

Physical address:
Oakdale House
The Oval
Oakdale Road
Newlands
Cape Town
7700

IMI

**INTEGRATED MANAGED
INVESTMENTS (PTY) LTD**

Tel: + (0)21 671 4700
Fax: + 27 (0)88 021 671 4460
Email: info@imi.co.za

Postal address:
Postnet Suite #29
Private Bag X1005
Claremont
7735

IMI
Internal rules in accordance with the
Financial Intelligence Centre Act
and regulations relating thereto, incorporating
Anti-Money Laundering Policy
February 2015

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Scope of document

The Financial Intelligence Centre Act (FICA) requires that an accountable institution must formulate and implement internal rules providing for the:

- establishment and verification of identities;
- keeping of records; and
- reporting of certain information

This document will provide an overview of Integrated Managed Investments' (Pty) Ltd (IMI) internal rules in accordance with the Financial Intelligence Centre Act (FICA) and Regulations relating thereto, as well as applicable Anti-terror Financing legislation, incorporating the Anti-Money Laundering Policy.

These rules must be available to all employees.

1 Definitions

- **" Integrated Managed Investments "** (IMI) refers to of Integrated Managed Investments' (Pty) Ltd, a registered limited liability private company with company registration number 2001/026050/07 as well as an authorised Financial Service Provider with FSP no 798.
- **"Employees"** means all the employees of IMI, temporary employees and mandatory contracted representatives (planners).
- **"Staff or staff members"** shall have the same meaning as "employees" (as set out above)

2 Policy statement

Subscribes to the group's code of ethics and conduct relating to crime, unlawful and unethical practices in that:

- Every employee must guard against crime and unlawful practices, and
- Report alleged or attempted crimes and unlawful or unethical activities to persons in authority without protecting anyone involved. We do not associate ourselves with criminals including money launderers.

3 What is Money Laundering?

Money laundering can be described as the activity of concealing or disguising the nature, source, location, disposition or movement of the proceeds of crime. It is the process of obscuring the illicit nature of criminal proceeds so that it can afterwards be spent without creating suspicion. Such criminal proceeds can be introduced by way of an investment into any of the products that is placed with product providers, and it ostensibly becomes "legal" when the investment is redeemed. It is important to understand what is meant by "proceeds of crime". The proceeds of crime includes any asset (whether in cash or otherwise) which is obtained by virtue of criminal activities. This includes theft, robbery, fraud, abduction, extortion, dealing in drugs, evasion of tax, etc. Figuratively speaking, money laundering is the process of laundering "dirty" money, which can be used without creating any suspicion.

IMI by its very nature, being a financial services provider and by virtue of the products it offers enhances its vulnerability to money laundering activities, e.g.

- Single premium investments;
- Large recurring premium investments; and

4 Obligations and responsibilities

South Africa is a member of the international Financial Action Task Force (FATF), focussing on curbing money laundering. As such it is expected of South Africa to provide visible and concrete commitment in curbing money laundering.

4.1 Management's responsibility

The accountability and responsibility for the effective management of the anti-money laundering procedures within IMI lies with the Money Laundering Control Officer (MLCO).

It is the responsibility of management to ensure that:

- All employees are able to identify suspicious and unusual transactions, and
- Know how to report these transactions;
- Identification and verification of clients by relevant employees as required by FICA are complied with;
- Records of the identification and verification documents are kept as required by FICA, by the employees who are required to comply with this requirement;
- Employees receive training to enable them to comply with the legislation and the internal rules applicable to them;
- Internal rules are made available to all employees.

4.2 Compliance

The Money Laundering Reporting Officer (MLRO) has a responsibility to report suspicious and unusual transactions to the Financial Intelligence Centre.

IMI employees and planners are protected from civil or criminal actions when complying with the provisions of FICA with regard to the reporting of cash transactions and suspicious or unusual activities including the financing of terrorist activities. Persons making reports and providing additional information, in good faith, may not be compelled to give evidence in court or have their identity revealed unless they decide to give evidence in court.

4.3 Non-compliance

Non-compliance with FICA requirements is a very serious offence and could result in dismissal or contract termination. Failure by any employee or staff member to adhere to any of the requirements and obligations contained herein shall result in disciplinary action being taken against the relevant staff member in terms of IMI's disciplinary code.

5 Reporting

The reporting of suspicious and unusual transactions as well as the reporting of certain cash transactions requirement is applicable to all IMI employees. This would also include a reporting duty in relation to property associated with terrorist and related activities.

5.1 Reporting of suspicious and unusual transactions (including the financing of terrorism and terrorist activities)

Any employee who knows or ought reasonably to have known or suspected that:

- the business has received or is about to receive the proceeds of unlawful activities or property that is connected to an offence relating to the financing of terrorist and related activities;

- a transaction to which the business is party facilitated the transfer of the proceeds of unlawful activities or property connected to an offence relating to the financing of terrorist and related activities; or has no apparent business or lawful purpose; is conducted for the purpose of avoiding giving rise to a reporting duty under this Act; or may be relevant to the investigation of an evasion or attempted evasion of duty to pay any tax;
- the business has been used in any way for money laundering purposes or to facilitate the commission of an offence relating to the financing of terrorist and related activities,

must report this by completing the Suspicious and/or unusual transaction report (Annexure A), and forwarding it to the Money Laundering Reporting Officer (MLRO). This must be done as soon as possible but not later than a period of five days (excluding Saturdays, Sundays and public holidays). The MLRO must forward the report to the MLCO and IMI Compliance Officer immediately for assessment.

Once the MLCO (in consultation with IMI's Compliance Officer) is satisfied that a transaction is suspicious and/or unusual, the MLRO will forward a report to the Financial Intelligence Centre as soon as possible but not later than 15 days (excluding Saturdays, Sundays and public holidays), including the 5 days referred to in the previous paragraph.

However, an employee is not prohibited from reporting directly to the FIC. Should the employee prefer to report directly to the FIC, the prescribed FICA Suspicious or Unusual Transaction Report must be completed and forwarded to the FIC as soon as possible but not later than 15 working days. The report must be made by means of internet based reporting provided by the Centre at:

Financial Intelligence Centre

[http://www.fic.gov.za/](http://www.fic.gov.za)

Note: A report may not be posted. Only in exceptional cases may a suspicious or unusual transaction report be sent by fax or delivered by hand to the Centre.

Any person who knows or suspects that any person is about to commit or has committed an act of terrorism is required to complete the form, Report on Property Associated with Terrorist and related Activities (Annexure B) and hand the completed form to a police official as soon as possible.

Important:

Under no circumstances must the person suspected of money laundering be alerted to the report or must the matter be discussed with anyone except the MLCO, the MLRO or the Compliance Officer. FICA makes tipping-off an offence.

A person found guilty of tipping-off could face a fine of up to R10million and/or 15 years imprisonment.

5.2 How to recognise suspicious and unusual transactions and clients

Please note that this is not an exhaustive list.

5.2.1 Suspicious transactions

- Transactions involving large cash amounts.
- The investing of funds into several products that are then aggregated into one product or ceded to a common recipient or recipients. This includes second hand (traded) policies.
- Loans against policies/products shortly after purchasing it.
- Loans against specifically new generation products and the immediate purchasing of more

new generation products. With the same "clean" money several policies with loans against them could be created in order to repay the loans with "dirty" money and get the proceeds as "clean" money.

- Surrendering of policies and second hand (traded) policies shortly after it had been purchased.
- The same person frequently purchasing policies and making use of the cooling-off period.
- Funds being "accidentally" paid into the wrong bank account.
- Constant movement of money amongst different business units (e.g. From collective investments to linked products and vice versa) without any apparent purpose.
- The constant purchasing and repurchasing of units, sometimes even at a loss.
- Requests for payments to be made to 3rd parties.
- Transfer of funds to other product providers.
- Winding up of an estate:
 - Cash discovered in e.g. dwelling of the deceased/disclosed by family.
 - Payment of bequest amounts in cash.
 - Purchasing of assets from an estate in cash.
 - Managed trusts - cash transactions.
- Curatorship - same as winding up of an estate.
- Transaction which has no apparent business or lawful purpose.
- Transaction which is conducted for the purpose of avoiding giving rise to a reporting duty under FICA.
- Transactions that may be relevant to the investigation of tax evasion.
- Further examples will be communicated to staff.

5.2.2 Suspicious clients

- A client who provides vague or contradictory information or references.
- A client who has no record of past or present employment or involvement in a business but who engages frequently transactions involving large sums of money.
- A client whose business or sources of funds are ill-defined, or who is reluctant to provide details about his/her business or source of funds.
- A client who uses a financial institution which is located far from his/her home or place of work.
- A client who is reluctant to disclose other bank or business relationships.
- A client who operates different accounts at different branches of the same financial institution.
- A client who enters into transactions that do not appear to have a legitimate business purpose or that are out of the ordinary given the client's profile.
- A client who is reluctant to reveal information concerning the nature of his/her specific business or does not seem to be fully aware of the nature of the business.
- A client who acts for an undisclosed principal.

5.3 Reporting of Cash Transactions

All cash transactions **R25000.00** and above must be reported to the MLRO. This includes multiple cash payments of smaller amounts received over a period of 24 hours, which can be linked as fractions or parts of one transaction and which, when aggregated, amount to R25000,00 or more. This must be done irrespective of whether or not it is a suspicious and/or unusual transaction.

Multiple cash payments of **R25000.00** and more received over a period of more than 24 hours and which are suspected of having being structured in such a way as to evade a reporting requirement, must be reported as a suspicious or unusual transaction.

Cash is defined as coins and notes of South Africa or another country, as well as travellers' cheques.

The Cash transaction report (Annexure C), is to be completed for reporting of cash transactions, identified above, and reporting must take place immediately after becoming aware of such a cash

transaction.

The MLRO shall report this to the FIC, on the prescribed form, as soon as possible but not later than 2 (two) days after becoming aware of such a cash transaction.

An employee is not prohibited from reporting directly to the FIC. Should the employee prefer to report directly to the FIC, the prescribed FICA Cash Transaction Report, must be completed and forwarded to the FIC as soon as possible but not later than 2 working days after becoming aware of such cash transaction.

The report must be made by means of internet based reporting provided by the Centre at:

Financial Intelligence Centre

[http://www.fic.gov.za/](http://www.fic.gov.za)

Note: A report may not be posted.

6 Identification and Verification requirements

6.1 Identification of the client (and person acting on behalf of the client, when applicable) and verification thereof

All required identification of clients and the verification of the information so obtained shall be done in the manner prescribed below. All IMI staff who are required to identify and verify clients in terms of FICA shall do so in the following manner:

- Ensure that the client (and person acting on behalf of the client, when applicable) does not conduct business under false names.
- Identify whether the client is a:
 - Natural person
 - Natural person acting on behalf of another, or
 - Foreign national
 - Close corporation
 - South African company
 - Foreign company
 - Other legal person
 - Partnership
 - Trust

□ Obtain and complete the information and verification documents as described in the FICA Help file (Annexure D).

□ In the event where no documentation is available to verify the residential/ physical/ business address of the applicable party, the planner must complete the Declaration confirming visit to client's premises form, during the visit to the premises.

Note:

The Declaration confirming visit to client's premises must only be used when the client is unable to provide proof of residential address. Utility bill, bank statement or any correspondence listed in the FICA Help file must be attached to motivate the use of this form. The form is only to be used in situations where correspondence to the client cannot be delivered to the physical address, for example where the client lives on a farm.

Note:

A driver's licence/temporary driver's licence will not be acceptable for identification and verification

purposes of a natural person.

6.2 Cases where identification and verification requirements are applicable

The requirements of identification, verification and record keeping as set out in the FICA Help file must be complied with.

6.2.1 IMI requirements

It is the responsibility of Planners to ensure that the requirements of this policy and FICA are met with regard to transactions concluded and submitted. The following IMI requirements must be observed by all Planners. Non-compliance with the business requirements, specifically FICA, can lead to immediate cancellation of contract on the basis of non-compliance with legislative requirements.

- All new clients must be identified in terms of FICA, irrespective of whether the product provider's requires the client to be identified.
- Planners are responsible to ensure that all clients are identified in terms of the guidelines provided in FICA Help file.
- FICA documents must be provided to IMI Head Office for filing with advice documentation. Planners remain responsible for the filing of the appropriate documentation for cases submitted on their codes or names.
- A Gatekeeper function at Head Office will determine if the FICA documents submitted meet the requirements and request new documents where requirements are not met.
- Where FICA requirements are not met, IMI Management reserves the right to, including but not limited to, withhold commission or fees payable to the Planner.
- Managers are accountable for the Planners in their region and must report noncompliance to the Compliance Officer and IMI Management when requirements have not been met, despite requests for documentation to be submitted.

6.2.2 Product provider requirements and recording of FICA documentation by IMI

Planners may not provide product providers with Exemption 4 declarations with regard to their FICA requirements. Planners must meet the product provider's requests for FICA documentation when processing all transactions. This means that identity and physical address documentation must be provided to product providers at all times when applicable.

Where FICA documentation is required by the product providers, such documentation must be included with the advice documentation that is filed with IMI for recordkeeping purposes.

6.2.3 Long-term Insurance

All clients must be identified and verified face to face.

The premiums referred to in these internal rules refer to contractual premiums.

The requirements for the identification of clients (and the persons acting on behalf of the client, when applicable), and the verification thereof, applies in the following cases:

- A long-term insurance policy (including international policies) where the recurring premiums exceed R25 000 per annum (pa).
- A long-term policy where a single premium exceeds R50 000.
- If a client increases premiums to exceed R25 000 p.a.
- If a premium was below the above mentioned levels and the client surrenders (full cash withdrawal) or partial surrenders (cash withdrawals) within three years of inception date.
- If a premium was below the above mentioned levels and client makes a policy loan within 3 years from the inception date.
- Where the surrender value exceeds 20% of the value of the premium paid, within 3 years after commencement of the policy.

Exemptions from identification and verification requirements

In terms of FICA, the following exemptions relate to the requirements of Identification and verification:

- All companies listed on the JSE are exempt from identification and verification. Only obtain the name and registration number of the company.
- Policies with premiums <R25 000 p.a. and lump sums < than R50 000;
- Pension funds;
- Provident funds;
- Preservation pension and provident funds;
- Retirement annuities;
- Compulsory life/term annuities;
- Policies with risk only benefits.
- Accident cover;
- Funeral Help plans;
- Where the owner of the policy is a Fund; and
- 3D Schemes.

6.2.4 Savings and Investments

FICA is applicable to all savings products where:

- the recurring payments exceed R25 000 per annum;
- a one-off payment exceeds R50 000;
- a client increases payments to exceed R25 000 per annum;
- the payment was below the above mentioned levels and the client terminates (full cash withdrawal) or partially terminates (cash withdrawal) the plan within 3 years from the start date;
- the payment was below the above mentioned levels and the client makes a plan loan within 3 years from the start date; or
- if the termination value exceeds 20% of the value of the payments made, within 3 years after the commencement of the plan.

Exemptions from identification and verification requirements

In terms of FICA, the following exemptions relate to the requirements of Identification and verification:

- All companies listed on the JSE are exempt from identification and verification. Only the name and registration number of the company will be required and can be completed on the application form or as part of the ANB process;
- Plans with payments < R25 000 per annum and lump sums < R50 000;
- Pension funds;
- Provident funds (including Central provident fund);
- Preservation pension funds;
- Preservation provident funds;
- Retirement annuities;
- Compulsory life annuities / compulsory term annuities;
- Plans with risk-only benefits (e.g. death, disability, sickness, injury as found in the Matrix product range);
- Accident cover;
- Funeral help plan;
- Where the owner of the plan is a fund;
- 3D schemes; and
- Wills;
- Estates; and

- Testamentary Trusts, namely the Umbrella Trusts created from Funds.

6.3 Specific obligations

6.3.1 IMI planners

IMI Planners are required to determine whether the client has to be identified and verified in terms of FICA. (Refer to identification and verification requirements above for guidance on this issue.)

If the client is required to be identified and verified, then ensure that the copies of documents that are required (as contained in the FICA Help file) are sent together with the advice documentation to IMI Head Office.

The FICA Help file sets out the legal requirements as well as the applicable rule for the identification and verification of the specific entities and documentation that must be obtained from the client. Should none of the options for verifying the client's residential address be available, the address can be visited for verification and the Declaration confirming visit to client's premises completed and attached.

It is the responsibility of the Planner to contact IMI Management or the Compliance Officer with regard to any queries or uncertainties with regard to FICA requirements. Planners can access legislation and practice notes issued by the Minister and FIC at: <http://www.fic.gov.za/>

Note:

Under no circumstances will commission (where FICA identification and verification is required) be paid if the requisite documentation has not been sent to IMI Head Office.

6.3.1.1 Surrenders (full cash withdrawals), partial cash withdrawals and policy loans

Where the client approaches the intermediary to do a surrender (full cash withdrawal), partial cash withdrawal or make a policy loan within the term that is not exempt, the client then needs to be identified and verified by the intermediary if this was not done before.

7 Record keeping

It is the responsibility of IMI Management to ensure that electronic records are kept of the verification of identity of the client (and the person acting on behalf of the client, when applicable) and that appropriate "back-up" and "disaster recovery" systems are in place to ensure compliance with FICA.

Where identification and verification of the client (and the person acting on behalf of the client, when applicable) is required in terms of FICA as explained in the document, records of the following must be kept:

- The identity of the client, as well as the name of the person who obtained this information.
 - If the client is acting on behalf of another person, then keep record of
 - *the identity of the person on whose behalf the client is acting;*
 - *the client's authority to act on behalf of that other person;*
 - *the name of the person/s who obtained the aforesaid information.*
- If another person is acting on behalf of a client, then keep record of
 - *the identity of that other person;*
 - *that other person's authority to act on behalf of the client;*
 - *the name of the person/s who obtained the aforesaid information.*

-The manner in which the identity of the persons referred to in paragraphs above was established.

- The nature of the business relationship or transaction.

- In the case of a transaction, keep record of
 - *the amount involved;*
 - *the parties to that transaction.*

- All accounts that are involved in
 - *transactions concluded in the course of the business relationship;*
 - *the single transaction.*
 -
- Any document or copy of a document obtained in order to verify a person's identity.

Employees are referred to the FICA Help file for more detailed and specific information on the process and requirements for identifying and verifying the identity and physical address of the client.

7.1 Persons/Department responsible for keeping records

- All the above records shall be retrievable within 5 (five) working days.
- Reports of unusual and suspicious transactions and cash transactions are to be kept record of by the Money Laundering Reporting Officer. These records will be kept in such a manner that its integrity cannot be corrupted.
- Copies of electronic records will also be kept off-site.

7.2 Period for keeping records

Records that relate to the establishment of a business relationship must be kept for a period of five years from the date on which the business relationship is terminated.

Records that relate to a transaction, which is concluded, must be kept for five years from the date on which that transaction is concluded.

8 Training of staff

- All existing staff will receive training on FICA at least one per annum.
- All new office staff and planners will attend a training session during their induction program.
- Study and course material for new advisers will include FICA requirements.

9 Access to Records

The Financial Intelligence Centre Act establishes and authorizes the Financial Intelligence Centre (FIC) and its representatives to access any documentation for any financial transaction concluded by an accountable institution.

Documentation refers to any documents (paper or electronic) used to meet the requirements of FICA and any other applicable piece of legislation.

Access is authorized where a report was made (cash, suspicious or terrorist activity) or as part of an investigation. Where a report is made, FIC may request additional information. FIC may also request documentation at any time on clients and transaction completed by the Planner IMI.

IMI has the primary responsibility to maintain records and respond to FIC's queries and provide requested documentation. Planners have the responsibility to ensure that all documentation is submitted at the time of the transaction as they may be required to address queries from FIC or provide further documentation or information, despite no longer working with IMI, if the documentation does not meet the requirements of this policy or FICA.

APPENDIX 1

Financial Intelligence Centre Act, 2001

Guidance on Customer Identification and Verification and Related Matters

Definition of a politically exposed person (PEP) and the measures that need to be put in place when dealing with a PEP

POLITICALLY EXPOSED PERSONS (PEPs)

A politically exposed person or PEP is the term used for an individual who is or has in the past been entrusted with prominent public functions in a particular country. The principles issued by the Wolfsberg Group of leading international financial institutions give an indication of best banking practice guidance on these issues. These principles are applicable to both domestic and international PEPs.

The following examples serve as aids in defining PEPs:

- Heads of State, Heads of Government and cabinet ministers;
- influential functionaries in nationalised industries and government administration;
- senior judges;
- senior political party functionaries;
- senior and/or influential officials, functionaries and military leaders and people with similar functions in international or supranational organisations;
- members of ruling or royal families;
- senior and/or influential representatives of religious organisations (if these functions are connected to political, judicial, military or administrative responsibilities).

According to the Wolfsberg principles, families and closely associated persons of PEPs should also be given special attention. The term "families" includes close family members such as spouses, children, parents and siblings and may also include other blood relatives and relatives by marriage. The category of "closely associated persons" includes close business colleagues and personal advisers/consultants to the PEP as well as persons, who obviously benefit significantly from being close to such a person.

An accountable institution should conduct proper due diligence on both a PEP and the persons acting on his or her behalf. Similarly, KYC principles should be applied without exception to PEPs, families of PEPs and closely associated persons to the PEP.