



Conflict of Interest  
Management Policy

## Conflict of Interest Management Policy

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Date	Version	Summary Of Changes	Distribution
August 2020	1.5	<ul style="list-style-type: none"> <li>● Inclusion of Amendments to section 3A of the General Code of Conduct (insertion of par 9.3 and 9.4 below)</li> <li>● Amendment made to the definition of “financial interest”</li> <li>● Inclusion of the definition of “measured entity”</li> </ul>	MC All
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August 2023	1.7	<ul style="list-style-type: none"> <li>● Name change of Momentum Consult to Consult</li> <li>● Addition of the definition of “ownership interest</li> <li>● Removal of all references made to “rebates” paid by Fund Managers to Consult or its representatives</li> <li>● Addition of the Category II disclosure requirement on remuneration for contribution to the investment management process</li> <li>● Updated the list of MMH associates</li> </ul>	MC All
June 2024	1.9	<ul style="list-style-type: none"> <li>● Included the definition of “Associate”</li> <li>● Updated the definition of “Measured entity”</li> <li>● Included the definition of “Representative”</li> <li>● Updated the definition of “Treating Customers Fairly”</li> <li>● Updated the policy availability</li> <li>● Updated Paragraph 8 and 9 in terms of the management of conflict of interest; and the measures for the disclosure of conflicts of interests</li> <li>● Updated the list of product providers</li> <li>● Updated the list of associates</li> </ul>	

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## 1. Definitions

Term	Definition
Associate	<p>(a) In relation to a natural person, means-</p> <p>(i) a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person;</p> <p>(ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;</p> <p>(iii) a parent or stepparent of that person;</p> <p>(iv) a person in respect of which that person is recognised in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned. person;</p> <p>(v) a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) to (iv); (vi) a person who is in a commercial partnership with that person;</p> <p>(b) in relation to a juristic person –</p> <p>(i) which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary.</p> <p>(ii) which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;</p> <p>(iii) which is not a company, or a close corporation as referred to in subparagraphs (i) or (ii), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person-</p> <ul style="list-style-type: none"> <li>• had such first-mentioned juristic person been a company; or</li> <li>• in the case where that other juristic person, too, is not a company, had both the first mentioned juristic person and that other juristic person been a company;</li> </ul> <p>(iv) means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act;</p> <p>(c) in relation to any person –</p> <p>(i) means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;</p> <p>(ii) includes any trust controlled or administered by that person.</p> <p>(iii) is defined, in the case of a company, as “any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary”</p>
Conflict of interest	<p>Means –</p> <p>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 their 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> <ul style="list-style-type: none"> <li>• a financial interest,</li> <li>• an ownership interest,</li> <li>• any relationship with a third party.</li> </ul>
<b>Fair Value</b>	<p>Means –</p> <p>the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction (as set out in the reporting standards adopted in terms of the Companies Act (Act no 61 of 1973)).</p>
<b>Financial interest</b>	<p>Means –</p> <p>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> <ul style="list-style-type: none"> <li>• products and legal matters relating to those products;</li> <li>• general financial and industry information;</li> <li>• 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> </ul> <p>A qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity.</p>
<b>Immaterial financial interest</b>	<p>Means –</p> <p>any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 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; or</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>
<b>Measured entity</b>	<p>Has the meaning assigned to it in the FSC (an entity as well as an organ of state or public entity subject to measurement in the Amended FSC), insofar it relates to a qualifying enterprise development contribution.</p>
<b>New entrant</b>	<p>Means –</p> <p>a person who has never been authorised as a financial services provider or appointed as a representative by any financial services provider.</p>
<b>Ownership interest</b>	<p>Means -</p> <p>(a) any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person; and</p>

	(b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.
<b>Representative</b>	<p>Means –</p> <p>any person, including a person employed or mandated by such first-mentioned person, who renders a financial service to a client for or on behalf of a financial services provider, in terms of conditions of employment or any other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting, or other service in a subsidiary or subordinate capacity, which service:</p> <p>a) does not require judgment on the part of the latter person; or</p> <p>b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.</p>
<b>Sign-on bonus ('settling-in income')</b>	<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> <ul style="list-style-type: none"> <li>• compensation for the: <ul style="list-style-type: none"> <li>- potential or actual loss of any benefit including any form of income, or part thereof; or</li> <li>- 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</li> </ul> </li> </ul> <p>a loan, advance, credit facility or any other similar arrangement.</p>
<b>Treating Customers Fairly (TCF)</b>	<p>Means –</p> <p>an outcomes-based regulatory and supervisory approach designed to ensure that specific, clearly articulated fairness outcomes for financial services consumers are delivered by Consult (a regulated financial institution).</p>
<b>Third party</b>	<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>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.</p>

## 2. Introduction

The aim of the policy is to make sure that we avoid or mitigate any conflict-of-interest situations that could negatively affect our clients and Consult. The objective of this policy is to provide a framework within which to address areas where conflicts of interest may arise.

This conflict of interest management policy is applicable to Momentum Consult (Pty) Ltd., Financial Services Provider (FSP) number 5503, (hereinafter referred to as "Consult"). It provides for measures to identify, manage and avoid existing and potential conflicts of interests as set out in Board Notice 58 of 2010 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.

This policy establishes broad, high-level principles and guidance, and it prescribes processes that are essential to ensuring compliance with Consult's Code of Ethical Conduct. This policy furthermore addresses the requirements of the FAIS Act and its associated regulations and applies only to those business is subject to provisions of the FAIS Act.

The risk of conflicts of interest not being properly managed and controlled is, amongst others, that stakeholders may not be adequately protected and client confidence in our services may be undermined. This may raise doubts regarding Consult's ongoing commitment to treating its customers fairly.

Consult is committed to deliver the following six Treating Customers Fairly (TCF) outcomes to its customers throughout the product life cycle, from product design and promotion, through advice and servicing, to complaints and claims handling – and throughout the product value chain:

1. Customers can be confident that they are dealing with firms where TCF is central to the corporate culture.
2. Products and services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly.
3. Customers are provided with clear information and kept appropriately informed before, during and after point of sale.
4. Where advice is given, it is suitable and takes account of customer circumstances.
5. Products perform as firms have led customers to expect, and service is of an acceptable standard and as they have been led to expect.
6. Customers do not face unreasonable post-sale barriers imposed by firms to change product, switch providers, submit a claim or make a complaint.

## 3. Policy purpose

The purpose of this policy is to provide a framework for the avoidance and management of conflicts of interest in Consult, 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 Consult has an actual or potential interest that may, while rendering a financial service to a client, -
  - influence the objective performance of its obligations to that client; or



- 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.

This policy aims to promote transparency and fairness in the interest of consumers, employees, providers, and Consult. The policy defines how conflicts of interest is to be managed by Consult, that is, to identify potential conflicts, avoid conflicts where possible and the way to disclose. The policy also sets out processes and procedures that must be adopted to ensure compliance and highlights the consequences of non-compliance.

#### 4. Policy scope

This policy applies to all Consult's Representatives when a conflict of interest or potential conflict of interest exists in the rendering of financial services to clients. The following applies to Consult representatives with regard to financial interest-

- Consult may not offer any financial interest to its Representatives for:
  - Giving preference to the quantity of business secured for Consult to the exclusion of the quality of the service rendered to clients.
  - Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client.
  - 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.
  - Consult may not receive a sign-on bonus ('settling-in income') from any person.
  - Consult may not offer or provide a sign-on bonus ('settling-in income') to any person, other than a new entrant, as an incentive to become a Category I representative that is authorised or appointed to give advice.

This policy is also applicable to Consult as a financial services provider and its relationship with its broker market. Consult or its Representatives may only receive from, or offer to a third party, the following financial interest:

- 4.1. 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. Commission authorised under the Medical Schemes Act 1998 (Act No.131 of 1998). 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.
- 4.3. Fees for the rendering of a financial service in respect of which commission or fees referred to in Subparagraphs 4.1, 4.2, 4.3 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.
- 4.4. 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.

- 4.5. Subject to any other law, an immaterial financial interest.
- 4.6. A financial interest, not referred to under Subparagraphs 4.1 to 4.6, 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.

## 5. Policy availability

- 5.1. This policy is available to Consult's Representatives, clients, and employees on the Consult's website ([www.consultm.co.za](http://www.consultm.co.za)) or as an electronic copy on request from Compliance.

## 6. Policy governance

### 6.1. Ownership

Ownership of this policy is vested in Consult's Executive Committee (hereinafter referred to as Consult Exco).

### 6.2. Drafting and amendments

Consult compliance is responsible for the co-ordination, the drafting of and the amendments to the policy.

### 6.3. Approval

The policy is approved by Consult Exco.

## 7. Implementation

Consult Exco is responsible for the implementation of the policy.

## 8. Management of conflict of interest

Potential conflict of interest situations may arise from:

- 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.

## 8.1. Mechanisms for the identification of conflict of interest:

Management is responsible for identifying situations that will or could result in a material risk causing damage or detriment to a client's interest.

Consult assesses whether there are conflict situations within its business through:

- a) Documenting the existing relationships and arrangements that are in place that are conflict or potential conflict situations
- b) Assessing, before the commencement of any new transaction and when taking on a new business partner, whether or not this will create a conflict or potential conflict. If conflict exists, then a decision is taken as to whether this conflict is to be avoided or mitigated and the decision recorded accordingly.

The complaints resolution officer must escalate complaints relating to conflicts of interest to management.

Representatives, key individuals and management must be trained to assist them in identifying conflicts of interest.

## 8.2. Measures for the avoidance of conflicts of interest, and where avoidance is not possible, the reasons therefore and the measures for the mitigation of such conflicts of interest:

Representatives who have an interest in another financial services provider, must be either fully disclosed or prohibited at the discretion of Consult Exco and strictly monitored for conflict of interest purposes. Annual declarations must be completed in order to ensure compliance.

Remuneration and incentives are not based on quantity alone, but rather a combination of both quantitative and qualitative measurement criteria, as set out below:

- The integrity and completeness of the business installation documentation.
- The integrity and satisfactory rating in terms of compliance and key individual audits.
- The remuneration and incentive policy will not favour the placement of business with any specific entity as the policy shall be applied equally and consistently regardless of said entity.
- Clients must agree in writing to actions that will give rise to a conflict of interest, where a client insists thereon.
- Representatives will not offer or receive any financial interest from a third party, unless permitted by financial services laws, codes and regulations.

## 9. Measures for the disclosure of conflicts of interests

- The Letter of Introduction / FAIS Disclosures must reflect where incentives are earned.
- The Letter of Introduction / FAIS Disclosures must reflect where a representative could earn a fee/bonus for participating in the investment management process of, or for supporting Consult's model portfolios.

- The model portfolio fund fact sheets must reflect where a representative could earn a fee/bonus for participating in the investment management process of, or for supporting Consult's model portfolios.
- The investment proposal / record of advice must contain a disclosure where a representative earns a fee/bonus for supporting Consult's model portfolios.
- A representative must disclose a conflict of interest to the client so that the client can make an informed decision.
- A representative must keep a gifts register.

### 9.1. Processes, procedures and internal controls to facilitate compliance with the policy

- Representatives must complete conflict of interest declarations annually.
- Compliance and key individual monitoring will be conducted on an ongoing basis and quarterly reports will be submitted to executive management and compliance committees.
- Representatives must be made aware of this policy and conflict of interest regulations via the compliance manual.
- Documentation pertaining to conflict of interest will be stored on Consult's cloud-based system (FSP 4.1).
- Training will be conducted on an ad hoc basis to ensure ongoing compliance with the policy.

### 9.2. Consequences of non-compliance with the policy

- The FAIS Act provides for penalties in the event that a person is found guilty of contravening the Act, or of non-compliance with the provisions of the Act. The penalty for non-compliance of specific provisions of the Act is an amount of up to R1 million or a period of imprisonment for up to 10 years.
- The Registrar of FAIS is empowered to refer instances of non-compliance to an Enforcement Committee that may impose administrative penalties on offenders.
- The FAIS Act also gives the Registrar the powers to revoke the license of an FSP.
- Employees' failure to provide disclosures will be seen as a transgression of the Code of Ethical Conduct and will be dealt with in terms of the disciplinary procedures. Certain transgressions of this policy may result in the termination of their contract and/or debarment in a case of Representatives.
- All potential transgressions of this policy must be investigated fairly and objectively and be reported by the relevant compliance department to Consult's Exco for a decision.
- Non-compliance with this policy by employees will be subject to Consult's disciplinary process.
- Non-compliance with this policy by Representatives may result in the termination of their contract and/or debarment.

### 9.3. Consult Representatives financial interest qualifications criteria

- Consult will receive regulated commission and fees as agreed upon with the client.
- On achievement and exceeding of quantity targets and quality requirements, Representatives will qualify for incentive's including corporate reward trips. Where targets are set based on the

quantity of the business in respect of a product or service, the following processes and procedures must be adhered to-

- Financial Adviser agreements must include the following:
  - A minimum service level standard must be stipulated.
  - The delivery of fair outcomes to clients must be an overriding requirement; and
  - A minimum standard of the quality of compliance to FAIS and FICA must be set.
  
- The implementation of a mechanism in order to monitor and ensure that clients have received a fair outcome (i.e. the onus is thus placed on Consult to ensure that the client received a fair outcome despite the incentives provided for the quantity of the business for a specific product/service).

#### **9.4. Principals for the payment / receipt of fees and remuneration**

9.4.1. All fees and remuneration paid to a 3rd party, or received from clients-

- must be commensurate to the service being rendered.
- may not result in more than one party in the value chain being paid for performing a similar service.
- effective mitigation of any actual or potential conflicts of interest.
- may not hinder fair outcomes to clients.

9.4.2. All advice and intermediary fees must be agreed to by the client in writing, where the client must specifically agree to the-

- amount, i.e. % or fixed price.
- frequency, i.e. monthly or quarterly.
- payment method, i.e. deduction from cash account or proportional disinvestment.
- details of the services to be provided for the fees charged, i.e. administration services, claims handling, etc.

The client must be informed that they have the right to cancel or stop these fees at their discretion.

### **10. Product Providers**

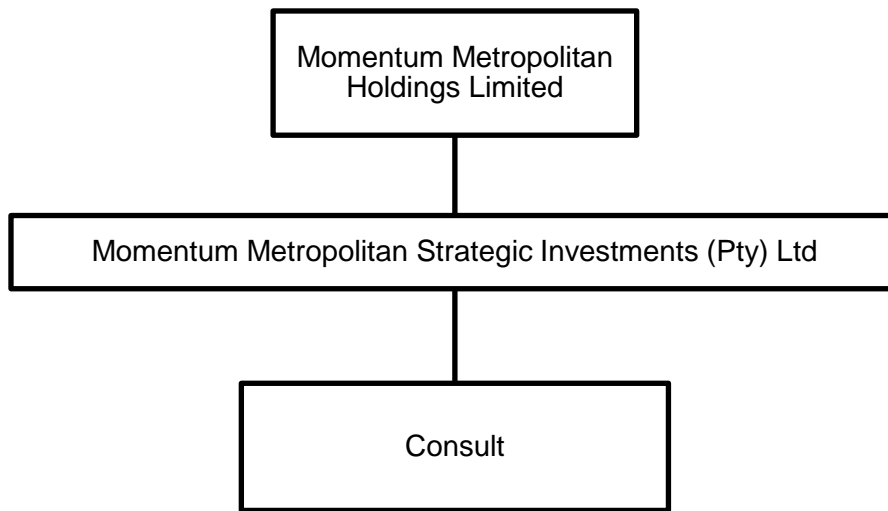
Consult has entered into intermediary agreements with various leading providers of products across a wide spectrum. These agreements are periodically reviewed to ensure that we offer a carefully selected range of the best products across different product lines. Each financial adviser has to register for a sub-code for those providers for which they can provide advice or intermediary services.

Refer to [Annexure A](#) for a list of Momentum Metropolitan Holdings Limited product providers.

### **11. List of Consult associates**

Consult is a wholly owned subsidiary of Momentum Metropolitan Strategic Investments (Pty) Ltd. Consult, or its Representatives may not avoid, limit or circumvent, or attempt to avoid, limit or circumvent compliance with conflict of interest regulation through an associate or an arrangement involving an associate.

Refer to [Annexure B](#) for a list of Momentum Metropolitan Holdings Limited associates.



**12. Names of third parties in which Consult holds an ownership interest**

Consult does not hold an ownership interest in a third party as defined in Board Notice 58 of 2010.

**13. Names of third parties that hold an ownership interest in Consult**

Momentum Metropolitan Strategic Investments (Pty) Ltd. holds 100% ownership interest in Consult, as defined in Board Notice 58 of 2010.

**14. Awareness**

Consult must ensure that employees and representatives are aware of the contents of this policy.

**15. Training**

All employees and Representatives of Consult must complete training on the Conflict of Interest Management Policy.

**16. Monitoring**

The Consult compliance officer has been mandated by the Momentum Metropolitan Head of Compliance and will be responsible for monitoring compliance with this policy and report thereon to the Momentum Metropolitan Head of Compliance.

**17. Policy review**

This policy will be reviewed annually by Consult compliance. The compliance officer will request information from Consult, collate the information and draft the requested amendments for approval by the Consult Exco.

## 18. Reporting

The Consult compliance officer is responsible to report on this policy as required by the Authority from time to time. The report must refer to the implementation, monitoring and compliance with and the accessibility of this policy.