



# CONFLICT OF INTEREST MANAGEMENT POLICY

## INTRODUCTION

The amendment to the General Code of Conduct for Financial Services Providers and Representatives sets out provisions regarding the treatment of Conflicts of Interest.

The general principles of the regulations provide as follows:

- Financial Services Providers (FSPs) must avoid, and where this is not possible, mitigate conflicts of interest.
- All actual or potential conflicts of interest in respect of a client must be disclosed to that client in writing and must include: the disclosure of all ownership or financial interests (excluding immaterial financial interests) that the FSP or representative has or is eligible for, and the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest

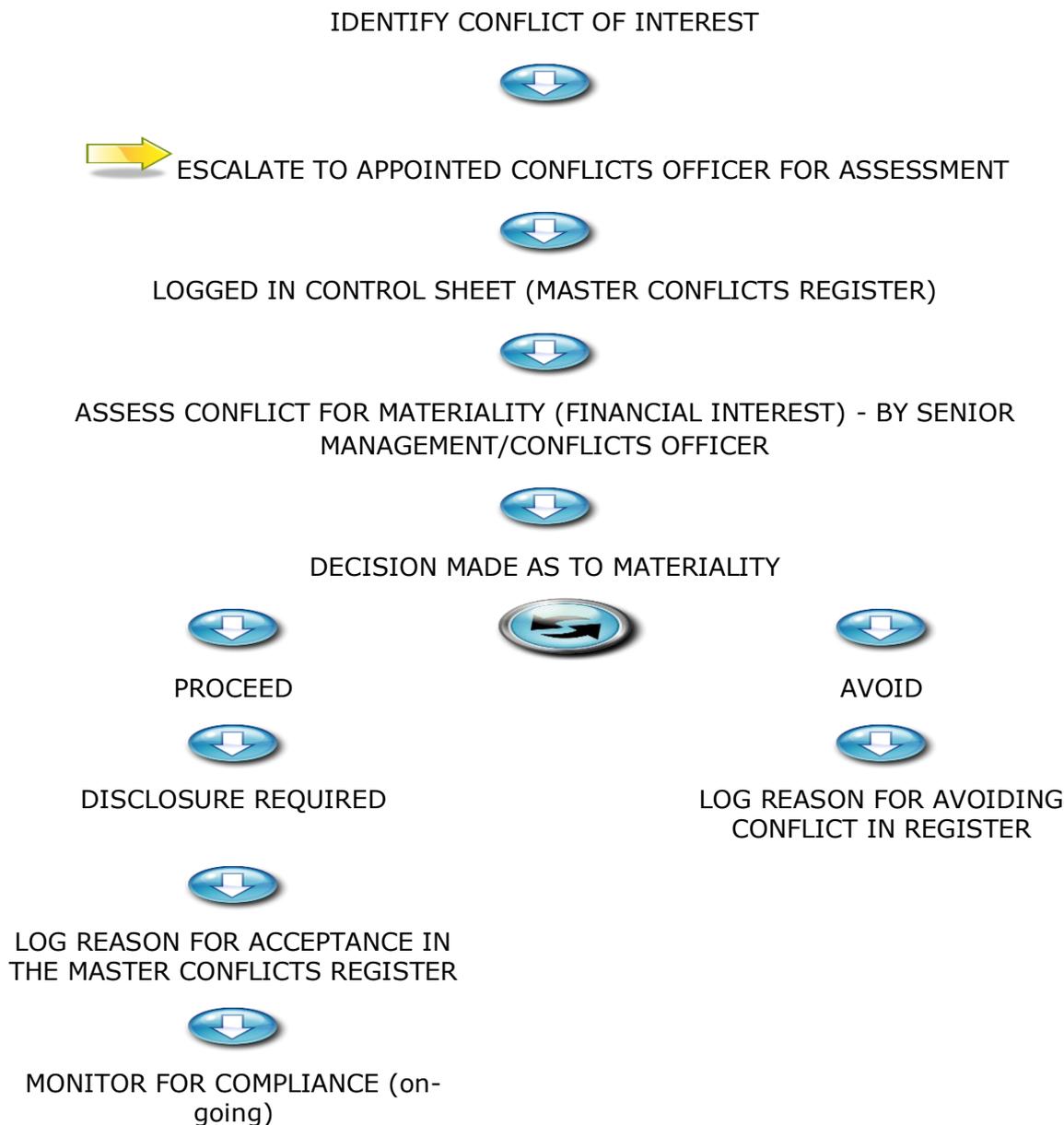
The objective of the Conflict of Interest Management Policy of **Personal Wealth Managers CC** is to ensure adherence to the principles and provisions applicable to conflict of interest situations.

The policy deals with conflicts of interest between Personal Wealth Managers CC, our employees and clients. The policy aims to ensure that we avoid or mitigate any conflict of interest situations which could negatively affect our clients. This policy applies to all Personal Wealth Managers employees, and in particular its representatives and key individuals.

The **Conflicts Officer** for Personal Wealth Managers is **Gavin Maskell** (021 762-9888 or [gavin@personalwealth.co.za](mailto:gavin@personalwealth.co.za) ), who will advise all relevant staff of :

- The definition of 'conflict of interest';
- The main features; and
- Examples or possible conflicts of interest that may emerge

# 1. CONFLICTS OF INTEREST MANAGEMENT POLICY FLOW DIAGRAM SHOWING CONTROLS & PROCEDURES:



If the conflict can be resolved immediately, take the necessary action and advise complainant thereof. The on-going status of the conflict is to be recorded in the register. If the conflict requires further clarity and investigation by any other party, insert comments as appropriate in the appropriate register.

## 2. What is a Conflict of Interest and when may it arise?

A conflict of interest arises when an actual or potential interest may influence staff members not to act fairly, independently and objectively towards clients.

A conflict of interest may arise where a company or one of its employees is providing a financial service to its clients and may entail a material risk of damage to those clients' interests, and whether the company or its employee:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- Has a financial or other incentive to favour the interest of another client, or group of clients, over the interests of the client;

- Carries on the same business as the client; or
- Receives or will receive from a person other than the client, an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

#### Examples of Conflicts of Interest

- Contracts, proposed contracts and similar transactions or arrangements

A conflict of interest may arise where an employee has a direct, or indirect interest in a transaction. This may be where the employee has a connection with the other party to the transaction, or where the employee's family has a connection. The connection may be from a directorship, significant shareholding, employment or consultancy.

Personal Wealth Managers requires disclosure of any connection which could, or could be seen to have the effect of compromising the judgment of any of our employees.

Employees are required to notify Personal Wealth Managers of such potential conflicts of interest, who will then decide if the employee can be involved in the transaction. Personal Wealth Managers will also ensure that the relevant provisions have been met.

A short summary of this policy is included in the "Intermediary Disclosure Document" issued and explained to clients at the beginning of the planning / adviser process.

- Gifts, Hospitality & Inducements

Inducements, gifts and hospitality are all issues that could lead to potential Conflicts of Interest. Personal Wealth Managers has a strict policy regarding such issues, which must be disclosed on receipt thereof. All Employees must act with the highest standards of integrity to avoid any allegations of Conflicts of Interest.

Employees must not accept any cash payments, significant gifts or hospitality. Token gifts may be accepted, providing they have not been solicited, have not been given as a business inducement and will not compromise Personal Wealth Manager' integrity. A register is kept of any gifts, or hospitality received.

Employees cannot attend hospitality events, without the approval of Personal Wealth Managers' approval. Where an invitation could be construed as being a business inducement, it must be declined.

### 3. Procedures

3.1 The Conflicts Officer will co-ordinate a questionnaire (annual) of directors and relevant staff, requiring them to assess all aspects of their responsibilities and their business relationships, with a view to identifying actual or potential conflicts (and circumstances that might be perceived as conflicts). Directors, managers and internal legal and compliance officers should attempt to identify conflicts across the business, while other staff will focus on their individual circumstances.

Even when individuals completing the questionnaire are confident that objective financial advice will be provided, in spite of a potential conflict, they should report the conflict: clients and regulators may not easily be persuaded that advice was objective.

3.2 The Conflicts Officer together with compliance will assess the seriousness (with compliance) of identified possible conflicts, and will determine (in consultation with senior management) how the conflict should be managed. Typically this can involve:

- If current disclosures constitute adequate management

- What further disclosures would constitute adequate management?
  - Whether or not disclosure alone can adequately manage the conflict. Where it cannot, all stakeholders can decide how the conflict should be avoided, or whether the conflict should be referred for prompt board consideration.
- 3.3 The Conflicts Officer will keep adequate records of the controls management process, from identification through to effective resolution of the conflict.
  - 3.4 The Compliance officer can prepare a report on the management of conflicts of interest for the senior management to consider at intervals appropriate to the business.
  - 3.5 Conflicts of interest will become a standing agenda item for senior management meetings.
  - 3.6 The COI procedures and their efficacy in operation will be reviewed by senior management of the FSP in conjunction with compliance.

#### **4. Role of all employees**

All employees of Personal Wealth Managers are obliged to report actual, perceived or potential conflicts of interest-see procedures above to senior management. The failure of employees to notify management to the potential conflict of interest may result in disciplinary action being taken against the affected individual/s.

#### **5. Role of all senior management**

Those individuals responsible for the internal oversight function have responsibilities to implement appropriate processes and procedures for the effective risk management of conflicts of interest and other risks arising within their organizations.

It is the responsibility of senior management to implement conflicts management policies, procedures and controls to manage conflicts effectively. There is no 'one size fits all' that can effectively address the full range of conflicts of interest that arise in the business of the Personal Wealth Managers.

#### **3. Conclusion**

Personal Wealth Managers expects all its employees to maintain the highest standards in carrying out their business activities, adhering to legislative requirements and our policies on business conduct. Personal Wealth Managers expects its employees to act professionally, honestly and ethically in all their dealings with clients, colleagues and third parties. In a nutshell, Personal Wealth Managers' policy on Conflicts of Interest is as follows:

- Conflicts of Interest should always be avoided wherever possible, and
- Conflicts or potential Conflicts of Interest that cannot be avoided must always be disclosed. Personal Wealth Managers will not tolerate non-disclosure by its employees.