



MOMENTUM WEALTH (PTY) LTD

FSP 657

CONFLICT OF INTEREST

MANAGEMENT POLICY

Conflict of Interest Policy

Document Information

Policy Level	Momentum Wealth Executive Committee approved
Applicable Principal Risk	Regulatory
Principal Risk Owner	Chief Executive Officer: Momentum Wealth
Effective date	1 July 2013
Review date	August 2014 and annually thereafter
Policy Coordinator	Momentum Wealth Compliance
Recommended by	Momentum Wealth Executive Committee
Approved by	Momentum Wealth Executive Committee
Adopted by	Momentum Wealth (Pty) Ltd Board of Directors

Contact Information

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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> <ul style="list-style-type: none"> a.) influence the objective performance of his/her obligations to that client; or b.) prevent a provider or representative from rendering an unbiased and fair financial service to the client, or from acting in the interests of that client, <p>Including, but not limited to -</p> <ul style="list-style-type: none"> i.) a financial interest; ii.) an ownership interest; iii.) any relationship with a third party.
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> <ul style="list-style-type: none"> a.) an ownership interest; b.) training, that is not exclusively available to a selected group of providers or representation, on – i.) products and legal matters relating to those products; ii.) general financial and industry information; iii.) specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.
Immaterial financial interest	<p>Means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000-00 in any calendar year from the same third party and in that calendar year received by –</p> <ul style="list-style-type: none"> a.) a provider who is a sole proprietor; or b.) a representative for that representative's direct benefit; 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.

Third party	<p>Means –</p> <ul style="list-style-type: none"> a.) a product supplier; b.) another provider; c.) an associate of a product supplier or a provider; d.) a distribution channel; or e.) any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.
Employees	<p>Means all employees of Momentum Wealth (Pty) Ltd and Momentum Wealth Nominees (Pty) Ltd (hereinafter collectively referred to as “Wealth”) unless otherwise specifically indicated.</p>

2. INTRODUCTION

The existence of conflicts of interest when not properly managed or controlled may lead to the prejudice of clients, the undermining of confidence in the financial services industry and bring into doubt Wealth’s commitment to the fair treatment of its clients.

The Financial Advisory and Intermediary Services Act, 2002 (“FAIS”) requires all authorized financial services providers in terms of section 3A of the General Code of Conduct to adapt a Conflict of Interest Policy that caters for measures to identify, avoid and mitigate actual and potential conflicts of interest.

3. POLICY PURPOSE

The purpose of this policy is to provide a framework for the avoidance and mitigation of conflicts of interest within Wealth in order to:

- a) avoid any situation in which Wealth has an actual or potential conflict of interest that may, while rendering a financial service to a client, -
 - i. influence the objective performance of its obligations to that client; or
 - ii. 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 –

- i. a financial interest,
 - ii. an ownership interest; or
 - iii. any relationship with a third party,
- b) provide guidance on the process for the identification, control measures and the disclosure of actual, potential or perceived conflicts of interest;
- c) ensure compliance with regulatory requirements of the FAIS Act and subordinate legislation; and
- d) avoid legal liability, penalties, fines and reputational risk arising from any conflict of interest.

4. POLICY SCOPE

This policy applies to Wealth, its key individuals, representatives and employees when rendering financial services to clients and in all dealings with third parties where a conflict of interest or a potential conflict of interest exists.

Wealth may only receive or offer the following financial interest from or to a third party:

- a) Commission authorized under the Long Term Insurance Act 1998 (Act No. 52 of 1998);
- b) Fees authorised under the Long Term Insurance Act 1998 (Act No. 52 of 1998), if those fees are reasonably commensurate to a service being rendered;
- c) Fees for the rendering of a financial service in respect of which commission or fees referred to in subparagraphs (a) and (b) is not paid, if those fees
 - i. are specifically agreed to by a client in writing; and
 - ii. may be stopped at the discretion of that client.

- d) 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;
- e) Subject to any other law, an immaterial financial interest; and
- f) A financial interest, not referred to under subparagraph (a) to (c), for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

5. POLICY AVAILABILITY

This policy is available to Wealth clients and employees on the Momentum website (www.momentum.co.za), or as a hard copy, on request, at wealthcompliance@momentum.co.za

6. POLICY GOVERNANCE

6.1 Ownership

Ownership of this policy vests with the Wealth Executive Committee (Exco).

6.2 Drafting and Amendments

The Wealth Compliance Department is responsible for the co-ordination, drafting and the amendments to the policy, from time to time to ensure that strategic and operational changes in business are catered for and to ensure alignment with changes to legislation.

6.3 Approval

The policy is approved by the Wealth Exco and the Board of Directors of the Momentum Wealth (Pty) Ltd and Momentum Wealth Nominees (Pty) Ltd.

7. IMPLEMENTATION

The Exco is responsible for the implementation of the policy.

8. MANAGEMENT OF CONFLICT OF INTEREST

8.1 Mechanisms for the Identification of Conflict of Interest

- 8.1.1 The Exco, together with the appointed key individuals and with the assistance of compliance is responsible for identifying actual or potential conflict of interest situations that will or could result in a material risk causing damage or detriment to a client's interest.
- 8.1.2 The Wealth Compliance Department will conduct monitoring to determine compliance with this conflict of interest policy from time to time. Any actual or potential conflict of interest incidences identified during the monitoring exercise will be recorded and brought to the attention of business for avoidance action or mitigation where avoidance is not possible. Where necessary these incidents will be escalated through the appropriate governance and risk forums forming part of the Enterprise-wide Risk Management process.
- 8.1.3 All Wealth Key Individuals and representatives must sign a declaration on an annual basis disclosing any conflict of interest or potential conflict of interest.
- 8.1.4 The Complaints Resolution Team must escalate complaints relating to conflicts of interest to management and the Wealth Compliance Department.
- 8.1.5 Training will be provided to all employees of Wealth, specifically key individuals and representatives on this policy and its objectives. Wealth management, Key Individuals and employees must be trained to be able to identify conflicts of interest.
- 8.1.6 A register must be implemented to track the financial interests offered to or received from third parties.

8.2 Measures for the Avoidance of Conflicts of Interest

The purpose of this section is to outline measures for the avoidance of conflict of interest. In the event that avoidance of a conflict of interest is not possible, reasons must be given and measures disclosed for the mitigation of the impact of the conflict of interest.

8.2.1 Wealth will at all times strive to avoid conflict of interest by implementing the following:

- Promoting a culture that embraces the principles of Treating Clients Fairly.
- Promoting a culture of compliance, and promoting the MMI values. To this end the MMI Code of Conduct must be read in conjunction with this policy and the principles set out in the Code of Conduct will apply to all employees within Wealth.
- Aligning business practices and relationships with the FAIS General Code of Conduct, Code for Administrative and Discretionary Financial Services Provider and this policy.
- Training and ensuring that levels of awareness relating to conflict of interest requirements are maintained.

8.2.2 Where the conflict of interest cannot be avoided, the following rules would apply:

- If a breach of this policy is identified, appropriate disclosure will be made to clients and other interested stakeholders and the conflict will be managed accordingly;
- The Wealth Compliance Department is to be advised on instances where a conflict of interest cannot be avoided. The Wealth Compliance Department must also be supplied with written reasons and steps to mitigate the conflict of interest; and
- The Wealth Compliance Department will report on and keep records of all actual and potential activities that result in conflict of interest.

8.2.3 It is important to note that in certain instances fee structures and arrangements with third parties may be regarded as a conflict of interest at face value due to the business relationship with the relevant third party.

In order to avoid and/or mitigate a conflict of interest Wealth will apply the fee arrangement principles outlined below. Where a conflict of interest cannot be avoided, Wealth undertakes to disclose the conflict to the client:

- a) All fee structures and arrangements must be established on the principle that any consideration, fair value or remuneration that is charged or levied to the client must be reasonably commensurate to the value of the financial interest taking into account the service being rendered. Duplication of costs will be avoided and appropriate disclosure will be made to the client.
- b) Any rebates received from the management companies will be utilized for the benefit of the client. This may include off-setting the administration fee charged by Wealth. Appropriate disclosure will be made to the client detailing the rebate arrangements.
- c) Where Wealth facilitates third party portfolios, such as Third Party Fund of Funds, it is understood that some fee structures may be complex as they may include the cost of the underlying portfolios, on-going management fees, which may include performance fees, LISP administration fees and advisory fees, where applicable. In these instances Wealth will meet its disclosure requirements as set out in the General Code of Conduct and the Code of Conduct for Administrative and Discretionary FSP's. Such disclosure will also outline all the fees that are levied against the third party portfolios, where applicable. The fees disclosed will outline whether the fees will be deducted from the investment amount, or whether they will be recovered from the returns on the investment, or from the redemption of units.
- d) In instances where the fees levied by asset managers (MANCOs) are represented in the form of total expense ratios (TER), Wealth will pass the fee structures provided to it by the MANCOs to the client. Wealth will endeavour to ensure that it provides clients with the latest TER as received from the MANCO's from time to time. In addition to the TER, Wealth will disclose any cost that are directly incurred by the client such as initial fees, advisory fees and any other related fees as required by the General Code of Conduct and the Code of Conduct for Administrative and Discretionary FSP's.

8.3 Measures for the disclosure of conflicts of interests

- 8.3.1 All pre-existing arrangements that result in conflict of interest will be terminated / discontinued in accordance with this policy. Where conflict of interest cannot be avoided in pre-existing arrangements or in current or future arrangements, full disclosure will be made to clients by Wealth or the other FSP, as per the agreement with such other FSPs.
- 8.3.2 Employees of Wealth are obliged to disclose any instance where that employee has an interest in or receives a benefit from an FSP or third party with which Wealth has a business relationship, provided the interest/benefit is a financial interest.
- 8.3.3 Where an employee of Wealth is aware that a third party is receiving a financial interest and/or benefit, the employee is obliged to disclose this to his/her superior and the Wealth Compliance Department. .

8.4 Processes, procedures and internal controls to facilitate compliance with the policy

The following processes and requirements are to be adhered to ensure compliance with policy:

- 8.4.1 All Wealth Exco members must complete an honesty and integrity declaration once every two years.
- 8.4.2 Awareness creation, and where necessary training, from time to time will be conducted to ensure ongoing compliance with the policy.
- 8.4.3 Wealth Compliance will be required to sign-off on all marketing initiatives (whether in joint partnership with other external parties or not), including but not limited to, roadshows, competitions, prizes and gifts.
- 8.4.4 Where there is any doubt about whether a conflict of interest may arise or may be perceived to arise, such situations must be brought to the attention of the Wealth Compliance Department. The relevant area, together with at least one key individual and the Wealth Compliance Department must review the situation to determine if an actual or potential

conflict of interest exists. Once this has been determined appropriate controls to avoid or mitigate must be taken. Records of all deliberations and discussions must be maintained by the Wealth Compliance Department.

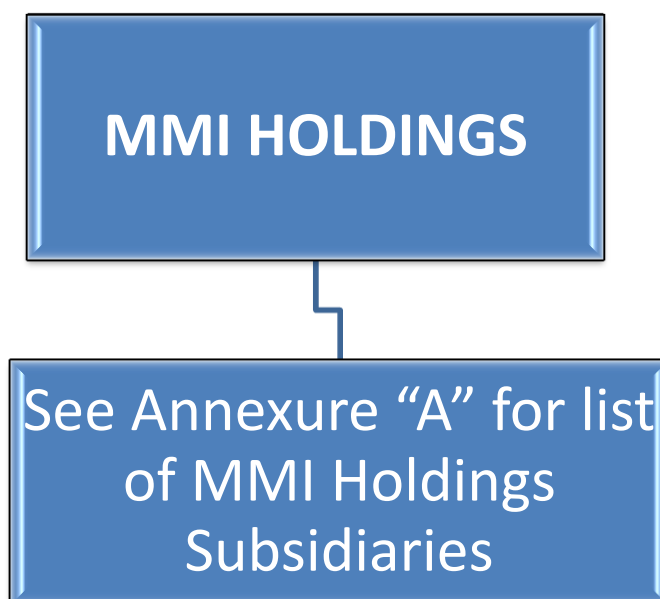
8.5 Consequences of non-compliance with the policy

Non-compliance with this policy carries financial and reputational risks which may adversely impact and affect Wealth. As a result a breach in compliance with this policy will be brought to the attention of management and remedial action will be taken in accordance with the MMI Code of Conduct against the relevant employees in order to protect the client. In instances where external third parties are involved, the Wealth Compliance Department in consultation with the relevant governance structures may bring the matter to the attention of the regulator.

9. LIST OF ASSOCIATES

Please see Annexure A for lists of associates as defined in Board Notice 58 of 2010.

Wealth and its employees may not avoid, limit or circumvent or attempt to avoid, limit or circumvent compliance with this policy through an associate or an arrangement involving an associate.



10. NAMES OF THIRD PARTIES IN WHICH WEALTH HOLDS AN OWNERSHIP INTEREST

Please see attached Annexure “B” for a list of third parties that Wealth holds an ownership interest as defined in Board Notice 58 of 2010.

11. AWARENESS

Wealth must ensure that its key individuals, employees, representatives and associates are aware and understand the contents of this policy.

12. TRAINING

Training will be provided to affected employees to ensure that they understand their responsibilities under this policy. General awareness training will be provided to all employees in accordance with the MMI Conflict of Interest Policy training which caters for awareness and understanding of the requirements set out in Section 3A of the General Code of Conduct.

13. MONITORING

The Wealth Compliance Department will monitor compliance with this policy in accordance to its monitoring plan from time to time.

14. POLICY REVIEW

This policy will be reviewed annually by Wealth Exco. The Wealth Compliance Department will request information from the FAIS affected areas, collate the information, and draft the requested amendments for approval by the Momentum Wealth Exco to be then tabled at the Wealth Board and Wealth Nominee Board.

15. REPORTING

There are three types of reports that may be prepared by the MW Compliance Department in accordance with this conflict of interest policy. These reports are as follows:

- 15.1 A report to the Regulator in accordance with statutory obligations
- 15.2 A report to the Business with escalation through the various risk and governance structures established within Wealth, including reports to the Wealth Exco, the various Boards and the Risk Forum.
- 15.3 A report to the Retail Division escalated through the appropriate Governance and Risk Structures within Momentum Retail and MMI Group Limited and MMI Holdings.

ANNEXURE “A” LIST OF ASSOCIATES AS AT 04 SEPTEMBER 2013

						% Shareholding
Company Registration Number	Holding	Sub level 1	Sub level 2	Sub level 3	Sub level 4	
2000/031756/06	MMI Holdings Limited					
63943		Wanhanzi Health Plan				100% (Ownership)
2009/004751/08		MMI Foundation				100% (Ownership)
IT303 2006		Metropolitan Empowerment Trust				75% (Ownership)
1952/001639/07		Metropolitan International (Pty) Limited				100%
RC 605083			UBA Metropolitan Life Insurance Limited			50%
9775			Metropolitan Life Zambia			99%
1165 of 2007			Metropolitan Life Swaziland Limited			67%
MBA 254/2009				Momentum Insurance Swaziland Limited		100%
C97820			Metropolitan Life Insurance Kenya Limited			66%
CA-13,748			Metropolitan Life Insurance Ghana Limited			95%
CA 79, 925				Metropolitan Pensions Trust Ghana Limited		100%
2008/006570/07		ERIS Property Group (Pty) Limited				51%

2010/004140/07			ERIS Property Fund Carry Vehicle (Pty) Limited			100%
2009/016545/07				ERIS Property Fund (Pty) Limited		100%
1968/01293/08		Parc du Cap Body Corporate				100% (Ownership)
1917/001569/06		Momentum Trust Limited				100%
2006/032646/07		Union Money (Proprietary) Limited				50%
2007/007213/07		CShell 448 (Proprietary) Limited				49%
2010/021352/07		Momentum Investments (Pty) Limited				100%
1943/016651/06		Metropolitan Asset Managers Limited				100%
2006/020007/07		Metropolitan Capital (Pty) Limited				100%
2007/014606/07			Metropolitan Capital Economic Fund(Pty) Limited			95%
2005/013683/07		MMI Infrastructure & Operations (Pty) Limited				100%
1991/003741/06		Metcollective Investments Limited				100%
1999/027578/07		Metropolitan Health (Pty) Limited (previously Metropolitan Health Holdings (Pty) Ltd)				100%
1999/027531/07			Metropolitan Health Corporate			82%

			(Pty) Limited			
1904/002156/07				Methealth (Pty) Limited		100%
1996/001967/07				Metropolitan Health Risk Management (Pty) Limited		100%
2012/071065/07		Metropolitan International Holdings Limited	(Pty)			100%
89/327			MMI Holdings Namibia Limited			87%
T145/02				Metropolitan Namibia Share Incentive Trust		100%
91/369				Momentum Life Assurance Namibia Limited		100%
96/015				Methealth Namibia Administrators (Pty) Ltd		51%
89/503				Channel Life Namibia Ltd		100%
2000/378				Pelgrim Investments (Pty) Ltd		100%
93/217				Cold Trade (Pty) Ltd		100%
2003/781				Momentum Asset Management Namibia (Pty) Ltd		100%
53904			Metropolitan Health Zambia Limited			65%

C10097103			Metropolitan Life (Mauritius) Limited <i>(previously known as Mauritian Eagle Life Company Ltd)</i>			70%
96/1957		Metropolitan Life of Botswana Limited				73%
Staff Incentive Scheme			Metropolitan Botswana Share Incentive Trust			100%
C62843			Metropolitan Health (Mauritius) Limited			95%
2003/22		Metropolitan Lesotho Limited				100%
2006/753			Momentum Lesotho (Pty) Limited			100%
1991/005540/06		Metropolitan Life International Limited				100%
1949/032491/06		Metropolitan Life Limited				100%
1993/007525/06		Metropolitan Odyssey Limited				100%
2001/022931/07		Momentum Properties (Pty) Limited				100%
2006/020384/07		Momentum Retirement Administrators (Proprietary) Limited (previously Metropolitan Retirement Administrators (Pty) Ltd				80%

2008/002061/07		Mettle Investments (Pty) Limited				49%
IT4041 94		The Metropolitan Staff Share Incentive Trust				100% (Ownership)
IT4321 98		The Metropolitan Staff Share Purchase Trust				100% (Ownership)
1904/002186/06		MMI Group Limited				100%
1958/002966/07			Terama (Pty) Limited			100%
1992/003592/07			SLAB Joint Finance Company (Pty) Ltd			33%
2000/005143/07			Momentum Connect (Pty) Ltd			100%
1898/000218/06			Metropolitan Life Properties Ltd			100%
2007/018275/07			Momentum Investment Consulting (Pty) Limited			100%
2007/024016/07			Momentum Finance Company (Pty) Limited			100%
1987/004655/07			Momentum Asset Management (Pty) Limited			100%
1987/004287/06				Momentum Collective Investments Limited		100%
3733094				Momentum Global Investment Management Limited		100%

5240025						100%
1214 of 2008				Momentum Asset Management Swaziland (Pty) Limited		100%
1999/000360/07				Momentum Asset Management Nominees (Pty) Limited		100%
1999/005364/06			Momentum Ability Limited			100%
2007/004246/07			Momentum Alternative Investments (Pty) Limited			100%
1991/005238/06			Momentum Structured Insurance Limited			100%
1971/006353/07			Momentum Interactive (Pty) Limited			100%
CO 2003/2023			Momentum Life Botswana Limited			100%
2000/025017/07			Sage Guaranteed Options (Pty) Limited			100% (Dormant)
1961/000058/07			SMH Land Development (Pty) Limited			100%
1966/011288/07				Kemparkto (Pty) Limited		100%
1983/004007/07				Von Brandis Square Development Co (Pty) Limited		100%

1985/001712/07				New Small Construction Co. (Pty) Limited		100%
1969/004829/06				Edglen Limited		20%
2002/027693/07			AdviceAtWork (Pty) Limited			100%
1999/013584/07				MacDonald Mills O'Haher Employee benefits (Pty) Limited		100%
1998/019812/07			Metropolitan International Support (Pty) Limited <i>(previously Momentum Africa Investments (Pty) Limited)</i>			100%
9976				Metropolitan Health Limited (Malawi)		100%
CA 24, 654				Metropolitan Health Insurance Ghana Limited		95%
2003/4033				Metropolitan Health Botswana (Pty) Limited		72%
17996-F196C-44				Momentum Mozambique LDA		75%
C108989				Amini Management (EA) Limited Kenya		50%
52608				Metropolitan Tanzania Life		67%

				Assurance Company Limited		
56698				Metropolitan Tanzania Insurance Company Limited		67%
1969/009289/07			Momentum Consult (Pty) Limited			100%
2001/027786/06			Momentum Alternative Insurance Limited			100%
2005/026378/06			Momentum Short-Term Insurance Company Limited			100%
1982/011746/07			LandPlan Beleggings (Pty) Limited			100%
1967/009014/07			Southern Life Property Developments (Pty) Limited			100%
				Gallic Hennops Park (Pty) Limited		100%
				Homeria Investments (Pty) Limited		50%
3315/4096			Sage International BV			100%
2012/028041/07			102 Rivonia Road (Pty) Limited			40%
2001/015893/07			Metropolitan Investment Options (Pty) Limited			100%

1979/002098/07			Gamaphuteng Enterprises (Pty) Limited			92%
2011/000363/07			Momentum Investment Shared Services (Pty) Limited			100%
161-A			Momentum Netherlands BV			100% (Dormant)
1968/013691/07			MMI Short Term Insurance Administration (Pty) Ltd <i>(formerly Pietersburg Hotel Persele (Pty) Ltd)</i>			100%
94/037			Roseneck (Pty) Limited			100% (Dormant)
			Matador Building (Pty) Limited			100% (Dormant)
			Aberfeldy Developments (Pty) Limited			100% (Dormant)
			Sage Management Services (Pty) Limited			100% (Dormant)
				Sage Unit Trust (Pty) Limited		100% (Dormant)
1969/009032/07			Greater Services (Pty) Limited			100%
1984/009550/07			Housing Finance Services (Pty) Limited			100%

1965/005252/07			Momentum Property Investments (Pty) Limited			100%
2012/028041/07				102 Rivonia Road (Pty) Limited + 40% MMI Group Ltd		40%
1995/008800/07			Momentum Wealth (Pty) Limited			100%
1986/004543/07				Momentum Wealth Nominees (Pty) Limited		100%
1987/005838/07			2 Merchant Place (Pty) Limited			100%
1998/009807/07			Momentum International MultiManagers (Pty) Limited			100%
2004/023064/07				Momentum Manager of Managers (Pty) Limited		100%
2004/030503/06					Advantage AM Collective Investments Limited	100%
1969/016884/07			Momentum Medical Scheme Administrators (Pty) Limited			100%
2009/017763/07				Azralox (Pty) Limited		50%
2007/026850/07				Active Ageing at Home (Pty) Limited		50%

1998/015178/07			Momentum Healthcare Distribution (Pty) Limited			100%
30830			Momentum Wealth International Limited (Guernsey)			100%
53336				MWI Secretaries Limited		100%
44370				Momentum Mutual Fund ICC Ltd		100%
35351				MWI Nominees Limited (Guernsey)		100%
31586				Momentum International Insurance PCC Limited		100%
1998/017640/07		MMI Strategic Investments (Pty) Limited (previously FirstRand Asset Management (Pty) Limited)				100%
1997/020911/07			Strategic Real Estate Managers (Pty) Limited (STREM)			70%

ANNEXURE "B" – LIST OF THIRD PARTIES

