



## CONFLICTS OF INTEREST POLICY AND PROCEDURE – SOUTH AFRICA

### INTRODUCTION

JTC's regulators globally have issued rules and guidance which require it to take steps to identify Conflicts of Interest and to manage these appropriately. The [Group Conflicts of Interest and Gifts and Hospitality Policy and Procedure](#) sets out minimum standards that JTC will meet to comply with such rules and guidance.

#### Applicability

This Policy and Procedure (P&P) details the additional and/or more onerous requirements applicable under SA regulation and is to be viewed as a supplement to the Group requirements.

The P&P applies to all employees of JTC Fund Solutions RSA (Pty) Ltd (JTCFSSA) and any other employees of JTC globally conducting business within South Africa or conducting business that falls under the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS) regulation. Employees to which the P&P applies are required to have read and understood both Group and local P&P.

#### Responsibility

Overall responsibility for Conflicts of Interest lies with the Board. It is the responsibility of Senior Management to include in strategic developments, consideration of Conflicts of Interest, its management, mitigation and oversight. Each Line Manager must also ensure their reports comply. Non-compliance may result in disciplinary action being instigated.

### DEFINITIONS

'**Conflict of Interest**' means any situation in which JTCFSSA has an actual or potential interest that may in rendering a Financial Service to a client:

- a) influence the objective performance of its obligations to the client; or
- b) prevent JTCFSSA from rendering an unbiased and fair Financial Service to that client, or from acting in the interests of that client,

including, but not limited to:

- i. a Financial Interest;
- ii. an ownership interest;
- iii. any relationship with a third party.

'**Financial Interest**' means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic and foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than:

- a) An ownership interest;
- b) training that is not exclusively available to a selected group of FSP's or representatives on
  - (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;

- c) a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measure entity.

**'Financial Service'** means the fund administration services provided by JTCFSSA and any other business regarded as regulated under FAIS.

**'Immaterial Financial Interest'** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year from the same third party in that calendar year.

**'Third Party'** means:

- a) a Product Supplier;
- b) another Financial Services Provider;
- c) an Associate of a Product Supplier or a Financial Services Provider;
- d) a Distribution Channel;
- e) an associate of any of the above.

#### CONFLICT OF INTEREST IN TERMS OF FAIS

In terms of the General Code of Conduct for Authorised FSPs and Representatives, 2003 (GCOC) under FAIS, JTCFSSA may only receive or offer the following Financial Interests:

- > Commission authorised under the Long-term Insurance Act, Short-term Insurance Act or Medical Schemes Act;
- > Fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act, if those fees are reasonably commensurate to a service being rendered;
- > Fees for the rendering of a Financial Service in respect of which commission or fees referred to above is not paid, if those fees are specifically agreed to by a client in writing and may be stopped at the discretion of that client;
- > fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
- > subject to any other law, an Immaterial Financial Interest; and
- > a Financial Interest, not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the Financial Interest, is paid by that provider or representative at the time of receipt thereof.

When JTCFSSA renders a Financial Service, JTCFSSA must disclose to the client:

- > the existence of any personal interest in the relevant service; or
- > any circumstance which gives rise to an actual or potential conflict of interest in relation to the service

Non-cash incentives offered and/or other indirect consideration payable to JTCFSSA could be viewed as a potential Conflict of Interest.

JTCFSSA may not offer/receive any Financial Interest for:

- > giving preference to the quantity of business secured to the exclusion of quality of service rendered to clients;
- > giving preference to a specific product supplier; or



- > giving preference to a specific product of a product supplier.

JTCFSSA, must, at the first reasonable opportunity disclose, in writing, to a client any Conflict of Interest in respect of that client – including:

- > what measures were taken to avoid/mitigate the conflict;
- > any ownership interest or Financial Interest, except an Immaterial Financial Interest; and
- > any relationship/arrangement with any third party that may be a conflict, in sufficient detail so that the client can understand the relationship and the conflict.

JTCFSSA must, at the first reasonable opportunity inform its direct clients (excludes clients in respect of delegated services within the Group) of the conflict of interest management policy and how it may be accessed.

JTCFSSA must not deal in any financial product for own benefit, account or interest where the dealing is based upon advance knowledge of pending transactions for or with clients, or on any non-public information the disclosure of which would be expected to affect the prices of such product.

The GCOC also mandates the Conflict of Interest Policy to contain a list of all associates of JTCFSSA. An associate in relation to JTCFSSA is defined as 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.

The associates of JTCFSSA can be viewed on the Group Secretariat page on JTC Connect or can be requested from SA Risk and Compliance if required.

#### GIFTS AND HOSPITALITY

It is JTC Group Policy to ensure that independence, integrity and professionalism are maintained at all times. To avoid incidents that may lead to Conflicts of Interest arising it is Group policy to be transparent in the handling of gifts, donations, and benefits (including entertainment) and the treatment of inducements. The propriety of gifts, donations or benefits will be judged on the basis of whether or not they are reasonable and not excessive when viewed objectively. The policies are not intended to prevent members of JTC receiving gifts in appropriate circumstances where a client wishes to show appreciation for services provided and it can be demonstrated that doing so creates no Conflict of Interest.

It is the policy of JTCFSSA that:

- > **Cash gifts of any amount may not be given or received under any circumstances.**
- > **Employees may not receive or offer any gift or entertainment exceeding R1000 in a calendar year from or to the same third party**

Care must be taken to review situations where such gifts donations or benefits might be seen as being intended to constitute an inducement to perform or refrain from a function.

Meals and entertainment, offered or received which are directly related to business, for example drinks receptions, lunches, formal dinners and presentations, will normally be acceptable and need not be notified as gifts provided they cannot be reasonably be regarded as giving rise to a potential Conflict of Interest or an inducement.

Invitations to sporting, social or cultural events which normally have a ticket price, count as gifts and should be treated in accordance with the policy. Travel, membership of a club or use of a facility on a “no charge” or subsidised basis also count as gifts and are subject to the same acceptance criteria. Staff attending an event that is being paid for by a client must not accept transportation paid for by the client.



Sporting, social or cultural event invitations provided by JTC as entertainment for clients are acceptable in circumstances where the invitation is made equally to a specified group or class of clients. JTC will not however pay for any travel to or from the venue; clients are expected to make their own travel arrangements.

A Gifts Register is maintained by SA Risk & Compliance detailing the donor, recipient, approximate value and circumstances surrounding the gift.