



ALPHA

Conflict of Interest *Management Policy*

PREVIOUS VERSION

Version	
Review date	
Policy owner	

CURRENT VERSION

Version	
Review date	
Policy owner	
Notes	

Full name

Capacity

Date



Signature

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1. INTRODUCTION

- 1.1 The main aim of this Conflict of Interest policy is to provide a framework within which to address areas where conflicts may arise within Alpha's business and during its day-to-day activities. It establishes high-level principles and guidances, as well as basic processes, that are essential to ensure compliance within Alpha's own framework.
- 1.2 This policy furthermore addresses the requirements of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 ("FAIS Act") and its associated regulations and applies only to those businesses subject to the provisions of the FAIS Act.

2. OBJECTIVE

The overall objectives of this policy are to:

- 2.1 Establish internal controls and mechanisms towards the identification of Conflicts of Interest;
- 2.2 Establish measures to avoid a Conflict of Interest, and where avoidance is not possible, to provide the reasons therefore;
- 2.3 Establish measures to ensure that any unavoidable Conflicts of Interests are mitigated;
- 2.4 Establish measures to ensure the proper disclosure of any Conflicts of Interest;
- 2.5 Establish processes, procedures and internal controls to facilitate compliance with this policy;
- 2.6 Communicate the consequences of non-compliance with this policy. This policy furthermore:
- 2.7 Aims to promote transparency and fairness in the interest of consumers, employees, providers and Alpha; and
- 2.8 Defines how Conflicts of Interests are to be managed, i.e. to identify potential conflicts, to avoid conflicts where possible and the manner in which to disclose any form of conflicts. The policy sets out processes and procedures that must be adopted to ensure compliance and highlights the consequences of any potential non-compliance.

3. DEFINITIONS

3.1 "Associate"

means:

3.1.1 In relation to a natural person:

- 3.1.1.1 A person who is recognised in law or the tenets of religion as the spouse, life partner, or civil union partner of that person;
- 3.1.1.2 A child of that person, including a stepchild, adopted child and a child born out of wedlock;
- 3.1.1.3 A parent or stepparent of that person.

3.1.2 In relation to a juristic person:

- 3.1.2.1 Which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary;
- 3.1.2.2 Which is a close corporation registered under the Close Corporations Act, means any member thereof as defined in section 1 of that Act;
- 3.1.2.3 Which is not a company or a closed corporation, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person:
 - 3.1.2.3.1 Had such first-mentioned juristic person been a company; or
 - 3.1.2.3.2 In the case where that other person, too, is not a company, had both the first-mentioned juristic person and that other person been a company.
- 3.1.2.4 Means any person in accordance with whose directions or instructions the board of director of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act.

3.1.3 In relation to any person:

- 3.1.3.1 Means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;
- 3.1.3.2 Includes any trust controlled or administered by that person.

3.2 "Conflict of Interest"

means any situation where all directors, executives, managers, and employees of Alpha may have an actual or potential interest that may, in rendering Financial Service to a client:

- 3.2.1 Influence the objective performance of his, her or its obligations to that client; or
- 3.2.2 Prevent Alpha's directors, executives, managers and employees from rendering an unbiased and fair Financial Service to that client, or from acting in the interest of that client, including but not limited to:
 - 3.2.2.1 A Financial Interest;
 - 3.2.2.2 An Ownership Interest;
 - 3.2.2.3 Any relationship with a third party.

3.3 “Financial Interest”

means any cash, cash equivalent, voucher, gift, advantage, benefit, discount, other incentive or valuable consideration, other than:

3.3.1 An Ownership Interest;

3.3.2 Training, that is not exclusively available to a selected group of Providers or Representatives, on:

3.3.2.1 Products and legal matters relating to those products;

3.3.2.2 General financial and industry information;

3.3.2.3 Specialised technological systems of a third party necessary for the rendering of a Financial Service, but excluding travel and accommodation Associated with that training.

3.3.3 A recognised qualifying enterprise development contribution to a qualifying beneficiary by a provider that is a measure entity.

3.4 “Financial Services Provider (“Provider”)

means any person, other than a Representative, who in the normal course of business:

3.4.1 Furnishes financial services or advice; or

3.4.2 Furnishes financial advice and renders any intermediary service; or

3.4.3 Renders an intermediary service.

3.5 “FSCA”

means the Financial Sector Conduct Authority, a regulatory body established in terms of the Financial Sector Regulation Act, 9 of 2017 or its predecessor, the Financial Services Board, established in terms of the Financial Services Board Act, 97 of 1990.

3.6 “Immaterial Financial Interest”

means any Financial Interest with a determinable monetary value, the aggregate of which does not exceed R1,000 (one thousand Rand) in any calendar year.

3.7 “Alpha”

means Alpha (Pty) Ltd, Registration Number 2004/022210/07, an authorised Financial Services Provider, FSP No. 21820.

3.8 “Representative”

means any person, including a person employed or mandated by such first-mentioned person, who renders a Financial Service to a client for or on behalf of Alpha or a Provider, in terms of conditions of employment or any other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service in a subsidiary or subordinate capacity, which service:

3.8.1 does not require judgment on the part of the latter person; or

3.8.2 does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.

3.9 “Third Party”

means:

3.9.1 A product supplier;

3.9.2 Another Provider such as a broker, intermediary or agent;

3.9.3 An Associate of a Provider including a broker, intermediary or agent;

3.9.4 A distribution channel; or

3.9.5 Any person who in terms of an agreement or arrangement with a person referred to above provides a Financial Interest to a Provider or its Representatives.

3.10 “Treating Customers Fairly (“TCF”)

is an outcome based regulatory and supervisory approach designed to ensure that regulated financial institutions deliver specific, clearly set out fairness outcomes for financial customers.

4. PURPOSE AND APPLICATION OF A CONFLICT OF INTEREST MANAGEMENT POLICY

In terms of the amended Section 3A(2) (as per the Financial Services Board Notice 58 of 2010) every provider must adopt, maintain and implement a Conflict of Interest Management Policy framework which complies with the provisions of the FAIS Act.

4.1 Alpha and/or its Representatives may only receive or offer the following Financial Interests from or to a Third Party:

4.1.1 Commission and Fees authorised under the Short-Term Insurance Act (STIA).

4.1.2 Fees for rendering Financial Services where the amount, frequency, payment method and receipt of those fees and details of the services that are to be provided by the Provider or its Representatives in exchange for the fees that are specifically agreed to by a client, in writing, and which may be stopped at the discretion of that client.

4.1.3 Fees or remuneration for rendering of a service to a Third Party, or a distribution channel (such as an arrangement between a Product Supplier or any of its Associates and one or more Providers). Subject to any other law, an Immaterial Financial Interest which must be disclosed to Alpha’s compliance officer in order to make an entry into Alpha’s gift registry.

4.1.4 A Financial Interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the Financial Interest is paid by the provider or Representative at the time of receipt.

4.2 In terms of the General Code of Conduct (as amended), in terms of FAIS, a provider and a Representative must avoid, and where this is not possible, mitigate any conflicts between a provider and a client, or a Representative of the provider and his, her or its clients.

- 4.3 Alpha and its Representatives are committed towards acting within the best interests of its clients and to avoid all conflicts in relation to the execution of Financial Services. Where we are unable to avoid a Conflict of Interest, we will take all necessary precautions to ensure that any actual or potential Conflict of Interests are mitigated and adequately disclosed to our clients.
- 4.4 In order to ensure the continued demonstration of our commitment, Alpha's management and executive team have adopted this policy to provide for the effective management of any actual or potential Conflicts of Interest that may arise wholly or partially, in relation to the provision of financial services.

5. IDENTIFYING CONFLICT OF INTEREST

5.1 Individual Identification

The primary responsibility for the identification of a Conflict of Interest rests with Alpha's executive committee, employees and Representatives.

Throughout the process of rendering financial services to our clients, an Alpha executive, manager and employee, including a Representative, must apply his or her mind to answering the following questions:

- 5.1.1 Is there any situation that exists that influences the objective performance of my obligations to my client?
- 5.1.2 Is there any situation that exists that prevents me from rendering an unbiased and fair financial service to my client?
- 5.1.3 Is there any situation that exists that prevents me from acting in the best interest of my client?

If the answer to all three questions is "no", then there is no Conflict of Interest and the executive, manager, employee or Representative, may proceed accordingly.

If the answer to any one of the three questions is "yes", the executive, manager, employee or Representative must proceed to answer the following additional questions:

- 5.1.4 Is the situation caused as a result of an actual or potential relationship with a Third Party or service provider?
- 5.1.5 Is the situation caused by an actual or potential financial or Ownership Interest?

If the answer to any one of these questions is "yes", an actual or potential Conflict of Interest will have to be identified.

5.2 Internal Controls to Identify Conflicts of Interest

Alpha has implemented the following internal controls to identify actual or potential conflicts that may arise:

- 5.2.1 Annual reviews of all contracts held with Third Parties and service providers in order to assess whether the contractual relationship in any way influences Alpha's:
 - 5.2.1.1 objective performance towards our clients;
 - 5.2.1.2 ability to render fair and unbiased financial services towards our clients;
 - 5.2.1.3 ability to act in the best interest of the client;
- 5.2.2 Annual reviews of all relationships where an Ownership Interest exists between Alpha and a Third Party. The purpose of the review is to assess whether the relationship in any way influences Alpha's:
 - 5.2.2.1 objective performance towards our clients;
 - 5.2.2.2 ability to render fair and unbiased financial services towards our clients.
- 5.2.3 Conflict of Interest declarations are signed by all relevant Alpha personnel on an annual basis. The purpose of collecting Conflict of Interest declarations is to assist Alpha and the appointed compliance officer (internally and externally) to identify actual or potential Conflicts of Interest;
- 5.2.4 A list of Alpha's associates as well as Third Parties in which Alpha holds an ownership interest (and vice versa) may be made available upon request at Alpha's sole discretion.
- 5.2.5 Alpha also continuously maintains a gift register. All gifts received from a Third Party or service provider with an estimated minimum value of R50.00 (fifty Rand) and not exceeding R1,000.00 (one thousand Rand) per year per director, manager, employee or Representative will be recorded on Alpha's gift registry. The gift register is kept in Alpha's compliance manual and includes, but is not limited to, the following items:
 - 5.2.5.1 Meals and other social activities
 - 5.2.5.2 Golf days, activities and/or leisure events
 - 5.2.5.3 Gifts and promotional goods
 - 5.2.5.4 Tickets for sporting or related events
 - 5.2.5.5 Hunting or fishing events and/or breakaways etc.
- 5.2.6 All relevant personnel and employees of Alpha are required to immediately disclose in writing to the executive committee of Alpha and Alpha's compliance officer, any actual or potential Conflicts of Interest as soon as they become aware of such situation.
- 5.2.7 Comprehensive training to be provided on the Conflict of Interest Policy by Alpha's internal and/or external compliance officer on an annual and ad hoc basis

6. AVOIDING AND MITIGATING A CONFLICT OF INTEREST

Once an actual or potential Conflict of Interest has been identified, the following procedures will be followed in order to determine whether the Conflict of Interest is avoidable:

- 6.1 Alpha's executive committee will convene and evaluate the actual or potential Conflict of Interest in an open and honest manner;
- 6.2 All information that contributed and/or resulting in, or causing the actual or potential Conflict of Interest, will be disclosed to Alpha's executive committee and Alpha's compliance officer;
- 6.3 The executive committee of Alpha will apply its mind and determine by way of majority vote whether Alpha is in a position to avoid the actual or potential Conflict of Interest;

- 6.4 During the evaluation process, Alpha's executive committee will consider the following possible outcomes prior to finding in favour of unavailability:
 - 6.4.1 The possible negative impact it will have on Alpha's clients where the actual or potential Conflict of Interest is deemed to be unavoidable;
 - 6.4.2 The possible negative impact it will have on the integrity of the financial services industry where the actual or potential Conflict of Interest is deemed to be unavoidable.
- 6.5 Where Alpha's executive committee has determined that the actual or potential Conflict of Interest is in fact avoidable, the following processes will be followed:
 - 6.5.1 The executive committee will remove the underlying cause or situation that results in the actual or potential Conflict of Interest as soon as reasonably possible;
 - 6.5.2 Any immediate negative impact or prejudice towards clients pending the removal of the actual or potential Conflict of Interest will be kept to a minimum;
 - 6.5.3 The reasons why the actual or potential Conflict of Interest was determined to be avoidable will be recorded in Alpha's compliance manual;
 - 6.5.4 Similar circumstances that have led up to the actual or potential Conflict of Interest will be avoided in the future.
- 6.6 Where Alpha's executive committee has determined that the actual or potential Conflict of Interest is unavoidable, the following processes will be followed:
 - 6.6.1 Alpha's executive committee in conjunction with Alpha's compliance officer will convene and determine the measures that will be implemented in order to mitigate the actual or potential Conflict of Interest as far as reasonably possible;
 - 6.6.2 The reasons why the actual or potential Conflict of Interest was considered to be unavoidable will be recorded in Alpha's compliance manual.
- 6.7 Any measures implemented towards the actual or potential Conflicts of Interest will include the following arrangements:
 - 6.7.1 The status of whether the actual or potential Conflicts of Interest is still deemed to be unavoidable shall be reassessed on a continuous basis;
 - 6.7.2 Where a previously deemed unavoidable actual or potential Conflicts of Interest is subsequently deemed to be avoidable, such actual or potential Conflict of Interest shall immediately be avoided;
 - 6.7.3 All executives, managers, employees and Representatives (where applicable) will be notified of any actual or potential Conflicts of Interest as well as the reasons for its unavailability;
 - 6.7.4 When rendering a financial service, a director, executive, manager, employee or Representative shall be required to disclose to the client in writing that an actual or potential Conflict of Interest exists;
 - 6.7.5 Alpha (by way of Alpha's compliance officer) shall report on the status of the actual or potential Conflict of Interest in Alpha's compliance report to be submitted to the FSCA, as and when required.

7. DISCLOSURE OF CONFLICTS OF INTEREST

It is acknowledged that while disclosure alone will often not be enough, disclosure must be treated as an integral part of managing a Conflict of Interest. Alpha is therefore committed to ensure that clients are fully informed about actual or potential Conflicts of Interests in relation to the delivery of financial services. Alpha has adopted the following disclosure measures to ensure the aforementioned:

- 7.1 Disclose to a client any Conflict of Interest in respect of that client;
- 7.2 The disclosure shall be made in writing at the earliest reasonable opportunity and may be communicated by way of appropriate electronic media or disclosure notices;
- 7.3 The disclosure shall include the nature of any relationship or arrangement with a Third Party or service provider that gives rise to a Conflict of Interest;
- 7.4 The disclosure shall be made in sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the Conflict of Interest;
- 7.5 The disclosure shall include the measures taken to avoid or mitigate the conflict;
- 7.6 The disclosure shall include any ownership interest or Financial Interest, other than an Immaterial Financial Interest, that Alpha or a Representative may be or become eligible for;
- 7.7 The disclosure shall include a reference to Alpha's Conflict of Interest Management Policy and how it may be accessed.

8. GUIDING PRINCIPLE AND TREATING CUSTOMERS FAIRLY

- 8.1 The guiding principles of this policy are that Alpha and its Representatives must, when rendering financial services and in accordance with FAIS, act honestly, fairly, with due care, skill and diligence.
- 8.2 There must always be a regard to fair outcomes for customers and clients, the interest of the clients and the integrity of the company as well as that of the overall financial services industry.
- 8.3 Directors, executives, managers, employees and Representatives of Alpha are discouraged from engaging in situations that will give rise to an actual or potential Conflict of Interest situation and must immediately report such situations.

9. COMPLIANCE MEASURES

The measures implemented towards Alpha's continued commitment and compliance with this policy rests with Alpha's executive committee and Alpha's compliance officer will be responsible for monitoring Alpha's continued compliance with the policy on an ongoing basis.

Alpha has adopted the following internal controls, measures and processes in this regard:

- 9.1 Ensuring that this policy is kept in Alpha's compliance manual;
- 9.2 Ensuring that all relevant Alpha personnel read the Conflict of Interest Management Policy and understand their duties in respect thereof;

- 9.3 Ensuring that all Alpha personnel, and where appropriate, Associates are made aware of the contents of the Conflict of Interest Management Policy and shall provide all Alpha personnel with training and education material where deemed appropriate;
- 9.4 Ensuring that all Conflict of Interest declarations are signed by relevant Alpha personnel on an annual basis;
- 9.5 Where a director, executive, manager, employee or Representative of Alpha have any concerns whether or not an actual or potential Conflict of Interest might arise in a particular situation, such a person will be required to refer his or her concern to Alpha's compliance officer;
- 9.6 Maintaining a gift register and ensuring that all gifts received from a Third Party or service provider with an estimated value of R50.00 (fifty Rand) or more are recorded in Alpha's gift register. Gift declaration reminder correspondences are forwarded to all Alpha personnel and Representatives on an ad hoc basis by Alpha's compliance officer;
- 9.7 Ensuring that the proper disclosures are made to the client regarding actual or potential Conflict of Interest;
- 9.8 The Conflict of Interest Policy shall be regularly reviewed and updated by Alpha's compliance officer, and where necessary, updated to ensure that the measure contained herein remains effective;
- 9.9 Alpha's executive committee shall publish its Conflict of Interest Management Policy in appropriate media (websites etc.) and ensure that it is accessible for public inspection at all reasonable times;
- 9.10 Ensuring that the Conflict of Interest Management Policy is assessed on at least an annual basis.

10. CONSEQUENCES OF NON-COMPLIANCE

- 10.1 Where there is reason to believe that Alpha personnel or Representative have failed to disclose an actual or potential Conflict of Interest via the proper communication channels, Alpha will proceed to investigate and take any appropriate steps it deems necessary to limit any financial prejudice that may be suffered by Alpha, its clients or any other Third Party or service providers.
- 10.2 Where an investigation concludes that Alpha personnel or a Representative of Alpha have indeed failed to disclose an actual or potential Conflict of Interest, Alpha shall immediately take appropriate disciplinary steps and corrective actions against such personnel or Representatives. Any failure by Alpha personnel to comply with the Conflict of Interest Management Policy will be considered a serious form of misconduct and a dismissible offence.
- 10.3 Alpha's employees are obliged to report every suspected or actual transgression of this policy to Alpha's compliance officer on an ad hoc basis and/or during the monthly monitoring processes. All Alpha personnel should avoid any situation that may create or appear to create a situation which could be deemed a Conflict of Interest as, once there is a Conflict of Interest, personnel may find it difficult to perform their duties and/or carry on with their work responsibilities impartially.
- 10.4 A violation of this policy is a serious matter that could cause reputational and financial harm to Alpha and could result in disadvantaging certain of Alpha's clients.
- 10.5 Any Alpha personnel who fails to comply with this policy or avoids compliance through any means, will be regarded as having breached his/her employment contract. This will potentially render the individual liable to the appropriate disciplinary proceedings in terms of the FAIS Act and Alpha's Disciplinary Code which may result in the termination of their employment with Alpha.
- 10.6 Provision of false or misleading information or concealment of material facts relating to activities logged or that must be logged in a Conflict of Interest register is, in addition to being a disciplinary action, a punishable offence. Such conduct can, on conviction, lead to a determined fine or when imprisonment.

11. CONFLICT OF INTEREST SUMMARY

Possible Conflicts of Interest identified	Measure for avoiding the conflict	Mitigating the Conflicts of Interest	Measures for disclosure	Internal controls	Consequences of non-compliance
Employees receiving gifts, vouchers, holidays, or any other "handout" from suppliers	All prohibited except gifts of less than R50.00	Reminder emails are sent on a monthly basis to all Representatives in order to update the gift register	None	Ongoing declaration of honesty by employee	Disciplinary Action
Employees being employed by another company	Only allowed if not competing with our company or a client and prior written approval obtained	None	None	Must obtain permission from managing director and recorded on personnel file	Disciplinary Action
Receiving remuneration for services other than from our company	Only allowed if not competing with our company or a client and prior written approval obtained	None	None	Must obtain permission from managing director and recorded on personnel file	Disciplinary Action
Being invited by a supplier to lunches/dinners/shows and other entertainment events	Allowed depending on value of event and prior written approval obtained	None	Disclosed to client during discussion involving supplier	Permission to be obtained from line manager	Disciplinary Action
Any activity involving clients by which family and friends of an employee can financially benefit	Prohibited unless agreed to by line manager (only in special circumstances)	Excluding the employee from discussions with clients	Disclosed to client during any discussion involving that supplier	Employees must provide ongoing disclosures as to which family members or friends could be involved and why	Disciplinary Action

12. CONFLICT OF INTEREST PROCESS





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Alpha (Pty) Ltd (FSP No: 21820) is an authorised financial services provider.