



Conflict of Interest Management Policy

This policy has been documented in terms of the provisions of the Financial Advisory and Intermediary Services Act, 2002 for authorised financial services providers and representatives as amended by Government Gazette No. 33133 on the 19th April 2010



1. Preface

This policy document has been adopted and applied in a logical and practical manner as detailed below by the provider or representative and enforced by the compliance officer. The provisions of Government Gazette No. 33133 are only effective from 19th April 2011, 12 months after the date the Notice takes effect. The provisions require that all providers or representatives implement a conflict of interest management policy.

2. Definitions

“Associate” –

(a) In relation to a natural person, means –

- (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;
- (ii) A child of that person, including a stepchild, adopted child and a child born out of wedlock;
- (iii) A parent or stepparent of that person;
- (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;
- (v) A person who is the spouse, life partner or civil union partner of a person referred to in subparagraph (ii) to (iv) of “Associate”
- (vi) A person who is in a commercial partnership with that person;

(b) In relation to a juristic person –

- (i) Which is a company, means any subsidiary or holding company that the company, and any other company of which that holding company is a subsidiary;
- (ii) Which is a close corporation registered under the Close Corporation Act, 1984, means any member thereof as defined in section 1 of that Act;
- (iii) Which is not a company or a close corporation as referred to in subparagraph (i) or (ii), means another juristic person which would have been a subsidiary or holding company of the first mentioned juristic person – (aa) had such first mentioned juristic person been a company; or



(bb) in the case where that other juristic person, too, is not a company, had both the first mentioned juristic person and the other juristic person been a company;

(iv) Means any person in accordance with whose directors 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;

(c) In relation to any person –

(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 direction or instructions of the person first-mentioned in this paragraph;

(ii) Includes any trust controlled or administered by that person.

“Client” means a specific person or group of persons, excluding the general public, who is or may become the subject to whom a financial service is rendered intentionally, or is the successor in title of such person or the beneficiary of such service.

“Compliance officer” means a compliance officer for an authorised financial services provider.

“Conflict of interest” means any situation in which a provider or representative has 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 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 –

- (i) A financial interest;
- (ii) An ownership interest;
- (iii) Any relationship with a third party

“Financial service” means any service contemplated under the definition of a provider below including any category of such services.



“Financial interest” means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, 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;
 - (iii) Specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.

“General Duty” a provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry.

“Immaterial financial interest” means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third party in that calendar year received by –

- (a) A provider who is a sole proprietor; or
- (b) A representative for that representative’s direct benefit;

“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.

“Provider” means any person, other than a representative, who as a regular feature of the business of such person –

- (a) Furnishes advice; or
- (b) Furnishes advice and renders intermediary service; or
- (c) Renders an intermediary service;



“Representative” means any person, including a person employed or mandated by such first 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 other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service in a subsidiary or subordinate capacity, which service –

- (a) Does not require judgement on the part of the latter person; or
- (b) Does not lead a client to any specific transaction in respect of a financial product in response to general queries.

“Specific duty” when a provider renders a financial service per section 3 of the general code.

- (a) A provider and a representative must avoid and where this is not possible mitigate any conflict of interest between the provider a client or the representative and a client.
- (b) A provider or a representative must, in writing, at the earliest reasonable opportunity
 - (i) Disclose to a client any conflict of interest in respect of the client, including
 - (aa) the measures taken, in accordance with the conflict of interest management policy of the provider referred to in section 3A(2), to avoid or mitigate the conflict;
 - (bb) any ownership interest or financial interest, other than an immaterial financial interest, that the provider or representative may be or become eligible for;
 - (cc) the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to a client to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest; and
 - (ii) inform the client of the conflict of interest management policy referred to in section 3A(2) and how it may be accessed.

“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 an agreement or arrangement with a person referred to in paragraph (a) to (d) above provides a financial interest to a provider or its representative.



3. Systems of internal control¹

General controls

1. This conflict of interest management policy is required to be updated² or reviewed with sufficient regularity at least annually³ that compliance with the provisions of the Act are upheld in the daily management of the provider or representatives operations, specifically to ensure provider or representative and product supplier relations do not undermine the interests of the clients and the integrity of the financial services industry.
2. The compliance officer is required to read and obtain a competency of the Act that will enable them to fulfil the duty for which they have been appointed, in addition they are required to oversee the implementation of the provisions within this policy and educate any provider or representative accordingly.
3. It is not the compliance officers' duty to implement⁴ systems changes, this rests with management. Management⁵ are required to become familiar with this policy. They are required to advise the compliance officer in writing of any unforeseen circumstances not detailed in this policy in which a conflict may arise and obtain advice before engaging in such a circumstance. In addition, they are required to create awareness with all those within their sphere of influence.
4. In writing. All communication in terms of an actual, perceived or potential conflict of interest is requiring to be reducing to writing between the relevant individuals.
5. Record is to be maintained by all representatives of financial interests obtained. If they exceed the immaterial financial interest limit, then this is to be communicated to the compliance officer, and the procedures stipulated in this policy document are to be followed.
6. In spite of the provisions of the Act with respect to immaterial financial interests, activities ordinarily commensurate with current business practices e.g. business lunches that have no bearing/influence in inducing further business but are rather of a customary/normal business

¹ Section 3A(2)(b)(i)(dd) in the General Code

² Section 3A(2)(a) in the General Code

³ Section 3A(2)(e) in the General Code

⁴ Section 3A(2)(a) in the General Code

⁵ Section 3A(2)(b)(i)(dd) in the General Code



practise nature will not be accounted for. If any further indication is required with respect to the nature of these activities this may be requested from the compliance officer.

Specific controls

Disclosure⁶

1. Refer to Annexure B for the standardized disclosure form for all perceived, actual or potential conflict of interests which are to be submitted to the compliance officer.
2. A provider or a representative must disclose any financial or other interest it has, directly or indirectly, through business, investment, or family i.e. a related party that results in a conflict of interest (refer to the definition of an associate).
3. Prepare a list of all associates. Include the names of any third parties in which the provider holds an ownership interest. Include the names of any third parties that hold an ownership interest in the provider. With respect to the third parties include the nature and extent of the ownership interest. Present this to the compliance officer for signature approval and record purposes.⁷

Procedures

1. **Determining whether a conflict of interest exists.**⁸

After the submission of a conflict of interest form per Annexure B and all material facts, and after any discussion with the interested person, he/she shall leave the submission with the compliance officer. The compliance officer shall then convene a meeting within 14 days with the board of directors or trustees to discussed and voted upon the conflict, and ultimately decide if a conflict exists. The meeting maybe convened confidentially between the relevant parties via email. A quorum is required to be present at the meeting, and a majority vote is required to decide the outcome of a conflict, where there are only two directors or trustees the compliance officer/independent person shall be entitled to vote. The compliance officer should not vote unless they are a director or a trustee. The compliance officer, director or trustee who is conflicted should not be allowed to vote on the conflict. The following four outcomes may arise

- i. A conflict of interest exists; this requires full disclosure of the nature and amount.

⁶ Section 3A(2)(b)(i)(cc) in the General Code

⁷ Section 3A(2)(b)(iii)(v)/(vi)/(vii) in the General Code

⁸ Section 3A(2)(b)(i)(aa) in the General Code



- ii. A perceived or future conflict of interest exists, partial disclosure of the nature of the conflict but no amount is required to be disclosed, unless the amount can be determined with certainty.
- iii. Disagreement between the board and the compliance officer; the fact that a disagreement exist regarding a potential conflict is required to be disclosed but not the nature or the amount of the conflict.
- iv. No conflict exists; no disclosure is required.

2. Procedures for Addressing the Conflict of Interest

- i. No disclosure shall be made until the conflict has been addressed in an effort to avoid the conflict and if not avoid then mitigate the effects thereof, the board is required to disclose the reason for not avoiding the conflict and the measures taken to mitigate the conflict in Annexure A.⁹
- ii. The compliance officer (if not directly implemented in the conflict) shall within 7 days after receiving notice of the conflict obtain suggestions from the conflicted parties in order to avoid or mitigate the conflict. The compliance officer shall after seven days along with written notice to the board for the meeting, request that the alternate proposals be discussed at the meeting to either avoid or mitigate the conflict.
- iii. After exercising due diligence, the board at the meeting shall determine whether the provider and/or representative can obtain with reasonable efforts a more advantageous transaction or arrangement that would not give rise to a conflict of interest.
- iv. Should more time be required a follow-up meeting shall be held as soon as possible in order to avoid any negative consequences from accruing to the client.
- v. The compliance officer shall maintain minutes of the meeting for disclosure purposes, in addition the compliance officer shall document the resolution of the conflict of interest meeting for signature by the attendees. Should either procedure 1 (i)/(ii)/(iii) apply per the resolution of the meeting the conflict shall be disclosed to the client in an unambiguous fashion reflecting a true state of affairs within 3 days after the meeting by the provider or representative.
- vi. Should a transaction already be entered into at the time of this policy document and there is a perceived or actual conflict of interest as detail in procedure 1 as a result of the transaction, this should be disclosed to the conflicted parties. Should a potential conflict exist, the transaction should only be entered into if full disclosure has been made to the client.

⁹ Section 3A(2)(b)(i)(bb) in the General Code



3. **Duty of recipient to disclose**

In connection with any actual, potential or perceived conflict of interest, a provider or representative must disclose the existence of the conflict of interest to the compliance officer. And within the prescribed period, be given the opportunity to disclose all material information.¹⁰

4. **Duty to maintain records**

The compliance officer is required to maintain a record of all such disclosure. The compliance officer is required to ensure that management have identified and notified all affected clients, and be included in all such communication.¹¹

5. **Violations of the Conflicts of Interest Policy¹²**

- i. If the board and or compliance officer has reasonable cause to believe a provider or representative has failed to disclose actual, potential or perceived conflicts of interest (applying the reasonable person's test); they shall inform the provider or representative of the basis for such belief and afford them an opportunity to explain the alleged failure to disclose.
- ii. If, after hearing their response and after making further investigation as warranted by the circumstances, the board and compliance officer determines that the provider or representative has failed to disclose an actual, potential or perceived conflict of interest, it shall take appropriate disciplinary or corrective action.

6. **Identification of a conflict of interest in terms of the Act**

“Positive”

A provider or its representative may only offer or receive the following financial interest to or from a third party –

- i. Fees for the rendering of financial services in respect of commission or fees if they¹³
 - (a) are specifically agreed to by a client in writing; and
 - (b) may be stopped at the discretion of that client.
- ii. 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.¹⁴
- iii. Subject to any other law, an immaterial financial interest¹⁵; and

¹⁰ Section 3A(2)(b)(i)(cc) in the General Code

¹¹ Section 3A(2)(b)(i)(cc) in the General Code

¹² Section 3A(2)(b)(i)(ee) in the General Code

¹³ Section 3A(1)(a)(iv) in the General Code

¹⁴ Section 3A(1)(a)(v) in the General Code

¹⁵ Section 3A(1)(a)(vi) in the General Code



- iv. A financial interest, not referred to 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.¹⁶

“Negative”

A provider may not offer any financial interest to a representative of that provider for –

- i. Giving preference to the quality of business secured for the provider to the exclusion of the quality of the service rendered to clients; or¹⁷
- ii. Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or¹⁸
- iii. 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.¹⁹

Where the same entity is a product supplier and a provider, the provisions under “positive” do not apply to the representative of that entity, only the provisions of “negative” apply to the representative of that entity.²⁰

7. Examples of employee training should include²¹

- i. All employees should read this policy and be made aware of the procedure for notifying the compliance officer of an actual, potential or perceived conflict of interest.
- ii. All employees should be made aware that their identity can be kept confidential when reporting to the compliance officer.
- iii. All employees should read the Government Notice.
- iv. All employees should sign the annual declaration per Annexure D.
- v. All employees should have the immaterial limited prescribed by the Act and this policy communicated to them.
- vi. All employees should be forwarded articles that provide examples of situations of conflict of interest whenever these become available.

8. Summary of compliance officer procedures

- i. The compliance officer must include a report on the providers conflict of interest management policy in **compliance reports** submitted to the Registrar under the Act.

¹⁶ Section 3A(1)(a)(vii) in the General Code

¹⁷ Section 3A(1)(b)(i) in the General Code

¹⁸ Section 3A(1)(b)(ii) in the General Code

¹⁹ Section 3A(1)(b)(iii) in the General Code

²⁰ Section 3A(1)(c) in the General Code

²¹ Section 3A(2)(d) in the General Code



This report must address the implementation, monitoring, compliance with and accessibility of the conflict of interest management policy.²²

- ii. Become competent, oversee the implementation and help educate staff.
- iii. Monitoring the immaterial limit
- iv. Maintain and prepare Annexure's
- v. Retain all documentation received via this policy for record and disclosure purposes.
- vi. Convene a meeting within 14 days post submission of a conflict.
- vii. Within 7 days after receiving notice of the conflict obtain suggestions from the conflicted parties in order to avoid or mitigate the conflict.
- viii. Maintain minutes of the meeting, and ensure that all the provisions of this policy are followed.
- ix. Ensure that management disclose conflicts to clients within 3 days post the required meeting.

9. Sections of the Act that are not applicable

Section 3A in the General Code

- (a) "Section (1)(a)(i) commission authorised under the Long-Term Insurance Act, 1998 of the Short-Term Insurance Act, 1998"
- (b) "Section (1)(a)(ii) commission authorised under the Medical Scheme Act, 1998"
- (c) "Section (1)(a)(iii) fees authorised under the Long-Term Insurance Act, 1998, the Short-Term Insurance Act, 1998 or the Medical Scheme Act, 1998"

²² Section 3A(4)(a)/(b) in the General Code



ANNEXURE A

FAIRTREE ASSET MANAGEMENT (PTY) LTD - RESOLUTION OF THE DIRECTORS

In attendance:

Name _____ Signature _____ Date _____

Name _____ Signature _____ Date _____

Name _____ Signature _____ Date _____

Conflict of Interest

The following instance of a conflict of interest was identified and presented to the board by the compliance officer.²³

- *Nature, Persons involved, actual perceived or potential conflict, amount or reasonable estimate, Alternatives to the conflict discussed, mitigating factors identified and implemented, Reasons for avoidance or non – avoidance, measures for mitigation*

The board, along with the advice of the compliance officer and in reading with a strict compliance of the FAIS Act, 2002, has resolved that there is a conflict of interest/no conflict of interest/potential conflict of interest/undecided and shall disclose the following to the affected client:

- *Client disclosure*

²³ Section 3A(2)(b)(i)(bb) in the General Code



Acknowledgement of directors

We have addressed the following in terms of the FAIS Act to the best of our fiduciary ability.

1. Adopt measures to avoid a conflict of interest.
2. Where avoidance was not possible, measure to mitigate the conflict of interest.²⁴
3. Adopt measures for disclosure of the conflict of interest
4. Followed processes, procedures and internal controls to comply with the conflict of interest management policy.
5. Enforce appropriate consequences for non-compliance with the policy by an employee and/or representative
6. Specify the type of and the basis on which a representative will qualify for a financial interest that the provider will offer a representative and motivate how that financial interest complies with the “negative” provisions of the policy.

Yes	N/A

²⁴ Section 3A(2)(b)(i)(bb) in the General Code



ANNEXURE B

Dear: Enrique Goosen, in your capacity as the compliance officer of Fairtree Asset Management (Pty) Ltd

As an authorised representative/provider to Fairtree Asset Management (Pty) Ltd, I/We the undersigned declare the following instance of a potential/perceived/actual conflict of interest:

Parties to the conflict include

Party 1: _____

Party 2: _____

Nature of the conflict of interest

Effect of the conflict of interest (including the amount)

Timing of the conflict of interest

Recommendations regarding the conflict of interest

In presenting this information, I do/do not wish my name to be kept confidential and trust you with this responsibility.

Disclosing party signature 1: _____ Date: _____

Disclosing party signature 1: _____ Date: _____



ANNEXURE C

FAIRTREE ASSET MANAGEMENT (PTY) LTD - RESOLUTION OF THE DIRECTORS

In attendance:

Name _____ Signature _____ Date _____

Name _____ Signature _____ Date _____

Name _____ Signature _____ Date _____

Adoption of the Conflict of Interest Management policy²⁵

I/We have concluded a review of the conflict of interest management policy and confirm the adoption of the policy binding upon those charged with responsibility for the compliance therewith in terms of the FAIS Act on this the _____ day of _____ 20_____.

²⁵ Section 3A(2)(a)/(c) in the General Code



ANNEXURE D

ANNUAL CONFLICT OF INTEREST DECLARATION

This conflict of interest declaration must be completed by all representatives, key individuals and employees of Fairtree Asset Management on an annual basis.

Before completing this declaration, please read Fairtree Asset Management's conflict of interest management policy. Any queries relating to actual, potential or perceived conflicts of interests may be directed to Fairtree Asset Management's compliance officer.

Should any of the information provided in this declaration change in future, please make sure to advise Fairtree Asset Management's compliance officer immediately.

EMPLOYEE INFORMATION

Name:	
Position:	
Phone No.:	
E-mail address:	

1. Do any of your "associates" (for the definition of "associates" please refer to pages 1 and 2 of Fairtree Asset Management's conflict of interest management policy) do business with, or is likely to do business with Fairtree Asset Management, for which you will have the opportunity to influence decisions? If yes, please describe the relationship with your "associate" below and provide details as to its nature and extent:



2. Do you have a financial interest or have you received a financial interest during the past year, including any cash, cash equivalent, sponsorships, accommodation, hospitality, domestic or foreign travel, discounts, vouchers or gift items, services, advantages, benefits, other incentives or valuable considerations, travel and accommodation relating to any type of training (excluding training that is not exclusively available to a selected group of financial services providers or representatives relating to: a) general financial or industry information; b) products or legal matters related to those products; and c) specialised technological services of a third party which is necessary for the provision of financial services)? If yes, please provide details regarding the nature, parties and the extent of the financial interest:

3. Are you involved in any other activity, in conducting your business activities, that could result in a financial, personal or professional benefit for you or any of your “associates” (for the definition of “associates” please refer to pages 1 and 2 of Fairtree Asset Management’s conflict of interest management policy)? If yes, please provide details:

4. Are you involved in any other activity, financial or otherwise, that could have the appearance of compromising your decisions, judgment, fiduciary duty or general duty in terms of the FAIS Act?



5. In the past two years, have you or any of your immediate family members:

(a) made any political contributions to any candidate for political office in the United States?

(b) made any contributions to a political action committee (PAC), political party or done any fundraising on behalf of a candidate in the United States?

Please sign below to certify that: (1) you have read the conflict of interest management policy; (2) you are aware of and understand the terms of the conflict of interest management policy, including your obligation to disclose any actual or potential conflict of interest; (3) you have fully and to the best of your ability completed this declaration; and (4) you will inform the compliance officer promptly if your responses to the above questions change.

Signature	
Full Legal Name:	
Date:	

A COPY OF THIS DECLARATION MUST BE PROVIDED TO FAIRTREE ASSET MANAGEMENT'S COMPLIANCE OFFICER.



For purposes of this declaration, the following definition shall apply:

“Associate” -

- In relation to a natural person, means -
 - (vii) a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person;
 - (viii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;
 - (ix) a parent or stepparent of that person;
 - (x) 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, or meeting the daily care needs, of the first mentioned person;
 - (xi) a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (a) to (d) above;
 - (xii) a person who is in a commercial partnership with that person.

- In relation to a juristic person -
 - a) which is a company, means any subsidiary or holding company of that company, any other subsidiary company of that holding company and any other company of which that holding company is a subsidiary;
 - b) which is a close corporation registered under the Close Corporations Act, 69 of 1984 (“**the Close Corporations Act**”), means any member thereof as defined in section 1 of the Close Corporations Act;
 - c) which is not a company or a close corporation, means another juristic person which would have been a subsidiary or holding company of the first mentioned juristic person -
 - (iii) had such first mentioned juristic person been a company; or
 - (iv) in the case where that other juristic person, too, is not a company, had both the first mentioned juristic person and the other juristic person been a company;
 - d) means any person in accordance with whose directions or instructions the board of directors or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act.



- In relation to any person -
 - a) means any juristic person of which the board of directors or, in the case where such juristic person is not a company, the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this sub-paragraph;
 - b) includes any trust controlled or administered by that person.



ANNEXURE E

IMPLEMENTATION NOTES EXTRACTED FROM THE POLICY

1. Advisors and representative are to be made aware of this policy before 1st April 2010.
2. Publish it in appropriate media and ensure that it can be accessed for inspection.
3. Current clients who are not currently aware of a conflict of interest should be made aware of the fact before the 1st April 2010.
4. Amendments to contracts or other agreements should be compiled bearing in mind the implications of this policy and the Act being effective from the 1st April 2010.
5. The internal reporting timeline will be adopted from the 1st April 2010 only.

ANNEXURE F

Letter to be addressed to all representatives and where appropriate associates. Employees will be made aware informally via management.



P.O. Box 4124

Tygervalley

7536

South Africa

Tel: +27 (0)21 943 3760

Date:

Dear Sir or Madam

RE: Conflict of interest management policy

We wish to inform you that we have prepared a Conflict of Interest Management policy in terms of the requirements of the FAIS Act. This can be found on our website. Should you be aware of any conflict of interest in terms of the Act please complete Annexure B of the policy and return it to the compliance officer. Contact details of the compliance officer can be obtained from our offices. Should any of the provisions of this policy be unclear or guidance is required regarding a potential, perceived or actual conflict then please don't hesitate to contact the compliance officer.

Kind Regards

Enrique Goosen