484. Westpac admits paragraph 484.

485. Westpac admits paragraph 485.

D.2.2 2013 Continuous Disclosure Statements

486. Westpac admits paragraph 486.

D.2.3 2014 Continuous Disclosure Statements

487. Westpac admits paragraph 487.

D.2.4 2015 Continuous Disclosure Statements

488. Westpac admits paragraph 488.

489. Westpac admits paragraph 489.

490. Westpac admits paragraph 490.

491. Westpac admits paragraph 491.

D.2.5 Cleansing Notice

492. Westpac admits paragraph 492.

493. Westpac admits paragraph 493.

494. In answer to paragraph 494, Westpac:

- (a) admits that on 8 November 2019, it published and lodged with the ASX an announcement which was entitled "Notice under section 708A(5)(e) of the Corporations Act as modified by ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73"; and
- (b) otherwise denies paragraph 494.

495. Westpac admits paragraph 495.

496. In answer to paragraph 496, Westpac:

- (a) repeats paragraph 225(b);
- (b) says that each of the 2013, 2014 and 2019 Continuous Disclosure Statements:

- (i) was a point in time disclosure;
- (ii) was not required by law to be corrected, qualified or contradicted at any time after they were made;
- (c) otherwise denies paragraph 496.

D.2.6 *Westpac Continuous Disclosure Compliance Representation*

497. Westpac denies paragraph 497.

498. Westpac denies paragraph 498.

D.2.7 *Misleading or deceptive conduct*

499. Westpac denies paragraph 499.

500. Westpac denies paragraph 500.

501. Westpac denies paragraph 501.

502. Westpac denies paragraph 502.

D.2.7 *Defective Cleansing Notices*

503. Westpac denies paragraph 503.

504. Westpac denies paragraph 504.

505. Westpac denies paragraph 505.

506. Westpac denies paragraph 506.

507. Westpac denies paragraph 507.

508. Westpac denies paragraph 508.

509. Westpac denies paragraph 509.

510. Westpac denies paragraph 510.

511. Westpac denies paragraph 511.

512. Westpac denies paragraph 512.

513. Westpac denies paragraph 513.

514. Westpac denies paragraph 514.

E. THE 20 NOVEMBER 2019 DISCLOSURES AND DISCLOSURES IMPACT

E.1 The 20 November 2019 Announcements

515. Westpac admits paragraph 515.

516. Westpac admits paragraph 516.

517. In answer to paragraph 517, Westpac:

- (a) admits that AUSTRAC made the statements and allegations referred to in paragraph 517; and
- (b) relies on the whole Concise Statement and AUSTRAC SOC for their full force and effect.

518. Westpac admits paragraph 518.

519. Westpac admits paragraph 519.

520. Westpac admits paragraph 520.

521. Westpac admits paragraph 521.

522. Westpac admits paragraph 522.

523. Westpac admits paragraph 523.

E.2 The price impact of the 20 and 22 November 2019 disclosures

524. Westpac denies paragraph 524.

F. CONTRAVENING CONDUCT CAUSED LOSS

F.1 Market-based causation (On-Market Acquisitions)

525. Westpac denies paragraph 525.

526. Westpac does not know and therefore cannot admit paragraph 526.

527. Westpac denies paragraph 527.

528. Westpac denies paragraph 528.

529. Westpac denies paragraph 529.

530. Westpac denies paragraph 530.

F.2 Market-based causation (Capital Raising Acquisitions)

531. In answer to paragraph 531, Westpac:

- (a) says that the ASX announcement was published and lodged with the ASX on 14 October 2015;
- (b) otherwise admits paragraph 531.

532. Westpac admits paragraph 532.

533. Westpac admits paragraph 533.

534. Westpac admits paragraph 534.

535. Westpac denies paragraph 535.

536. Westpac admits paragraph 536.
537. In answer to paragraph 537, Westpac:
- (a) admits that the placement was undertaken at the placement price of \$25.32 per share; and
 - (b) otherwise denies paragraph 537.
538. In answer to paragraph 538, Westpac:
- (a) says that on 28 November 2019 it published an offer to allow any person who applied for Westpac Shares under the SPP before AUSTRAC's 20 November 2019 announcement to withdraw their application;
 - (b) otherwise admits paragraph 538.
539. In answer to paragraph 539, Westpac:
- (a) admits that the SPP was undertaken at the price \$24.20 per share;
 - (b) says that the price represented a 2% discount of the volume weighted average price of Westpac shares traded on the ASX on the five trading days up to and including 2 December 2019; and
 - (c) otherwise denies paragraph 539.
540. Westpac repeats its response to paragraph 528 of the SASOC.

F.3 Reliance

541. Westpac denies paragraph 541.

F.4 Loss or damage suffered by the Applicant and Group Members

542. In answer to paragraph 542, Westpac:
- (a) denies that it has committed any of the Market Contraventions;
 - (b) says that if, which is denied, Westpac had committed any of the Market Contraventions, the matters pleaded in paragraphs 525 to 530, 531 to 540 and 541 would not, even if established, constitute any causal nexus sufficient to support a claim for compensation pursuant to any of ss 1317HA, 1325 and 1041I of the Corporations Act, s 12GF of the ASIC Act or s 236 of the Australian Consumer Law in respect of such contraventions;
 - (c) otherwise denies paragraph 542.
543. In further answer to paragraph 542, Westpac:
- (a) says that:
 - (i) on or on around 30 January 2020, representative proceedings were commenced in the United States District Court for the District of Oregon (the **US District Court**) in relation to claims which overlap with the claims brought in these proceedings (**the US Class Action**);

- (ii) on 19 October 2020 and 5 November 2020, the US District Court made orders to give effect to and grant preliminary approval to the settlement of the US Class Action with prejudice for all persons who purchased any Westpac securities traded on a United States exchange, including but not limited to Westpac American Depositary Receipts traded on the New York Stock Exchange from 11 November 2015 and 19 November 2019 inclusive, unless those persons opted out of the US Class Action in accordance with the processes of the US District Court (**the US Group Members**);
 - (iii) on 12 May 2021, the US District Court made orders granting final settlement approval of the US Class Action binding the US Group Members to the settlement of the US Class Action and barring on the terms set out in the orders any further claims by the US Group Members against Westpac in relation to the claims brought in the US Class Action;
- (b) says that, by reason of subparagraph (a), any Group Member who is also a US Group Member has already had their claim determined and cannot now bring any claim or have any claim brought on their behalf against Westpac in these proceedings.

Date: 22 March 2024



Signed by Richard Glenn Harris

Lawyer for the Respondent

The pleading was prepared and settled by James Arnott SC.

Certificate of lawyer

I, Richard Glenn Harris certify to the Court that, in relation to the defence filed on behalf of the Applicant, the factual and legal material available to me at present provides a proper basis for:

- (a) each allegation in the pleading; and
- (b) each denial in the pleading; and
- (c) each non admission in the pleading.

Date: 22 March 2024



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Signed by Richard Glenn Harris

Lawyer for the Respondent