Conflict of Interest Management Policy

Wealth Financial Advisers Pty Ltd 45314

1. DEFINITIONS

1.1. **"Conflict of interest"** means any situation in which a person has an actual or potential interest that may, in rendering a financial service to a client,:

a) Influence the objective performance of their obligations towards such client; or
b) Prevent a person 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

1.2. **"Employee"**, for the purpose of this policy, will include:

a) All directors and full-time employees of the **Wealth Financial Advisers Pty Ltd 45314**
b) All temporary contracted employees;
c) All employed or contracted representatives including independent financial advisors and tied agents.

1.3. **"Fair value"** means the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction (as set out in the reporting standards adopted in terms of the Companies Act (Act No. 61 of 1973).

1.4. **"Financial interest"** means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, 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;

(iii) Specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.

1.5. **"Financial Service Provider"** means any person, other than a representative, who as a regular feature of the business of such person –

(a) Furnishes advice; or
(b) Furnishes advice and renders any intermediary service; or
(c) Renders an intermediary service.

1.6. **"Financial Service"** means any service contemplated in paragraph (a), (b) or (c) of the definition of "financial services provider", including any category of such services.

1.7. **"Immaterial Financial Interest"** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third party in that calendar year received by –

(a) A provider who is a sole proprietor; or
(b) A representative for that representative's direct benefit;
(c) A provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

1.8 **"Ownership Interest"** means –

(a) Any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or an proprietary interest held as an approved nominee on behalf of another person; and

(b) Includes any dividend, profit share or similar benefit derived from that equity or ownership interest;

1.9. **"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 a financial services 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 –

(a) does not require judgment on the part of the latter person; or
(b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries;

1.10. **"Third Party"** means –

(a) A product supplier;
(b) Another provider;
(c) An associate of a product supplier or a provider;
(d) A distribution channel;
(e) 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

2. INTRODUCTION

The provider is committed to ensuring that all business is conducted in accordance with the standards of good corporate governance.

The manner in which the provider conducts business is accordingly based on integrity and ethical and equitable behavior.

This Conflict Of Interest Policy aims to emphasise the interests of all stakeholders by minimising and managing all actual or potential conflicts of interest.

3. OBJECTIVE

Wealth Financial Advisers Pty Ltd 45314 is an authorized financial services provider. Any financial services provider, such as **Wealth Financial Advisers Pty Ltd**, is potentially exposed to a conflict of interest in relation to various activities. However, the protection of our client's interests is our primary concern as stated in our policy:

- we will identify circumstances which may give rise to an actual or potential conflict of interest entailing a material risk of damage to our clients' interests; and
- we have established appropriate structures and systems to manage this conflict; and

- we will maintain systems in an effort to prevent damage to our clients' interests through identified conflict.

4. MANAGING THE RISK OF CONFLICTS OF INTEREST DEVELOPING

Once a conflict of interest has been identified, it must be appropriately and adequately managed.

4.1. Identifying Conflicts of Interest

4.1.1. No person may avoid, limit or circumvent, or attempt to avoid, limit or circumvent compliance with the Conflict Of Interest Policy via an associate or third party or an arrangement involving an associate or a third party.

4.1.2. **Wealth Financial Advisers Pty Ltd 45314** and its employees (i.e. representatives) may only receive or offer the following financial interest from or to a third party. The financial interest includes but is not limited to:

a) Commission authorised in terms of the Long-term Insurance Act (No. 52 of 1998). Commission is strictly monetary amounts paid to a FSP, designated as such and determined on a basis specified prior to payment;

b) Fees authorised in terms of the Long-term Insurance Act if those fees are reasonably commensurate to a service being rendered;

c) Fees for the rendering of a financial service in respect of which commission or fees referred to in paragraph (a) or (b) above is not paid, if those fees –

- are specifically agreed to by a client in writing; and
- may be stopped at the discretion of the client;

d) 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;

e) Subject to other legislation, an immaterial financial interest;

f) A financial interest not referred to in paragraphs (a) to (e) above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by **Wealth Financial Advisers Pty Ltd 45314**or its representatives at the time of receipt thereof;

4.1.3 **Wealth Financial Advisers Pty Ltd 45314** or its associates may not provide for the travel and accommodation associated with the training and may not offer the training to an exclusive group of FSPs only. Other forms of training not mentioned in (a) – (c) above, may be provided subject to a consideration or remuneration (based on fair value) being paid for the training so provided to FSPs (or their representatives) receiving the training.

4.1.4. **Wealth Financial Advisers Pty Ltd 45314** shall **not** offer any financial interest to its representatives for:

a) Giving preference to the quantity of business secured to the exclusion of the quality of the service rendered to clients; or
b) Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
c) Giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

4.2 Avoidance of Conflicts Of Interest

4.2.1 Once an actual or potential conflict of interest has been identified, steps must be taken to (wherever possible) to avoid such a conflict. Should such avoidance not be possible, steps must be taken to mitigate such an actual or potential conflict of interest and must be disclosed to all impacted parties.

4.3 Disclosure of Conflicts of Interest

4.3.1 **Wealth Financial Advisers Pty Ltd 45314** and its representatives must at the earliest reasonable opportunity disclose to a client any conflict of interest in respect of that client (and all other impacted parties).

4.3.2 The disclosure must be made in writing to the client and contain the following information which includes, but is not limited to:

a) The measures taken, in accordance with this policy to avoid or mitigate the conflict;
b) Any ownership interest or financial interest, other than an immaterial financial interest, that **Wealth Financial Advisers Pty Ltd 45314** or its employees may become eligible for;
c) The nature of any relationship or arrangement with a third party that gives rise to a conflict of interest. Sufficient detail in terms of the nature and extent of the relationship that creates or gives rise to the conflict must be disclosed to the client. Such disclosure should enable the client to make a reasonable assessment as to whether to proceed with a transaction; and
d) Informing the client of the existence of the Conflict Of Interest Policy and how this document may be accessed.

5. PROCESSES AND PROCEDURES TO ENSURE COMPLIANCE

5.1. **Wealth Financial Advisers Pty Ltd 45314** shall conduct business in relation to the identification, avoidance and managing of conflicts of interest.

5.2. The Compliance Officer of the provider is responsible for managing (and updating) the Conflict Of Interest Policy

5.3. The onus is on the individuals subject to this Conflict Of Interest Policy to avoid creating conflicts of interest, and if this is unavoidable, to take effective steps to mitigate such a Conflict Of Interest and ensure that proper disclosure is made in respect thereof.

5.4. All employees are responsible for identifying specific instances of conflicts of interest and are required to notify the Compliance Officer of any conflicts of interest they become aware of.

a) The central register for the recording of conflicts of interest, including the persons involved and the controls implemented has been created.
b) Measures will be implemented to ensure continuous monitoring of compliance to the Conflict Of Interest Policy.
c) Where monitoring has identified non-compliance with either the Conflict Of Interest Policy, the compliance risk should be assessed with a recommendation as to the measures that will be taken to mitigate the compliance risk; and

5.5. All employment contracts must include the necessary termination and/or sanctions clauses to manage the risk of an actual or potential conflicts of interest situations created by employees' acts or omissions.

6. ACCESSIBILITY OF THE COI POLICY

This Conflict Of Interest Policy will be made available on **Wealth Financial Advisers Pty Ltd 45314** website as well as the National Compliance website to ensure that it is easily accessible for inspection by employees, clients and third parties at all reasonable times.

7. TRAINING AND AWARENESS

7.1. **Wealth Financial Advisers Pty Ltd 45314** employees, contractors and temporary workers will annually receive appropriate training and awareness on this policy.

7.2. All newly recruited employees must attend a training session during their induction program.

7.3. Training and training materials provided to representatives must include a reference to, and information on the content and application of this policy.

8. CONSEQUENCES OF NON-COMPLIANCE

8.1. The FAIS Act provides for penalties in the event that a person is found guilty of contravening the Act, or of non-compliance with the provisions of the Act. The

penalty for non-compliance of specific provisions of the Act, is an amount of up to R1 million or a period of imprisonment for up to 10 years.

8.2. The Registrar of FAIS is empowered to refer instances of non-compliance to an Enforcement Committee of the FSB that may impose administrative penalties on offenders.

8.3. The FAIS Act also gives the Registrar the powers to revoke the license of a FSP.