



---

---

**MMI GROUP LIMITED**

**FSP 6406**

---

---

**FAIS CONFLICT OF INTEREST**

**MANAGEMENT POLICY**

Owner: MMI Group Compliance Centre of Excellence February 2016

Version: 3

---

**CONFLICT OF INTEREST MANAGEMENT POLICY**

---

**Document Control****Key Document Summary**

<b>Document Status</b>	Approved
<b>Document Owner</b>	Chief Executive Officer: MMI Group Limited
<b>Final Approval by</b>	MMI Executive Committee
<b>Date Approved</b>	October 2016
<b>Evidenced by</b>	Minutes

## TABLE OF CONTENTS

1	DEFINITIONS .....	4
2	INTRODUCTION .....	5
3	POLICY PURPOSE.....	6
4	POLICY SCOPE.....	7
5	LIST OF MMI GROUP LIMITED ASSOCIATES .....	8
6	NAMES OF THIRD PARTIES IN WHICH MMI GROUP LIMITED HOLDS AN OWNERSHIP INTEREST .....	9
7	NAMES OF THIRD PARTIES THAT HOLD AN OWNERSHIP INTEREST IN MMI GROUP LIMITED.....	9
8	POLICY AVAILABILITY .....	9
9	POLICY GOVERNANCE .....	9
10	ROLES AND RESPONSIBILITIES.....	10
11	IMPLEMENTATION .....	11
12	CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY .....	11
13	AWARENESS.....	11
14	TRAINING .....	11
15	MONITORING .....	11
16	POLICY REVIEW .....	12
17	REPORTING.....	12
	ANNEXURE A .....	13
	ANNEXURE B .....	14
	ANNEXURE C.....	15
	ANNEXURE D.....	17
	ANNEXURE E .....	20
	ANNEXURE F.....	21

## 1 DEFINITIONS

Conflict of Interest	<p>Means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client:</p> <p>a) influence the objective performance of his/her obligations to that client; or</p> <p>b) prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including, but not limited to:</p> <ol style="list-style-type: none"> <li>i. a financial interest;</li> <li>ii. an ownership interest;</li> <li>iii. any relationship with a third party.</li> </ol>
Financial Interest	<p>Means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:</p> <p>a) an ownership interest;</p> <p>b) training, that is not exclusively available to a selected group of providers or representatives, on:</p> <ol style="list-style-type: none"> <li>i. products and legal matters relating to those products;</li> <li>ii. general financial and industry information;</li> <li>iii. specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.</li> </ol>
Immaterial financial interest	<p>Means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1000 in any calendar year from the same third party and in that calendar year received by:</p> <p>a) a provider who is a sole proprietor; or</p>

	<p>b) a representative for that representative's direct benefit;</p> <p>c) a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.</p>
New entrant	means a person who has never been authorised as a financial services provider or appointed as a representative by any financial services provider.
Sign-on bonus	<p>means -</p> <p>(a) any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider; and</p> <p>(b) a financial interest referred to in paragraph (a) includes but is not limited to-</p> <p>(i) compensation for the-</p> <p>(aa) potential or actual loss of any benefit including any form of income, or part thereof; or</p> <p>(bb) cost associated with the establishment of a provider's business or operations, including the sourcing of business, relating to the rendering of financial services; or</p> <p>(ii) a loan, advance, credit facility or any other similar arrangement.</p>
Third party	<p>Means:</p> <p>a) a product supplier;</p> <p>b) another provider;</p> <p>c) an associate of a product supplier or a provider;</p> <p>d) a distribution channel;</p> <p>e) any person who in terms of an agreement or arrangement with a person referred to in (a) to (d) above provides a financial interest to a provider or its representatives.</p>

## 2 INTRODUCTION

This conflict of interest policy is applicable to MMI Group Limited, Financial Services Provider (FSP) 6406. It provides for measures to identify, manage and avoid existing and potential conflicts of interests as set out in Board Notice 58 of 2010 and amended by Board Notice 146 of 2014 issued in terms of the Financial Advisory and

Intermediary Services Act No. 37 of 2002, (hereinafter referred to as the FAIS Act), and sets out the compliance requirements which include the adoption, maintenance and implementation of a conflict of interest management policy.

The management of conflicts of interest or potential conflicts of interest must comply with the regulatory requirements of the FAIS legislation. It is good business practice to act in the best interest of our clients when rendering financial services, ensuring long term relationships. Compliance with the requirements will avoid penalties, legal liability and reputational risk.

Instances of conflict may arise where:

- any business area is likely to make a financial gain or avoid a financial loss at the expense of the client; or
- payment/ inducement will be paid to a business area by a third party in relation to the service provided by them to the client (other than standard commissions and fees), or
- where there is a financial incentive to favour the interest of one client over another; or
- any situation where the business area (FSP) or Representative has an actual or potential interest that may prevent them from rendering an unbiased financial service to a client or from acting in the interest of the client.

The risk of conflicts of interest not being properly managed and controlled is, amongst others, that investors and clients may not be adequately protected and client confidence in our services being undermined. It raises doubt regarding MMI's ongoing commitment to treat its customers fairly.

### **3 POLICY PURPOSE**

The purpose of this policy is to provide a framework for the avoidance and management of conflicts of interest in MMI Group Limited, in order to:

- ensure compliance with regulatory requirements of the FAIS Act and its subordinate legislation;
- avoid legal liability, penalties, fines and reputational risk arising from any conflict of interest; and
- avoid any situation in which MMI Group Limited has an actual or potential interest that may, while rendering a financial service to a client:

- a) influence the objective performance of its obligations to that client; or
- b) prevent it from rendering an unbiased and fair financial service to that client, or from acting in the best interests of that client, including, but not limited to:
  - a financial interest;
  - an ownership interest; or
  - any relationship with a third party.

## 4 POLICY SCOPE

This policy applies to all MMI Group Limited business units affected by the FAIS Act as per Annexure "A", and their representatives when a conflict of interest or a potential conflict of interest exists in the rendering of financial services to clients. The following applies to MMI Group Limited representatives with regards to financial interest:

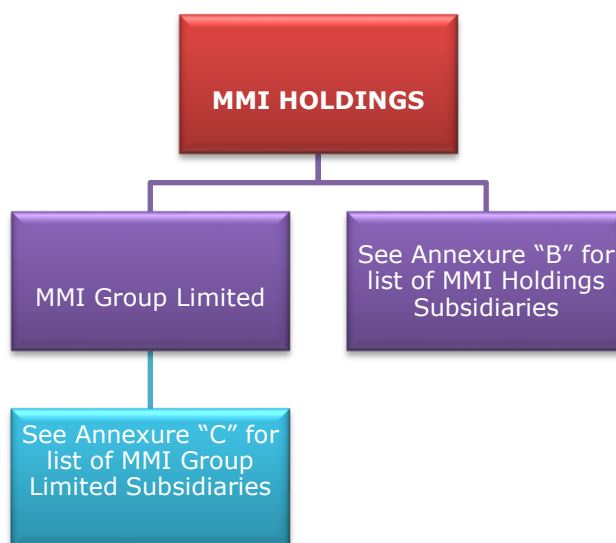
- 4.1. MMI Group Limited may not offer any financial interest to its representatives for:
  - 4.1.1. giving preference to the quantity of business secured for MMI Group Limited to the exclusion of the quality of the service rendered to clients;
  - 4.1.2. giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; and
  - 4.1.3. giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.
- 4.2. This policy is also applicable to MMI Group Limited as a financial services provider and its relationship with its broker market. MMI Group Limited or its representatives may only receive from, or offer to a third party, the following financial interest:
  - 4.2.1. commission authorised under the Long Term Insurance Act 1998 (Act No. 52 of 1998) or the Short Term Insurance Act 1998 (Act No. 131 of 1998);

- 4.2.2. commission authorised under the Medical Schemes Act 1998 (Act No. 131 of 1998);
  - 4.2.3. fees authorised under the Long Term Insurance Act 1998 (Act No. 52 of 1998), the Short Term Insurance Act, 1998 (Act No 131 of 1998) or the Medical Schemes Act 1998 (Act No 131 of 1998), if those fees are reasonably commensurate to a service being rendered;
  - 4.2.4. fees for the rendering of a financial service in respect of which commission or fees referred to in subparagraph 4.2.1, 4.2.2, 4.2.3 is not paid, if those fees:
    - are specifically agreed to by a client in writing; and
    - may be stopped at the discretion of that client;
  - 4.2.5. fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
  - 4.2.6. subject to any other law, an immaterial financial interest; and
  - 4.2.7. a financial interest, not referred to under subparagraph 4.2.1 to 4.2.4, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by another provider or representative at the time of receipt thereof.
- 4.3. MMI Group Limited may not receive a sign-on bonus from any person, may not offer or provide a sign-on bonus to any person, other than a new entrant, as an incentive for that person to become a Category I provider that is authorised or appointed to give advice (Section 3A (1A) as inserted by Board Notice 146 of 2014).

## **5 LIST OF MMI GROUP LIMITED ASSOCIATES**

MMI Group Limited or its representatives may not avoid, limit or circumvent or attempt to avoid, limit or circumvent compliance with conflict of interest regulations through an associate or an arrangement involving an associate.





## 6 NAMES OF THIRD PARTIES IN WHICH MMI GROUP LIMITED HOLDS AN OWNERSHIP INTEREST

Please see attached Annexure "D" for a list of third parties that MMI Group Limited holds an ownership interest in as defined in Board Notice 58 of 2010.

## 7 NAMES OF THIRD PARTIES THAT HOLD AN OWNERSHIP INTEREST IN MMI GROUP LIMITED

Please see attached Annexure "E" for a list of third parties that hold an ownership interest in MMI Group Limited as defined in Board Notice 58 of 2010.

## 8 POLICY AVAILABILITY

This policy is available to MMI Group Limited representatives and employees on the MMI Intranet and to clients on the Momentum website ([www.momentum.co.za](http://www.momentum.co.za)), or as a hard copy, on request, from the FAIS affected business unit and MMI Group Limited branches.

## 9 POLICY GOVERNANCE

### 9.1 Ownership

Ownership of this policy is vested in the MMI Holdings Executive Committee (hereinafter referred to as MMI EXCO).

### 9.2 Drafting and Amendments

Owner: MMI Group Compliance Centre of Excellence February 2016

Version: 3

MMI Group Limited Compliance Centre of Excellence is responsible for the co-ordination, the drafting of and the amendments to the policy, as requested by affected business units from time to time.

### 9.3 Approval

The policy is approved by MMI EXCO.

## 10 ROLES AND RESPONSIBILITIES

Role	Responsibility
Executive Management	Ensure that effective arrangements and procedures are in place to identify, prevent and/or mitigate conflicts of interests (real or perceived) and disclose conflicts of interest that may give rise to damage to the interests of MMI Group Limited's clients. To ensure that the basis upon which a FAIS Representative is remunerated must not be contrary to the requirements of the FAIS Act. Financial incentives received must be in line with the requirements of the FAIS Act.
Representatives	Ensure that all FAIS related services (advice and intermediary) are in the best interest of the client and not for the personal gain of the Representative, directly or indirectly.
MMI Group Compliance Centre of Excellence	Drafting, amending and maintaining a Group Policy (in respect of MMI Group Limited FSP 6406) to identify, manage and/or avoid conflicts of interest.  Facilitate the development of awareness training for all employees.
Segment Compliance	Facilitate the development and implementation of specific training for all impacted staff.  Provide input and guidance to business units.  Monitor compliance to the requirements of the Act and report all breaches to the appropriate level of the governance structure.

## **11 IMPLEMENTATION**

The Executive Committee of each FAIS affected business is responsible for the implementation of the policy in their respective units.

## **12 CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY**

The risk of conflicts of interest not being properly managed and controlled is, amongst others, that investors and customers may not be adequately protected particularly where financial service providers do not act with due care and diligence and in the best interest of their client. In addition, confidence in our services could be undermined and legal claims asserted.

Non compliance with this policy by employees will thus be subject to MMI Group Limited's disciplinary process.

Non compliance with this policy by representatives will result in the termination of their contract, planner codes and/or debarment with the FSB.

## **13 AWARENESS**

Affected business units must ensure that employees, representatives and associates are aware of the contents of this policy.

## **14 TRAINING**

All MMI Group Limited employees are required to complete and pass the Compliance Awareness Training on Conflict of Interest, and in addition, FAIS affected employees of MMI Group Limited must complete the Conflict of Interest assessment.

## **15 MONITORING**

Compliance officers of the FAIS affected areas that have been mandated by the MMI Group Limited FAIS licence compliance officer will be responsible for monitoring compliance with this policy within their specific areas and report thereon to the MMI FAIS Forum.

## 16 POLICY REVIEW

This policy will be reviewed annually by MMI EXCO. The MMI Group FAIS Compliance department will request information from the FAIS affected areas, collate the information and draft the requested amendments for approval by the MMI EXCO.

## 17 REPORTING

The FAIS licenced compliance officer of MMI Group Limited is responsible to report on this management policy as required by the Regulator from time to time. The report must refer to the implementation, monitoring and compliance with and the accessibility of this management policy.

This policy must be read in conjunction with the **Guideline to the FAIS Conflict of Interest Management Policy** attached hereto as Annexure "F". The purpose of the Guideline is to provide practical application of the Conflict of Interest Management Policy to the Divisions.

## **ANNEXURE A**

### **Affected business units**

1. Momentum Retail
2. Corporate and Public Sector Segment

Users of the MMI Group Limited **FSP 6406** Licence:

- a. Momentum Financial Planners;
- b. Momentum Distribution Services;
- c. Momentum Advice on Line;
- d. Momentum Retail – Legal Adviser for Advice and Wealth Management in Momentum Sales; and
- e. Corporate and Public Sector Segment.

## ANNEXURE B

### List of MMI Holdings subsidiaries

No	Subsidiary	% Shareholding
1	Metropolitan Empowerment Trust	75%
2	MMI Finance Company (Pty) Ltd	100%
3	ERIS Property Group (Pty) Limited	73.75%
4	Momentum Trust Limited	100%
5	Union Money (Proprietary) Limited (dormant)	50%
6	CShell 448 (Proprietary) Limited	49%
7	Momentum Investments (Pty) Limited	100%
8	Metropolitan Asset Managers Limited	100%
9	Metropolitan Capital (Pty) Limited	100%
10	MMI Infrastructure & Operations (Pty) Ltd	100%
11	MET Collective Investments (RF) (Pty) Ltd	100%
12	Metropolitan Health (Pty) Limited	100%
13	Metropolitan International Holdings (Pty) Limited	100%
14	Metropolitan Lesotho Limited	100%
15	Metropolitan Life International Limited	100%
16	Metropolitan Life Limited (dormant)	100%
17	Metropolitan Life of Botswana Limited	72,57%
18	Metropolitan Odyssey Limited	100%
19	Momentum Properties (Pty) Limited	100%
20	Momentum Retirement Administrators (Proprietary) Limited	100%
21	MMI Strategic Investments (Pty) Limited (dormant)	100%
22	The Metropolitan Staff Share Incentive Trust (dormant)	100%
23	The Metropolitan Staff Share Purchase Trust (dormant)	100%
24	MMI Group Limited	100%
25	Eris Property Fund Carry Vehicle (Pty) Limited	26.67%

## ANNEXURE C

**List of MMI Group Limited subsidiaries**

<b>No</b>	<b>Subsidiary</b>	<b>% Shareholding</b>
1	Momentum Investments Shared Services (Pty) Limited	100%
2	Momentum Connect (Pty) Ltd (dormant)	100%
3	Momentum Netherlands BV (pending liquidation)	100%
4	Roseneck (Pty) Limited (in deregistration)	100%
5	Greater Services (Pty) Limited	100%
6	Matador Building (Pty) Limited (dormant)	100%
7	Momentum Property Investments (Pty) Limited	100%
8	2 Merchant Place (Pty) Limited	100%
9	Momentum International MultiManagers (Pty) Limited	100%
10	Momentum Medical Scheme Administrators (Pty) Limited	100%
11	Momentum Healthcare Distribution (Pty) Limited	100%
12	Momentum Wealth International Limited (Guernsey)	100%
13	Momentum Wealth (Pty) Limited	100%
14	Momentum Investment Consulting (Pty) Limited	100%
15	Momentum Finance Company (Pty) Limited	100%
16	Momentum Asset Management (Pty) Limited	100%
17	Momentum Ability Limited	100%
18	Momentum Alternative Investments (Pty) Limited	100%
19	Momentum Structured Insurance Limited	100%
20	Momentum Interactive (Pty) Limited	100%
21	Momentum Life Botswana Limited	100%
22	Sage Guaranteed Options (Pty) Limited (dormant)	100%
23	AdviceAtWork (Pty) Limited	100%
24	Momentum Consult (Pty) Limited	100%
25	Momentum Alternative Insurance Limited	100%
26	Momentum Short-Term Insurance Limited	100%
27	LandPlan Beleggings (Pty) Limited	100%
28	Southern Life Property Developments (Pty) Limited (dormant)	100%
29	Southern Life Building Johannesburg (Pty) Limited	100%

Owner: MMI Group Compliance Centre of Excellence February 2016

Version: 3

30	Sage Management Services (Pty) Limited (in deregistration)	100%
31	Momentum Growth (Pty) Ltd (dormant)	100%
32	Terama (Pty) Ltd (pending liquidation)	100%
33	Slab Joint Finance Company (Pty) Ltd	34%
34	Metropolitan Life Properties Ltd(dormant)	100%
35	SMH Land Development (Pty) Limited	100%
36	102 Rivonia Road (Pty) Ltd	80%
37	Metropolitan Investments Options (Pty) Ltd (in deregistration)	100%
38	Gamaphuteng Enterprises (Pty) Limited	92.20%
39	MMI Short-term Insurance Administration (Pty) Ltd	100%
40	Housing Finance (Pty) Limited (to be deregistered)	100%
41	Tsumeb Mall (Pty) Limited (Pty) Ltd (Namibia)	56%
42	Hawley Road Developments (Pty) Ltd	100%
43	Lakeview Management Properties (Pty) Ltd (dormant)	100%
44	Momman 2 (Pty) Limited (in deregistration)	100%
45	Namib Life Company Limited (dormant)	100%
46	The Southern Life Association Namibia (dormant)	100%
47	Vuyo Investments (Pty) Limited (in deregistration)	100%
48	Aconcagua 14 Investments (RF) (Pty Ltd	100%



## ANNEXURE D

### List of third parties in which MMI Group Limited holds an ownership interest

<b>MMI GROUP LEGAL STRUCTURE</b>	
<b>MMI Group Limited (MGL)</b>	
Momentum International MultiManagers (Pty) Limited	100%
Momentum Manager of Managers (Pty) Limited	100%
Advantage AM Collective Investments Limited	100%
Momentum Medical Scheme Administrators (Pty) Limited	100%
Azralox (Pty) Limited	50%
Active Ageing at Home (Pty) Limited	50%
Momentum Healthcare Distribution (Pty) Limited	100%
Momentum Wealth International Limited (Guernsey)	100%
MWI Secretaries Limited	100%
Momentum Mutual Fund ICC Ltd	100%
MWI Nominees Limited (Guernsey)	100%
Momentum International Insurance PCC Limited	100%
MMI Strategic Investments (Pty) Limited (previously FirstRand Asset Management (Pty) Limited)	100%
Momentum Growth (Pty) Limited	100%
Momentum Wealth (Pty) Limited	100%
Momentum Wealth (Pty) Limited	100%
Momentum Investment Consulting (Pty) Limited	100%
Momentum Finance Company (Pty) Limited	100%
Momentum Asset Management (Pty) Limited	100%
Momentum Global Investment Management Limited	100%
Momentum Collective Investments Limited	100%
Momentum Asset Management Swaziland (Pty) Limited	100%
Momentum Asset Management Nominees (Pty) Limited	100%
Momentum Ability Limited	100%
Momentum Alternative Investments (Pty) Limited	100%
Momentum Structured Insurance Limited	100%
Momentum Interactive (Pty) Limited	100%
Momentum Life Botswana Limited	100%

Owner: MMI Group Compliance Centre of Excellence February 2016

Version: 3

Sage Guaranteed Options (Pty) Limited	100%
Sage Consulting Services (Pty) Limited	100%
Sage Corporate Services (Pty) Limited	100%
Sage Life Limited	100%
Townhomes (Pty) Limited	100%
Sage International Finance BV	100%
SMH Land Developments (Pty) Limited	100%
SLR Land Development (Pty) Limited	100%
Kemparkto (Pty) Limited	100%
Edglen Limited	20%
Von Brandis Square Development Co (Pty) Limited	100%
New Small Construction CO. (Pty) Limited	100%
AdviceAtWork (Pty) Limited	100%
MacDonald Mills O' Haher Employee Benefits (Pty) Limited	100%
Momentum Africa Investments (Pty) Limited	100%
Momentum Mozambique LDA	75%
Amini Management (EA) Limited Kenya	50%
Momentum Tanzania Life Assurance Company Limited	67%
Momentum Tanzania (Pty) Limited	67%
Momentum Consult (Pty) Limited	100%
Momentum Alternative Insurance Limited	100%
Momentum Short-Term Insurance Limited	100%
LandPlan Beleggings (Pty) Limited	100%
Southern Life Property Developments (Pty) Limited	100%
Homeria Investments (Pty) Limited	50%
Gallic Hennops Park (Pty) Limited	100%
Southern Life Building Johannesburg (Pty) Limited	100%
Sage Holdings Limited	100%
Business Venture Investments no. 976 (Pty) Limited	100%
Sage Group Limited	100%
Sage Properties Limited	100%
Marland Flats (Pty) Limited	100%
Hatfield Primary Square (Pty) Limited	100%
Sage Life Holdings Limited	100%
Sage International BV	100%

Owner: MMI Group Compliance Centre of Excellence February 2016

Version: 3

---

Sage Management Services (Pty) Limited	100%
Sage Unit Trusts	100%

## **ANNEXURE E**

### **List of third parties that hold an ownership interest in MMI Group Limited**

<b>MMI GROUP LEGAL STRUCTURE</b>
MMI HOLDINGS LIMITED

## **ANNEXURE F**

### **GUIDELINES TO THE FAIS CONFLICT OF INTEREST MANAGEMENT POLICY**

#### **1. INTRODUCTION**

The FAIS Conflict of Interest provisions seek to bring about a consistent manner of dealing with and disclosing all conflicts of interest. Conflicts of interest should be considered in the design and offering of financial interest and in the decision to accept financial interest. As a result, consumers will be exposed to fewer conflict situations, and where there are conflicts, these will have been clearly disclosed. The consumer will be better equipped to assess whether or not the advice given to him is being unduly influenced.

This Guideline document deals with specific requirements relating to how conflicts of interest should be managed, and details prohibitions on the receipt and giving of financial and ownership interests.

#### **2. MANAGEMENT OF CONFLICT OF INTEREST**

The MMI Group Limited Compliance Centre of Excellence will provide guidelines on how to identify, manage and avoid conflicts of interest Group-wide. Segments and Channels are responsible for implementation of procedures within their respective areas, which procedures must deal with specific measures for:

- the identification of conflicts of interests or potential conflicts of interest;
- the avoidance and /or mitigation of conflicts of interest; and
- the disclosure of conflicts of interest.

#### **3. MECHANISMS FOR THE IDENTIFICATION OF CONFLICT OF INTEREST**

- 3.1. Representatives must, bi-annually declare financial interests in other financial services providers.
- 3.2. Segment/Channel compliance officers must monitor rebates received by MMI Group Limited to identify whether or not the rendering of unbiased financial services is affected.

- 3.3. The complaints resolution team must escalate complaints relating to conflicts of interest to management.
- 3.4. Segment/Channel Management is responsible for identifying situations that will, or could result in a material risk causing damage or detriment to a client's interest.
- 3.5. Representatives, key individuals and management must be trained to assist them in identifying conflicts of interest.
- 3.6. Trustees of sponsor funds must sign conflict of interest declarations at each meeting, as well as annually, to declare interests related to the administrator and competitors that will enable MMI Group Limited to identify instances of conflicts of interest which may lead to the independence of independent trustees and sponsor appointed trustees being compromised.
- 3.7. An automated register has been implemented to track the immaterial financial interests offered to third parties.
- 3.8. Legal business development managers are responsible to train financial intermediaries on the content of the Conflict of Interest Management Policy.

#### **4. MEASURES FOR THE AVOIDANCE/ AND OR MITIGATION OF CONFLICTS OF INTEREST**

- 4.1. The contracts of all representatives, specifically those who have an interest in another financial services provider, must be amended to prohibit such practice and bi-annual declarations must be completed in order to ensure compliance. This will be limited to where business is placed i.e. not where the financial services provider is dormant from an advice giving, intermediary services, or selling perspective.
- 4.2. Where intermediaries' clients qualify for discounts based on the volumes of schemes, this practice may not be restricted to selected intermediaries only, but available to all.
- 4.3. The service model used in MMI Group Limited must not only be based on the quantity of business received from a broker, but include other criteria such as growth and client retention.
- 4.4. Where representatives receive a financial interest from fund managers, their contracts/agreements must be amended to prohibit such practice and a bi-annual declaration must be completed by the representative to ensure

compliance.

- 4.5. In the single investment product range (Wealth and Investo) conflicts exist in the representative remuneration and the Aquilo competition point allocation for all representatives. The Production Credit (PC) allocation has been structured to remove any conflict of interest. The new single PC allocation structure is as follows:

<b>Single Investment Product</b>	<b>PC rules applicable</b>
<b>Compulsory</b>	
Living Annuities	2.80% up to R0.5m; 3.00% thereafter
Retirement products	2.80% up to R0.5m; 3.00% thereafter
<b>Discretionary</b>	
Endowments (FEO)	2.00% up to R0.5m; 2.15% thereafter
2 <sup>nd</sup> Hands (TEO)	1.50% up to R0.5m; 1.75% thereafter
Discretionary investment (FIO)	1.40% up to R0.5m; 1.60% thereafter
<b>RMBIS</b>	
Portfolio Bond (Endowments)	2.00% for all amounts
Discretionary investment	1.50% for all amounts
<b>Other Singles</b>	
Guaranteed Annuities (Old range)	1.75% for all amounts
Structured Products	1.25% for all amounts
Open-endings	1.75% for all amounts

- 4.6. In the recurring savings product range (Wealth and Investo) possible conflicts exist in representative remuneration and the Aquillo competition point allocation for all representatives. In order to avoid possible conflicts of interest, representatives must disclose product features to clients during the advice-giving process.

Currently PCs are allocated based on:

- the product platform (Wealth and Investo), and
- the product type (endowments, annuities).

The magnitude of this financial interest (bonus) is a factor of the PC calculation and differs based on the above two factors.

Based on the different product features on the Wealth and Investo platform sufficient arguments exist to motivate the continuation of the current remuneration structure on recurring savings products. As a result no remuneration or Aquillo competition changes will be made on recurring savings products.

In order to avoid possible conflicts of interest, representatives must disclose product features to clients during the advice-giving process.

- 4.7. In the recurring risk product environment a conflict of interest exists where both Myriad and Altrisk may be offered to clients. A financial interest in favouring the Myriad product exists for the following reasons:

- 20% less broker commission is paid on the Altrisk product,
- no production bonus is paid on Altrisk; and
- no competition points are allocated on Altrisk production.

The conflict of interest will be resolved by a change in process to include the following:

- up-front disclosure by the representative that both Myriad and Altrisk product offerings exist,
- an explanation to the client that the business process is to submit all applications to Myriad,
- should Myriad offer terms or reject the risk, the representative will thereafter offer the Altrisk product.

- 4.8. Remuneration and bonuses based on quantity only is not allowed and quality criteria must be introduced.

- 4.9. Sign on bonuses paid by any person to MMI Group Limited are prohibited.



- 4.10. Sign on bonuses from MMI Group Limited to any person, other than a new entrant, as an incentive for that person to become a Category I provider that is authorised or appointed to give advice are prohibited.
- 4.11. Business unit executive committee approval must be obtained prior to the launch of any special offer to promote a particular product, in order to ensure that no conflicts of interest exist.
- 4.12. Representative agreements must prohibit incentive trips which promote the sale of specific products. Should there be an exemption to this practice, the client Letter Of Introduction must disclose this.
- 4.13. Retirement and insurance benefit calculators are available on the Momentum website and can be accessed by intermediaries, members and employees for comparison purposes.
- 4.14. Automated quotes systems must disclose fees payable.
- 4.15. Agreements with service providers of sponsor funds must be signed off by the trustees of the funds.
- 4.16. Representatives participating in proficiency training may qualify for quote discounts depending on their assessment results.
- 4.17. Financial planning tools may not be linked to the quantity or amount of production.
- 4.18. Clients must agree in writing to actions that will give rise to a conflict of interest, where a client insists thereon.
- 4.19. MMI Group Limited representatives will not offer or receive any financial interest from a third party.
- 4.20. A central register has been established to capture immaterial financial spending on intermediaries. A copy of the invoice must be loaded as proof of spending and the relevant parties must receive confirmation.

## **5. MEASURES FOR THE DISCLOSURE OF CONFLICTS OF INTERESTS**

- 5.1 Representatives must sign a bi-annual honesty and integrity declaration which discloses financial interest in another third party.
- 5.2 The letter of introduction must be amended in instances where incentive trips are provided.

Owner: MMI Group Compliance Centre of Excellence February 2016

Version: 3

- 5.3 Representatives must disclose to the client the existence of both Myriad and Altrisk offerings, where applicable.
- 5.4 Representatives must disclose the features of the product offered on Investo and Wealth in the advice process.
- 5.5 A representative must disclose a conflict of interest to the client so that an informed decision can be made and include the disclosure form when lodging an application.

## **6. PROCESSES AND INTERNAL CONTROLS TO FACILITATE COMPLIANCE WITH THE POLICY**

- 6.1. Representatives must complete honesty and integrity declarations bi-annually.
- 6.2. Compliance monitoring will be conducted and quarterly reports will be submitted to executive management and compliance committees.
- 6.3. Representatives must be made aware of this policy and conflict of interest regulations via the compliance training manual.
- 6.4. The Altrisk and Myriad process must be kept updated to disclose conflicts of interest.
- 6.5. Special offers must be approved by executive management to manage conflicts of interest.
- 6.6. Legal assistance provided to representatives must be disclosed and limited to general legal support.
- 6.7. The Conflict of Interest Management policy for MMI Group Limited FSP 6406 will be stored on the Intranet and the Group Compliance sharepoint site.
- 6.8. Business units must submit their budgets for the payment of financial interest other than regulated fees and commission by December for the following calendar year to ensure proper allocation of the immaterial financial interest.
- 6.9. Training will be conducted annually to ensure ongoing compliance with the policy.

- 6.10. When a client or potential client of a broker requires legal or product related advice, the request must be a written request from the client and not from the broker.

## **7. CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY**

- 7.1. Non-compliance with this policy by employees will be subject to MMI's disciplinary process.
- 7.2. Non-compliance with this policy by representatives will result in the termination of their contract, planner codes and debarment.

## **8. MMI GROUP LIMITED REPRESENTATIVES FINANCIAL INTEREST QUALIFICATIONS CRITERIA**

- 8.1. A representative will receive commission and fees as regulated.
- 8.2. A representative will qualify for a production bonus on a PC allocation.
- 8.3. On achievement of quantity and quality targets MMI Group Limited call centre representatives will qualify for a financial interest in addition to regulated commission.