



SYGNIA GROUP

CONFLICT OF INTEREST

NOVEMBER 2015



PREAMBLE

This Conflicts of Interests Policy becomes effective on the date that it is approved by the board of directors of Sygnia Limited and replaces all previous conflicts of interest policies adopted by the Sygnia Group.

The Conflicts of Interests Policy sets out the procedures and policies adopted by the Sygnia Group in ensuring that it remains compliant with the regulations issued under the Financial Advisory and Intermediary Services Act.

1. DEFINITIONS

The following words and expressions shall mean:

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| 1.1 | “Affiliated Entity” | Any entity, including but not limited to a company, trust, person or other legal persona with whom the Sygnia Group or any Employee has a close personal relationship or close business relationship; |
| 1.2 | “Associate” | Shall have the meaning ascribed to it in notice 58 of 2010, which notice is attached hereto as an annexure; |
| 1.3 | “Business Day” | Any day other than a Saturday, Sunday or declared public holiday in the Republic of South Africa; |
| 1.4 | “Client” | Any person or entity who is a policyholder, a unit holder in a collective investment scheme or who has entered into an agreement in terms of which services are rendered or products are being provided to that Client by a Financial Services Provider within the Sygnia Group and shall include a person or entity that is a prospective Client; |
| 1.5 | “COI Policy” | This document; |
| 1.6 | “Compliance Officer” | A person who is the registered compliance officer of a company in accordance with the provisions of FAIS; |
| 1.7 | “Conflict of Interest” | Shall have the meaning ascribed to it in notice 58 of 2010, which notice is attached hereto as an annexure; |
| 1.8 | “Designated Person” | A person nominated by the Compliance Officer to administer the COI Policy within the Sygnia Group or within a particular company or division of such company within the Sygnia Group; |
| 1.9 | “Employee” | An employee, whether permanent or temporary of any company in the Sygnia Group; |
| 1.10 | “FAIS” | The Financial Advisory and Intermediary Services Act, no. 37 of 2002, including all subordinate legislation issued in terms thereof; |



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| 1.11 | “Financial Interest” | Shall have the meaning ascribed to it in notice 58 of 2010, which notice is attached hereto as an annexure; |
| 1.12 | “Financial Services Provider” | A person or entity authorised as a Financial Services Provider in terms of FAIS; |
| 1.13 | “Gift” | Any item received from any third party, regardless of whether a business relationship exists between the third party and Sygnia Group that is received primarily as a result of the recipient Employees status as an employee of the Sygnia Group; |
| 1.14 | “Unavoidable Conflict of Interest” | Conflicts of Interest which has been identified as being of such a nature and so intrinsically linked to the services and products provided by the Sygnia Group that they are unavoidable and that are listed in the Register; |
| 1.15 | “Immaterial Financial Interest” | Shall have the meaning ascribed to it in notice 58 of 2010, which notice is attached hereto as an annexure; |
| 1.16 | “Ownership Interest” | Shall have the meaning ascribed to it in notice 58 of 2010, which notice is attached hereto as an annexure; |
| 1.17 | “Personal Interests Register” | The Register maintained by the Compliance Officer where Employees have recorded their personal Financial Interests; |
| 1.18 | “Register” | The Register maintained by the Compliance Officer in terms of the COI Policy; |
| 1.19 | “Sygnia Group” | shall mean the holding company Sygnia Limited and its wholly-owned subsidiary companies; |
| 1.20 | “Sygnia Limited” | the holding company Sygnia Limited with registration number 2007/025416/06; |

2. DUTIES AND OBLIGATIONS

- 2.1 The Sygnia Group and its Employees must avoid any Conflicts of Interests, unless a Conflict of Interest is an Identified Unavoidable Conflict of Interest in terms of clause 6 of this COI Policy.

- 2.2 The Sygnia Group must disclose, in accordance with the provisions of clause 7 of this COI Policy any Conflicts of Interest, including, in the case of Unavoidable Conflicts of Interests, the steps taken in terms of clause 6 of this COI Policy, to manage and to mitigate such Unavoidable Conflicts of interests.
- 2.3 Employees must disclose their Personal Financial Interests in accordance with clause 3.
- 2.4 The Compliance Officer or the Designated Person(s) must monitor compliance by the Sygnia Group and by Employees to this COI Policy in accordance with the provisions of clause 11.

3. PROCEDURES TO IDENTIFY CONFLICTS OF INTERESTS

- 3.1 It is the responsibility of all Employees to identify actual or potential Conflicts of Interests. In identifying Conflicts of Interests, cognisance shall be taken of benefits that may be received or that may be paid to Affiliate Companies or Associates.
- 3.2 All new Employees shall be required to disclose Personal Financial Interests within one calendar month from the effective date of their employment by completing the Personal Financial Interests, including those of Associates and Affiliated Companies, declaration attached in Annexure A and submitting the completed declaration to the Compliance Officer or the Designated Person(s).
- 3.3 All Employees shall be required to complete the Personal Financial Interests Declaration within one calendar month from the effective date of this COI Policy and thereafter, at such intervals as is requested by the Compliance Officer or the Designated Person(s) provided that such disclosure shall be made at least once every six calendar months.
- 3.4 The identification of actual or potential Conflicts of Interests shall be added as a permanent fixed agenda item of the meetings of the Sygnia Risk and Compliance Committee and the Compliance Officer shall ensure that sufficient time is allocated at the meetings of the Risk and Compliance Committee to enable the members to identify Conflicts of Interests and that the outcome thereof is formally recorded in the minutes of the meetings held.
- 3.5 The identification of actual or potential Conflicts of Interests shall be added as a permanent fixed agenda item of the quarterly meetings of the board of directors of Sygnia Limited. The Chairperson of the board of directors of Sygnia Limited shall ensure that sufficient time is allocated during meetings to review the feedback from the Risk Committee regarding Conflicts of Interests identified in accordance with clause 5 and shall ensure that the board of directors also apply their own minds regarding the identification of actual or potential Conflicts of Interests. The Chairperson of the board of directors of Sygnia Limited shall ensure that the directors' activities in this regard are recorded in the minutes of the meetings.
- 3.6 The Compliance Officer shall be responsible for updating the Register with all Conflicts of Interests identified through the procedures contained in this clause 3. Where one or more Designated Person(s) have been nominated, it shall be the responsibility of those Designated Persons to inform the Compliance Officer of the Conflicts of Interests that have been identified by or reported to them so that the Compliance Officer is able to maintain the Register.

4. PROCEDURES TO DETERMINE WHETHER A CONFLICT IS AVOIDABLE

- 4.1 Once a Conflict of Interest has been identified in accordance with clause 3 above and it has been entered on the Register, the following procedures shall be followed to determine whether the conflict is avoidable:

- 4.1.1 The Compliance Officer, or where appropriate a Designated Person, must ensure that all relevant information that may reasonable be required to determine the nature and the extent of any Conflict of Interest that is identified, is obtained and recorded on the Register;
- 4.1.2 The Compliance Officer shall determine whether any Conflict of Interest identified is in fact a Conflict of Interest as defined in FAIS. The Compliance Officer may seek guidance from the Risk and Compliance Committee in this regard. The Compliance Officer shall also determine whether or not a Conflict of Interest is an Immaterial Conflict of Interest.
- 4.1.3 Where, in the opinion of the Compliance Officer and the Risk and Compliance Committee as the case may be, a Conflict of Interest is identified, the Compliance Officer shall determine the effect of the identified Conflict of Interest on Clients and on the Sygnia Group. If the effect of the Conflict of Interest on the Sygnia Group is of such a nature that to avoid the Conflict of Interest would result in the Sygnia Group being: -
- 4.1.3.1 unable to render services that it is contractually obliged to render to a Client; or
 - 4.1.3.2 unable to render services of the same quality and standard to a Client should it decide to avoid the Conflict of Interest; or
 - 4.1.3.3 unable to render services to Clients at the same costs or fees to a Client; or
 - 4.1.3.4 as a result of inherent structure, contractual obligations or other relevant considerations unable to avoid the
 - 4.1.3.5 Conflict of Interest (i.e. where it is structurally, legally or practically not possible to avoid the Conflict of Interest); then the Conflict of Interest shall be provisionally classified as unavoidable.
- 4.2 Conflicts of Interests that are identified as avoidable shall be provisionally classified as being avoidable and shall be treated in accordance with the provisions of clause 5 below.
- 4.3 Conflicts of Interests that cannot be avoided shall be treated in accordance with the provisions of clause 6 below.
- 4.4 A Conflict of Interest that is an Immaterial Conflict of Interest shall be treated in accordance with the provisions of clause 8.

5. TREATMENT OF CONFLICTS THAT ARE AVOIDABLE

- 5.1 Where, after having followed the procedures in clause 4 above, a Conflict of Interest has been provisionally classified as avoidable, the Compliance Officer shall notify the Risk and Compliance Committee and shall provide them with a copy of the updated Register.
- 5.2 The Risk and Compliance Committee shall finally determine whether provisional classification of a Conflict of Interest as being avoidable, should be made a final classification.
- 5.3 Where necessary, in the opinion of the Compliance Officer, a special meeting of the Risk and Compliance Committee may be called to resolve particularly urgent cases or the members of the committee may be required to decide on the final classification of an identified Conflict of Interest by email correspondence.
- 5.4 Where the Risk and Compliance Committee rejects the provisional classification of a Conflict of Interest as being avoidable, that Conflict of Interest shall be classified as an Unavoidable Conflict of Interest. The Compliance Officer shall update the Register and the Conflict of Interest shall be treated in accordance with clause 6 below.
- 5.5 Where the Risk and Compliance Committee confirms final classification of an identified Conflict of Interest, the Compliance Officer shall update the Register accordingly.
- 5.6 The Compliance Officer shall send an email to the members of the Sygnia Group executive management committee providing details of the Conflict of Interest that has been declared avoidable and it shall be the responsibility of the Sygnia Group executive management

committee to ensure that the activity that has been identified as being an avoidable Conflict of Interest is immediately ceased.

- 5.7 Compliance with the instruction to avoid such an activity shall be monitored in terms of clause 11 and shall be included in the report of the Risk Committee to the boards of directors of Sygnia Limited

6. PROCEDURE TO MANAGE AND MITIGATE UNAVOIDABLE CONFLICTS

- 6.1 Where, after having followed the procedures in clause 4 above, a Conflict of Interest has been provisionally classified as unavoidable, the Compliance Officer shall notify the Risk and Compliance committee and shall provide them with a copy of the updated Register.
- 6.2 The Risk and Compliance committee shall finally determine whether provisional classification of a Conflict of Interest as being unavoidable, should be made a final classification.
- 6.3 Where necessary, in the opinion of the Compliance Officer, a special meeting of the Risk and Compliance Committee may be called to resolve particularly urgent cases or the members of the committee may be required to decide on the final classification of an identified Conflict of Interest by email correspondence.
- 6.4 Where the Risk and Compliance committee rejects the provisional classification of a Conflict of Interest as being unavoidable, that Conflict of Interest shall be classified as an avoidable Conflict of Interest. The Compliance Officer shall update the Register and the Conflict of Interest shall be treated in accordance with clause 5 above.
- 6.5 Where the Risk and Compliance Committee confirms final classification of an identified Conflict of Interest, the Compliance Officer shall update the Register .
- 6.6 The Compliance Officer shall send an email to the members of the Sygnia Group executive management committee providing details of the Conflict of Interest that has been declared unavoidable and shall document the reasons for such classification in the Register attached.
- 6.7 A Conflict of Interest that has been finally classified as being unavoidable shall then be disclosed in accordance with clause 7 below.
- 6.8 In addition to the disclosure of unavoidable Conflicts of Interest, the Risk and Compliance Committee shall determine reasonable procedures to be implemented to ensure that the Conflict of Interest is managed in such a way so as to protect the interests of Clients as much as is reasonably possible and further to mitigate any negative impact of such Conflict of Interest on Clients as much as is reasonably possible.
- 6.9 The Compliance Officer shall record the procedures implemented in terms of clause 6 in the Procedures for Mitigation of Conflicts of Interest document.
- 6.10 The procedures recorded in accordance with clause 6.8 and 6.9 above shall be taken into account when determining the disclosures to be made to Clients in accordance with clause 7 below.

7. PROCEDURE TO DISCLOSE CONFLICTS OF INTERESTS

- 7.1 This COI Policy shall be made available to Clients through the publishing thereof on the Sygnia Limited website.



- 7.2 Unavoidable Conflicts of Interests may either be of general application, i.e. where most Clients are affected by such conflicted activity or of specific application where only a particular and identifiable Client or group of Clients are affected.
- 7.3 Unavoidable Conflicts of Interests that are of a general nature will be disclosed to all Clients, such disclosure to be made in such a way that Clients can understand the nature and the extent of the Conflict of Interest. The procedures implemented to mitigate the effect of these Conflicts of Interest will be disclosed in sufficient detail to allow Clients to assess whether the procedures could reasonably be expected to manage and mitigate the effect of such Conflicts of Interest. This COI Policy is not prescriptive about the format of such disclosure to be made, provided that it is made in writing, in plain language and is made as soon as is reasonably possible given the Sygnia Group's business procedures in place from time to time.
- 7.4 Unavoidable Conflicts of Interests that are of a specific nature and that applies in respect of a specific Client or group of Clients only, will be disclosed to those Clients only, in sufficient detail to allow them to determine the nature and extent of the Conflicts of Interest and together with the procedures introduced to manage and mitigate the effects of those Conflicts in sufficient detail to allow those Clients to assess whether the procedures could reasonably be expected to manage and mitigate the effect of such Conflicts of Interests. This COI Policy is not prescriptive about the format of such disclosure to be made, provided that it is made in writing, in plain language and is made as soon as is reasonably possible given the Sygnia Group's business procedures in place from time to time.
- 7.5 It shall be the responsibility of the Compliance Officer and where applicable Designated Person(s), to ensure that conflicts of Interests that are finally classified as unavoidable in the Register, they are disclosed in accordance with this clause 7.5. The Compliance Officer and the Designated Person(s) may seek guidance from the Risk and Compliance Committee in this regard.

8. PROCEDURE TO MANAGE IMMATERIAL CONFLICTS OF INTERESTS

- 8.1 Conflicts of Interests that are identified in accordance with clause 4 above and entered into the Register attached in Annexure B will be classified as Immaterial Conflicts of Interest if they meet the requirements for a Conflict of Interest to be immaterial as determined from time to time in FAIS. It is not required for Immaterial Conflicts of Interest to be finally classified as such by the Risk and Compliance Committee. Classification at the outset by the Compliance Officer shall be sufficient.
- 8.2 Immaterial Conflicts of Interest may, however, change into Conflicts of Interest that may be either avoidable or unavoidable. An example would be where incidental expenditure incurred in relation to a particular Financial Service Provider (or one or more of its representatives) could exceed the threshold for Immaterial Conflicts of Interest determined by the Registrar of Financial Services Providers from time to time. To ensure that appropriate record is kept of such instances, it is required that a separate Immaterial Conflicts of Interest Register be kept in the format as prescribed from time to time.
- 8.3 It shall be the responsibility of all Employees, subject to the provisions contained in clause 19 below to maintain the information to be recorded in the Immaterial Conflicts of Interests Register.
- 8.4 Employees will discharge their duty in terms of clause 8.3 by emailing the Declaration of Immaterial Conflicts of Interests form, duly completed to the Compliance Officer or to the Designated Person(s) where applicable within 5 Business Days from the date on which the Employee first became aware of the conflict.

- 8.5 The Compliance Officer and the Designated Person(s) where applicable, shall update the Register with the declarations received in accordance with clause 8.4 and shall provide a copy thereof at every meeting of the Risk and Compliance Committee.
- 8.6 The Risk and Compliance Committee shall review the Register and shall, where it becomes necessary to do so, order the re-classification of an Immaterial Conflict of Interest to either an avoidable or unavoidable Conflict of Interest should either the thresholds set out in FAIS be exceeded or the circumstances warrant such reclassification. Such Conflicts of Interest shall then be dealt with in accordance with clauses 5, 6, 7 and 8 of this COI Policy.

9. PROCEDURES REGARDING GIFTS

- 9.1 As a general rule, Employees shall not solicit nor accept Gifts from any third party.
- 9.2 However, it is recognised that from time to time third parties may wish to show appreciation for efforts on the part of Employees by providing Employees with small or financial immaterial Gifts that are neither designed nor intended to create any Conflicts of Interests. Any Employee who receives such a Gift shall declare such Gift, together with the value of the Gift received in the Immaterial Conflicts of Interests Register by completing the declaration provided to the Employee and forwarding that to the Compliance Officer and/or a Designated Person.
- 9.3 Where the value of the Gift is not known or where the value of the Gift is not easily determinable, the Employee shall notify the Compliance Officer and/or the Designated Person who shall make a best estimate regarding the value of the Gift.
- 9.4 The Compliance Officer, who may receive guidance from the Risk and Compliance Committee regarding this, may in his or her sole and absolute discretion declare a Gift to be inappropriate.
- 9.5 Where a Gift is declared inappropriate, for whatever reason, the Compliance Officer shall instruct the Employee that has received the Gift to return it to the originator. In this instance the Gift will be treated as an avoidable Conflict of Interest and the procedures contained in clause 5 will be followed.
- 9.6 No Gift the value of which exceeds R 1000,00 (one thousand rand) or such other lower limit as either the Compliance Officer or the Risk and Compliance Committee may from time to time determine, may be retained by an Employee and such a Gift shall automatically be treated in accordance with clause 9.4 and 9.5 above.

10. ENTERTAINMENT EXPENDITURE

- 10.1 As a general rule, no Employee shall incur any expenses in relation to the entertainment of Financial Services Providers or representatives of Financial Services Providers.
- 10.2 However, it is recognised that from time to time incidental expenditure is incurred where such individual expense is financially immaterial. To ensure that such incidental expenditure is properly recorded and to ensure that it does not present a Conflict of Interest (or a potential Conflict of Interest), every Employee who incurs such expenditure shall complete the declaration and shall forward such Declaration to the Compliance Officer or a Designated Person.
- 10.3 Whilst it is preferable for the declaration to be completed and submitted to the Compliance Officer and/or a Designated Person prior to the expenditure being incurred, in order to prevent any inadvertent non-compliance with this COI

Policy, it is recognised that an Employee will incur incidental expenditure of this nature is not always known before that expenditure has to be incurred. It is thus preferable but not compulsory for incidental expenditure of this nature to be pre-approved by the Compliance Officer or the Designated Person(s)

11. PROCEDURES TO FACILITATE ADHERENCE TO THIS COI POLICY

- 11.1 The Compliance Officer, and where applicable, the Designated Person(s) shall ensure that all Employees are aware of this COI Policy and receive sufficient training thereon to ensure that they are able to comply with their duties in terms hereof.
- 11.2 The Financial Manager shall not authorise an expense claim submitted by any Employee without that Employee having stated whether any expense was incurred in relation to a Financial Services Provider or a representative of such Financial Services Provider, and, where such expense has been incurred, without the Employee having attached the necessary declaration.
- 11.3 The Sygnia Group Risk Manager shall conduct periodic reviews, the frequency of which is to be determined from time to time by the Risk and Compliance Committee, on adherence by Employees, the Compliance Officer and where applicable Designated Persons, to this COI Policy.
- 11.4 The Compliance Officer shall monitor adherence with this COI Policy by:
 - 11.4.1 Reviewing all relevant documentation to ensure that appropriate disclosure has been made;
 - 11.4.2 Periodically interviewing Employees to determine whether any Conflicts of Interests may exist which had not been identified;
 - 11.4.3 Ensuring that the Registers required in terms of this COI Policy is kept up to date;
 - 11.4.4 Requiring Employees that have been instructed to return Gifts to the Gift originator, to confirm the return of such Gift in writing.

12. CONSEQUENCES OF NON-COMPLIANCE WITH THIS COI POLICY

- 12.1 Any non-compliance with this COI Policy could have potentially serious consequences for Employees, the Sygnia Group and Clients.
- 12.2 Material non-compliance with this COI Policy, such as the failure to disclose a Conflict of Interest or refusal to avoid a Conflict of Interest that has been classified as an avoidable Conflict of Interest or any similar serious failure to adhere to this COI Policy, may result in disciplinary steps being taken against the individual(s) concerned. The sanction for such failure may, in serious cases, include dismissal.

13. TYPES AND BASIS OF REMUNERATION

- 13.1 The Sygnia Group shall not pay any remuneration to any Financial Services Provider or to a representative (either its own or that of a third party Financial Services Provider) other than what is permissible in accordance with the legislation applicable from time to time to the Sygnia Group.
- 13.2 No Employee shall be remunerated in any way as an incentive for that Employee the effect of which will be the creation of a Conflict of Interest with the best interests of any Client.



14. THE REGISTERS

- 14.1 The required Registers may be amended from time to time to deal with practical issues and with changes in legislation.
- 14.2 The Compliance Officer may, at his or her discretion, add such additional Registers as circumstances may from time to time require.

15. PROCEDURES FOR APPOINTMENT OF DESIGNATED PERSONS

- 15.1 Designated Persons may be appointed from time to time to assist the Compliance Officer (and to whom certain duties of the Compliance Officer may be delegated) with the implementation and monitoring of this COI Policy. The Compliance Officer or the Risk and Compliance Committee may designate one or more persons from time to time to be Designated Persons, subject to the provisions of clause 15.2 below.
- 15.2 A Designated Person must be a person with sufficient knowledge and understanding of FAIS and of the COI Policy to enable that person to discharge his or her delegated duties in terms of this COI Policy. A Designated Person must be a senior employee.
- 15.3 It is recorded that, from the effective date of this COI Policy, Nadia Muller, the Sygnia Group Compliance Officer, shall be a Designated Person.

16. TRAINING

- 16.1 The Compliance Officer and/or the Designated Person(s) shall be responsible for ensuring that Employees receive training regarding the Conflict of Interest regulations issued under FAIS and regarding this COI Policy. Compliance Committee.
- 16.2 New Employees shall receive training as part of the Sygnia Group new employee induction programme.
- 16.3 Existing Employees shall receive periodic training at such intervals as is determined by the Compliance Officer and/or the Risk and Compliance Committee.

17. GENERAL

- 17.1 This COI Policy may be amended and updated from time to time by the Compliance Officer and/or the Risk and Compliance Committee.
- 17.2 Should any question regarding the interpretation of this COI Policy arise, then the Risk and Compliance Committee shall have the authority to determine such interpretation.
- 17.3 Where this COI Policy differs in any way from the Sygnia Group FAIS Compliance Procedures, the provisions in this COI Policy shall apply. This COI Policy shall be incorporated by way of an annexure to the Sygnia Group FAIS Compliance Procedures.