



SAFFRONWEALTH
FUND MANAGEMENT

CONFLICT OF INTEREST MANAGEMENT POLICY
FSP 34638

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A. INTRODUCTION

1. This document embodies the Conflict of Interest Management Policy for Saffron Wealth.
2. "Conflict of interest" means any situation in which Saffron Wealth or its representatives has an actual or potential interest that may, in rendering a financial service to a client influence the objective performance of his, her or its obligations to that client; or prevent Saffron Wealth or its representatives 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 ("third party" means
 - 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 or its representatives.)
3. The primary objectives of this Policy are:
 - i. To provide guidance on the behaviors expected in accordance with Saffron Wealth standards;
 - ii. To promote transparency and to avoid business-related COI;
 - iii. To ensure fairness in the interests of employees and Saffron Wealth;
 - iv. To document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived COI;
 - v. To provide a mechanism for the objective review of personal outside interests.
4. Saffron Wealth is committed to ensuring that all business is conducted in accordance with good business practice. To this end Saffron Wealth 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 or potential conflict of interest (COI). Saffron Wealth and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between Saffron Wealth and a client or its representative and a client.

B. FINANCIAL INTEREST

1. Saffron Wealth or its representatives may only receive or offer financial interest from or to a third party as determined by the Commissioner of the Financial Services Sector Authority from time to time, and as set out in Annexure A hereto.

2. "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 –
 - i. an ownership interest
 - ii. training, that is not exclusively available to a selected group of providers or representatives on products and legal matters relating to those products; general financial and industry information; specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.
3. Saffron Wealth may not offer any financial interest to its representatives for giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; OR giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; OR giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

C. MECHANISMS FOR IDENTIFYING COI

1. Saffron Wealth endeavors to identify potential areas of conflict and has established in-house policies and procedures to address the potential for an actual conflict of interest to arise.
2. Saffron Wealth has and will continue to provide awareness training to Saffron Wealth employees regarding the identification and management of conflicts in terms of this policy. All employees must periodically complete sworn questionnaires / disclosures documents relating to any conflict of interest including that they must disclose COI or potential COI to management.
3. CIPC searches will be conducted on a periodic basis on all directors.
4. Personal account trades must be pre-authorized and brokerage accounts, whereby employees have a financial / ownership interest, will be monitored.
5. The "trust test" must be applied to identify and establish conflict of interest. The "trust test" entails enquiring whether one's clients or the public would trust one's judgment if they knew that one was involved in a particular situation or activity. If the answer to this enquiry is "yes", then the situation or activity does not give rise to a conflict of interest. However, if the answer is "no" or "maybe", then that particular situation or activity is likely to give rise to an actual or potential conflict of interest.
6. Irrespective of the "trust test", a conflict of interest will be deemed to have arisen if Saffron Wealth provides "disallowed financial interest" or incurs expenditure in excess of R1 000.00 per FAIS representative per annum.

7. Saffron Wealth will engage with their compliance officer where perceived conflicts exists or when any uncertainty as to how COI should be dealt with.

D. RESOLVING COI

The first and most important line of defense against COI or commitment must be by the key individuals and representatives themselves.

Once a COI is identified, it will be appropriately managed and evaluated. First preference shall always be to take action to avoid the COI. Failing which, measures shall be taken to mitigate the COI. The reasons why the COI cannot be avoided must be clearly documented. At all times, appropriate disclosure must be made and where necessary, appropriate rectifications made, for example: relinquishing the financial position causing the COI or forgoing any profit from the financial position giving rise to the COI.

E. POTENTIAL COI THAT COULD AFFECT SAFFRON WEALTH

The following are potential COI that could affect Saffron Wealth:

- i. Directorships or other employment;
- ii. interests in business enterprises or professional practices;
- iii. share ownership;
- iv. beneficial interests in trusts;
- v. personal Account Trading;
- vi. professional associations or relationships with other organizations;
- vii. personal associations with other groups or organizations, or family relationships;
- viii. Front running;
- ix. Rebates;
- x. Kickbacks; and
- xi. Commission

F. MEASURES TO AVOID OR MITIGATE COI

1. All expenditure incurred that forms part of “immaterial financial interest” shall require the written consent of Saffron Wealth management and must be recorded in the relevant conflict of interest register. “Immaterial financial interest” is a financial interest with an aggregate value of R1000.00 or less, given to or received from the same FAIS representative, in any given year.
2. In exercising his discretion, Saffron Wealth management shall have regard to:
 - a. the relevant conflict of interest register;
 - b. any commission regulations or other laws which may be breached by the receipt of such gift or entertainment; and

- c. a written statement from the giver explaining the reason for and purpose of the entertainment or gift that must accompany any request for authorisation.
3. If it has been established that a particular situation or activity gives rise to a conflict of interest, one must avoid that situation or refrain from that activity. However, if it is not possible to avoid the situation or refrain from the activity that gives rise to a conflict of interest, as confirmed by management, management shall, prior to approving the relevant situation or activity:
 - a. establish the extent to which a specific intermediary is conflicted;
 - b. establish the extent to which Saffron Wealth's reputation would be damaged, if the situation or activity giving rise to a conflict of interest were to be brought to the public's attention;
 - c. establish the estimated direct financial impact that a particular situation or activity would have on Saffron Wealth;
 - d. consider how the financial interest is likely to affect the client; and
 - e. consider whether Saffron Wealth has an appetite to assume the risk, in light of the answers to the above considerations;
4. Decisions pertaining to particular potential conflict of interest situations that fall within the definition of a "material conflict" of interest must be taken in consultation with management. "Material conflict" is a conflict of interest whose monetary value exceeds R10 000.00 or that will directly impact Saffron Wealth's reputation.
5. Once it is decided that a conflict of interest is inevitable, management must ensure that the effect of such conflict is mitigated by putting mitigation measures in place, including:
 - a. cost-sharing; or
 - b. delivering a written communication to the relevant FSP, bringing the conflict of interest to the FSP's attention; and\or
 - c. requesting that the FSP puts mitigating measures in place, including proactively disclosing the inevitable conflict to affected policyholders, in line with its conflict of interest management policy or in accordance with the Code if the policy is not yet in place.
6. Each FAIS representative has a duty to track any immaterial financial interest given to him or her, and to advise Saffron Wealth management accordingly, as soon as the expenditure reaches R1000.00 in that particular year.
7. Where a conflict is identified and a decision is made in respect of the management thereof, the nature of the decision must be communicated to the FSP in writing as soon as possible. The FSP must in turn disclose the conflict to the policyholder. This applies regardless of whether the decision was made to cease with the relevant activity or continue therewith despite the existence of the conflict or potential conflict. It is important for the preservation of the corporate integrity of Saffron Wealth that these disclosures are made at all times.

G. DISCLOSURE OF COI

1. At the earliest reasonable opportunity, Saffron Wealth and its representative must, in writing, disclose to a client any COI in respect of that client including –
 - i. Measures taken to avoid or mitigate the conflict;
 - ii. Any ownership interest or financial interest that the provider or representative may be or become eligible for;
 - iii. The nature of the relationship or arrangements with a third party that gives rise to a COI in sufficient detail to enable the client to understand the exact nature of the COI.
2. At the earliest reasonable opportunity, Saffron Wealth and its representative must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.
3. Notification of an actual or potential COI should be made to a person with responsibility for the issue or area, such as the relevant management team, supervisor, head of the department or key individual.
4. In accordance with an employee's obligation to act in the best interest of his or her employer, it is not permissible for employees to engage in conduct that would amount to a COI with Saffron Wealth.
5. Staff that fail to disclose a potential or actual COI in accordance with this policy may be liable to disciplinary procedures as governed by relevant industrial awards or agreements.

H. PROCESSES, PROCEDURES AND INTERNAL CONTROLS TO FACILITATE COMPLIANCE WITH THE POLICY

1. Every Saffron Wealth staff member must have a copy of the Conflicts of Interest Management Policy.
2. Saffron Wealth shall designate one of its employees to maintain the register, and will from time to time, through the Compliance Function, advise all staff of the name and contact details of the designated employee.
3. The person responsible for the maintenance of the conflict of interest register must record disclosures made in accordance with the paragraph above in the register, without delay, and must advise management immediately upon establishing that activities disclosed in respect of a particular FAIS representative have reached the annual monetary limit.
4. The Compliance Function must communicate the above fact to all staff without delay.

5. The conflict of interest registers will be audited by Saffron Wealth’s Compliance Function annually for the purposes of determining whether any financial interest given or received exceeded the aggregate value of R1000.00 per FAIS representative.
6. If a potential COI arises, the transaction must first be discussed with management before entering into the transaction.

I. CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY BY THE PROVIDER’S EMPLOYEES AND REPRESENTATIVES

1. Non-compliance with this policy and the procedures described in it may be considered to be misconduct and employees may be subject to disciplinary action that may lead to dismissal.
2. Violation by an FSP may result in termination of the business relationship with the particular FSP.
3. Provision of false or misleading information or concealment of material facts relating to activities logged or that must be logged in a conflict of interest register is, in addition to being a disciplinary action, a punishable offence. Such conduct can, on conviction, lead to a fine of up to R1 million or imprisonment for up to 10 years.

J. REVISION OF POLICY

1. The policy will be reviewed annually.
2. Saffron Wealth will provide training to its employees, representatives, associates (where applicable) to ensure they are aware of the contents of the policy.
3. Saffron Wealth will monitor compliance with the policy on an on-going basis.

K. NAMES OF ANY THIRD PARTIES IN WHICH THE PROVIDER HOLD AN OWNERSHIP INTEREST

N/A

L. NAMES OF ANY THIRD PARTIES THAT HOLDS AN OWNERSHIP IN THE PROVIDER

Shareholder	Ownership %
The Vergelegen Trust	10.07%
Mr. Deon Mentz van Zyl or Nominee	14.07%
The Corcaigh Family Trust	75.86%
Total Authorised Shares	100.00%

ANNEXURE A - FINANCIAL INTEREST

The Commissioner of the Financial Services Sector Authority issued Board Notice 58 of 2010 (BN 58) under section 15 of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). BN 58 amends the General Code of Conduct for Authorised Financial Services Providers and Representatives under FAIS and determines that a financial services provider or its representatives may only receive or offer financial interest from or to a third party as follows:

- i. Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
- ii. Commission authorised under the Medical Schemes Act;
- iii. 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;
- iv. Fees for the rendering of a financial service in respect of which commission or fees referred to in sub-paragraph (i), (ii) or (iii) is not paid, if those fees –
 - aa. are specifically agreed to by a client in writing; and
 - ab. may be stopped at the discretion of that client.
- v. 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;
- vi. subject to any other law, an immaterial financial interest*;
- vii. a financial interest, not referred to under sub-paragraph (i) to (vi), 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.

Note

* “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 received by –

- a) a provider who is a sole proprietor; or
- b) a representative for that representative’s direct benefit;
- c) a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

