

## CONFLICT OF INTEREST POLICY

VANTAGE POINT FINANCIAL SERVICES (PTY) LTD

FSP Number: 44263

### Revision History

Revision	Date	Author	Description
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## 1. INTRODUCTION

In terms of the Financial Advisory and Intermediary Services Act, 2002, Vantage Point Financial Services ("VPFS") is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage Conflict of Interest ("COI"). Section 3A(2)(a) of the FAIS General Code of Conduct ("GCOC") stipulates that every financial services provider, other than a representative, must adopt, maintain and implement a conflict of interest management policy that complies with the provisions of the Act.

## 2. PURPOSE

The purpose of this policy is to comply with these obligations and provide for mechanisms in place to identify, mitigate and manage the conflicts of interest to which VPFS is a party. In addition, to ensure alignment between the values of the organization and the conduct of its people by safeguarding Clients' interests and ensuring the fair treatment of Clients.

VPFS is committed to ensuring that all business is conducted in accordance with good business practice. To this end, VPFS conducts business in an ethical and equitable manner and in a way that safeguards the interests of all stakeholders to minimize and manage all real and potential conflicts of interests. Like any financial services provider, VPFS is potentially exposed to conflicts of interest in relation to various activities. However, the protection of our Clients' interests is our primary concern and so our policy sets out how:

- we will identify circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our Clients' interests;
- we have established appropriate structures and systems to manage those conflicts; and
- we will maintain systems in an effort to prevent damage to our Clients' interests through identified conflict of interest.

To achieve the objectives set out above, this policy sets out the rules, principles and standards of the VPFS's COI management procedures, by documenting them in a clear and understandable format.

## 3. SCOPE OF APPLICATION

This policy is applicable to VPFS, all providers of VPFS, key individuals, representatives, associates and administrative personnel. VPFS is committed to ensuring compliance with this policy and going forward, the processes will be monitored on an ongoing basis.

Any non-compliance with the policy will be viewed in a severe light. Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable. Avoidance, limitation or circumvention of this policy via an associate will be deemed non-compliance.

VPFS is a private company consisting of several representatives closely monitored and managed. The products provided to clients are financial products within its mandated license categories from multiple Service Providers with whom VPFS has contracts to market their products. The processes involved in effectively managing internal controls are further elaborated on in paragraph 5 of this Policy.

## 4. UNDERSTANDING CONFLICT OF INTEREST

### 4.1 WHEN IS IT A CONFLICT OF INTEREST?

A COI means any situation in which VPFS or one of our representatives has an actual or potential interest that may, in rendering a financial service to our Clients -

- influence the objective performance of obligations to that Client; or
- prevents us from rendering an unbiased and fair financial service, or
- prevents us from acting in the interests of that Client.

An "actual or potential interest" includes but is not limited to:

- A **financial interest**, which includes any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, valuable consideration, other incentive or valuable consideration which exceeds R1 000 per calendar year.<sup>1</sup>
- An **ownership interest** which means any equity or proprietary interest and any dividend, profit share or similar benefit derived from that equity or ownership interest.
- Any **relationship with a third party**, meaning any relationship with a product supplier, other FSP's, an associate of a product supplier or an associate of VPFS. A third party also includes any other person who, in terms of an agreement or arrangement, provides a financial interest to VPFS representatives.
- An **immaterial financial interest**, which is 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 provider who is a sole proprietor; or
  - a representative for that representative's direct benefit;
  - a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives;

### 4.2 WHAT TYPE OF INTEREST MAY WE GIVE AND RECEIVE?

VPFS and our representatives may only offer to and receive specific financial interests from a third party<sup>2</sup>, which includes the following:

1. Commission as authorised under the Long-term Insurance Act (52 of 1998);
2. Fees as authorised under the Long-term Insurance Act (52 of 1998);
3. "Other fees" specifically agreed to by the Client and which can be stopped by the Client at their discretion but only if agreed in writing with the Client, including details of the amount, frequency, payment method and recipient of those fees, as well as the details of services to be provided in exchange for the fees.
4. Fees or remuneration for services that were rendered to a third party.
5. An immaterial financial interest.
6. Any other financial interest not mentioned above for which a consideration, fair value or remuneration that is reasonably commensurate is paid by that provider or representative, at the time of receiving that financial interest.

<sup>1</sup> Financial Interest excludes an ownership interest and Training, that is not exclusively available to a selected group of providers or representatives where that training is related to products and legal matters relating to (1) those products, (2) General financial and industry information, (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 and (4) qualifying enterprise development contribution to a qualifying beneficiary entity.

<sup>2</sup> FAIS GCOC S3A. FAIS GCOC S1 "third party" means a product supplier, another provider, associate of a product supplier or a provider, a distribution channel and any person who in terms of an agreement or arrangement with a person referred to previously provides a financial interest to a provider or its representatives.

### 4.3 ON WHAT BASIS MAY WE GIVE AND RECEIVE FINANCIAL INTERESTS?

The financial interest referred to in points 2, 3, and 4 above may only be offered or received by VPFS or its representatives, if:

- The financial interests are proportionate (reasonably commensurate) to the service being rendered, considering the nature of the service, the resources, skills and competencies that are reasonably required to perform it.
- The payment of those financial interests does not result in VPFS or the representative being remunerated more than once for performing the same service.
- Any actual or potential conflicts between the interests of Clients and the interests of the person receiving those financial interests are effectively mitigated; and
- The payment of those financial interests does not impede the delivery of fair outcomes to Clients.

### 4.4 FINANCIAL INTERESTS FOR REPRESENTATIVES OF VPFS

VPFS may not offer any financial interest to a representative –

- For 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.
- For giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a Client
- That is determined with reference to the quantity of business, without also giving due regard to the delivery of fair outcomes for Clients.

In relation to delivery of fair outcomes for Clients, VPFS strives to ensure that each representative provides the required level of advice through continuous training, performance, and complaints monitoring.

The measurable indicators are agreed in writing between VPFS and its representative and sufficient weight (significance) are attached to these indicators to materially mitigate the risk of the representative(s) giving preference to the quantity of business secured for VPFS over the fair treatment of Clients.

VPFS does not offer a sign-on bonus to any person, other than a new entrant as an incentive to become a representative authorised or appointed to give advice.

The way in which the VPFS remunerates its representatives and complies with these requirements, is set out in section 6 of this policy.

## 5. PROCESSES AND INTERNAL CONTROLS TO MANAGE CONFLICT OF INTEREST

### 5.1 IDENTIFICATION OF CONFLICT OF INTEREST

To adequately manage COI, VPFS must identify all relevant conflicts timeously. In determining whether there is or may be a COI to which the policy applies, VPFS considers whether there is a material risk of unfair treatment or bias for the Client, taking into account whether VPFS or 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.

Our policy defines possible conflicts of interest as, inter alia:

- conflicts of interest between VPFS and the Client;
- conflicts of interest between our Clients if we are acting for different Clients and the different interests conflict materially;
- conflicts 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;
- storing confidential information on Clients which, if we would disclose or use, would affect the advice or services provided to Clients. We may only receive commissions authorised in terms of applicable legislation.

All employees are responsible for identifying specific instances of conflict and are required to notify the Key Individual of any conflicts they become aware of. The Key Individual will assess the implications of the conflict and how the conflict should be managed, acting impartially to avoid a material risk of harming Clients' interests.

### 5.2 MEASURES FOR AVOIDANCE AND MITIGATION OF CONFLICT OF INTEREST

To ensure that VPFS can identify, avoid and mitigate COI situations, we create awareness and knowledge of applicable stipulations, through training and educational material. Where a COI situation cannot be avoided, these instances are recorded on the VPFS's conflict of interest register.

We ensure the understanding and adoption of VPFS's conflict of interest policy and management measures by all employees, representatives and associates through training on the COI policy.

The Key Individual will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Compliance and management then agree on the controls that need to be put in place to manage the conflict. Once a conflict of interest has been identified it needs to be appropriately and adequately managed and disclosed, in line with the below steps.

### 5.3 MEASURES FOR MANDATORY DISCLOSURE OF CONFLICT OF INTEREST

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.

In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to Clients. The Key Individual will ensure transparency and manage conflict of interests. The Client must be informed on the Conflict of Interest Policy and where they may access the policy.

### 5.4 ONGOING MONITORING OF CONFLICT OF INTEREST MANAGEMENT

The key individual or staff member in charge of supervision and monitoring of this policy will regularly monitor and assess all related matters. VPFS will conduct ad hoc checks on business transactions to ensure the policy has been complied with.

The Compliance Officer will include monitoring of the Conflict of Interest policy as part of his/her general monitoring duties and will report thereon in the annual compliance report.

This policy shall be reviewed annually and updated if applicable. The compliance function is outsourced to an external Compliance company with no shareholding in VPFS. The Compliance practice functions objectively and sufficiently independently of VPFS and monitors the process, procedures and policies that VPFS has adopted to avoid conflicts of interest.

## 5.5 TRAINING AND STAFF

Comprehensive training on the Conflict of Interest is provided to all employees and representatives as part of specific and/or general training on the FAIS Act and GCOC.

Training will be incorporated as part of all new appointees' induction. Ongoing and refresher training on VPFS's Conflict of Interest management processes and policy is provided on an annual basis.

## 5.6 REGISTERS

With regard to existing third-party relationships, being the product suppliers listed in our Contact Stage Disclosure letter, we confirm that we do not have an ownership interest or are subject to exclusive training nor are there any other circumstances which could lead to a potential conflict of interest. Should any conflicts arise with regard to any of these prior to entering into any business transaction with you we undertake to disclose these in the registers below. VPFS has implemented the registers below:

1. Financial Interest Received
2. Business Relationships
3. Ownership Interests

## 6. REMUNERATION POLICY

This section of the Policy specifies the type of and the basis on which a representative of the VPFS will qualify for a financial interest that VPFS offers and motivates how that financial interest complies with the requirements of this policy.

We receive more than 30% of our commission from a single service provider.

We receive infrastructure services from a specific service provider.

We pay representatives more commission on Capital Legacy business than business from other service providers.

VPFS carries out regular inspections on all commissions, remuneration, fees, and financial interests proposed or received in order to avoid non-compliance.

### VANTAGE POINT FINANCIAL SERVICES(PTY) LTD FSP NO. 44263

Dear Client

At VANTAGE POINT FINANCIAL SERVICES we believe in open, honest and transparent interactions with our Clients. In the course of our business activities, situations may arise whereby we may become entitled to certain financial interests supplied by external parties in addition to the commission that we earn or the fees that we charge.

At VANTAGE POINT FINANCIAL SERVICES we take pride therein that our advice is objective and free of external influence, but wish to disclose to you, our valued Client, that we have received the following financial interests and wish to disclose the value and the reason for receiving the financial interests.

We do not believe that the financial interests received constitute a conflict of interest but would gladly address any concerns you may have. Please refer to Annexure A to this register for a complete list. We may also enjoy a preferred status with one or more of the product supplier companies with whom we hold contracts. This status allows us and our customers certain benefits when dealing with these providers.

We similarly make every effort to ensure that our advice is not influenced by our status with any one product supplier but believe that disclosure of these business relationships and the benefits they include, allow you to make informed decisions. Please refer to Annexure B & C for complete details of these business relationships as well as ownership interests.

In accordance with the General Code of Conduct for Financial Services Intermediaries we are required to disclose any ownership interest we may have in external parties. These are contained in the Annexures attached hereto.

### Masthead Membership

We are proud to state that we are members of the Masthead Financial Advisors Association. This association is a voluntary body of independent financial advisors, regulated by its own constitution and code of conduct.

This code of conduct requires its members to adhere to ethical and professional standards and to act in the best interest of our Clients. As members of the association, we may become entitled to certain discounts by virtue of our relationship.

## 7. Annexures

### Annexure A – Financial Interest Received

Type	Date Received	From	To	Reason	Value	Approved?		Approver	Sign
Choose an item.						<input type="checkbox"/> Y	<input type="checkbox"/> N		
Choose an item.						<input type="checkbox"/> Y	<input type="checkbox"/> N		
Choose an item.						<input type="checkbox"/> Y	<input type="checkbox"/> N		
Choose an item.						<input type="checkbox"/> Y	<input type="checkbox"/> N		
Choose an item.						<input type="checkbox"/> Y	<input type="checkbox"/> N		
Choose an item.						<input type="checkbox"/> Y	<input type="checkbox"/> N		
Choose an item.						<input type="checkbox"/> Y	<input type="checkbox"/> N		
Choose an item.						<input type="checkbox"/> Y	<input type="checkbox"/> N		

We take pride therein that our advice is objective and free of external influence, but wish to disclose to you, our valued Client, that we have received the following financial interests and wish to disclose the value and the reason for receiving the financial interests.



#### Annexure B – Business Relationship

Company	Nature of Relationship	Status	Benefits
Capital Legacy Solutions	Provider of infrastructure	Ongoing	Receive infrastructure services from provider

#### Annexure C – Ownership Interest

Company	Percentage Ownership	Date Obtained

#### Annexure D – Policy adoption and version control

Date	Version	Detail of change or amendment	Person	Signature
10 January, 2022	V02	Review and general update	Gregory Farrell	
29 June, 2022	V03	Review and general update	Gregory Farrell	

Key Individual: \_\_\_\_\_

