

# CONFLICT OF INTEREST MANAGEMENT POLICY

Document Information	
Document location & No	17
Version	1.1
Approved by	EXCO
Effective date	Immediately
Review frequency	As required
Owner(s)	The Head of Compliance
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## **1. PURPOSE**

Stockhouse Capital (Pty) Ltd ("Stockhouse"), a registered Financial Services Provider ("FSP"). Stockhouse is committed to avoiding conflicts of interest wherever possible. When avoidance is not feasible, we are dedicated to mitigating and fully disclosing any conflicts that may arise between Stockhouse, its employees and/or clients during the provision of financial services.

The objective of the Conflict of Interest Policy is to:

- establish procedures to identify, manage and/or avoid Conflicts of Interest.
- ensure that all clients are treated fairly and are not prejudiced by any Conflicts of Interest.
- promote ethical conduct and protect the interests of clients.

The Conflict of Interest Policy has been developed in line with the requirements of the provisions of the General Code of Conduct for Authorised Financial Service Providers and Representatives, issued under the Financial Advisory and Intermediary Services Act, 2000 Act No. 37 of 2002 ("the FAIS Act").

## **2. SCOPE**

All Stockhouse employees are bound by the Conflict of Interest Policy. The Conflict of Interest Policy should be read in conjunction with the following Stockhouse policies:

- Anti-bribery and Corruption Policy;
- Treating Customers Fairly Policy; and the
- Code of Conduct and Ethics Policy.

### 3. DEFINITIONS

In the Conflict of Interest Policy, unless the context otherwise indicates:

<b>conflict of interest</b>	<p>means any situation in which Stockhouse, or a representative of Stockhouse, has an actual or potential interest in rendering a financial service to a client that may:</p> <ul style="list-style-type: none"><li>a. influence the performance objective of his/her obligations to that client; or</li><li>b. prevent Stockhouse or a representative from rendering an unbiased and fair financial service to that client or from acting in the interest of that client, including but not limited to:<ul style="list-style-type: none"><li>i. a financial interest;</li><li>ii. an ownership interest; or</li><li>iii. any relationship with a third party;</li></ul></li></ul>
<b>employees</b>	<p>means full-time and part-time employees, whether temporary or permanent, and includes directors, representatives, juristic representatives, consultants, independent contractors and agents of Stockhouse;</p>
<b>Executive Committee (EXCO)</b>	<p>means people, so appointed, who are individually or jointly responsible for managing or overseeing the business activities of Stockhouse on a day-to-day basis and includes the board of directors and the registered key individuals of Stockhouse;</p>
<b>financial interest</b>	<p>means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentives, or valuable consideration, other than:</p> <ul style="list-style-type: none"><li>a. an ownership interest;</li><li>b. training that is not exclusively available to selected group FSPs or representatives on:<ul style="list-style-type: none"><li>i. products and legal matters relating to those products;</li><li>ii. general financial and industry information; and</li><li>iii. specialised technology systems of a third party</li></ul></li></ul>

	necessary for the rendering of a financial service, but excludes travel and accommodation associated with that training;
<b>gifts</b>	<p>means any gratuity, favour, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. It includes services as well as gifts consisting of training, transportation, local travel, lodging, and meals, whether provided in kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred;</p> <p>a. with determinable monetary value, the aggregate of which does not exceed R1,000 (one thousand rand) in any calendar year received from the same third party and in that calendar year, by Stockhouse, and/or a representative or key individual of Stockhouse for their direct benefit;</p>
<b>key individual ("KI")</b>	means the individuals in Stockhouse that are responsible for managing and overseeing the activities related to the rendering of any financial services. These individuals are registered with the Regulator in accordance with the FAIS Act.
<b>new entrant</b>	means a person who has never previously been authorised as an FSP or appointed as a representative by any FSP;
<b>product provider</b>	means any natural or juristic person, partnership, trust, or organ of state that issues a product;
<b>representative</b>	<p>means any person, who renders a financial service to a client for or on behalf of Stockhouse, in terms of conditions of employment or any other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service which service:</p> <p>a. does not require judgment on the part of the latter person; or</p> <p>b. does not lead a client to any specific transaction in respect of a financial product in response to general enquiries;</p>

	Reference to representative includes a juristic representative of Stockhouse.
<b>SharePoint</b>	means a web-based collaborative platform used by Stockhouse for various purposes, that includes document management and employee engagement.
<b>sign-on bonus</b>	<p>means</p> <ol style="list-style-type: none"> <li>a. any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become an FSP or representative; and</li> <li>b. a financial interest referred to in paragraph (a) includes but is not limited to: <ol style="list-style-type: none"> <li>i. compensation for the: <ul style="list-style-type: none"> <li>• potential or actual loss of any benefit including any form of income, or part thereof; or</li> <li>• costs associated with the establishment of an FSP's business or operations, including the sourcing of business, relating to the rendering of financial services; or</li> </ul> </li> <li>ii. a loan, advance, credit facility or any other similar arrangement;</li> </ol> </li> </ol>
<b>third party</b>	<p>means:</p> <ol style="list-style-type: none"> <li>a. a product provider;</li> <li>b. another FSP or its associate;</li> <li>c. any person who in terms of an agreement or arrangement with a person referred to above provides a financial interest to Stockhouse or its representatives.</li> </ol>

#### **4. IDENTIFICATION OF A CONFLICT OF INTEREST**

- 4.1 The receipt and offering of gifts by employees are subject to the rules of the Stockhouse Gifts Policy and must be registered for approval by the Chief Executive Officer (CEO) of Stockhouse on the gift register available on SharePoint.
- 4.2 Gifts offered and received by representatives are limited to a value of R1,000 (one thousand rand) from the same third party in a calendar year.
- 4.3 All employees are required to report any potential or actual conflicts of interest, including outside business interests on the conflict of interest register available on SharePoint. The EXCO is tasked to consider these disclosed conflicts in cooperation with the Head of Compliance as relevant.
- 4.4 The EXCO at Stockhouse may request the Head of Compliance to investigate any potential or actual conflicts of interest to assess whether such conflicts can be avoided. If a conflict of interest is deemed avoidable, then the EXCO must implement the necessary procedures and/or other controls to prevent it. If a conflict of interest is found to be unavoidable, the EXCO must devise a strategy to mitigate the risk ensuring that it does not compromise Stockhouse's ability to render fair and unbiased services to affected clients.
- 4.5 All KIs and representatives must complete an annual Fit and Proper Declaration that includes questions to identify any potential conflicts of interest.
- 4.6 Stockhouse maintains an anonymous tip-off feature on its website, allowing stakeholders to report concerns regarding any unethical behaviour that includes undisclosed conflict of interests within Stockhouse.

## **5. MANAGING CONFLICTS OF INTEREST**

- 5.1 Stockhouse may only receive or pay financial interests to its representatives that does not impede the delivery of fair outcomes to clients.
- 5.2 At Stockhouse all employees earn only a fixed salary.
- 5.3 Stockhouse and its representatives may only receive or offer the following financial interest from or to third party:
  - a. fees or other financial interest for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
  - b. Commission or fees authorised under the Long-Term Insurance Act 52 of 1998 and the Short-Term Insurance Act No. 131 of 1998;
  - c. fees for the rendering of a financial service in respect of which commission or fees referred to in (b) is not paid, if the amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by the provider or its representatives in exchange for the fees are specifically agreed to by a client in writing; and those fees may be stopped at the discretion of that client; and
  - d. a financial interest, not referred to under subparagraph a to c 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.
- 5.4 Stockhouse may not offer any financial interest to its representatives for:
  - a. giving preference to the quantity of business secured by Stockhouse to the exclusion of the quality of the service rendered to clients, giving preference to a specific product provider, where a representative may recommend more than one product provider to that client; and
  - b. giving preference to a specific product of a product provider, where a representative may recommend more than one product of that product provider to a client.
- 5.5 Stockhouse or its representatives may only receive or offer the financial interests referred to in 5.3 if any actual or potential conflicts between the interests of clients and the interests of the person receiving the financial interests are

effectively mitigated; and the payment of those financial interests does not impede the delivery of fair outcomes to clients.

- 5.6 Stockhouse or its representatives may only receive financial interests if the payment of those financial interests do not result in Stockhouse, or its representatives being remunerated more than once for performing a similar service.
- 5.7 Stockhouse may not receive a sign-on bonus from any person.

## **6. DISCLOSING CONFLICTS OF INTEREST**

- 6.1 Stockhouse FAIS disclosure document for all licensed representatives containing the general Stockhouse conflict of interest disclosures that includes reference to the Conflict of Interest Policy is available on the Stockhouse website.
- 6.2 Stockhouse and/or its Representatives must disclose any specific conflict of interest impacting a client to such client, together with the mitigation strategy employed as agreed with by Executive Committee. The disclosures must:
  - Disclose the nature and extent of the conflict to the client in writing.
  - Explain the possible risks that the conflict of interest poses to the client.
  - Obtain the client's consent to proceed with the service despite the conflict of interest.
- 6.3 Stockhouse must publish the Conflict of Interest Policy on its website and ensure it is readily available to clients upon request.
- 6.4 Stockhouse may not use the term "independent" if:
  - Stockhouse is a significant owner of any Product Supplier, in respect of whose products the FSP renders financial services;
  - a Product Supplier is a significant owner of Stockhouse;
  - Stockhouse receives any financial interest from a Product Supplier other than the fees or commission authorised under the LTIA or STIA; or
  - a relationship exists between the Stockhouse and the Product Supplier that may be a material Conflict of Interest.



## **7. ROLES AND RESPONSIBILITIES**

### **7.1 The Executive Committee**

Executive Committee of Stockhouse are responsible to:

- 7.1.1 enforce Stockhouse's Conflict of Interest Management Policy.
- 7.1.2 ensure that the necessary controls are in place to identify and prevent conflicts of interest. If prevention is not possible, to implement controls to mitigate the risk of such conflict of interest and to oversee the necessary disclosure thereof.
- 7.1.3 ensure that the basis upon which a representative is remunerated is not contrary to the requirements of the Conflict of Interest Policy.
- 7.1.4 identify any actual or potential conflict of interest in financial services offerings and receiving on an ongoing basis.
- 7.1.5 consider fair outcomes for clients and the level of the representative's compliance with the FAIS Act when conducting the performance appraisals of representatives.

### **7.2 Representatives**

Stockhouse's representatives are responsible to:

- 7.2.1 Ensure that the financial services rendered are in the best interest of the client and not for their own personal gain.
- 7.2.2 Disclose any conflict of interest or potential conflict of interest on the conflict of interest register.
- 7.2.3 Disclose conflict of interest in writing to the client with the mitigation or avoidance steps taken.

### **7.3 Head of Compliance**

The Head of Compliance is responsible for:

- 7.3.1 Creating conflict of interest training and awareness to all employees.
- 7.3.2 Assisting Executive Committee to implement and to enforce the Conflict of Interest Policy.
- 7.3.3 Monitoring that this conflict of interest management policy is made available to all employees and oversee that it is published on the Stockhouse website.

- 7.3.4 Monitoring adherence to this conflict of interest management policy, and reporting any potential regulatory risk to the Executive Committee in accordance with the Stockhouse's Compliance Framework.
- 7.3.5 Maintaining and monitoring the Stockhouse conflict of interest register.
- 7.3.6 Review the Conflict of Interest Policy as required.
- 7.3.7 Monitoring annual fit and proper declarations to ensure that they are fully completed by all representatives and to identify any adverse findings in these declarations.
- 7.3.8 Monitoring declarations of conflicts of interest and
- 7.3.9 Proper recordkeeping of all monitoring activities in accordance with the Stockhouse Data Classification and Record Keeping Policy.

#### **7.4 Employees**

- 7.4.1 Employees are responsible to log gifts on the gift register and conflicts of interest on the conflict of interest register on Sharepoint; and
- 7.4.2 Employees must report any suspicions of non-compliance with the Conflict of Interest Policy to the Head of Compliance or use the anonymous tip-off feature on the Stockhouse website.

### **8. RECORDKEEPING**

Records pertaining to identified or potential conflicts of interests e.g., the gift register, the conflicts of interest register, the FAIS Act disclosure document, and any other applicable records, and mitigation action must be kept for a period of at least five years from date of identification in accordance with the Stockhouse Data Classification and Record Keeping Policy.

### **9. NON-ADHERANCE**

- 9.1 Breach of the Conflict of Interest Policy by any employee may result in disciplinary action being taken in accordance with Stockhouse's Disciplinary Policy as amended from time to time and representative may be debarred if found guilty of misconduct.

- 9.2 Providing false or misleading information or concealing material facts relating to activities logged, or that must be logged in the conflicts 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 (ten) years.

## **10. IMPLEMENTATION**

The Conflict of Interest Policy will be made available to all employees on Sharepoint and the Executive Committee must ensure adherence to the Conflict of Interest Policy. The Conflict of Interest Policy must be published on the Stockhouse website, easily accessible by all clients and other third parties and must be made available to all clients upon request.

## **11. POLICY MAINTENANCE AND APPROVAL**

The Stockhouse Head of Compliance is the owner of the Conflict of Interest Policy and will review it as required, to ensure it remains relevant and compliant. The Conflict of Interest Policy has been approved by the EXCO of Stockhouse, any changes thereto are subject to the approval of the EXCO.