

CONFLICT OF INTEREST MANAGEMENT POLICY

ATLANTIC PEARL FINANCIAL (PTY) LTD

FSP 50420

Trading As

MT.COOK FINANCIAL



A. INTRODUCTION

1. This document embodies the Conflict of Interest Management Policy for *Atlantic Pearl Financial (Pty) Ltd*.
2. “Conflict of interest” means any situation in which *Atlantic Pearl Financial (Pty) Ltd (APF)* or its representatives has an actual or potential interest that may, in rendering a financial service to a client influence the objective performance of his, her or its obligations to that client; or prevent *APF* or 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 (“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 paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.)
3. The primary objectives of this Policy are:
 - i. To provide guidance on the behaviours expected in accordance with APF standards;
 - ii. To promote transparency and to avoid business-related COI;
 - iii. To ensure fairness in the interests of employees and APF;
 - iv. To document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived COI;
 - v. To provide a mechanism for the objective review of personal outside interests.
4. APF is committed to ensuring that all business is conducted in accordance with good business practice. To this end APF conducts business in an ethical and equitable manner and in a way, that safeguards the interests of all stakeholders to minimize and manage all real or potential conflict of interest (COI). APF and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between APF and a client or its representative and a client.

B. FINANCIAL INTEREST

1. APF or its representatives may only receive or offer financial interest from or to a third party as determined by the Registrar of Financial Services Providers from time to time, and as set out in Annexure A hereto.
2. “Financial interest” means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic and foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than –
 - i. an ownership interest
 - ii. training, that is not exclusively available to a selected group of providers or representatives on products and legal matters relating to those products; general financial and industry information; specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.

3. APF may not offer any financial interest to its representatives for giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; OR giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; OR giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

C. MECHANISMS FOR IDENTIFYING COI

A conflict of interest may arise where Atlantic Pearl Financial (Pty) Ltd, Atlantic Pearl Ltd or one of its employees, is providing a financial service to its clients or engaging in activities on their own account which may entail a material risk of damage to the client's interest. The mechanisms implemented to identify actual or potential conflicts of interests for the FSP are:

- APL conducts annual reviews on all contracts held with 3rd parties and re-examines whether this relationship influences the APF's objective performance towards its clients. These contracts are also reviewed to determine whether the relationship influences APF's ability to act in the interest of our clients.
- Declarations are signed by all Key Individuals confirming the presence or absence of any actual or potential conflict of interest on a bi-annual basis.
- A list of all the FSP's associates is attached as an annexure hereto and is updated annually.
- A list of all parties in which the FSP holds an ownership interest is attached as an annexure hereto and is updated annually.
- A list of all third parties that holds an ownership interest in the FSP is attached as an annexure hereto and is updated annually.
- All gifts received from 3rd parties, with an estimated value of R50 or more, are recorded in the FSP's gift register which is kept on the FSP's compliance file.
- All employees must disclose in writing to the management team of the FSP on an on-going basis, any conflicts of interest that they may become aware of.
- All records associated with the identification of an actual or potential conflict of interests is kept on the compliance file which is available for inspection purposes.
- Where common directors of APF and APL might act in a way in which they have or could have an interest which conflicts with the interest of APF. In particular this applies to the exploitation of any information or opportunity available to APF or where APL Group withdraws support from APF

The mechanisms implemented to identify actual or potential conflicts of interests for **Representatives** are:

- Declarations are signed by all Representatives confirming the presence or absence of any actual or potential conflict of interest on a quarterly basis.
- All Representatives must disclose in writing to the management team of the FSP on an ongoing basis, any conflicts of interest that they may become aware of

D. RESOLVING COI

The first and most important line of defense against COI or commitment must be by the key individuals and representatives themselves.

Throughout the process of rendering a financial service to a client, a Representative must apply his or her mind to answering the following questions:

- “Is there any situation that exists that influences the objective performance of my obligations to my client”?
- “Is there any situation that exists that prevents me from rendering an unbiased and fair financial service to my client”?
- “Is there any situation that exists that prevents me from acting in the interest of my client”?
- If the answer to any one of these questions is “no” - No further action would be required.
- If the answer to any one of these questions is “yes” - The following two questions must also be answered:
 - “Is the situation caused by an actual or potential relationship with a 3rd party”? (see definition of 3rd party)
 - “Is the situation caused by an actual or potential financial or ownership interest”? (see definition of financial and ownership interest)
- If the answer to any one of these questions is “yes” - An actual or potential conflict of interest has been identified.

(note that a conflict of interest is not limited to a financial or ownership interest)

Throughout the process of rendering a financial service to a client, a Key Individual must apply his or her mind to answering the following questions:

- “Is there any situation that exists that influences the objective performance of the representative’s obligations to his or her client”?
- “Is there any situation that exists that prevents the representative from rendering an unbiased and fair financial service to his or her client”?
- “Is there any situation that exists that prevents my representative from acting in the interest of his or her client”?
- If the answer to any one of these questions is “no” - No further action would be required.
- If the answer to any one of these questions is “yes” - The following two questions must also be answered:
 - “Is the situation caused by an actual or potential relationship of the FSP with a 3rd party”? (see definition of 3rd party)
 - “Is the situation caused by an actual or potential financial or ownership interest of the FSP”? (see definition of financial and ownership interest)
- If the answer to any one of these questions is “yes” - An actual or potential conflict of interest has been identified.

(note that a conflict of interest is not limited to a financial or ownership interest)

E. POTENTIAL COI THAT COULD AFFECT *Atlantic Pearl Financial (Pty) Ltd*

1. The following are potential COI that could affect APF:

- i. Directorships or other employment;

- ii. interests in business enterprises or professional practices;
- iii. share ownership;
- iv. beneficial interests in trusts;
- v. personal Account Trading;
- vi. professional associations or relationships with other organizations;
- vii. personal associations with other groups or organizations, or family relationships;
- viii. Front running;
- ix. Rebates;
- x. Kickbacks; and
- xi. Commission

F. MEASURES TO AVOID COI:

In terms of Section 3A(2)(b)(i)(bb) of the General Code of Conduct, a conflict of interest management policy must provide measures for the avoidance of conflicts of interest, and where avoidance is not possible, the reasons therefore and the measures for the mitigation of such conflicts of interest.

Once an actual or potential conflict of interest has been identified the following measures will be followed in order to determine whether the conflict of interest is avoidable:

- The management team of the FSP will convene and review the actual or potential conflict of interest in an open and honest forum:
- All information surrounding the actual or potential conflict of interest must be disclosed to all interested parties
- All information surrounding the actual or potential conflict of interest must be disclosed to the FSP's Compliance Officer

The following consequences must be considered during the review process:

- The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on clients
- The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on the integrity of the financial services industry
- The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on the FSP
- The management team of the FSP must apply its mind whether the FSP can obtain a more advantageous transaction, contract or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

- If a more advantageous transaction, contract or other arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the management team of the FSP shall determine by a majority vote whether the transaction, contract or arrangement is in the best interest of the FSP and any affected client/s and accordingly make its decision as to whether to enter into the transaction, contract or arrangement in conformity with such determination.

If the management team of the FSP has determined that the actual or potential conflict of interest is avoidable, the following processes must be adhered to:

- The management team must approve, by a majority vote, the removal of the underlying cause of the actual or potential conflict of interest
- The underlying cause of the actual or potential conflict of interest must be removed as soon as reasonably possible
- Any negative impact on clients owing to the removal of the actual or potential conflict of interest must be kept to a minimum
- The reason(s) why the actual or potential conflict of interest was determined to be avoidable must be recorded
- All determinations and interventions as it pertain to the avoidance of the conflict of interest must be documented and kept on the compliance file
- Similar situations that give rise to actual or potential conflicts of interests must be avoided in the future

G. DISCLOSURE OF COI:

1. At the earliest reasonable opportunity, APF and its representative must, in writing, disclose to a client any COI in respect of that client including –
 - a. Measures taken to avoid or mitigate the conflict;
 - b. Any ownership interest or financial interest that the provider or representative may be or become eligible for;
 - c. The nature of the relationship or arrangements with a third party that gives rise to a COI in sufficient detail to enable the client to understand the exact nature of the COI.
2. At the earliest reasonable opportunity, APF and its representative must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.
3. Notification of an actual or potential COI should be made to a person with responsibility for the issue or area, such as the relevant management team, supervisor, head of the department or key individual.
4. In accordance with an employee's obligation to act in the best interest of his or her employer, it is not permissible for employees to engage in conduct that would amount to a COI with APF.
5. Staff that fail to disclose a potential or actual COI in accordance with this policy may be liable to disciplinary procedures as governed by relevant industrial awards or agreements.

H. PROCESSES, PROCEDURES AND INTERNAL CONTROLS TO FACILITATE COMPLIANCE WITH THE POLICY

1. Every staff member must have a copy of the Conflicts of interest Management Policy.
2. If a potential COI arises, the transaction must first be discussed with management before entering the transaction.

I. CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY BY THE PROVIDER'S EMPLOYEES AND REPRESENTATIVES

1. Non-compliance with this policy and the procedures described in it may be misconduct and employees may be subject to disciplinary action that may lead to dismissal.

J. NAMES OF ANY THIRD PARTIES THAT HOLDS AN OWNERSHIP IN THE PROVIDER

1. *Atlantic Pearl Ltd.*

K. INCLUDE THE NATURE AND EXTENT OF THE OWNERSHIP INTEREST REFERRED TO IN PARAGRAPHS K AND L

1. Atlantic Pearl Financial (Pty) Ltd is a joint venture with Atlantic Pearl Ltd an existing company, and well known colleagues (Atlantic Pearl Ltd. – Dominica) who have been in operation since 2014.

ANNEXURE A - FINANCIAL INTEREST

The Registrar of Financial Services Providers issued Board Notice 58 of 2010 (BN 58) under section 15 of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). BN 58 amends the General Code of Conduct for Authorised Financial Services Providers and Representatives under FAIS and determines that a financial services provider or its representatives may only receive or offer financial interest from or to a third party as follows:

- i. Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
- ii. Commission authorised under the Medical Schemes Act;
- iii. Fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the 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 in sub-paragraph (i), (ii) or (iii) is not paid, if those fees –
 - aa. are specifically agreed to by a client in writing; and
 - ab. 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 being rendered;
- vi. subject to any other law, an immaterial financial interest*;
- vii. a financial interest, not referred to under sub-paragraph (i) to (vi), 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.

Note

* “immaterial financial interest” means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 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;
- c) a provider, who for its benefit or that of some or all its representatives, aggregates the immaterial financial interest paid to its representatives.

