

MULTILECT

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FSP NUMBER 45364

Conflict of Interest Management Policy

Document Information

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Contact Information

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1. DEFINITIONS

Conflict of Interest	<p>Means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client:</p> <ul style="list-style-type: none">a) influence the objective performance of his/her obligations to that client; orb) prevent a provider from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, <p>including, but not limited to:</p> <ul style="list-style-type: none">i. a financial interest;ii. an ownership interest;iii. any relationship with a third party.
Financial Interest	<p>Means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:</p> <ul style="list-style-type: none">a) an ownership interest;b) training, that is not exclusively available to a selected group of providers, on:<ul style="list-style-type: none">i. products and legal matters relating to those products;ii. general financial and industry information;iii. specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.
Immaterial financial interest	<p>Means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1000 in any calendar year from the same third party and in that calendar year received by:</p> <ul style="list-style-type: none">a) a provider who is a sole proprietor; or

Third party	<p>Means:</p> <ul style="list-style-type: none"> a) a product supplier; b) another provider; c) an associate of a product supplier or a provider; d) a distribution channel; e) any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider.
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2. INTRODUCTION

This conflict of interest policy provides for measures to identify, manage and avoid existing and potential conflicts of interests as set out in Board Notice 58 of 2010 issued in terms of the Financial Advisory and Intermediary Services Act No. 37 of 2002, (hereinafter referred to as the FAIS Act), and sets out the compliance requirements which include the adoption, maintenance and implementation of a conflict of interest management policy.

The management of conflicts of interest or potential conflicts of interest must comply with the regulatory requirements of the FAIS legislation. It is good business practice to act in the best interest of our clients when rendering financial services, ensuring long term relationships. Compliance with the requirements will avoid penalties, legal liability and reputational risk.

Instances of conflict may arise where:

- any business area is likely to make a financial gain or avoid a financial loss at the expense of the client; or
- payment/ inducement will be paid to a business area by a third party in relation to the service provided by them to the client (other than standard commissions and fees), or
- where there is a financial incentive to favour the interest of one client over another; or
- any situation where the business area (FSP) has an actual or potential interest that may prevent them from rendering an unbiased financial service to a client or from acting in the interest of the client.

The risk of conflicts of interest not being properly managed and controlled is, amongst others, that investors and clients may not be adequately protected and client confidence in our services being undermined. It raises doubt regarding Multilects' ongoing commitment to treat its customers fairly.

3. POLICY PURPOSE

The purpose of this policy is to provide a framework for the avoidance and management of conflicts of interest in Multilect Administrators (Pty) Ltd, in order to:

- ensure compliance with regulatory requirements of the FAIS Act and its subordinate legislation;
- avoid legal liability, penalties, fines and reputational risk arising from any conflict of interest; and
- avoid any situation in which Multilect Administrators (Pty) Ltd has an actual or potential interest that may, while rendering a financial service to a client:
 - a) influence the objective performance of its obligations to that client; or
 - b) prevent it from rendering an unbiased and fair financial service to that client, or from acting in the best interest of that client.

including, but not limited to

- financial interest;
- an ownership interest; or
- any relationship with a third party.

4. POLICY SCOPE

The following applies to Multilect Administrators (Pty) Ltd employees and management with regards to financial interest:

- 4.1. Multilect Administrators (Pty) Ltd may not offer any financial interest to its employees for:
 - 4.1.1. giving preference to the quantity of business secured for Multilect Administrators (Pty) Ltd to the exclusion of the quality of the service rendered to clients;
 - 4.1.2. 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.

5 . POLICY AVAILABILITY

This policy is available to Multilect Administrators (Pty) Ltd clients and employees on the Multilect website (www.multilect.co.za), or as a hard copy, on request, from rosed@multilect.co.za

6. POLICY GOVERNANCE

6.1 Ownership

Ownership of this policy is vested in Multilect Management.

6.2 Drafting and Amendments

Multilect Management is responsible for the co-ordination, the drafting of and the amendments to the policy.

6.3 Approval

The policy is approved by Multilect Management.

7. ROLES AND RESPONSIBILTIES

Role	Responsibility
Management	Ensure that effective arrangements and procedures are in place to identify, prevent and/or mitigate conflicts of interests (real or perceived) and disclose conflicts of interest that may give rise to damage to the interests of its clients.

Compliance Officer (Crux)	<p>Facilitate the development of awareness training for all employees.</p> <p>Monitor compliance to the requirements of the Act and report all breaches to the appropriate level of the governance structure.</p> <p>Facilitate the development and implementation of specific training for all impacted staff.</p>
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8. IMPLEMENTATION

Multilect Management is responsible for the implementation of the policy.

9. CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY

The risk of conflicts of interest not being properly managed and controlled is, amongst others, that investors and customers may not be adequately protected particularly where financial service providers do not act with due care and diligence and in the best interest of their client. In addition, confidence in our services could be undermined and legal claims asserted.

Non compliance with this policy by employees will thus be subject to Multilect Administrators' disciplinary process.

Non compliance with this policy by staff and service providers will result in the termination of their contracts and employment.

10. AWARENESS

Multilect Management must ensure that employees, representatives and associates are aware of the contents of this policy.

11. TRAINING

All Multilect employees are required to complete and pass the Compliance Awareness Training on Conflict of Interest.

12. MONITORING

The Compliance officer will be responsible for monitoring compliance with this policy.

13. POLICY REVIEW

This policy will be reviewed annually by Multilect Management.

14. REPORTING

The FAIS licenced compliance officer of Multilect Administrators is responsible to report on this management policy as required by the Regulator from time to time. The report must refer to the implementation, monitoring and compliance with and the accessibility of this management policy.

This policy must be read in conjunction with the **Guideline to the FAIS Conflict of Interest Management Policy** attached hereto as Annexure "A". The purpose of the Guideline is to provide practical application of the Conflict of Interest Management Policy.

ANNEXURE A

GUIDELINE TO CONFLICT OF INTEREST MANAGEMENT POLICY

1. INTRODUCTION

The FAIS Conflict of Interest provisions seek to bring about a consistent manner of dealing with and disclosing all conflicts. Conflicts of interest should be considered in the design and offering of rewards and in the decision to accept rewards. As a result, consumers will be exposed to fewer conflict situations, and where there are conflicts, these will have been clearly disclosed. The consumer will be better equipped to assess whether the advice given to him is being unduly influenced.

This Guideline document deals with specific requirements relating to how conflicts of interest should be managed, and details prohibitions on the receipt and giving of financial and ownership interests.

2. MANAGEMENT OF CONFLICT OF INTEREST

Multilect Compliance will provide guidelines on how to identify, manage and avoid conflicts of interest.

- the identification of conflicts of interests or potential conflicts of interest;
- the avoidance and /or mitigation of conflicts of interest; and
- the disclosure of conflicts of interest.

3. MECHANISMS FOR THE IDENTIFICATION OF CONFLICT OF INTEREST

- 3.1. The complaints resolution team must escalate complaints relating to conflicts of interest to management.
- 3.2. Management is responsible for identifying situations that will, or could result in a material risk causing damage or detriment to a client's interest.
- 3.3. Employees, key individuals and management must be trained to assist them in identifying conflicts of interest.
- 3.4. Management must sign conflict of interest declarations at each meeting, as well as annually, to declare interests related to the administrator and competitors that will enable Multilect Administrators (Pty) Ltd to identify instances of conflicts of interest.
- 3.5. An automated register must be implemented to track the immaterial financial interests offered to third parties.