

Version 4 September 2023

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# CONFLICT OF INTEREST MANAGEMENT POLICY

WM DUPREEZ FINANCIAL SERVICES AND SOLUTIONS (PTY) LTD

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## **1. Introduction**

In terms of the Financial Advisory and Intermediary Services Act, 2002, Du Preez FS (“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 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.

### **Consequences of non - compliance**

- 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.
- The Registrar of FAIS is empowered to refer instances of non-compliance to an Enforcement Committee of the FSCA that may impose administrative penalties on offenders.
- The FAIS Act also gives the Registrar the powers to revoke the license of a FSP.

FSPs that fail to declare and disclose conflict of interest could subject the business to administrative penalties and legal action if it is found the FSP acted fraudulently.

## **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 the FSP is a party. In addition, to ensure alignment between the values of the organisation and the conduct of its people by safeguarding clients’ interests and ensuring the fair treatment of clients.

The FSP is committed to ensuring that all business is conducted in accordance with good business practice. To this end, the FSP 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, the FSP 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 FSPs COI management procedures, by documenting them in a clear and understandable format.

### **3. Scope of application**

This policy is applicable to the FSP, all providers of the FSP, key individuals, representatives, associates and administrative personnel. The FSP is committed to ensuring compliance with this policy and 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.

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FSP is a PTY, with the GREAT DANE SHARE TRUST holding 100% of the shares of the FSP.

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The Staff of the FSP comprise of 4 staff members as follows: 1 of which is a permanent staff member, 1 Director- who is also the KI and a representative on the licence and 2 other representatives.

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We utilise all products as per our contracts. We do not favour any product house over any other.

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Majority of our clients have policies at Liberty, Discovery and Momentum however we do not receive more than 30% of our annual commission or fees from any of these product providers. No preference is given over a particular provider/providers.

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68.21% of our Gap is at Stratum due their good service to us and good value for money products.

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The car and household insurance is spread out depending on where we can find the best quote for the client.

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There is an outsourced administration company – Abinite. (Contract to be updated by 18 September 2023)

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## 4. UNDERSTANDING CONFLICT OF INTEREST

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

A COI means any situation in which the FSP 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 no 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 R1000 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 the FSP. A third party also includes any other person who, in terms of an agreement or arrangement, provides a financial interest to the FSP or its 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;

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<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.

#### 4.2 WHAT TYPE OF INTEREST MAY WE GIVE AND RECEIVE?<sup>2</sup>

The FSP and our representatives may only offer to and receive specific financial interests from a third party<sup>3</sup>, which includes the following:

1. Commission as authorised under the Long-term Insurance Act (52 of 1998), the Short-term Insurance Act (53 of 1998) and the Medical Schemes Act (131 of 1998).
2. Fees as authorised under the Long-term Insurance Act (52 of 1998), the Short-term Insurance Act (53 of 1998) and the Medical Schemes Act (131 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.

#### 4.3 ON WHAT BASIS MAY THE 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 the FSP 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 the FSP or 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.

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<sup>2</sup> It is important to note that where the same legal entity is a product supplier and FSP, this section does not apply to the representatives of that entity. That entity is subject to the requirements set out in sections 4.4 of this report (FAIS GCOC S3A (1) (b) and 3A (1) (bA) in respect of its representatives.

<sup>3</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.

#### 4.4 FINANCIAL INTERESTS FOR REPRESENTATIVES OF THE FSP

The FSP may not offer any financial interest to a representative of that FSP –

- 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, the FSP must demonstrate that a determination of a representative's entitlement to a financial interest, considers measurable indicators, relating to the:

- Achievement of minimum service level standards in respect of clients
- Delivery of fair outcomes for clients; and
- Quality of the representative's compliance with the FAIS Act.

The measurable indicators are agreed in writing between the FSP 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 the FSP over the fair treatment of clients.

The FSP does not offer a sign-on bonus<sup>4</sup> to any person, other than a new entrant<sup>5</sup>, as an incentive to become a provider authorised or appointed to give advice.

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

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<sup>4</sup> This requirement is only applicable to CAT I providers that are authorised to give advice. Refer to the definitions section of this policy.

<sup>5</sup> A person who has never been authorised as a financial services provider or appointed as a representative by any financial services provider.



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

### 5.1 IDENTIFICATION OF CONFLICT OF INTEREST

To adequately manage COI, the FSP must identify all relevant conflicts timeously. In determining whether there is or may be a COI to which the policy applies, the FSP considers whether there is a material risk of unfair treatment or bias for the client, taking into account whether the FSP 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 conflict of interest or examples of conflict of interest as, inter alia, - Reps or staff of Du Preez FS getting any kick-backs, cash payments, and bribes or enticing to sell a product over another for any material reward what so ever.

Below are some examples but these have not applied to us at present.

- *Any COI-*
  - *between the FSP and external parties- **None are applicable as determined***
  - *between the FSP and the client. (Example: would be staff or family members who are clients of the FSP - FSP conducts business in a professional manner and therefore no conflicts were identified).*
  - *between our clients if we are acting for different clients and the different interests conflict materially. (Example: business partners that currently have policies with the FSP and where business is completed in their personal capacity or where business is concluded with divorced couples etc. - no conflicts were determined as FSP always concludes business in a professional manner).*
  - *where associates, product suppliers, distribution channels or any other third party is involved in the rendering of a financial service to a client. We have referral agreements with Old mutual PCS, Momentum wealth international, VFS, Santam, and INN8.*

- *storing confidential information on clients which, if we would disclose or use, would affect the advice or services provided to clients. – **None exist as identified and FSP takes measures to safeguard information and no information is disclosed to a third party without consent, unless the FSP is required by law to disclose such information.***

All employees, including internal compliance officers and management, 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 the FSP can identify, avoid and mitigate COI situations, the FSP creates awareness and knowledge of applicable stipulations, through training and educational material. Where a COI situation cannot be avoided, these instances are recorded on the FSP's conflict of interest register.

The FSP ensures the understanding and adoption of the FSP'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. The FSP 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 this FSP. The Compliance practice functions objectively and sufficiently independently of the FSP and monitors the process, procedures and policies that the FSP 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 the FSP's Conflict of Interest management processes and policy is provided on an annual basis.

Signed declaration is to be retained as confirmation.

#### 5.6 REGISTERS

With regard to existing third-party relationships, being the product suppliers listed in our Contact Stage Disclosure letter, we confirm that there are no 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.

All gifts, financial interest, immaterial financial interest and any other COI situations as outlined in this policy, must be recorded in the FSP's COI register, attached as Annexure A.

### **4. Remuneration Policy**

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

Our remuneration policy is...

Remuneration is offered to all reps in the form of regulated commission and or fees charged by the rep or FSP to the client for services rendered. We charge fees only if the client agrees and sign or client service agreement in agreement. There is a split in paid commission and fees between the reps and the FSP. These splits are as per each person's contract with the FSP. Bonuses are paid in accordance with the profit of the company and the performance of each person individually and are the discretion of the FSP.

Additional fees or services are managed as above and are invoiced out to clients as and when we provide a fee based service.

Admin staff are paid a basic salary and commission if applicable.

The FSP has earned referral fees from Santam.

The FSP pays referral fees to other brokers, potentially some clients and some ex-staff members for new clients that are referred to the FSP by them.

We get paid the same by all service providers and product houses so there is no bias towards selling anyone particular product over another.

No bonuses are paid to representatives. Bonuses could potentially be paid if production levels are reached and maintained consistently.

Director/KI draws a basic salary- vehicle used is owned by the FSP, and fringe benefit tax is paid.

Commission statements come from product houses and this is checked up against new business lists provided by the reps and admin staff to the accountants and book keepers and our outsourced commission tracking company.

Management accounts are provided to the KI on a monthly basis by the accountants.





We try not favour any one product suppliers over another, so it should not be the case that we have earned more than 30% commission and fees from one company.

The FSP carries out regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance. This includes but is not limited to:

- Analysis of Management Information to identify trends and outliers from our commission tracking program.
- Checking payroll spreadsheets up against one another from month to month.
- TCF client feedback program results assessments/review through or annual review process.
- Compliant trend analysis.




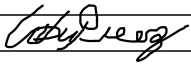
5. Annexures

Annexure A – Conflict of Interest Register

Type	Date Received	From	To	Reason	Value	Approved?	Approver	Sign
Financial Interest	Up to 31/08/2023	Old mutual PCS	Du Preez FS	Referral fee	R	Yes	W Du Preez	
Financial Interest	Up to 31/08/2023	Momentum wealth international	Du Preez FS	Referral fee	R3077.78	Yes	W Du Preez	
Financial Interest	Up to 31/08/2023	Santam	Du Preez FS	Referral fee	R9953.26	Yes	W Du Preez	
Financial Interest	Up to 31/08/2023	Inn8 Global	Du Preez FS	Referral fee	\$1414,01	Yes	W Du Preez	
Financial Interest	Up to 31/08/2023	VFS	Du Preez FS	Referral fee	R0	Yes	W Du Preez	
Choose an item.						Yes/No		
Choose an item.						Yes/No		
Choose an item.						Yes/No		

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 – Policy adoption and version control

Date	Version	Detail of change or amendment	Approved by	Signature
27/09/2021	1	Updating in line with legislation	Wayne du Preez	
20/09/2022	2	Review and update- scope, examples of conflict of interests, registers	Wayne du Preez	
08/09/2023	3	Review and update- updated no. of reps/ referral fees paid to brokers, clients, and ex-staff members/ % of gap cover placed with Stratum/COI register updated.	Wayne Du Preez	
11/09/2023	4	Updated by Kuhle and Wayne. Percentage splits for commission income was updated.	Wayne Du Preez	
		Staff members were updated, organogram was updated.		

**Policy owner: Wayne Du Preez**

**Trustees of the Great Dane Share Trust only manage the shares of the business. Wayne Du Preez is the sole Director of the company and will make decisions of behalf of the brokerage on a daily basis. The 2<sup>nd</sup> Independent trustee of Great Dane is not a director of the Pty Ltd. Judd is an attorney who assists in managing the share trust.**

### Annexure C – Additional Definitions

#### Associate

(A) In relation to a natural person, means–

- (i) a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person;
- (ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;
- (iii) a parent or stepparent of that person;
- (iv) a person in respect of which that person is recognised in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person;
- (v) a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) to (iv);



- (vi) a person who is in a commercial partnership with that person;
- (b) in relation to a juristic person–
  - (i) 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;
  - (ii) which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;
  - (iii) which is not a company or a close corporation as referred to in subparagraphs (i) or (ii), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person–
    - (AA) had such first-mentioned juristic person been a company; or
    - (Bb) in the case where that other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;
  - (iv) means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act;
- (c) in relation to any person–
  - (i) 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;
  - (ii) includes any trust controlled or administered by that person.

### **Fair Value**

Has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 61 of 1973.

### **FSC**

Means the Financial Sector Code published in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, (Act 53 of 2003), as amended from time to time

### **Distribution channel** means

- a) Any arrangement between a product supplier or any of its associates and one or more providers or any of its associates in terms of which arrangement any support or service is provided to the provider or providers in rendering a financial service to a client.

- b) Any arrangement between two or more providers or any of their associates, which arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier.
- c) Any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.

**New Entrant**

Is a person who has never been authorised as a financial services provider or appointed as a representative by any FSP.

**No-claim bonus** means

Any benefit that is directly or indirectly provided or made available to a client by a product supplier in the event that the client does not claim or does not make a certain claim under a financial product within a specified period of time.

**Measured Entity**

Has the meaning assigned to it in the FSC insofar it relates to a qualifying enterprise development contribution.

**Qualifying Beneficiary Entity**

Has the meaning contemplated in the FSC insofar as it relates to a qualifying enterprise development contribution?

**Qualifying Enterprise Development Contribution**

Has the meaning assigned to it in the FSC

**Sign-On Bonus** means

- (a) any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider; and
- (b) a financial interest referred to in paragraph (a) includes but is not limited to—
  - (i) compensation for the—
    - (aa) potential or actual loss of any benefit including any form of income, or part thereof; or

- (bb) cost associated with the establishment of a provider's business or operations, including the sourcing of business, relating to the rendering of financial services; or
- (ii) a loan, advance, credit facility or any other similar arrangement.

### **CONSEQUENCES OF NON-COMPLIANCE**

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.
2. The Registrar of FAIS is empowered to refer instances of non-compliance to an Enforcement Committee of the FSCA that may impose administrative penalties on offenders.
3. The FAIS Act also gives the Registrar the powers to revoke the license of a FSP.

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