



Compli-Serve
SA (Pty) Ltd

CONFLICTS OF INTEREST MANAGEMENT POLICY:

Legacy Nominees (Pty) Ltd

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1. Introduction

The amendment to the General Code of Conduct for Financial Services Providers and Representatives sets out provisions regarding the treatment of Conflicts of Interest.

The general principles of the new regulations provide as follows:

- Financial Services Providers (FSPs) must avoid, and where this is not possible, mitigate conflicts of interest.
- All actual or potential conflicts of interest in respect of a client must be disclosed to that client in writing and must include: the disclosure of all ownership or financial interests (excluding immaterial financial interests) that the FSP or representative has or is eligible for, and the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest

The objective of the conflict of interest policy of Legacy* is to ensure adherence to the principles and provisions applicable to conflict of interest situations. (Legacy means Legacy Nominees (Pty) Ltd, FSP number 44280 and Legacy Financial Management Services (Pty) Ltd, FSP number 4580).

This policy was adopted by the Board of Legacy on 19 February 2013 deals with conflicts of interest between Legacy, our employees and clients. The policy aims to ensure that we avoid or mitigate any conflict of interest situations that could negatively affect our clients. This policy applies to all Legacy Nominee employees and in particular its representatives and key individuals.

A conflict of interest arises when an actual or potential interest may influence staff members not to act fairly, independently and objectively towards clients.

2. What is a Conflict of Interest and when may it arise?

A conflict of interest may arise where a company, or one of its employees, is providing a financial service to its clients and may entail a material risk of damage to those clients interests, and whether the company or its 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, or group of clients, over the interests of the client;
- Carries on the same business as the client; or

- 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 standard commission or fee for that service.

3. How we manage conflicts of interest

The following are examples of conflicts of interest and how we manage these conflicts:

Contracts, proposed contracts and similar transactions or arrangements

A conflict of interest may arise where an employee has a direct, or indirect interest in a transaction. This may be where the employee has a connection with the other party to the transaction, or where the employee's family has a connection. The connection may be from a directorship, significant shareholding, employment or consultancy.

Legacy requires disclosure of any connection which could, or could be seen to have the effect of compromising the judgment of any of our employees. Employees are required to notify Legacy of any such potential conflicts of interest, who will then decide if the employee can be involved in the transaction. Legacy will also ensure that the relevant provisions have been met.

A short summary of this policy is included in the "Letter of Introduction" document, issued and explained to clients at the beginning of the sales process. The full Management Policy document is also available on request.

Gifts, Hospitality & Inducements

Inducements, gifts and hospitality are all issues that could lead to potential Conflicts of Interest. Legacy has a strict policy regarding such issues, which is documented in Legacy. All Employees must act with the highest standards of integrity to avoid any allegations of Conflicts of Interest.

Employees must not accept any cash payments, significant gifts or hospitality. Token gifts may be accepted, providing they have not been solicited, have not been given as a business inducement and will not compromise Legacy's integrity. A register is kept of any gifts, or hospitality received.

Employees cannot attend hospitality events, without their Legacy approval. Where an invitation could be construed as being a business inducement, it must be declined.

4. Legacy's policy

Legacy expects all its employees to maintain the highest standards in carrying out their business activities, adhering to legislative requirements and our policies on business conduct. Legacy expects its employees to act professionally, honestly and ethically in all their dealings with clients, colleagues and third parties. Legacy has a clear policy on Conflicts of Interest:

- Conflicts of Interest should always be avoided, wherever possible.

- Conflicts or potential Conflicts of Interest must always be disclosed. Legacy will not tolerate non-disclosure by its employees.

5. Definitions

The FAIS General Code of Conduct provides the following definitions that apply to identify certain actions that may influence a conflict of interest situation.

Financial interest: "fi" any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or 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 providers or representatives, on -
 - (i) products and legal matters relating to those products;
 - (ii) general financial and industry information;
 - (iii) specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training;

Ownership interest "OI" means –

- (a) any equity or ownership interest, for which fair value was paid by the owner, other than equity or an ownership interest held as an approved nominee on behalf of another person; and
- (b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest;

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..."