



**4D WEALTH  
MANAGEMENT**

**An Authorised Financial Services Provider FSP 40794**

**CONFLICT OF INTEREST MANAGEMENT POLICY**

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## TABLE OF CONTENTS

### **SECTION 1 CONFLICT OF INTEREST MANAGEMENT POLICY**

1. Purpose of the Policy
2. Definition of Conflict of Interest
3. Definitions contained in the General Code of Conduct
4. Objectives of the Policy
5. Management statement on Conflict of Interest
6. Application of the definition contained in the General Code
7. Dealing with Conflict of Interest – 2003 General Code
8. Dealing with Conflict of Interest – 2010 BN 58
9. Control measures
10. Internal Conflict of Interest
11. Receipt of gifts
12. Consequences of non-compliance

### **SECTION 2 RESPONSIBLE PERSON**

Appointment of person responsible for oversight and enforcement of this policy.

### **SECTION 3 DOCUMENTATION**

Registers and documents required to facilitate functioning of policy.

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<b>SECTION 1</b> <b>CONFLICT OF INTEREST MANAGEMENT POLICY</b>
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## **1. Purpose of the policy**

The General Code of Conduct for Financial Services Providers requires Financial Services Providers and their representatives to disclose to their clients the existence of actual or potential Conflict of Interest.

The purpose of this regulation is to ensure that there is **no Conflict of Interest** when advice is provided to clients. A Conflict of Interest will exist when anything may **influence the objectivity** of the advisor, and his/her ability to provide appropriate advice, in the best interest of the client and for the right reasons.

This policy serves to clarify what constitutes a Conflict of Interest, as well as measures taken to avoid or mitigate such Conflict of Interest. Furthermore, it will provide a list of which direct and indirect benefits need to be disclosed to clients as well as methods to disclose it. Disclosure of direct and indirect benefits needs to be made in a consistent and transparent manner. Financial Services Providers have to avoid vague and inadequate disclosures.

The aim of an efficient Conflict of Interest Management Policy is to ensure that there is no unfair treatment of clients or rendering of inappropriate financial services by Financial Services Providers.

## **2. Definition of Conflict of Interest**

A Conflict of Interest involves the Conflicted person to perform his duties, sell his skills or act in any manner where he does so for own benefit (interest) and to the actual or potential detriment of his employer, client or any other person. Examples are competing with your employer or selling a specific product because there is a hidden benefit for the seller, such as a kickback or undisclosed commission.

A Conflict of Interest in the financial services industry is a situation in which financial or other personal considerations have the potential to compromise advice given or influence professional judgment and objectivity. An apparent Conflict of Interest is one in which a reasonable person would think that the professional's judgment is likely to be compromised. A potential Conflict of Interest involves a situation that may develop into an actual Conflict of Interest. It is important to note that a Conflict of Interest exists whether or not decisions are affected by a personal interest.

The actual or potential existence of a Conflict of Interest may in itself not be an undesirable practice. It is imperative to properly disclose the nature and monetary value of such Conflict to a client.

Such disclosure should be made prior to rendering of financial services and then confirmed in the record of advice, and should also be recorded in a register. Full disclosure allows a potential client to decide whether, in the client's view, a Conflict situation may influence advice provided. The client will therefore be better equipped to assess whether the advice given may be flawed or influenced unduly.

The General Code of the FAIS Act defines Conflict of Interest as follows in Sec 1:

Any situation in which a Financial Services Provider or a 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 Financial Services 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.

### 3. Definitions of concepts as contained in the General Code of Conduct

The FSB has issued BN 58 of 2010 to eradicate any misconceptions as to what constitutes Conflict of Interest and the manner of disclosure thereof.

Associate	If it is a <b>natural person</b> it means: Spouse, life partner, child, adopted child, parent, stepparent, stepchild or spouse of any of the aforementioned. Curator of the natural person. Anybody in a commercial relationship with the person.
	If it is a <b>juristic person</b> it means: If a company it includes its holding company and subsidiaries. If a close corporation – any member thereof. Any person that may direct a company's board of directors. Any trust controlled by an associated person
Company, subsidiary & holding company	Has the meaning ascribed to these concepts in the Companies Act.
Conflict of Interest	As described in this policy: Section 2 of Chapter 1
Distribution channel	Support services offered by a product supplier to

	<p>Financial Services Providers to render financial services to clients.</p> <p>The arrangement between Financial Services Providers to facilitate their relationship with a product supplier.</p> <p>The arrangement between product suppliers to facilitate their relationship with Financial Services Providers.</p>
Fair value	Has the meaning ascribed to it in the Companies Act and is a financial reporting standard.
Financial interest	<p>It <b>includes</b> the following: Cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, hospitality, domestic &amp; foreign travel, accommodation, incentive and valuable consideration.</p> <p>It <b>excludes</b>:</p> <ul style="list-style-type: none"> <li>• Any ownership interest</li> <li>• Training that is not exclusive or for a selected group of persons on aspects such as product training, financial industry information sessions or information technology training relating to the industry. The company that provides the training or pays for it may however not pay for the travel to or accommodation at the training facility.</li> </ul>
Immaterial financial interest	The maximum amount of benefits that a representative or sole Financial Services Provider may receive from any specific product supplier or other third party is R1000 per year. A Financial Services Provider with more than one representative may aggregate the amount received.
Ownership interest	Equity or a proprietary interest in a Financial Services Provider and that was acquired at fair value. Any dividend, profit share or similar benefit that derives from the ownership interest is included. It excludes equity held as an approved nominee on behalf of a person (as a financial service).
Third party	This includes product suppliers (insurers), other FSP's, associate entities of product suppliers, any distribution channel and any other person that provides services to a Financial Services Provider on behalf of any of the aforementioned.

#### 4. Objectives of the Policy

**4D Wealth Management (Pty) Ltd** is an Authorized Financial Services Provider, providing to its clients advice and intermediary services on the following products:

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### Category 1

- Long-Term Insurance: Category A, B1, B2, C
- Retail Pension Benefits
- Pension Funds Benefits (excluding retail)
- Participatory interests in Collective Investment Schemes
- Deposits Defined in the Banks Act – exceeding 12 months
- Deposits Defined in the Banks Act – 12 months or less

### Category 2 – Discretionary FSP

- Long-Term Insurance: Category C
- Retail Pension Benefits
- Pension Funds Benefits (excluding retail pension benefits)
- Securities and Instruments: Shares
- Securities and Instruments: Money market instruments
- Securities and Instruments: Debentures and securitised debt
- Securities and Instruments: Warrants, certificates and other instruments
- Securities and Instruments: Bonds
- Securities and Instruments: Derivative instruments
- Participatory interests in Collective Investment Schemes
- Foreign currency denominated investment instruments
- Long-term Deposit

Like any Financial Services Provider, **4D Wealth Management (Pty) Ltd** is potentially exposed to Conflicts of Interest in relation to various activities.

**4D Wealth Management (Pty) Ltd** is committed to comply with the standards and prescriptions set by the Financial Services Board and has adopted this Policy to ensure compliance with the Conflict of Interest Regulations.

**4D Wealth Management (Pty) Ltd** undertakes to ensure that every Key Individual and Representative is aware of what constitutes such Conflict and, through this awareness, ensure that KI's and Reps do not find themselves in situations where there may be a Conflict between their own Interest and that of the FSP or a client.

## 5. Management statement on Conflict of Interest

The management of **4D Wealth Management (Pty) Ltd** herewith accepts the company's responsibilities conferred by the FAIS Act and Code as well as its general obligation to transact with clients, potential clients and the public in general in an open and transparent manner.

In order to protect the interests of clients, the Conflict of Interest Management Policy sets out to achieve:

- the identification of circumstances which may give rise to actual or potential Conflict of Interest entailing material risk of damage to client interests;

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- to establish appropriate structures and systems to manage any such Conflicts; and
  - to maintain systems in an effort to prevent damage to the interests of our clients through identified Conflict of Interest.

**4D Wealth Management (Pty) Ltd** strives towards ensuring it is able to appropriately and effectively identify and manage potential conflicts. It may manage potential conflicts through avoidance, establishing confidentiality barriers and by providing appropriate disclosure of the conflict to affected clients.

## **6. Application of the definition of Conflict of Interest**

In determining whether there is or may be a Conflict of Interest to which the policy applies, **4D Wealth Management (Pty) Ltd** considers whether there is a material risk of damage to the client, taking into account whether the FSP, 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.

The policy defines possible Conflict of Interest as, amongst others:

- Conflict of Interest between **4D Wealth Management (Pty) Ltd** and the client;
- Conflict of Interest between our clients if we are acting for different clients and the different interests Conflict materially;
- Conflict 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.

## 7. Dealing with Conflict of Interest under the General Code of Conduct of 2003

These aspects are mostly dealt with in the disclosure notices of Financial Services Providers, the commission disclosures made in quotes and schedules of insurance as well as in the compliance policy of the Financial Services Provider. Although these aspects are prescribed in general terms the onus is still on the Financial Services Provider to decide whether any activity constitutes a Conflict of Interest and how to disclose it.

SECTION	WORDING
3(1)(b)	A Financial Services Provider and a representative must <b>avoid</b> and where this is not possible to mitigate, <b>any Conflict of Interest</b> between the Financial Services Provider and a client or the representative and a client.
3(1)(c)	<p>A Financial Services Provider must, in writing, at the earliest reasonable opportunity –</p> <ul style="list-style-type: none"> <li data-bbox="477 806 1419 1409">(i) <b>disclose</b> to a client <b>any Conflict of Interest</b> in respect of that client, including – <ul style="list-style-type: none"> <li data-bbox="574 877 1419 1052">(aa) the measures taken, in accordance with the <b>Conflict of Interest Management Policy</b> of the Financial Services Provider referred to in subsection 3A(2), to avoid or mitigate the Conflict;</li> <li data-bbox="574 1058 1419 1192">(bb) any <b>ownership</b>, interest or financial interest, other than an immaterial financial interest, that the Financial Services Provider or representative may be or become eligible for;</li> <li data-bbox="574 1199 1419 1409">(cc) the <b>nature of any relationship</b> 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</li> </ul> </li> <li data-bbox="477 1415 1419 1482">(ii) <b>inform</b> a client of the Conflict of Interest management <b>policy</b> referred to and how it may be accessed.</li> </ul>
3(1)(d)	The service must be rendered in accordance with the contractual relationship and with due regard to the <b>interests of the client</b> which must be accorded appropriate priority over any interests of the Financial Services Provider.
3(1)(f)	The Financial Services Provider must not <b>deal in any financial product for own benefit</b> , account or interest where the dealing is based upon advanced knowledge.... which would be expected to affect the prices of such product.
4(1)(d)(i)	In terms of a general duty to disclose details of the relationship with product suppliers to clients whether the Financial Services Provider holds <b>10% or more shares</b> in any product supplier.

<b>4(1)(d)(ii)</b>	In terms of a general duty to disclose details of the relationship with product suppliers to disclose to clients whether the Financial Services Provider received <b>more than 30% of its remuneration</b> from one product supplier over a 12-month period.
<b>7(1)(c)(vi)</b>	A Financial Services Provider must, at the earliest reasonable opportunity, provide, where applicable, full and appropriate information of the following: The nature, extent and frequency of any <b>incentive</b> , remuneration, consideration which will or may become payable to the Financial Services Provider, directly or indirectly, by any product supplier or any person other than the client, or for which the Financial Services Provider may become eligible, as a result of rendering of the financial service.

All representatives and employees have to ensure that these disclosures are made in all instances, in the prescribed format and in a timely manner.

## 8. Dealing with Conflict of Interest – measures under BN 58 of 2010

The following directive applies to fees and commissions payable:

- **4D Wealth Management (Pty) Ltd** and its representatives may only receive commissions authorised in terms of applicable legislation;
- **4D Wealth Management (Pty) Ltd** and its representatives may only receive fees authorised in terms of applicable legislation, or fees or remuneration for services rendered to a third party, if those fees are reasonably commensurate to the service being rendered;
- **4D Wealth Management (Pty) Ltd** may only charge fees for the rendering of a service in respect of which commission or fees are not received if such fees are specifically agreed to by a client in writing. Fees may be stopped at discretion of the client. The FSP will determine the fees payable and no representative has the authority to determine fees payable or enter into a fee agreement without authorisation.
- **4D Wealth Management (Pty) Ltd** and its representatives may receive limited immaterial financial interests.
- **4D Wealth Management (Pty) Ltd** may only hold or obtain any financial interest for a consideration or fair value that is reasonably commensurate to the value of the financial interest that is paid by the Financial Services Provider or representative at time of receipt thereof.

**4D Wealth Management (Pty) Ltd** will not offer any financial interest to any representative for –

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- giving preference to the quantity of business secured for the Financial Services Provider to the exclusion of quality service;
  - giving preference to a specific product supplier where more than one supplier can be recommended to a client;
  - giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

## 9. Control measures

The following measures were adopted to manage identified Conflicts. These measures are necessary in dealing with any potential Conflict of Interest to ensure that **4D Wealth Management (Pty) Ltd** and its representatives act impartially and avoid a material risk of harming any clients' interests.

- Internal processes:

This Policy sets out the procedures to manage and control any potential Conflict of Interest. Representatives, associates and employees receive guidance and training in these procedures and they are subject to monitoring and review processes. There are specific measures and consequences in place for non-compliance with the Conflict of Interest policy.

- Confidentiality barriers:

Representatives, associates and employees respect the confidentiality of client information. No such information may be disclosed to a third party without the written consent of a client.

- Monitoring:

The key individual in charge of supervision and monitoring of this policy will regularly provide feedback on all related matters. The policy will be reviewed annually.

- 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. Where applicable, the monetary value of non-cash inducements will be disclosed to clients in all cases.

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- Publication:

The Conflict of Interest management policy is available for inspection at the office of the Financial Services Provider and is also referred to in the disclosure notice.

- Report:

The Conflict of Interest Management Policy is reported on in the annual report submitted to the FSB.

- Declining to act:

We will decline to act for a client if we believe that a Conflict of Interest cannot be avoided.

- Identification of Conflict of Interest:

Employees, representatives and associates will receive training and educational material in order to be able to identify potential and actual Conflict of Interest.

- Avoidance of Conflict of Interest:

This is achieved by:

- ensuring that all employees, representatives and associates have an understanding and adopt the Conflict of Interest policy and control measures;
- conducting regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance;
- keeping a register of Conflict of Interest.

## **10. Internal Conflict of Interest**

Internal Conflict of Interest includes any situation where an employee, member or officer of the company is placed in a situation where he or she competes with the company.

Examples are where he or she may gain or benefit from a situation at the expense of the company or where an interest in a contract is not disclosed or the employee has an interest in a company that competes with the company or the employee has an interest in a contract between the company and a supplier.

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A person may also be in a position where he or she may take or influence a decision to his or her advantage, such as obtaining a loan from the company or award a contract. The company requires good faith from its employees and officers and any actual or potential Conflict should be disclosed.

## **11. Receipt of gifts**

In order to eradicate any grey areas relating to the receipt of gifts, the company has adopted a policy setting a threshold amount over which all gifts received in the line of duty have to be reported and recorded in a register. Gifts include money, sponsorships, goods, tickets to events, free or partly-paid holidays, rebates, etc. All gifts, irrespective of the value thereof should be reported. Records are kept in a register that is retained by the responsible person. This reporting duty extends to all gifts offered in the line of duty, even if the employee declines such a gift. Gifts that are given at festive times may for instance be innocent, but other gifts from suppliers or prospective suppliers should be viewed with caution.

The company may investigate any gift reported in order to ascertain from a risk perspective, whether there was any basis for providing an employee or officer of the company with such a gift, taking into account whether the recipient of the gift is in a position to do something or cause something not to be done or to influence a decision or grant a contract or purchase something. The guideline used is therefore whether there is some form of giving something in return for something else, irrespective of whether there is a time gap between the two events and also whether the relative values of the gift and the benefit differs significantly. It is expected of all employees to take these guidelines into account when any gift is offered.

All gifts given and received must be entered into the relevant registers.

## **12. Consequences of non-compliance**

Any person that fails to adhere to the policy will be subject to disciplinary action. If found guilty on any contravention of the Conflict of Interest requirements, an employee will be dismissed and if he or she is a representative, debarment procedures will be instituted and the FSB informed thereof.

**APPROVED AND IMPLEMENTED ON:** \_\_\_\_\_

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<p style="text-align: center;"><b>SECTION 2</b> <b>RESPONSIBLE PERSON</b></p>
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In order to ensure that **4D Wealth Management (Pty) Ltd** complies with the various Acts and Regulations that governs Conflict of Interest and corruption and to protect the rights of whistle-blowers, the company has appointed **Mr. R Coetzee** as the responsible person.

The responsible person shall maintain all registers associated with this policy, ensure that employees adhere to the prescriptions and methodologies laid down in terms of this policy, update the policy when necessary and ensure proper communication thereof to all existing and new employees.

The policy shall be updated and new measures instituted as required by changes in law and determined by the company's operations. Changes that affect the policy will be communicated by the Financial Services Board, regulatory authorities and the compliance officer to the company.

Date: **1 January 2011**

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<b>SECTION 3 DOCUMENTATION</b>
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The following registers and documentation dealing with Conflict of Interest situations have been instituted and must be used by personnel at all relevant times:

Registers:

- Register of gifts given;
- Register of gifts received;
- Conflict of Interest register;
- List of Associates;
- Ownership interests in Third Parties;
- Third parties with ownership interest in Financial Services Provider

Documentation:

- Disclosure notice – existence of Conflict of Interest Management Policy;
- Commission disclosure (quotes, presentations and policy documents);
- Honesty and integrity undertaking

These documents are contained in the Compliance Manual of **4D Wealth Management (Pty) Ltd.**