

# **CONFLICT OF INTEREST POLICY**

## **John Gregory Stapleton Brokers (Pty) Ltd**

(Hereinafter referred to as "The FSP")

"A conflict of interest is a situation in which financial or other personal considerations have the potential to compromise or bias professional judgment and objectivity."

### **Introduction**

In terms of the Financial Advisory and Intermediary Services Act, Act No 37 of 2002 and its subordinate legislation, The FSP is required to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage a conflict of interest.

The General Code of Conduct contains various provisions which are indicative of the relevance of a conflict of interest and fair treatment of clients.

### **Section 3(1)(b) stipulates that –**

"When a provider renders a financial service the provider must disclose to the client the existence of any personal interest in the relevant service, or of any circumstance which gives rise to an actual or potential conflict of interest in relation to such service, and take all reasonable steps to ensure fair treatment of the client."

### **Section 3(1)(c) stipulates that –**

"non-cash incentives offered and/or other indirect consideration payable by another provider, a product supplier or any other person to the provider could be viewed as a potential conflict of interest."

### **Section 7(1)(c)(vi) stipulates that –**

"... a provider must ... in particular, at the earliest reasonable opportunity, provide, where applicable, full and appropriate information of the following:

the nature, extent and frequency of any incentive, remuneration, consideration ..... which will or may become payable to the provider, directly or indirectly, by any product supplier or any person other than the client, or for which the provider may become eligible, as a result of rendering of the financial service ...."

### **Section 7(1)(d) stipulates that –**

"the service must be rendered in accordance with the contractual relationship ..... and with due regard to the interests of the client which must be accorded appropriate priority over any interests of the provider."

### **Section 7(1)(f) stipulates that –**

“the provider must not deal in any financial product, for own benefit, account or interest where the dealing is based upon advanced knowledge.... which would be expected to affect the prices of such product.”

#### **Other –**

The General Code of Conduct also prescribes that we should disclose to a client the fact that we hold 10% or more shares in a product supplier and whether we received more than 30% of our remuneration from one product supplier over a 12 months period.

The FSP has put in place a policy to safeguard its clients’ interests and ensure fair treatment of clients. The key information is summarized below. Detailed information may be obtained upon request from the key individual who is responsible to monitor and manage a conflict of interest on behalf of The FSP.

#### **Our objectives**

The FSP is an authorized financial services provider. Any financial services provider, such as the FSP, 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.

#### **Conflict of interest**

The FSP strives towards ensuring it is able to appropriately and effectively identify and manage potential conflict. It will manage potential conflict through avoidance, establishing confidentiality barriers or by providing appropriate disclosure of the conflict to affected clients.

In determining whether there is or may be a conflict of interest to which the policy applies, The FSP considers whether there is a material risk of damage to the client, taking into account whether The FSP or an employee thereof –

- 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 client’s interests;
- receives or shall 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.

Our policy defines a possible conflict of interest as:

- a conflict of interest between The FSP and the client;
- a conflict of interest between our clients if we are acting for different clients and the different interests conflict materially;
- holding confidential information on clients which, if we disclosed or utilized, would affect the advice or services provided to clients.

### **Management**

The measures that The FSP have adopted to manage identified conflict is summarized below. We consider them appropriate in our efforts to ensure that reasonable care is taken, in relation to each identified potential conflict of interest, and to act impartially to avoid a material risk of harming clients' interests.

- ***Procedures:***

We have adopted appropriate procedures throughout our business to manage a potential conflict of interests. Our mandatories and employees receive guidance and training in these procedures and they are subject to monitoring and review processes.

- ***Confidentiality barriers:***

Our mandatories and employees respect the confidentiality of client information and disclose or use it with circumspect. 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.

- ***Inducements:***

Inducements from third parties in relation to services provided to clients are acceptable to The FSP only if they are appropriately disclosed to clients and if it is either the payment of a normal fee or commission to continue the quality of our services to clients and would not impair our duty to act in the best interest of clients.

- ***Gifts:***

The FSP's employees will not accept any gifts. Excessive gifts from clients may result in a conflict of interest, which we are committed to avoiding.

- ***Disclosure:***

Where there is no other way of managing a conflict or where the measures in place do not sufficiently protect client's interests, the conflict will 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.

- ***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.