

SPECIALIST FINANCE GROUP

Mortgage Specialists Pty Ltd Australian Credit License Number 387025 Gifts and Benefits Statement for Mortgage Brokers

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GIFTS AND BENEFITS STATEMENT FOR MORTGAGE BROKERS

Last Reviewed on	01/05/2020
Next Review due	Before 01/05/2021
Version	1.2

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Policy: Offers of Gifts and Benefits

Background

From time to time, credit providers, referral parties, businesses and individuals may reward us with benefits that are outside of recognised commission structures and referral agreements. This document sets out how we address and manage these soft dollar benefits and gifts

Although it is unlikely that our business will have any material influence over any lending policy and has little impact in the sphere of influence in the mortgage broking industry, we have developed a policy that is suitable to the scale and complexity of our business.

Introduction

This policy sets out how our business manages offers of gifts and benefits, and supports the principles of the equity and transparency in the way our business transacts with clients, lenders and related third parties in all our dealings.

In developing this policy, we acknowledge that the receipt of benefits has the potential to compromise the integrity of a person's genuine independence and impartiality in decision making.

We also understand that there are perceptions associated with giving and receiving any gifts or benefit and this document addresses how we deal with those benefits.

This policy will assist any representative or contractor who are offered gifts and benefits while carrying on the business of mortgage broking. Implementation of the policy will ensure that the integrity and reputation of our business is not compromised.

Practice Principles

Within our business we follow these practices:

1. Our business does not expect or warrant that it would receive any benefits or gift outside of standard remuneration in the mortgage broking industry.
2. We do not actively petition any lender, credit provider, credit assistance provider or third parties for benefits or gift
3. If receiving a gift or benefit, we will actively make declarations to the provider that any benefit will not solicit any favours or merit any actions which would demonstrate favouritism towards the provider of that benefit.
4. We do not provide gifts or incentives to credit providers (and their representatives) or other third party businesses that may create or foster a reciprocal exchange.
5. All representatives will adhere to the policy and will be responsible for the declarations on the register.

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Specific Principles

Specifically, regarding acceptance of gifts:

- gifts or benefits that may be perceived as representing a conflict of interest should not be accepted
- gifts or benefits worth \$300 or over should not be accepted
- gifts or benefits worth over \$100 must be recorded on the Gift Register, whether they are accepted or not
- gifts or benefits worth \$100 or less may be recorded on the Gift Register
- if a gift or benefit is received on behalf of the business, it must be recorded on the Gift Register.

Definition

A gift or benefit may include but is not limited to:

- offers of cash or shares
- bottles of wine, manufacturer's samples or personal items
- promotional materials, including clothes, books, USBs or DVDs
- sponsored travel
- airline competition prizes
- airline upgrades
- meals or other hospitality
- accommodation and hire car discounts
- entertainment, such as meals, seats at sporting or theatre events or golf days
- discounts on commercial items
- free or discounted places at training courses, conferences or seminars
- plants or flowers
- lottery tickets
- small items like pens, notepads or keyrings.

Our Business Remuneration

The business is built solely on the receipt of commissions received when a credit assistance provider (mortgage broker) is able to match an appropriate loan to the requirements and objectives of an applicant (or applicants) that is in line with the legislative and regulatory requirements and also meets the regulatory guides relating to credit as issued by ASIC.

Therefore we do not rely in whole or in part of any incentive, gift or benefit that may be available directly or indirectly through our regular business relationships.

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Requests for Incentives or Benefits

No representative is permitted to request or create any situation or condition in which there is an expectation where a benefit or gift from a credit provider or third party business relationship is expected. This extends to all levels of interactions with clients, business partners in both a professional and social context and covers all forms of communication in person or by verbal and electronic means.

Declaration on Receipts of Gifts

In some circumstances, it may be inappropriate to decline a gift, an offer of hospitality or other benefit which may otherwise be inconsistent with the guidelines set out above. This may involve the receipt of a benefit while at a presentation or awards ceremony, or in a situation where it is socially inappropriate to decline the gift that is offered. For the avoidance of doubt any representative of the business must declare the benefit and consult with a senior manager (if available) as soon as practicable for guidance on the process. It will often be required that the business as a whole will retain the benefit and either dispose of or distribute the benefit to avoid any possible conflict or compromise.

Exceptions

Offers of gifts and benefits should generally be politely declined and reported, unless they are on the exceptions list. You may suggest other means to demonstrate appreciation, such as an email of thanks.

Non-suspect token gifts and benefits may be accepted by representatives They do not have to be reported. However, if a token gift or benefit is provided on a regular and consistent basis, it must be declined and reported.

Gifts/benefits from colleagues generally do not have to be reported. However, you should exercise prudence in (or avoid) accepting such gifts/benefits.

Reportable gifts and benefits approved by the delegate. This will only be allowed on rare occasions and only after consultation with a senior manager (when available).

Sponsorship for a particular purpose. Sponsorship funds are not captured under the gift policy, but the funds must be used for the designated purpose.

Sponsored travel - There may be limited exceptions to this where there is significant public benefit in accepting the offer or when the benefit is purely for education purposes. Appropriate education purposes may include travel to events which have no direct correlation or association with the product or services provided by the sponsor.

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What Gifts are not Acceptable?

- Cash or money
- Cash-like gifts/benefits
- Gifts/benefits offered to the family of staff members

Accepting gifts/benefits such as these may constitute the criminal offence or bribery.

If a gift or benefit offered to your family may only be perceived to be connected to your official duties, the gift/benefit is to be reported. Such gifts/benefits are to be managed by the business on a case-by-case basis.

Reward points and gifts/benefits earned through business purchases, travel etc. should not be used for the personal benefit of staff (this is mainly relevant for large businesses).

Any business representative in a position of influence should not accept any gifts or benefits, especially from individuals or groups that have a vested interest in the employee's sphere of influence.

Example: Token items and modest hospitality such as tea, coffee or sandwiches offered during meetings is generally acceptable.

Any gift or benefit over \$100 should be listed in the Gift / Benefits register.

Examples of Gifts and Benefits

If a lender Relationship Manager offers to take 3 brokers to lunch and the total bill for the 3 brokers and RM comes to \$200, this does not have to be recorded on register as the average cost of the benefit is \$50 each.

However, if a lender Relationship Manager offers to take 2 brokers to dinner and the total bill for the 2 brokers and RM comes to \$450, this will need to be recorded as the average cost of benefit is \$150 each. It is the responsibility of the broker to determine the cost of the benefit that has been offered.

For functions and events the same principle applies – the total approximate cost needs to be considered and then averaged out to the individual broker. If the event is over \$100 in value, then it must be disclosed on the register.

Where the value of the hospitality is to exceed \$350 it should be declined as a reasonable person would perceive that it would create a potential conflict or level of influence. It will, however, be up to each staff member to consider and decide upon the acceptability of such offers, in light of their relationship with the offeror.

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Recording Gifts on the Register

The Business Manager will fulfil the role of Gift Register Manager, and only they are responsible for data entry of information on the gift register. The gift register manager must ensure that any decision with regards to a gift/benefit has been documented and should correspond with the recipient that made the report about the gift.

Representatives of the business must ensure they disclose all relevant gifts to the Business Manager/Gift Register Manager.

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Annexure A– Gift Register

1. Gifts Register

Name of person receiving gift	Date gift was received	Name of person providing gift	Description of gift	Estimated value of gift at time it was made	Nature of relationship between relevant person and person who made gift

2. Contributions to travel - Register

Name of person receiving contribution	Date contribution was received	Name of person providing contribution	Description of gift	Estimated value of contribution at time it was made	Nature of relationship between relevant person and person who made contribution	Description of travel	Date of travel

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Annexure B – Example Gift and Benefit Register

GIFTS / BENEFITS REGISTER

Name of person receiving gift	Date gift was received	Name of person providing gift	Description of gift	Estimated value of gift at time it was made (your individual share)	Nature of relationship between relevant person and person who made gift
Mortgage Broker Name	19/09/2019	BDM Name	Business Dinner	\$105	Lender / Business and the role of that person
Mortgage Broker Name	20/09/2019	BDM Name	Travel and Accommodation to (Name of hotel / name of situation)	\$600	Lender / Business and the role of that person