

Momentum Securities' Money Laundering Policy (Clients)

Policy Statement

Momentum Securities recognises and accepts responsibility for compliance with the money laundering control requirements contained in the relevant statutes, regulations thereto, supervisory requirements and the internal rules (collectively referred to as "regulatory requirements").

Management also recognises the role played by the compliance function in assisting Momentum Securities to comply with the applicable regulatory requirements that are imposed. As a result, management has adopted a policy to ensure that it provides its staff with the required training to enable them to comply with the provisions of FICA and the internal rules of Momentum Securities applicable to money laundering. Momentum Securities supports the developing national and international commitment to combat money laundering. To this end, all staff members are required to prevent Momentum Securities from being exploited by criminals for the purposes of money laundering activity. As an accountable institution as defined by FICA, Momentum Securities will have to comply and adhere to certain stringent requirements, which include:

- identification of all clients and knowing who they are dealing with;
- verification of client's information;
- record keeping of all this information and documentation; and
- reporting of knowledge or suspicions as required.

Scope

The contents of this policy are the minimum requirements based on applicable legal and regulatory requirements and apply to all employees of the entity including temporary and/or contract workers. These requirements are intended to prevent Momentum Securities, our employees and clients from being misused for money laundering, terrorist financing or other financial crime. This Policy establishes the general framework for the fight against money laundering and financing of terrorism.

Regulatory Requirements

Momentum Securities' Anti-Money Laundering policy complies with all the statutory and regulatory requirements for money laundering control and combating of terror financing as stated in the following statutes and their corresponding Regulations, Exemptions and Guidance notes:

- Prevention of Organised Crime Act, 121 of 1998 ("POCA")
- Financial Intelligence Centre Act, 38 of 2001 ("FICA"); and
- Protection of Constitutional Democracy Against Terrorist and Related Activities Act 33 of 2004 ("POCDATARA")

FICA is South Africa's ("SA") primary anti-money laundering legislation and SA is a member of the Financial Action Task Force ("FATF"). Momentum Securities applies standards applicable in accordance to FATF's 40 Recommendations and is fully committed to maintaining high levels of integrity, professionalism and ethical behaviour.

Definitions

Accountable Institution: means all businesses or persons as listed in Schedule 1 to the Financial Intelligence Centre Act of 2001 ("FICA") and includes (but is not restricted to), all listed companies, all estate agents, all insurance companies, all insurance intermediaries and all unit trust management companies. All these aforementioned entities have certain obligations in terms of FICA.

Business relationship: means an arrangement between a client and an accountable institution for the purpose of concluding transactions on a regular basis.

Money Laundering: an act which has or is likely to have the effect of concealing or disguising the nature, source, location, disposition or movement of the proceeds of unlawful activities or any interest which anyone has in such proceeds and includes any activity which constitutes an offence in terms of FICA. In other words, money laundering is the process that criminals use to disguise their ill-gotten gains to make them appear to be legitimate.

Transaction: means a transaction concluded between a client and an in accountable institution in accordance with the type of business carried on by that institution

Single transaction: means a transaction other than a transaction concluded in the course of a business relationship.

Client Identification and Verification

Client identification and verification is important in establishing an effective money laundering control system. Momentum Securities' procedures are designed to comply with the regulatory requirements and to obtain information from clients that will provide appropriate knowledge of them. All new and existing clients must be identified and verified before a business relationship may be established or a single transaction concluded, as required in Momentum Securities' internal rules and by FICA.

| | |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Identification | All clients must be adequately identified. Momentum Securities staff must know who the client is and where they can be found and contacted. |
| Verification | Client identification must be verified against either the original or true certified copy of the documents requested to open the account. |

Record keeping obligations

The money laundering control records that are required in terms of the regulatory requirements must be kept safe from loss, damage and theft, as specified in the internal rules. Records pertaining to the following need to be recorded and stored:

- The concluding of a transaction with a client whether the transaction is a single transaction or concluded in the course of the business relationship.
- Establishment of a business relationship.

Reporting Obligations

All staff must satisfy any legal obligation to report knowledge or suspicions relating to the proceeds of unlawful activities or money laundering in the required format and within the time frames required by FICA. Where a suspicious activity report has been filed or otherwise reported to the relevant authorities, staff must not notify any person of any matters relating thereto i.e. besides the Money Laundering Control Officer or specifically authorised Momentum Securities officials. All reports submitted remain confidential and each staff member is protected.

Failure to report is a criminal offence and upon conviction a person can face a fine up to R10 Million or imprisonment for a period of up to 15 years. In terms of the FIC Act, a person will also be guilty of an offence where he/she ought reasonably to have known or suspected that any of the facts requiring reporting existed and negligently failed to report a suspicious or unusual transaction.

Staff Training

Training of Momentum Securities personnel is an integral part of Momentum Securities' internal policy and continued compliance with FICA section 43(a). Training takes place as follows:

- Every employee shall receive training on FICA to enable them to comply with the provisions of the act and create an awareness of the internal rules applicable to them
- Momentum Securities' internal rules policy clearly documents money laundering and its requirements and is freely available to all staff members
- Changes in legislation will be communicated

Internal Rules

The internal rules of Momentum Securities have been documented and made freely available to all employees. Momentum Securities follows a risk-based approach to its verification and identification procedures and will take reasonable steps to verify the particulars of a client. The internal rules detail the manner in which these records are to be kept and for what time period. The internal rules document the steps to be taken when determining whether a transaction is reportable and instances where suspicions should be raised. In view of the importance of the requirements referred to above, it is essential that all staff must comply with all requirements contained in the internal rules.

Sponsor of Policy and Approval

This policy is sponsored by the CEO and is approved by the Board of Directors.

Responsibilities

The Board of Directors is ultimately responsible for money laundering control compliance. Momentum Securities' executive and management is delegated the responsibility to ensure that all Momentum Securities' activities comply with regulatory requirements. The primary responsibility of the Money Laundering Control Officer is to assist management to discharge this responsibility, however all staff members are responsible for conducting business in accordance with regulatory requirements and Momentum Securities' internal rules.

Disciplinary Action

Any breach of the money laundering control regulatory requirements will be seen in a very serious light. Staff members that do not comply with the Momentum Securities' money laundering control policy or its internal rules will be subject to disciplinary action.

Appendix: Synopsis

A. Country Synopsis

| | |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Country Info | South Africa is a member of the Financial Action Task Force ("FATF") and follows high standards in accordance to FATF's 40 Recommendations. |
| Applicable Legislation | <ul style="list-style-type: none"> • Prevention of Organised Crime Act, 121 of 1998 ("POCA"); • Financial Intelligence Centre Act, 38 of 2001 ("FICA"); and • Protection of Constitutional Democracy Against Terrorist and Related Activities Act 33 of 2004 ("POCDATARA") |
| Anti-Money Laundering (AML) Regulatory Body | FICA provides for the establishment of an anti-money laundering regulatory body known as the Financial Intelligence Centre "FIC" and introduces mechanisms aimed at preventing money laundering. FIC deals with all the administration involving money laundering and the financing of terrorist activities. This information is then gathered and distributed to other governing bodies such as the South African Revenue Services "SARS", The Financial Services Board "FSB" and SAPS "The South African Police Services" who in turn investigate further. |

B. Company Synopsis (Momentum Securities)

| | |
|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Verification and Identification Measures | All new and existing clients must be identified and verified before a business relationship may be established or a single transaction concluded, as required by Momentum Securities' internal rules and by FICA. Our internal policies and procedures ensure that no anonymous accounts can be opened. |
| Verifying the underlying beneficial owners | In terms of FICA, all individuals, trusts and Investment Clubs are identified and their beneficial owners identified. However in terms of companies, the Act only requires that in addition to verifying all directors, that Momentum Securities only verifies shareholders that hold over 25% of the shareholdings in the company. |
| The source of wealth/funds and the level of economic activity of customers. | <p>FICA follows a rules-based approach to client verification and identification and hence there is a set of guidelines used when performing CIV procedures. However, recently more attention has been focused on applying a more risk-based approach when performing Client Due Diligence "CDD" procedures at institution level.</p> <p>Momentum Securities is required to identify Politically Exposed Persons "PEPS". PEPS is the term used for an individual who is or has been in the past entrusted with prominent public functions in a particular country. Momentum Securities has implemented risk management systems to determine whether a potential client is a PEP.</p> |

| | |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Collection of ongoing due Diligence | Momentum Securities has to ensure that client documentation for verification and identification purposes is updated as a minimum, every 5 years. |
| Verification of information Received | Client particulars are confirmed with independent forms of verification |
| FATF 40 Recommendations | <p>Momentum Securities applies standards and policies applicable in accordance to FATF's 40 Recommendations and is fully committed to maintaining high levels of integrity, professionalism and ethical behaviour.</p> <p>Special attention is given to recommendation V11 and ensuring that the full originator's information is included in all payments made.</p> |
| Audit/ compliance review | Momentum Securities has established a compliance review function that tests the adequacy of compliance and is audited yearly by independent external auditors. |

Appendix: Synopsis Continues

| | |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Non-FATF Countries | Special verification procedures are required when setting up business relationships with institutions from countries not applying the FATF rules. |
| Record Keeping | Records pertaining to the conclusion of a single transaction and establishment of a business relationship are safely stored and kept for a period of at least five years from the date of concluding a single transaction and the termination date of the business relationship. |
| Suspicious Activities | As documented in our internal policy, parameters have been put into place to ensure that suspicious customers are identified. Payments made and received are carefully monitored by all staff and then reported to Momentum Securities' money laundering control officer who in turn reports any suspicious activity directly to FIC. Any employee making a report is protected and all contents of the report are kept confidential. |

| | |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Training | Every employee receives training on FICA to enable them to comply with the provisions of the act and create an awareness of the internal rules applicable to them. Momentum Securities' internal rules policy clearly documents money laundering and its requirements and is freely available to all staff members. Momentum Securities' money laundering officer is responsible for ensuring that all staff are kept up to date all applicable anti-money laundering provisions, regulations and guidelines. |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

C. Regulator Synopsis

| | |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Regulators | <p>All Anti Money Laundering provisions are specified in the Financial Intelligence Centre Act, 38 of 2001 "FICA". The Financial Intelligence Centre "FIC" provides an advisory role, whereby we are regulated and supervised by the following supervisory bodies:</p> <ul style="list-style-type: none"> • The JSE Securities Exchange South Africa • The Financial Services Board • The South African Reserve Bank |
| Accountable Institutions | All Financial Institutions in FICA are identified and classified as an 'accountable institution' and hence have to abide by all AML and KYC procedures. |