

# CONFLICT OF INTEREST MANAGEMENT POLICY

## A. INTRODUCTION

This document embodies the Conflict of Interest Management Policy for 36ONE Asset Management.

"Conflict of interest" (COI) means any situation in which 36ONE Asset Management 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 36ONE Asset Management 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:

- a financial interest;
- an ownership interest;
- any relationship with a third party ("third party" means
  - product supplier,
  - another provider,
  - an associate of a product supplier or a provider;
  - a distribution channel;
  - 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.)

The primary objectives of this Policy are:

- To provide guidance on the behaviors expected in accordance with 36ONE Asset Management standards;
- To promote transparency and to avoid business-related COI;
- To ensure fairness in the interests of employees and 36ONE Asset Management;
- To document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived COI;
- To provide a mechanism for the objective review of personal outside interests.

36ONE Asset Management is committed to ensuring that all business is conducted in accordance with good business practice. To this end 36ONE Asset Management 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). 36ONE Asset Management and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between 36ONE Asset Management and a client or its representative and a client.

## B. FINANCIAL INTEREST

36ONE Asset Management 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.

"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 –

- an ownership interest
- 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.

- 36ONE Asset Management 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

- All employees must periodically complete sworn questionnaires/disclosure documents relating to any conflicts of interest.
- Perform CIPRO director and searches.
- Compulsory pre-authorisation of any PA trades.
- Monitoring of any brokerage accounts whereby employees have a financial/ownership interest.

## D. RESOLVING COI

- The first and most important line of defense or commitment against COI must be by key individuals and representatives themselves.
- Recusal from the decision-making process in regard to the area of conflict, relinquishing financial position (immediate liquidation with any concomitant profit foregone).

## E. POTENTIAL COI THAT COULD AFFECT 36ONE ASSET MANAGEMENT

The following are potential COI that could affect 36ONE Asset Management;

- Directorships or other employment;
- Interests in business enterprises or professional practices;
- Share ownership;
- Beneficial interests in trusts;
- Personal Account Trading;
- Professional associations or relationships with other organizations;
- Personal associations with other groups or organizations, or family relationships;
- Front running;
- Rebates;
- Kickbacks; and
- Commission

## F. MEASURES TO AVOID COI

- Communicate COI policy clearly to all staff, especially new appointments.
- Compulsory pre-authorisation of any PA trades.
- Align remuneration to client/fund performance as far as possible.

## **G. DISCLOSURE OF COI**

- At the earliest reasonable opportunity, 36ONE Asset Management and its representative must, in writing, disclose to a client any COI in respect of that client including –
  - Measures taken to avoid or mitigate the conflict;
  - Any ownership interest or financial interest that the provider or representative may be or become eligible for;
  - 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.
- At the earliest reasonable opportunity, 36ONE Asset Management and its representative must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.
- 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, and head of the department or key individual.
- 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 36ONE Asset Management.
- 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**

- Every staff member must have a copy of the Conflicts of interest Management Policy.
- If a potential COI arises, the transaction must first be discussed with management before entering into the transaction.
- If compliance with the COI policy cannot be achieved, the transaction should not be entered into.

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

- Non-compliance with this policy and the procedures described in it may be considered to be misconduct and employees may be subject to disciplinary action that may lead to dismissal.
- The disciplinary action taken shall be commensurate with the intent and extent of the noncompliance with the COI policy.

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

- Cy Jacobs
- Steven Liptz

## **K. INCLUDE THE NATURE AND EXTENT OF THE OWNERSHIP INTEREST REFERRED TO IN PARAGRAPH J**

- Co - owners

## 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:

- Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
- Commission authorised under the Medical Schemes Act;
- 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;
- 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 –
  - are specifically agreed to by a client in writing; and
  - may be stopped at the discretion of that client.
- 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;
- subject to any other law, an immaterial financial interest\*; and
- 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.

## NOTES

- "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 –
- provider who is a sole proprietor; or
- a representative for that representative's direct benefit;
- a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

## ANNEXURE B – GIFTS REGISTRY

Name of Staff Member	Received / Given	Date of Gift	Third Party Source / Recipient	Type of Gift	Value of Gift