

CONFLICT OF INTEREST MANAGEMENT POLICY

For

**Robert Cowen Investments (Pty)
Ltd.**

FSP nr 701

1 Purpose of the policy

- 1.1. The General Code of Conduct for Authorised Financial Service Providers and Representatives (“the Code”) issued under the Financial Advisory and Intermediary Services Act, 2000 (Act No. 37 of 2002) (“FAIS”), requires financial service providers to have a Conflict of Interest Management Policy in place to ensure that conflict of interest is managed appropriately in the business.
- 1.2. The purpose of this policy is to assist **Robert Cowen Investments (Pty) Ltd.** and its employees to identify potential and actual conflict of interest and manage it appropriately.

2 Policy Statement

Robert Cowen Investments (Pty) Ltd. is committed to avoiding, and where this is not possible, mitigating any conflict of interest that may arise between **Robert Cowen Investments (Pty) Ltd.**, as a financial service provider (and/or its representatives), and its policyholders when rendering financial services.

3 Who is subject to the policy?

Robert Cowen Investments (Pty) Ltd., Robert Cowen Investments (Pty) Ltd.’s employees and representatives contracted to **Robert Cowen Investments (Pty) Ltd.** (“FAIS representatives”) are bound by this policy.

4 What is a conflict of interest?

- 4.1. “Conflict of interest” is any situation, including financial interest, ownership interest, or any relationship with a third party, in which a provider or FAIS representative has actual or potential interest that may:
 - 4.1.1. influence the objective fulfilment of obligations to a client;
 - 4.1.2. influence the offering of unbiased and fair advice or service to a client; or
 - 4.1.3. prevent the provider or FAIS representative from acting in the best interests of a client.

4.2. This may include:

- 4.2.1. real or perceived financial gain resulting from recommendations to our clients that prejudice the client;
- 4.2.2. an outcome of service delivery or transaction that may not best serve the interests of the client;
- 4.2.3. non-cash incentives that may be received by the business as a result of affecting any predetermined transaction and/ or product; and
- 4.2.4. effecting a transaction and/ or product that may benefit a party other than the client.

4.3. Annexure A lists financial interests that are allowed and disallowed and how these financial interests should be disclosed.

5 Mechanisms for identifying conflicts of interest

- 5.1. 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.
- 5.2. Irrespective of the “trust test”, a conflict of interest will be deemed to have arisen if **Robert Cowen Investments (Pty) Ltd.** is provided with “disallowed financial interest” as listed above or receives gifts in excess of R1000.00 per FAIS representative per annum.

6 Measures for avoidance or mitigation of conflicts of interest

- 6.1. All gifts that form part of “immaterial financial interest” will require the written consent of the Key Individuals 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 the same FAIS representative, in any given year.

- 6.2. In exercising their discretion, the Key Individuals must have regard to:
- 6.2.1. the relevant conflict of interest register;
 - 6.2.2. any commission regulations or other laws which may be breached by the receipt of such gift or entertainment; and
 - 6.2.3. a written statement from the giver explaining the reason for and purpose of the entertainment or gift that must accompany any request for authorisation.
- 6.3. 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 the Key Individual/s, the Key Individual/s shall, prior to approving the relevant situation or activity:
- 6.3.1. establish the extent to which a specific intermediary is conflicted, i.e. the extent to which the intermediary acts on behalf of **Robert Cowen Investments (Pty) Ltd.** whilst also acting on behalf of a policyholder/client;
 - 6.3.2. establish the extent to which **Robert Cowen Investments (Pty) Ltd.**'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;
 - 6.3.3. establish the estimated direct financial impact that a particular situation or activity would have on **Robert Cowen Investments (Pty) Ltd.**;
 - 6.3.4. consider how the financial interest is likely to affect the policyholder; and
 - 6.3.5. consider whether **Robert Cowen Investments (Pty) Ltd.** has an appetite to assume the risk, in light of the answers to the above considerations.
- 6.4. 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 the Key Individuals of the FSP. "Material conflict" is a conflict of interest whose monetary value exceeds R1000.00 or that will directly impact **Robert Cowen Investments (Pty) Ltd.**'s reputation.
- 6.5. Once it is decided that a conflict of interest is inevitable, the Key Individual/s must ensure that the effect of such conflict is mitigated by putting mitigation measures in place.

- 6.6. Each FAIS representative has a duty to track any immaterial financial interest given to him or her and to advise his or her Key Individual/s accordingly, as soon as immaterial interests reaches R1000.00 in that particular year.
- 6.7. Where a conflict is identified and a decision is made in respect of the management thereof, the nature of the decision must be disclosed 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 **Robert Cowen Investments (Pty) Ltd.** that these disclosures are made at all times.

7 Conflict of interest internal controls

- 7.1. To manage conflicts of interest, **Robert Cowen Investments (Pty) Ltd.** must maintain a conflict of interest register.
- 7.2. The conflict of interest register must be accessible by key employees identified by the Key Individuals.
- 7.3. The Key Individual/s must designate a person responsible for the maintenance of the register.
- 7.4. **Robert Cowen Investments (Pty) Ltd.** employees must disclose, to the person responsible for the relevant register, any immaterial financial interest or financial interest, as defined above, received from a product supplier. This disclosure must be made within one week after the relevant activity has taken place. Details regarding supporting documentation must also be disclosed and recorded in the conflict of interest register.
- 7.5. A person responsible for the maintenance of a conflict of interest register must record disclosures made in accordance with paragraph 7.4 above in the register, without delay.
- 7.6. The conflict of interest registers will be audited by **Robert Cowen Investments (Pty) Ltd.'s** Legal Compliance Function annually for the purpose of determining whether any financial interest received, exceeded the aggregate value of R1 000.00 per FAIS representative and to determine whether any expenditure is duplicated across the respective conflict of interest registers.

8 Reporting of conflicts of interest

- 8.1. The outcome of the conflict of interest register audit shall be reported to the FAIS compliance officer and the FAIS-appointed key individuals of **Robert Cowen Investments (Pty) Ltd.**.
- 8.2. Discussions regarding conflicts of interest by the Executive Committee of **Robert Cowen Investments (Pty) Ltd.** must be recorded in the minutes of such meetings. The relevant extracts of the minutes must be made available to the FAIS compliance officer upon request, for the purpose of enabling the FAIS compliance officer to report on compliance with this Policy, as required by the Code.

9 Consequences of not adhering to the Policy

Violation of this Policy by a **Robert Cowen Investments (Pty) Ltd.** employee may result in disciplinary action being taken against the employee, in accordance with **Robert Cowen Investments (Pty) Ltd.'s** Disciplinary Code as amended from time to time.

10 Consequences of withholding information or inaccurate information

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.

11 Robert Cowen Investments (Pty) Ltd.'s Associates

Conducting business with or via an "associate", as defined in the Code, may inherently give rise to a conflict of interest, thus **Robert Cowen Investments (Pty) Ltd.** is required by the Code to make a list of its associates available to interested parties, together with this policy. The **Robert Cowen Investments (Pty) Ltd.** structure, in which **Robert Cowen Investments (Pty) Ltd.'s** associates are listed, is attached as Annexure "B".

12 Staff training and general awareness

- 12.1 All the company's staff must be trained on this policy.
- 12.2 A copy of the policy must be provided to each staff member of the FSP, and updated versions must be circulated as and when they are updated.
- 12.3 Moreover, all clients – existing and future, must be made aware of the existence of this policy. The policy must be made available by **Robert Cowen Investments (Pty) Ltd.** for easy access.

13 Review of the Policy

This policy shall be reviewed by Key Individuals and the FAIS compliance officer annually and any changes to this policy shall be communicated to all staff of the FSP.

ANNEXURE A

Key individuals and Representatives – Financial Interest Received	
Financial interest allowed	Disclosure required
Commission, in accordance with the Short and Long-term Insurance Acts, 1998 (“the STIA and LTIA”)	Disclosed in Initial Disclosure document and quotation.
Fees as provided for in the STIA and LTIA.	Disclosed in Initial Disclosure document and potentially in quotation.
Fees for rendering a financial service in respect of which neither commission nor the fees provided for in the STIA are payable, provided the client has specifically agreed to the fees in writing and has a discretion to stop them at any time.	Disclosed in Initial Disclosure document and potentially in quotation.
Promotional items	Disclosed in internal gift register
Any financial interest with a determinable monetary value <u>not exceeding R1000.00</u> per FAIS representative/key individual in any given year.	Disclosed in internal gift register.
Financial interest for which the provider or FAIS representative has paid fair value or remuneration reasonably commensurate to the financial interest.	Disclosed in conflict of interest register.
Ownership interest	Disclosed in conflict of interest register and Ownership interest register.
Training that is not restricted to a selected group of providers and FAIS representatives on products and legalities thereof; general financial and industry information; specialised technological systems (of a third party) necessary rendering a financial service.	No need to disclose.
Financial interest disallowed	Disclosure insufficient
Any financial interest with a determinable monetary value <u>exceeding R1000.00</u> per FAIS representative/key individual in any given year. This could be made up of 1 gift or of several gifts from one product supplier in one calendar year (as recorded in internal gift register).	Must be recorded in conflict of interest register. Gift may not be accepted. Refusal to accept gift must be recorded.

ANNEXURE B

Associates

List of third parties in which the FSP holds an ownership interest as at [date]

*Please see below for a list of definitions

Number	Product Supplier	Nature of ownership interest eg. equity or proprietary interests or holdings	Extent of ownership interest	Relevant Associates (only apply to Product Suppliers and Product Providers)	Agreements / arrangements where a financial interest is provided to a provider or its representative (applies to Product Suppliers, Product Providers, Relevant Associates and Distribution Channels)

Definitions:

1. **“Distribution Channel”** means:
 - (a) Any **arrangement** between a product supplier [or any of its associates] and one or more providers [or any of its associates] in terms of which arrangement, **any support or service** is provided to the provider/s in rendering a financial service to a client;
 - (b) Any **arrangement** between two or more providers [or any of their associates], which arrangement **facilitates, supports or enhances a relationship** between the provider/s and a product supplier;
 - (c) Any **arrangement** between two or more product suppliers [or any of their associates], which arrangement **facilitates, supports or enhances a relationship** between a provider or providers and a product supplier.

2. **“Ownership Interest”** means:
 - (a) An 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.

3. **“Provider”** means an authorized financial services provider, and includes a representative.
4. **“Product Supplier”** means any person who issues a financial product by virtue of an authority, approval or right granted to such person under any law, including the Companies Act, 1973.
5. **“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) provides a financial interest to a provider or its representative.

ANNEXURE C
Conflict of Interest Questionnaire

ATTENTION KEY INDIVIDUALS OF FSP LICENCE NUMBER _____

FSP (“[Name of FSP]”) requires each key individual of the business to:

- 1) Annually review the FSP's Conflicts of interest policy (the “Policy”);
- 2) To disclose any possible personal, familial, or business relationship that reasonably could give rise to a conflict of interest or the appearance of a conflict of interest in the **Conflict of Interest Questionnaire (found here)**; and
- 3) To acknowledge by his or her signature that he or she is acting in accordance with the letter and spirit of such Policy on the Pledge of Personal Commitment.

Please respond to the following questions to the best of your knowledge:

1. Please list all corporations, partnerships, associations or other organizations of which you are an officer, director, trustee, partner, or employee, and describe your affiliation with such entity.

2. In terms of the FAIS Code of Conduct you must disclose to the client the existence of any personal interest in a relevant service, or of any circumstances which gives rise to annual or potential conflict of interest in relation to such service, and take all reasonable steps to ensure the fair treatment of the client: Comment

3. Non-cash incentives offered and/or other indirect consideration payable by another provider, a product supplier or any other person to the provider could be viewed as a potential conflict of interest. Please list any received in last 12 months (can include incentive trips, sponsorships, gifts that amount to material benefits, business services, entertainment expenses, access of preferential, differentiated service/training/advice facilities, shareholdings, sales quota obligations, product biases etc)

4. Where applicable, the fact that the provider – directly or indirectly holds more than 10% of the relevant product supplier’s shares COMMENT

5. Has any equivalent substantial financial interest in the product supplier; during the preceding 12 month period received more than 30% of the total remuneration, including commission, from the product supplier- COMMENT

6. Has the information above been disclosed on the disclosure documentation of the FSP? **YES** or **NO**

7. Please list any proposed business dealings between product suppliers and you/the FSP, your family members, and/or entities. Describe each such relationship listed and the actual and potential financial benefits as you can best estimate them.

8. Are you aware of any other relationships, arrangements, transactions, or matters which could create a conflict of interest or the appearance of conflict? If so, please describe.

I have read the FSP conflicts of interest policy. I am currently, and agree to remain, in compliance with the Policy.

Entered into on this the _____ day of _____, 2011.

ANNEXURE D

CONFLICTS OF INTEREST REGISTER

Financial Advisory and Intermediary Services Act 2002 (FAIS)

Purpose -To record the incidence of conflicts of interest by the FSP to ensure compliance with the requirements of the FAIS Act and other legislation. This register should act as a summary document with more detailed history contained in the conflicts file where appropriate.

Ref No and ID of conflict	Received	Rec'd from	Rec'd by	Referred Internal	Description of conflict (add attachment no. or brief detail here)	Activity update	Status	OUTCOME- Description/ Comments AND Learnings
Version number					Last updated on			Last Updated by



Robert Cowen
Investments

Growing families' wealth since 1982