



## Conflict Of Interest (COI) Policy



LIQUIDCAPITAL (Pty) Ltd  
Reg No. 2001/012511/07  
Authorised Financial Services Provider FSP 6210

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## Purpose and Scope

LiquidCapital its Board of Directors fully recognises their responsibilities in terms of the Financial Advisory and Intermediary Services Act (FAIS) General Code of Conduct (GCoC) for FSPs which requires all FSPs to have a Conflict of Interest Management Policy.

This policy is intended to demonstrate commitment to conducting ethical and honest business at all times. This policy binds all directors and employees of LiquidCapital.

This policy regulates processes and procedures in accordance with existing legal duties that an employee owes to his or her clients and employer.

## Definitions

### “ASSOCIATE”

(a) in relation to a natural person, means –

- (i) a person who is recognised as the spouse, life partner or civil union partner of a person;
- (ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;
- (iii) a parent or stepparent of that person;
- (iv) a person in respect of which that person is recognised in law or appointed by a Court as the person legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person;
- (v) a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) to (iv);
- (vi) a person who is in a commercial partnership with that person;

(b) in relation to a juristic person –

- (i) which is a company, means 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;
- (ii) which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;
- (iii) which is not a company or a close corporation as referred to in subparagraphs (i) or (ii), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person -
  - (aa) had such first-mentioned juristic person been a company; or
  - (bb) in the case where that other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;
- (iv) means any person in accordance with whose directions or instructions the board of

directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act;

(c) in relation to any person –

(i) means any juristic person of which the board of directors or, in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;

(ii) includes any trust controlled or administered by that person.

### “CONFLICT OF INTEREST (COI)”

means any situation in which a provider or an employee has an actual or potential interest that may, in rendering a financial service to a client, –

(a) Influence the objective exercise of his, her or its obligations to a client; or

(b) Prevent a provider or employee from rendering an unbiased and fair financial service, or from acting in the interests of a 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 or foreign travel, hospitality, accommodation, training, 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 employees, on –

(i) Products and legal matters relating to those products;

(ii) General financial 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”

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 –

(c) An employee for that employee’s direct benefit;



(d) A provider, who for its benefit or that of some or all of its employees, aggregates the immaterial financial interest paid to its employees.

### “OWNERSHIP INTEREST”

means –

- (a) any equity or proprietary interest, for which fair value was paid by the owner at the time of the acquisition, other than equity or a proprietary 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.

### “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 employees.

## General Disclosure Requirements

Employees must communicate and disclose any conflict of interest that could impair or be perceived to impair the employee’s ability to act with integrity or objectivity in his or her role at LiquidCapital.

Disclosures must be made on the prescribed form set out in Annexure 2 to this policy.

Employees must submit their disclosures to their particular Line Manager who must forward the disclosures to their Director who will consider the disclosures and decide on their permissibility.

Any conflict of interest that could potentially affect a client negatively, once assessed by a Line Manager or Director, must at the earliest reasonable opportunity be disclosed to a client, including:

- a) the measures taken, in accordance with this conflict of interest policy to avoid or mitigate the conflict;
- b) any ownership interest or financial interest, other than an immaterial financial interest, that LiquidCapital or its employees may be or become eligible for;
- c) the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to a client to enable the client to

understand the exact nature of the relationship or arrangement and the conflict of interest;

LiquidCapital must inform its clients of the existence of this Conflict of Interest Management Policy and how it may be accessed.

## Fees, Commissions & Structures

LiquidCapital, its associates or employees may only receive or offer the following financial interest from or to a third party –

- a) commission authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) or the Short-term Insurance Act, 1998 (Act No. 53 of 1998) and amendments thereof;
- b) fees authorised under the aforementioned, if those fees are reasonably commensurate to a service being rendered;
- c) fees for the rendering of a financial service in respect of which commission referred to in subparagraph (a) or (b) or (c) is not paid, if those fees –
  - i) the amount, frequency, payment method and receipt of those fees and details of the services that are to be provided by the provider or its representatives are specifically agreed to by a client in writing; and
  - ii) those fees may be stopped at the discretion of that client;
- d) fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the services being rendered;
- e) subject to any other law, an immaterial financial interest; and
- f) a financial interest, 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 employee at the time of receipt thereof.

LiquidCapital may not offer any financial interest to an employee for –

- a) that is determined with reference to only the quantity of business secured for the related FSP without also giving due regard to the fair outcomes of for clients.
- b) for giving preference to a specific product supplier, where an employee may recommend more than one product supplier to a client; or
- c) for giving preference to a specific product of a product supplier, where an employee may recommend more than one product of that product supplier to a client.

LiquidCapital must be able to demonstrate that the determination of and entitlement to the financial interest takes into account measurable indicators relating to the-

1. achievement of minimum service level standards In respect of clients:
2. delivery of fair outcomes for clients
3. quality of the representative's compliance with this Act:

As agreed between LiquidCapital and the representative and that sufficient Weight is attached to such indicators to materially mitigate the risk of the



Representative giving preference to the quantity of business secured for LiquidCapital over the fair treatment of clients.

For the purposes of this section, where the same legal entity is a product supplier and a provider, paragraph (“LiquidCapital , its associates or employees may only receive or offer the following financial interest from or to a third party”) does not apply to the representatives of that entity. That entity is subject to sections 3A(1)(b) and 3A(1)(bA), in respect of its representatives (GCOC).

A provider or its representatives may only receive or offer the financial Interests referred to in the GCOC 3A III, IV, IV if -

1. those financial Interests are reasonably commensurate with the service being rendered taking into account the nature of the service and the resources skills and competencies reasonably required to perform it
2. the payment of those financial interests does not result in the provider or representative being remunerated more than once for performing a similar service
3. any actual or potential conflicts between the interests of clients and the Interests of the person receiving the financial interests are effectively mitigated: and
4. The payment of those financial interests does not impede the delivery of fair outcomes to clients.

Commission and target structures are constantly being updated to comply with the above requirements so as to ensure that clients receive unbiased advice when Financial Services are rendered in order to allow for a free and fair purchasing decision.

Commission will not be paid solely on any criteria referred to above as factors such as Quality and Compliance will be taken into account and weighted accordingly.

## Mechanism for identification of conflict of interest

A conflict of interest may arise out of the employee’s relationship with a third party, or from an ownership interest the employee has with a third party or from a financial interest the employee has or may have in a third party.

A financial interest includes:

- a) cash,
- b) a cash equivalent,
- c) a voucher,
- d) a gift,
- e) a service,
- f) an advantage,



- g) a benefit,
- h) a discount,
- i) domestic or foreign travel,
- j) hospitality,
- k) accommodation,
- l) sponsorship,
- m) any other incentive, or
- n) valuable consideration

The receipt or the offer of such is prohibited where this interferes with or may interfere with the employee's ability to render a financial service to a client in a fair, unbiased or objective manner.

The following, when directed to the General Public, are not deemed to be areas in which conflicts of interest will be created;

- a) Advertising and Marketing or
- b) Brand awareness and brand building activities.

Note:

Advertising and marketing: Advertising includes any communication (written, printed, electronic or oral) which is directed to the general public or any section thereof, or to any client on request, which is intended primarily to call attention to the marketing or promotion of financial services offered by the Group and which does not purport to provide detailed information regarding any such financial services. Marketing means the rendering of financial services by way of telephone, internet, media insert, direct mail or electronic mail but excluding advertisements not containing transaction requirements.

Brand awareness and building is characterized by:

- a) Primarily aimed at drawing attention to the Group's products and services – whilst other activities may take place around the brand building.
- b) Generality of application – in other words, promotional activity is undertaken with a group of business partners, service providers or customers in mind – not with an individual.
- c) Presence of LiquidCapital or Specific related FSP brand – LiquidCapital and/or Specific related FSP brand being promoted must be present and feature prominently in the activity being undertaken.
- d) Planned activity – brand building is not random but is a planned activity, is approved by senior management and is therefore not of a once-off nature.

The following, when directed to employees, are not deemed to be areas in which conflicts of interest will be created;

- a) Training (but excluding travel and accommodation associated with the training),
- b) Corporate social responsibility (CSI) activity,
- c) Internal staff (employee) recognition awards, or



d) Enterprise development.

Training (excluding the travel and accommodation associated with the training): It is a legislative imperative for a product supplier to train its staff and its business partners, including intermediaries, on the products and services of the product supplier. It is also a logical and ethical imperative to conduct training as this reduces the risk of mis-selling and the churn necessarily attendant upon mis-selling. Training helps to protect the interests of policyholders by assisting employees, intermediaries and business partners in selling products that are appropriate to the needs of the policyholder. Training can, and must, be undertaken with employees, intermediaries and with business partners, where relevant. Normal business courtesies associated with the training are permissible, however any travel or accommodation associated with the training is not permitted. Delegates are required to get to the training venue at their own cost and are required to pay for their own accommodation. Normal business courtesy includes the provision of refreshments, snacks, food and beverages for delegates. Corporate Social Responsibility (“CSI”): National legislation, such as BBBEE, Employment Equity and related imperatives require the Group to invest in corporate social responsibility initiatives. The Group views this as part of the Group’s commitment to being a responsible corporate citizen. Where such investments are made these will not constitute a breach of this Policy. Internal staff (employee) recognition awards:

The Group strives to develop a high performance culture and therefore considers it important that individual performance is recognized and rewarded.

The recognition rewards programme of the Group is based upon quantitative and qualitative criteria which are regularly reviewed by senior management to ensure appropriateness and effectiveness. The recognition of staff by means of the programme does not constitute a conflict of interest since the recognition is unrelated to the provision of a service to a client.

Enterprise Development: National legislation, such as BBBEE, Employment Equity and related imperatives require the Group to invest in enterprise development of certain qualifying entities, which may include intermediaries. The Group views this as part of the Group’s commitment to being a responsible corporate citizen. Where such investments are made these will not constitute a breach of this Policy.

To adequately identify conflicts of interest, LiquidCapital undertakes to use its best efforts to identify all real and potential conflicts in a timeous manner by:

- a) Making each employee individually responsible for identifying specific instances of conflict of interest within his or her sphere of activity and requiring him or her to notify their Line Manager immediately of any conflicts they become aware of.
- b) Maintaining a Gift Register.



## Measures to Mitigate Conflict Of Interest

Any internal conflict of interest that is identified will be disclosed to the client in a manner that is easy to understand

In the event that it is not entirely clear that a conflict of interest exists, the employee with the potential conflict shall disclose this potential conflict of interest to his or her Line Manager or Director for a determination. Such determination will be documented.

Payment and commission structures have been amended to ensure that the employee gives the client full disclosure and unbiased advice at all times

Directors and Senior Management are required to declare any conflict of interest in terms of Corporate Governance requirements.

The giving or receiving of modest items of appreciation as part of an expression of business courtesy unrelated to a specific financial service or transaction is permitted subject to the giving or receiving of such business courtesies being recorded in a gift register.

The gift register is regularly reviewed to ensure that the nature and extent of business courtesies received or given does not create a climate in which policyholders' interests are prejudiced.

It is necessary for an employee to record both the receipt and the giving of a gift/ business courtesy.

An employee who has an interest in an FSP that transacts business with LiquidCapital needs to disclose this interest. The disclosure of the interest does not necessarily 'cure' the conflict and the Group may, at its discretion, require further steps from the employee.

The failure to accurately and timeously complete the gift register is an offence and could lead to dismissal.

All risks identified should ideally be avoided.

It is a condition of employment that all employees -

a) upon joining LiquidCapital, who have an interest in any other business, may need to declare it to the Directors if a conflict exists.

b) may be required to cease any activity or sell any interests if the Directors believe it to be in conflict with the interests of LiquidCapital or that it may negatively



impact on the ability of the employee to perform in accordance with his or her contract of employment.

c) assign to LiquidCapital, without charge, all claims and rights to any copyright, inventions, improvements, improvements to inventions, photographs, writings and the like which may now or in the future vest with the employee in any work of the employee, arising out of or in the scope of employment with LiquidCapital,

d) grant LiquidCapital full rights to alter and adapt such work,

e) at the request and expense of LiquidCapital, do all such further acts and sign such further documents as may be necessary for purpose of confirming the vesting of any such copyrights, invention or improvement to an invention, photographs or writings in the name of LiquidCapital or its nominee.

## Internal Controls to Facilitate Compliance

LiquidCapital has an in-house Compliance Department that will require that all gifts, conflicts of interest and conflict related risks be reported to the compliance department, in the prescribed format, as per the annexures of this document. The process will involve sending compliance the necessary completed documents so that it can be captured on the central register that compliance will keep.

Reporting must be done within a reasonable time period. The details can be sent to: [compliance@liquidcapital.co.za](mailto:compliance@liquidcapital.co.za)

The Compliance Department will monitor adherence to this policy and provide feedback to the Executive Committee and the Risk and Audit Committees.

Group Internal Audit may assess the level of LiquidCapitals Compliance with this policy during its annual audits.

## Consequences of Non-Compliance

If a conflict of interest arises and it is found that an employee has not disclosed the conflict, that employee will be charged under the Disciplinary Code.

Should a conflict arise, the level of the conflict will be assessed and the client informed.

For any detected conflict of interest that may have negatively influenced the client, LiquidCapital will offer the client the option of cancellation of any product that may have been purchased with a full refund.



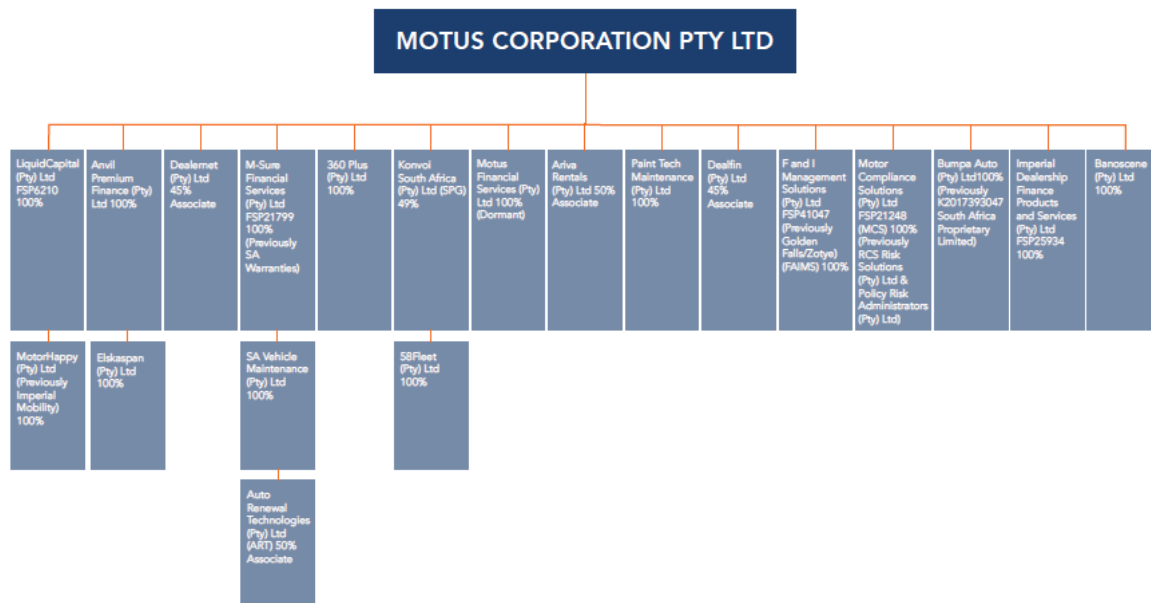
## Basis on Which An Employee Will Qualify for Financial Interest

- a) LiquidCapital or its employees may only accept or offer a immaterial financial interest if:
  - a) The interest has a financial value of less than R1000,
  - b) The total value of interests received/given from/to a single provider does not exceed R1000 per annum,
  - c) This limit applies if the expense is for the direct benefit of the employee or FSP. If the benefit is for the direct benefit of the FSP, however, then no further benefit may be paid to that FSP or any employee of that FSP once the R1000 per annum limit is reached,
  - d) It adheres to the requirements of this policy
  - e) All immaterial financial interests are declared on a gift register (given & received), and
  - f) All real and perceived conflicts of interest are disclosed.

In relation to the above, the FSP must specify the type of financial interest that the provider will offer a representative and the basis on which a representative will be entitled to such a financial interest and motivate how that financial Interest complies with the relevant sections of the GCOC.

## GCOC Required Disclosures

SEE ANNEXURE ON ASSOCIATED COMPANIES.



# CONFLICT OF INTEREST DISCLOSURE FORM

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Please describe below any relationships, positions, or circumstances in which you are involved that you believe could contribute to a Conflict of Interest arising:

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I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed, and agree to abide by, the Conflict of Interest Management Policy that is currently in effect.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



# GIFT REGISTER

Recipient's Name and Surname	Donor's details. Name and Surname	Employee Number	Date gift was received or offered	Description of the gift	Approximate value of the gift	Reason for financial interest given or received	Employee's signature	Managers signature

