

New Account Opening Procedures

Section 1 – Introduction

The purpose of these notes is to guide approved introducers through the process of submitting new account applications to Nedgroup Investments and to outline the Anti-Money Laundering procedures and requirements we have in place.

Delays in dealing are often as a result of not being supplied with sufficient information and therefore the overall aim is to minimize these delays, thereby providing an improved service to both you and your clients.

In order that all required documentation and information is supplied, please ensure that the following “Step by Step” procedures are followed and that the checklist on the last page of the Application Form is fully completed in all cases.

Common causes of delay in the account opening process include the following:

- Incorrect/inadequate certification of copy documentation – (see Section 3)
- Unacceptable Identification documents – (see Section 2)
- Unacceptable address confirmations – (see Section 2)
- Inadequate Source of Funds / Wealth information – (see Section 2)

Anti-Money Laundering Policy Statement

“Nedgroup considers the requirements of obtaining client due diligence to be a positive step towards preventing the use of financial systems for Money Laundering purposes.

Nedgroup has drawn up procedures and controls to enforce this in accordance with Isle of Man legislation.

All staff are required to undertake regular training covering anti-money laundering techniques and are themselves fully aware of the Company’s procedures in relation to the prevention of money laundering activity.”

Section 2 – Step by step procedures

STEP 1

Make sure the appropriate formal Application Form is fully completed and signed by ALL applicants.

(REMEMBER: failure to provide all required details and documentation will result in delays in the accounts being opened and the dealing completed).

STEP 2

In order to comply with our regulatory requirements and adhere to providing client due diligence, the following information and documentation should be obtained for ALL applicants.

A) Verification of Identity

Original or certified copies* (*see section 3 below) of the following documents are acceptable for identification purposes. Extreme care must be taken, however, to ensure that all documents are valid, show all relevant identification numbers, have not expired and that the details agree with those on the Application Form.

- | | | |
|--------|-------|---|
| Either | (i) | Passport bearing the applicants photograph and signature; |
| or | (ii) | National Identity Document* bearing the photograph of the holder; |
| or | (iii) | Full Driving Licence bearing the applicants photograph and signature. |

(*where this is not signed by the applicant he should be requested to sign a copy of the document which is then to be certified in accordance with the requirements set out in section 4.1 below.)



B) VERIFICATION OF ADDRESS

Original or certified copies* (*see section 3 below) of the following documents are acceptable for address verification purposes.

(a) A recent account statement (i.e. no more than 3 months old) from a recognised bank, building society or credit card company or the most recent mortgage statement from a recognised lender.

(b) Photographic driving licence or national identity card containing current residential address if the document has not been used to verify identity.

(c) A recent rates, council tax or utility bill (recent in respect of utility bills is considered to be for the last quarter i.e. no more than 3 months old). Mobile telephone bills are not acceptable as evidence of address under any circumstances.

(d) Correspondence from an official independent source such as a central or local government department or agency.

(e) A record of a personal visit by a member of the licenceholder's staff to the applicant's residential address.

(f) Lawyer's confirmation of property purchase, or legal document recognising title to property.

(*See section 3 below for details of certification of copy documents.)

Source of Funds and Source of Wealth

The verification of the source of funds (i.e. where the money came from) and the source of wealth (i.e. how the money has been amassed) for new investments plays an important part in determining the overall profile of the client and also the possible identification of suspicious activities. It is therefore important that these details are obtained in all cases.

All Application Forms now contain a separate section requesting details of the source of wealth from prospective clients.

Source of wealth is how the investor obtained or accumulated the money he/she is seeking to invest. Common examples of this include savings from earnings, disposal of property based or other assets, or inheritance. Generic descriptions such as these are not normally acceptable and documentary evidence should be provided to support the source of wealth information provided.

This is best done by providing documentation as closely associated with the source of wealth as possible.

The table outlines examples of information and documentation, which would normally be acceptable for this purpose. It should be noted, however, that occasionally it may be necessary to request additional information or documentation where it is considered that the source of wealth has not been satisfactorily evidenced.

Description of Source of Wealth

Documentation Required

Sale of Property

Copy of sale documentation
Letter from solicitor

(N.B. in either case the documentation should clearly outline the date of the sale and amount received.)

Inheritance

Copy of grant of probate
Documentation from executors or lawyers handling deceased estate.
Letter from solicitor or accountant

(N.B. in either case the documentation should clearly outline the date of the inheritance and amount received.)



Gift

Copy of documentation to support gift.
Letter from solicitor or accountant.

(N.B. in either case the documentation should clearly outline the date and amount of the gift, and also the reason for the gift and the relationship to the client)

Accumulated Savings

Copy of recent pay slip
Confirmation from employer of income
Copy of recent accounts.
Copy of bank statements showing accumulation and growth of funds
(N.B. In either case the documentation supplied should be considered in conjunction with the above the details supplied on the application form to ascertain if the investment fits with the client profile (i.e. occupation, age and amount etc.)

Other Investment

Copy of contract note
Copy of statement
Letter from financial institution confirming details of investment/sale.
Copy of tax return.
(N.B. in either case the documentation should confirm details of the institution, the account/policy number and amount of the investment held.)

Where the investment was not held by an authorised institution in the Isle of Man, Jersey, Guernsey or a FATF member country or within the EEA and which is covered by the Money laundering Directive, additional details may be required.

It is recognised that occasionally it may not be possible to supply the detailed documentation as outlined above. In such cases, where the documentation cannot be supplied for whatever reason, sufficient alternative documentation or information must be provided to support and validate the source of wealth details provided.

It is also recognised that the documentation outlined above may be of a sensitive nature and the client should be assured that this will only be used for the purposes of supporting the source of wealth and will not be supplied/divulged to any other party.

In all cases the information or documentation supplied should be considered in conjunction with the information supplied on the application form and other information supplied to ascertain if this reasonably fits with the known profile of the client and his/her affairs.

Where the source of wealth information provided relates to transactions that occurred some considerable time in the past, information relating to where the funds have been held in the intervening period should be provided e.g. copies of bank statements covering as much of the intervening period as possible. In such cases the evidence provided will be considered on a common sense basis bearing in mind the size of the investment and the known profile of the client.

SARS Tax Clearance Certificates

In addition to the above in respect of South African clients, where SARS clearance has been granted, a copy of the SARS Tax Clearance Certificate is acceptable as satisfactory evidence of Source of Wealth. However, it should be noted that this only applies to the "new" Tax Clearance Certificates (headed Form FIA 003) and not to the earlier versions. In the previous versions SARS did not verify the source of capital to the same degree and consequently we cannot rely on that as evidence of Source of Wealth. For earlier versions of the certificates, for example where the funds have been out of South Africa for some time, evidence of how the funds have been amassed and/or where the funds have been held prior to the investment with Nedgroup Investments will be required in the normal way.

Please also note that in all cases the applicant should still provide outline details of the Source of Wealth (e.g. inheritance, sale of property etc.) on their application form.



Amnesty Applications

For South African clients who have taken advantage of the Amnesty provisions, a copy of the Amnesty documentation is acceptable as evidence of Source of Wealth subject to the following requirements:

- Copy of full Amnesty Application received;
- Copy of all Annexures attached - specifically detailing actual holdings etc subject to Amnesty Application;
- Copy of letter from Amnesty Unit confirming Amnesty application approved; and
- The information within the Amnesty Application fits with the known client profile and there is nothing which provides further cause for concern.

Please also note that in all cases the applicant should still provide outline details of the Source of Wealth (e.g. inheritance, sale of property etc.) on their application form.

(N.B. the copies will, of course, need to be properly certified etc in the normal way)

N.B. Additional care should be taken to ensure that suitable levels of detail are obtained where the funds are received from a 3rd party

Purpose of Account

In addition to the Source of Funds and Source of Wealth information, each prospective client is required to provide brief details outlining their intentions in investing in this type of product i.e. the expected number of transactions per year and the anticipated average balance of the account.

Joint Accounts and Power of Attorney

In the case of joint accounts, identification documentation must be provided for ALL applicants. Where an account is submitted with a Power of Attorney, identification documentation must be obtained for both the Attorney and all applicants.

STEP 3

Commission - if introducing funds internationally for the first time, external brokers must complete a Broker Agreement Application to provide commission-processing details.

STEP 4

Pass all documentation to your nominated Account Manager or Relationship Manager who will ensure the documents are delivered safely to our Johannesburg office for processing.

SECTION 3 – CERTIFICATION OF COPY DOCUMENTS

Certification of Copy Documents

Where original documents are not presented, copies are only acceptable if they have been dated and countersigned by one of the following:

- Nedgroup staff member (e.g. Senior Manager/Broker Consultant)
- Lawyer or Accountant
- Director or Manager of an authorised credit or financial institution (i.e. FATF member country)
- Commissioner of Oaths or Notary Public
- Member of the Judiciary
- Police Officer or other suitable Law Enforcement Officer.
- Authorised official of an Approved Intermediary (i.e. approved via the Nedgroup Broker Registration Programme).

The person certifying the copy must sign the copy, clearly print his/her name, capacity (e.g. company and position, rank etc.), date the certification, provide contact details and confirm that the copy document is a true copy of the original. N.B. It is essential that the person certifying the relevant document completes the certification in the presence of the applicant.

In the case of Group staff, the person providing the certification must be sufficiently senior for the certification to be accepted.

Extra care should also be exercised when the person certifying the copy document is not known and in such cases, reasonable steps should be taken to ensure the appropriateness of the person/organisation providing the certification. If there is any doubt about the validity of the certification, the case must be referred to the Compliance Department or the Money Laundering Reporting Officer (MLRO) for guidance.



Section 4 - APPENDIX A

(This letter must be produced on the Introducer's official company letter heading)

To: Manager & Investment Adviser
Nedgroup Investments (IOM) Limited
Samuel Harris House
St George's Street
Douglas
Isle of Man
IM99 1AJ

Date

Dear Sirs

CONFIRMATION OF CLIENT DETAILS

This letter serves to confirm that I have personally know the following applicant(s) for the length of time shown and confirm their personal details are as follows:

Full Name of Applicant:

.....

Title: (Mr/Mrs/Miss/ms/other)

.....

Residential Address:

.....

.....

.....

.....

Date of Birth:

Nationality:

Length of Time Known: (Months/Years)

The above information is given in strict confidence and for your private use only.

SIGNED: Date:

NAME: POSITION: