

## **Conflict of Interest Management Policy**

### **1. Preamble**

In terms of Section 3A(2)(a) of the General Code of Conduct every Financial Service Provider (FSP), other than a representative, must adopt, maintain, and implement a Conflict of Interest management policy (this Policy) that complies with the provisions of the FAIS Act (Financial Advisory and Intermediary Services Act 37/2002).

Boulderson Group in particular its subsidiary licensed with the Financial Services Conduct Authority (FSCA) as a Financial Service Provider (FSP) with licence number 50837.

In terms of Section 3 as amended of the General Code of the FAIS Act, the Company and its employees are obliged to comply with the provision and conduct business in a professional manner and in line with this Policy and take all reasonable steps to avoid any business activities and/or practices that may create a Conflict of Interest between their interests and the interests of an existing or potential client. Where this is not possible, appropriate steps shall be taken to mitigate the impact of conflicts of interest between the Company and its employee's interests and interests of Clients.

This Policy aims to achieve the following, among others:

- . identify actual and potential conflicts of interest;
- . manage the actual and potential conflicts of interest;
- . introduce measures for the disclosure of conflict of interest;
- . implement effective procedures and processes for compliance with this Policy;
- . provide for the consequences of non-compliance with this Policy.

The Company and its employees are also bound by and subject to Annexure A. This Policy does not negate the need for all employees to fully comply with the relevant policies, rules, regulations or legislation.

This Policy will be made available on the website of [www.boulderson.co.za](http://www.boulderson.co.za).

### **2. Definitions**

In this policy, unless the context otherwise indicates or a contrary definition is set out hereunder, words or phrases have the meaning defined in the Act and -

**"conflict of interest"** means:

Any situation in which the Company or any of its representatives have an actual or potential interest that may, in rendering a financial service to a client –

- a) influence the objective performance of his, her or its obligations to that client; or
- b) prevent the Company or any of its representatives 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-
  - (i) a financial interest;
  - (ii) an ownership interest;
  - (iii) any relationship with a third party.

**“Employee”** for the purpose of this policy will include:

All directors and full-time and part-time employees, representatives and independent contractors of the Company, and employees or contractors of contracted service providers.

**“financial interest”** means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other consideration or incentive or value, other than –

- a) an ownership interest;
- b) training, that is not exclusively available to a selected group of providers or representatives, on-
  - i) products and legal matters relating to those products;
  - ii) general financial and industry information;
  - ii) specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.

**“immaterial financial interest”** means any financial interest with a determinable monetary value, the aggregate of which doesn’t exceed R1000 in any calendar year from the same third party in that calendar year received by:

- i) A provider who is a sole proprietor; or
- ii) a representative for that representative’s direct benefit;
- iii) a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

**“ownership interest”** means –

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

b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

**“third party”** means

(a) a product supplier;

(b) another provider;

(c) an associate of a product supplier or a provider;

(d) a distribution channel;

(e) any person who in terms of the agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.

### **3. Identifying Conflicts of Interest**

3.1 Employees may not avoid, limit or circumvent or attempt to avoid, limit or circumvent this Policy.

3.2 in respect of an employee hired as Financial Adviser:

3.2.1 when rendering a financial service to a client, the said employee shall apply his/her mind to answering the following questions; is there any situation that:

- might influences the objective performance of my obligation?

- prevents me from rendering an unbiased and fair financial service?

- prevents me from acting in the best interest of my client?

If the answers are “no”, then the service may proceed.

3.2.2 If the answer to any one of the above is “yes”, then the said employee must proceed to the following questions: is the situation caused:

- as a result of an actual or potential relationship with a third party?

- by an actual or potential financial or ownership interest?

If the answer to any one of above is “yes”, an actual or potential conflict of interest will have been identified. Such identification of conflict of interest shall be disclosed in writing to the Compliance Officer.

3.2.3 If the said employee is of the view that his/her own situation might cause this Policy to be breached, he/she should inform the management at the earliest available opportunity. Management should report this breach to the Compliance Officer for further investigation.

3.3 When employees reasonably suspect that a co-worker is in breach of this policy, they should report it as soon as possible and in the strictest of confidence, to the management and Compliance Officer.

#### **4. Managing identified conflict**

4.1 In conjunction with the Compliance Officer, management must evaluate the nature of the Conflict and the possible action that may be taken to mitigate the situation.

4.2 In the event of an actual or potential conflict of interest to a Client being identified, the Company and/or the Employee must disclose to the Client and/or all impacted parties any conflict of interest in respect of that client in writing, at the earliest reasonable opportunity. The disclosure must include, but is not limited to, the following information:

(a) The measures taken to avoid or mitigate the conflict to reduce any potential effect on the client; and

(b) Any financial interest or ownership interest that the Company and its employees may become eligible for;

(c) The nature and extent of the relationship or arrangement with a third party that gives rise to a conflict of interest.

#### **5. Procedures and processes for compliance with this Policy**

5.1 All employees of the Company:

5.1.1 are to be trained on the content of this Policy, including Annexure A, and be made aware of the potential for a conflict of interest to arise in any activity, and on an ongoing basis identify and report it to the Compliance Officer.

5.1.2 are obliged to disclose and declare any personal interest, financial interest and ownership interest to the Company's Compliance Officer that may result in a conflict of interest with a client or prospective client.

5.1.3 must sign declarations on an annual basis to confirm the absence or presence of actual or potential Conflict of Interest.

5.1.4 are to avoid any situation conducting business with a client, where their objectivity and integrity may be impaired.

5.2 If in any doubt as to whether a particular conduct amounts to a conflict of interest, employees must contact their immediate manager/supervisor for guidance.

5.3 All declaration forms and any other supporting documents shall be recorded and updated, and maintained in the Company.

5.4 In the event that a conflict of interest cannot be avoided, all employees shall follow the process outlined above in paragraph 3 and 4 to mitigate the situation.

5.5 A statutory disclosure notice in terms of FAIS Act and the Company's conflict of interest management policy and how it may be accessed shall be provided to clients.

5.6 This Policy will be monitored continuously and will be reviewed annually.

## **6. Consequence of non-compliance with this Policy**

6.1 Non-compliance by employees with this Policy will result in disciplinary action being taken against the individuals according to the terms and conditions of such individual's employment agreement.

6.2 Failure to comply with the Policy may result in debarment and penalties against the FSP in respect of the fit and proper requirement in terms of the FAIS Act.

6.3 Certain transgressions of this Policy may result in civil or criminal prosecution.

6.4 The FAIS Act also gives the Registrar the powers to revoke the license of a FSP.

## **ANNEXURE A**

In terms of Board Notice 58 of the Act,

A provider or representatives may only receive or offer the following financial interest from or to a third party -

- (i) Commission authorised in terms of the Short-term Insurance Act or the Long-term Insurance Act.
- (ii) Commission authorised under the Medical Schemes Act.
- (iii) Fees authorised in terms of the Short-Term Insurance Act, the Long-terms Insurance Act or Medical Schemes Act, if those fees are reasonably commensurate to a service being rendered;
- (iv) Fees for the rendering of a financial service in respect of which commission or fees referred to above is not paid, if those fees –
  - (aa) are specifically agreed to by a client in writing; and
  - (bb) may be stopped at the discretion of that client;
- (v) fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service be rendered;
- (vi) subject to any other law, an immaterial financial interest;
- (vii) a financial interest, not referred to under subparagraphs above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.