



## CONFLICT OF INTEREST MANAGEMENT POLICY

FSP NAME: *ANNA KOTZÉ CONSULT (PTY) LTD*

FSP NUMBER : 6391

KEY INDIVIDUAL & REPRESENTATIVE: RETIEF KOTZÉ & KLAUS VON PRESENTIN

REPRESENTATIVES : ANNA KOTZÉ & ANDRÉ DU TOIT

### BACKGROUND

Anna Kotzé Consult (Pty) Ltd (**AKC**) is a Financial Service Provider (FSP) and is licensed to advise clients on certain subcategories in Category I.

Our Service Offering includes a full authorised representative status for experienced financial advisers based on Fit & Proper requirements and experience to advise Individuals and Corporate Institutions on a broad range of financial services to protect and create wealth for its clients.

1.

#### AKC is represented by :

✦ **Anna Catharina Kotzé**

✦ **Anna** is an authorised representative of AKC as defined in the FAIS-Act.

✦ **Retief Kotzé**

✦ **Retief** is a keyperson and an authorised representative of AKC as defined in the FAIS-act.

✦ **Klaus Gerd von Presentin**

✦ **Klaus** is a keyperson and an authorised representative of AKC as defined in the FAIS-Act.

✦ **Andre du Toit**

✦ **Andre** is an authorised representative of AKC as defined in the FAIS-Act.

**AKC** and the representatives are licensed to act in the following areas as intermediary and adviser:

△ Category 1

- 1.1 Long-Term Insurance: Category A
- 1.2 Short-Term Insurance: Personal Lines
- 1.3 Long-Term Insurance: Category B1
- 1.20 Long-Term Insurance: Category B2
- 1.4 Long-Term Insurance: Category C
- 1.5 Retail Pension Benefits
- 1.6 Short-Term Insurance: Commercial Lines
- 1.7 Pension Fund Benefits (excluding Retail Pension Benefits)
- 1.14 Participatory Interests in Collective Investment Schemes
- 1.16 Health Service Benefits supplied by a medical fund as defined in section 1 of the Medical Fund Act, 1998

If any individual is not qualified for a specific area, this fact will be given to you and a qualified colleague will advise and service you in that specific area.

## **RESPECTING REGULATION AND LEGISLATION**

Management, Key Individuals and Authorised Representatives of **AKC** are required to have a complete understanding to apply the principles and constitution of the following Acts according to Law:

- Companies Act
- Labour Law
- Prevention of Crime Act
- Money Laundering Regulation
- Income and Capital Gains Tax Acts
- FAIS Act and Code of Conduct, while adhering to Fit and Proper requirements
- FIC Act
- FSB Regulation and Code of Conduct
- Collective Investment Schemes Act
- Long Term Insurance Act
- Short Term Insurance Act
  
- Medical Insurance Act
- Estate Duty Act
- National Credit Act
- ASISA Code of Conduct

Where a member of **AKC** elects to use a specialist to advise clients in any of the above Act's he/she have specialists within the company to refer to clients.

## **CONFLICT OF INTEREST MANAGEMENT POLICY**

Section 3A(2)(a) of the General Code of Conduct stipulates that every provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act. The policy is to provide for mechanisms in place at **AKC** to identify, mitigate and manage the conflicts of interest to which the **AKC** is a party. This Conflict of Interest Management Policy is designed as prescribed in Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and Representatives published in Board Notice 80 of 2003, as amended by Board Notice 43 of 2008.

## OBJECTIVE OF THE POLICY

This Conflict of Interest Management Policy does not change our existing conflict of management procedures but intends to document them in simple form as required by the Financial Services Board.

In terms of the Financial Advisory and Intermediary Services Act, 2002, **AKC** is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflict of interest. **AKC** has put in place a policy to safeguard its clients' interests and ensure fair treatment of clients.

All providers, key individuals, representatives, associates and administrative personnel will commit to such policy and the processes will be monitored on an ongoing basis.

**AKC** keeps and maintains a register in which all actual or potential conflicts are recorded.

## MISSION STATEMENT ON CONFLICT OF INTEREST

**AKC** is committed to ensuring that all business is conducted in accordance with good business practice. To this end **AKC** conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimise and manage all real and potential conflicts of interests. Like any financial services provider, **AKC** is potentially exposed to conflicts of interest in relation to various activities. However, the protection of our clients' interests is our primary concern and so our policy sets out how:

- we will identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our clients' interests;
- we have established appropriate structures and systems to manage those conflicts; and
- we will maintain systems in an effort to prevent damage to our clients' interests through identified conflict of interest.

## UNDERSTANDING THE DEFINITIONS

### ***Conflict of interest:***

A conflict of interest may occur when in rendering a financial service to you we do not act objectively or do not render an unbiased or fair service to you or do not act in your interests, including but not limited to:

- a) a financial interest
- b) an ownership interest
- c) any relationship with a third party.

### ***A financial interest:***

Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration (exceeding R1000 per annum) 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;

11. Specialised technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.

***An ownership interest:***

- (i) any equity or proprietary interest for which a fair value was paid on acquisition other than such an interest held by a nominee;
- (ii) includes any dividend, profit share or similar benefit derived from such interest.

***Fair value:***

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

**WHAT MAY WE GIVE AND RECEIVE**

We confirm that we will only receive financial interest from the aforesaid providers in the form of:

- (i) Commission authorized under the Long-term Insurance Act, 52 of 1998;
- (ii) Commission authorized under the Short-term Insurance Act, 53 of 1998;
- (iii) Commission authorized under the Medical Schemes Act, 131 of 1998;
- (iv) Fees under the aforesaid acts if these fees are reasonably commensurate to the service being rendered;
- (v) Fees for rendering a financial service in respect of which no commission or fees are paid as aforesaid, if those fees are specifically agreed to by you in writing and may be stopped at your discretion;
- (vi) Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
- (vii) Subject to any other law, an immaterial financial interest;
- (viii) A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid at the time of receipt thereof.

**REMUNERATION POLICY**

Our remuneration policy is described in our Service Level Agreement document.

- Initial and Recurring fees from products as agreed between **AKC** and Investors, commission on risk policies and fees invoiced directly to the client where the client prefers such method of payment for services rendered.
- We do not receive more than 30% of our income from any one product or service provider.

**REMUNERATION OF KEY INDIVIDUALS**

The Key Individuals in **AKC** are paid a fixed monthly salary. All our administrative staff is paid a fixed monthly salary. Annual reviews and the profitability of the company determine any potential salary adjustments, profit share, bonus or increases of internal staff and key individuals.

## **REMUNERATION OF AUTHORISED REPRESENTATIVE**

The remuneration of an authorized representative consists of a % share in commission income and fees generated during the particular month.

### **IFA's responsible to maintain the following standards on an ongoing basis:**

1. Ensure that at all times he/she adheres to all legal requirements as laid down in FAIS and FICA ACTS and do nothing to cause the Company's licence from the FSB to be placed in jeopardy.
2. Conducts him-/herself, at all times, in an ethical fashion with regard to the needs of his/her client and not recommend nor promote products or services to the IFA or his/her client that does not meet the specific objectives of the client. It is the responsibility of the IFA to gather sufficient information according to FAIS Standards and to formulate sufficient background information to put the employees of the Company in a position to compile a record of advice according to FAIS standards and its internal investment process, conventions and principles.
3. Undertakes that he/she will always disclose all available information to his/her client regarding charges, investment objectives, risks, estimated returns and surrender penalties that may be incurred in the event of an early surrender.
4. Promote, advise and conclude products that are approved and recommended by the Company. It is the IFA's responsibility to inform a clients/investor that he/she does not represent the Company when non-company approved products are promoted, advised and concluded or when he/she represents another FSP as a key individual or authorised representative.

## **INCENTIVES**

**We confirm** we will not offer any financial interest to our key individuals or representatives for-

- (i) favouring quantity of business over quality of service; or
- (ii) giving preference to a specific product supplier where more than one supplier can be recommended to a client; or
- (iii) giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

Our Authorised Representative has no volume requirement to motivate him to maintain his representative status.

## PROCESSES AND INTERNAL CONTROLS

### Identification of Conflict of Interest

To adequately manage conflicts of interest we must identify all relevant conflicts timeously. In determining whether there is or may be a conflict of interest to which the policy applies, **AKC** considers whether there is a material risk of damage to the client, taking into account whether **AKC** or its representative, associate or 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, group of clients or any other third party over the interests of the client;
- 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 legislated commission or reasonable fee for that service.

**Our policy defines possible conflicts of interest as, *inter alia*:**

- conflicts of interest between **AKC** and the client;
- conflicts of interest between our clients if we are acting for different clients and the different interests conflict materially;
- conflicts of interest where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client;
- holding confidential information on clients which, if we would disclose or use, would affect the advice or services provided to clients. we may only receive commissions authorised in terms of applicable legislation.

**AKC** maintains an index of potential conflict risks, taking into consideration all business areas and income streams. The index is updated with all new conflicts identified, and to ensure completeness is reviewed on an annual basis.

All employees, including internal compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify the Key Individual of any conflicts they become aware of. The Key Individual will assess the implications of the conflict and how the conflict should be managed and act impartially to avoid a material risk of harming clients' interests.

### MEASUREMENT FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTERESTS

Create awareness and knowledge of applicable stipulations of the General Code of Conduct and relevant legislation relating to conflict of interest, through training and educational material.

Ensure understanding and adoption of conflict of interest policy and management measures by all employees, representatives and associates.

Regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance.

Keep a register of conflict of interest.

Once a conflict of interest has been identified it needs to be appropriately and adequately managed.

The Key Individual will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Compliance and management then agree on the controls that need to be put in place to manage the conflict.

- Disclosure:

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients.

A List of measure of disclosure includes:

1. Client Advice Record
2. Letter of Introduction & Disclosure Letter

- Publication:

-We will keep our conflict of interest policy in our Workflow System (WorkPool) to ensure that it is easily accessible.

-A copy of this document will be provided on the client's request.

- Declining to act:

We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

## **ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT**

This policy will be reviewed annually to manage implementation, monitoring and compliance with, and the accessibility of the conflict of interest management policy. Retief Kotze is responsible for supervision and monitoring of this policy and Anna Kotze will assist him in the process to be followed to inspect new business transactions. Anna Kotze and Klaus von Presentin is responsible for product providers discussions. Retief Kotze is responsible to monitor staff efficiencies together with Klaus von Presentin.

## **TRAINING AND STAFF**

All employees and representatives are required to read Board Notice 58 of 2010 as well as this policy and to sign a statement to the effect that they have done so and fully understand the provisions of both documents and the application thereof.

Comprehensive training on the Conflict of Interest policy will be provided to all employees and representatives as part of general FAIS training or specifically.

Training will be incorporated as part of all new appointees' induction and refresher training provided on an annual basis.

The Key Individuals Retief Kotze and Klaus von Presentin will conduct ad hoc checks on business transactions to ensure the policy has been complied with.

Retief Kotze and Masthead will include monitoring of the Conflict of Interest policy as part of his general monitoring duties and will report thereon in the annual compliance report.

Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable.

Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

This policy shall be reviewed annually and updated if applicable.

**REGISTERS:**

With regard to existing third party relationships, being the product suppliers listed in our Contact Stage Disclosure letter, we confirm that we do not have an ownership interest or are subject to exclusive training nor are there any other circumstances which could lead to a potential conflict of interest. Should any conflicts arise with regard to any of these prior to entering into any business transaction with you we undertake to disclose these in the registers below.

**AKC** has implemented the registers below:

1. Nature and Extent of Ownership interests
2. Financial Interest Received
3. Nature and Extent of Business Relationships
4. Associations