



**STOCKS + WEALTH**

FINANCIAL PLANNING

**Conflict of Interest Management Policy**

**For**

**Stocks and Wealth Financial Planning**

**FSP No: 46859**

## 1. Purpose of the Policy

1.1. The General Code of Conduct for Authorised Financial Service Providers and Representatives (“the Code”) issued under the Financial Advisory and Intermediary Services Act, 2000 (Act No.37 of 2002) (“FAIS”), requires financial service providers to have a Conflict of Interest Management Policy in place to ensure that conflict of interest is managed appropriately in the business.

1.2. The purpose of this policy is to assist **Stocks and Wealth Financial Planning** and any employees to identify potential and actual conflicts of interest and manage these appropriately.

## 2. Policy Statement

**Stocks and Wealth Financial Planning** is committed to avoiding, and where this is not possible, mitigating any conflict of interest that may arise between **Stocks and Wealth Financial Planning** as a financial service provider (and/or its representatives), and its policyholders when rendering financial services.

## 3. Who is subject to the policy?

**Stocks and Wealth Financial Planning** employees and representatives contracted to **Stocks and Wealth Financial Planning** (“FAIS representatives”) are bound by this policy.

## 4. What is a conflict of interest?

4.1. A “conflict of interest” is any situation, including financial interest, ownership interest, or any relationship with a third party, in which a provider or FAIS representative has an actual or potential interest that may:

- 4.1.1. influence the objective fulfilment of obligations to a client;
- 4.1.2. influence the offering of unbiased and fair advice or service to a client: or;
- 4.1.3. prevent the provider or FAIS representative from acting in the best interests of a client

4.2. This may include:

- 4.2.1. a real or perceived financial gain resulting from recommendations to our clients that prejudice the client;
- 4.2.2. an outcome of service delivery or transaction that may not best serve the interests of the client;
- 4.2.3. non-cash incentives that may be received by the business as a result of affecting any predetermined transaction and/or product; and
- 4.2.4. effecting a transaction and/or product that may benefit a party other than the client

4.3. Annexure A lists financial interests that are allowed and disallowed and how these financial interests should be disclosed.

## 5. Mechanisms for identifying conflicts of interest

- 5.1. The “trust test” must be applied to identify and establish conflict of interest. The “trust test” entails enquiring whether ones clients or the public would trust ones judgement if they knew that one was involved in a particular situation or activity. If the answer to this enquiry is “yes”, then the situation or activity does not give rise to a conflict of interest. However, if the answer is “no” or “maybe”, then that particular situation or activity is likely to give rise to an actual or potential conflict of interest.
- 5.2. Irrespective of the “trust test”, a conflict of interest will be deemed to have arisen if **Stocks and Wealth Financial Planning** is provided with a “disallowed financial interest” as listed above or receives gifts in excess of R1000 per FAIS representative per annum.

## 6. Measures of avoidance or mitigation of conflicts of interest

- 6.1. All gifts that form part of “immaterial financial interest” will require the written consent of the key individuals and must be recorded in the relevant conflict of interest register. “Immaterial financial interest” is a financial interest with an aggregate value of R1000 or less, given to the same FAIS representative, in any given year.
- 6.2. In exercising their discretion, the key individuals must have regard to:
- 6.2.1. the relevant conflict of interest register;
  - 6.2.2. any commission regulations or other laws which may be breached by the receipt of such gift or entertainment; and
  - 6.2.3. a written statement from the giver explaining the reason for and purpose of the entertainment or gift that must accompany any request for authorization
- 6.3. If it has been established that a particular situation or activity gives rise to a conflict of interest, one must avoid that situation or refrain from that activity. However, if it is not possible to avoid the situation or refrain from the activity that gives rise to a conflict of interest, as confirmed by the key individual/s, the key individual/s shall, prior to approving the relevant situation or activity:
- 6.3.1. establish the extent to which a specific intermediary is conflicted, i.e. the extent to which the intermediary acts on behalf of **Stocks and Wealth Financial Planning** whilst also acting on behalf of a policyholder/client;
  - 6.3.2. establish the extent to which **Stocks and Wealth Financial Planning’s** reputation would be damaged, if the situation or activity giving rise to a conflict of interest were to be brought to the public’s attention;
  - 6.3.3. establish the estimated direct financial impact that a particular situation or activity would have on **Stocks and Wealth Financial Planning**;
  - 6.3.4. consider how the financial interest is likely to affect the policyholder; and,
  - 6.3.5. consider whether **Stocks and Wealth Financial Planning** has an appetite to assume the risk, in light of the answers to the above considerations.

- 6.4. Decisions pertaining to particular potential conflict of interest situations that fall within the definition of a “material conflict” of interest must be taken in consultation with the Key Individuals of the FSP. “Material conflict” is a conflict of interest whose monetary value exceeds R1000 or that will directly impact **Stocks and Wealth Financial Planning’s** reputation.
- 6.5. Once it is decided that a conflict of interest is inevitable, the key individual/s must ensure that the effect of such conflict are mitigated by putting mitigation measures in place.
- 6.6. Each FAIS representative has a duty to track any immaterial financial interest given to him or her and to advise his or her key individual/s accordingly, as soon as such immaterial interests reach R1000 in that particular year.
- 6.7. Where a conflict is identified and a decision is made in respect of the management thereof, the nature of the decision must be disclosed to the policyholder. This applies regardless of whether the decision was made to cease with the relevant activity or continue therewith despite the existence of the conflict or potential conflict. It is important for the preservation of the corporate integrity of **Stocks and Wealth Financial Planning** that these disclosures are made at all times.

## **7. Conflict of interest internal controls**

- 7.1. To manage conflicts of interest, **Stocks and Wealth Financial Planning** must maintain a conflict of interest register
- 7.2. The conflict of interest register must be accessible by key employees identified by the key individuals
- 7.3. The key individuals must designate a person responsible for the maintenance of the register
- 7.4. **Stocks and Wealth Financial Planning** employees must disclose, to the person responsible for the relevant register, any immaterial financial interest or financial interest, as defined above, received from a product supplier. This disclosure must be made within one week after the relevant activity has taken place. Details regarding supporting documentation must also be disclosed and recorded in the conflict of interest register
- 7.5. A person responsible for the maintenance of a conflict of interest register must record disclosures made in accordance with paragraph 7.4 above in the register, without delay
- 7.6. The conflict of interest registers will be audited by **Stocks and Wealth Financial Planning** Legal Compliance Function annually for the purpose of determining whether any financial interest received exceeded the aggregate value of R1000 per FAIS representative and to determine whether any expenditure is duplicated across the respective conflict of interest registers

## **8. Reporting of conflict of interest registers**

8.1. The outcome of the conflict of interest register audit shall be reported to the FAIS compliance officer and the FAIS-appointed key individuals of **Stocks and Wealth Financial Planning**

8.2. Discussions regarding conflicts of interest by the Executive Committee of **Stocks and Wealth Financial Planning** must be recorded in the minutes of such meetings. The relevant extracts of the minutes must be made available to the FAIS compliance officer upon request, for the purpose of enabling the FAIS compliance office to report on compliance with this policy, as required by the code

## **9. Consequences of not adhering to the policy**

Violation of this policy by a **Stocks and Wealth Financial Planning** employee may result in disciplinary action being taken against the employee, in accordance with **Stocks and Wealth Financial Planning's** disciplinary code as amended from time to time.

## **10. Consequences of withholding information or inaccurate information**

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 fine of up to R1 million or imprisonment for up to 10 years

## **11. Stocks and Wealth Financial Planning's associates**

Conducting business with or via an "associate", as defined in the code, may inherently give rise to a conflict of interest, thus **Stocks and Wealth Financial Planning** is required by the Code to make a list of its associates available to interested parties, together with this policy.

## **12. Staff training and general awareness**

Stocks And Wealth is a Sole Proprietor with no representatives.

## **13. Review of the policy**

This policy shall be reviewed by key individuals annually.

## Annexure A

<b>Key individuals and representatives – Financial interest received</b>	
<b>Financial interest allowed</b>	<b>Disclosure required</b>
Commission, in accordance with the Short and Long terms Insurance Acts, 1998 (“the STIA and LTIA”)	Disclosed in Initial Disclosure document and quotation
Fees as provided for in the STA and LTIA	Disclosed in Initial Disclosure document and potentially in quotation
Fees for rendering a financial service in respect of which neither commission nor the fees provided for in the STIA are payable, provide the client has specifically agreed to the fees in writing and has a discretion to stop them at any time	Disclosed in Initial Disclosure document and potentially in quotation
Promotional items	Disclosed in internal gift register
Any financial interest with a determinable monetary value <u>not exceeding R1000</u> per FAIS representative/key individual in any given year	Disclosed in internal gift register
Financial interest for which the provider or FAIS representative has paid fair value or remuneration reasonably commensurate to the financial interest	Disclosed in conflict of interest register
Ownership interest	Disclosed in conflict of interest register and Ownership interest register
Training that is not restricted to a selected group of providers and FAIS representatives on products and legalities thereof; general financial and industry information; specialised technological systems (of a third party) necessary rendering a financial service	No need to disclose
<b>Financial interest disallowed</b>	<b>Disclosure insufficient</b>
Any financial interest with a determinable monetary value <u>exceeding R1000</u> per FAIS representative/key individual in any given year.  This could be made up of 1 gift or of several gifts from one product supplier in one calendar year (as recorded in internal gift register)	Must be recorded in conflict of interest register. Gift may not be accepted. Refusal to accept gift must be recorded

## Annexure B

### Conflict of Interest Questionnaire

#### ATTENTION KEY INDIVIDUALS OF FSP LICENCE NUMBER 46859

FSP (“Stocks and Wealth Financial Planning”) requires each key individual of the business to:

1. Annually review the FSP’s Conflict of Interest Policy (the “Policy”);
2. To disclose any possible personal, familial, or business relationship that reasonably could give rise to a conflict of interest or the appearance of a conflict of interest in the **Conflict of Interest Questionnaire (found here)**; and
3. To acknowledge by his or her signature that he or she is acting in accordance with the letter and spirit of such Policy on the Pledge of Personal Commitment.

Please respond to the following questions to the best of your knowledge:

1. Please list all corporations, partnerships, associations or other organisations of which you are an officer, director, trustee, partner, or employee, and describe your affiliation with such entity: **Stocks and Wealth Financial Planning (key individual)**
2. In terms of the FAIS Code of Conduct you must disclose to the client the existence of any personal interest in a relevant service, or of any circumstances which give rise to annual or potential conflicts of interest in relation to such service, and take all reasonable steps to ensure the fair treatment of the client: **None**
3. Non-cash incentives offered and/or other indirect considerations payable by another provider, a product supplier or any other person to the provider could be viewed as a potential conflict of interest. Please list any incentives received in the last 12 months (can include incentive trips, sponsorships, gifts that amount to material benefits, business services, entertainment expenses, access of preferential. Differentiated service/training/advice facilities, shareholdings, sales quote obligations, product biases etc.) **None**
4. Where applicable, the fact that the provider – directly or indirectly holds more than 10% of the relevant product suppliers shares: **None**
5. Has any equivalent substantial financial interest in the product supplier; during the preceding 12 month period received more than 30% of the total remuneration, including commission from the product supplier: **None**
6. Has the information above been disclosed on the disclosure documentation of the FSP? **Yes**
7. Please list any proposed business dealings between product suppliers and you/the FSP, your family members, and/or entities. Describe each relationship listed and the actual and potential financial benefits as you can best estimate them: **None**
8. Are you aware of any other relationships, arrangements, transactions, or matters which could create a conflict of interest or the appearance of conflict? If so, please describe: **None**

I have read the FSP conflicts of interest policy. I am currently, and agree to remain, in compliance with the Policy.

Entered into on the 12 day of January 2017



Robert Taylor