

Conflicts of interest policy and procedures

FSP name - GTC (PTY) Ltd

FSP number - 731

Objective

The objective of this document is to address the policies and procedures implemented by GTC (Pty) Limited (GTC) to specifically address the management of Conflicts of Interest in terms of the Financial Advisory and Intermediary Services Act No. 37 of 2002 (FAIS Act) and the provisions of the General Code of Conduct for Authorised Financial Services Providers and Representatives as contained in Board Notice (BN) 80 of 8 August 2003 as amended (The Code).

Contained within the business philosophy and practice of GTC is the principle of transparency and fairness in all areas of the business. GTC's business ethic is based on ensuring that the interests of clients, employees, business associates and providers are treated with due care and fairness in all matters and on all levels of interaction with GTC.

Policy statement

It is the stated policy of GTC to ensure that GTC, its representatives and employees avoid and where this is not possible, mitigate, any conflict of interest between GTC and its clients by making full disclosure of such conflict of interest or potential conflict of interest to GTC's clients in writing.

Management policy

The policy for the management of Conflicts of Interest is implemented with reference to Sec 2 (a) Part II of the general provisions of the General Code of Conduct for Authorised Financial Services Providers and Representatives as contained in Board Notice (BN) 80 of 8 August 2003 as amended and BN 58 of 2010.

The conflict of interest management policy provides for the following:

1. Mechanisms for the identification of conflicts of interest.
2. Measures for the avoidance of conflicts of interest and where avoidance is not possible, the reasons therefore and the measures implemented to mitigate such conflicts of interest.
3. Measures for the disclosure of conflicts of interest.

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An Authorised Financial
Services Provider
FSP no. 731

GTC is nationally represented in Johannesburg, Cape Town and Durban.

GTC Group products and services include: Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management
• Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services

4. Processes, procedures and internal controls to facilitate compliance with the policy.
5. Consequences of non-compliance with the policy by GTC's representatives and employees.
6. The basis on which representatives of GTC qualify for a financial interest with specific reference to section 3A(1) (a) and (b) of the Code.
7. The list of GTC's associates.
8. The names of any third parties in which GTC has an ownership interest (if any).
9. The names of any third parties holding an ownership interest in GTC (if any).
10. The nature and extent of such ownership interest referred to in 8 and 9 above.
11. The continuous monitoring of compliance with the GTC policy and reporting thereon.
12. The appropriate training of representatives and employees and educational material.

1. Mechanisms for the identification of conflicts of interest

GTC has adopted mechanisms to manage potential conflicts of interest. Representatives, associates and employees receive guidance and training in how to identify potential conflicts of interest and the procedures to be implemented. They are subject to monitoring and review processes. There are specific measures and consequences in place for non-compliance with GTC's conflict of interest policy.

GTC's representatives, associates and employees must identify situations where they have an actual or potential interest which may, in rendering a financial service to a client:

- Influence the objective performance of their obligation to such client.
- Prevent them from providing an unbiased and fair financial service to such client.
- Prevent them from acting in the interests of such client,

Such actual or potential interest as defined in section 1 of the Code as amended by BN 58 of 2010 shall include but shall not be limited to:

- A financial interest.
- An ownership interest.
- A third party or associate relationship.
- An immaterial financial interest received from or offered to the same third party in one calendar year, the aggregate of which exceeds R1 000.

2. Measures for the avoidance of conflicts of interest and where avoidance is not possible, the reasons therefore and the measures implemented to mitigate such conflicts of interest

GTC's representatives, associates and employees must identify situations where a potential conflict of interest may arise as described in 1 above.

Such representative, associate or employee is responsible for identifying such conflict of interest and must notify the line manager or Divisional Head as soon as such potential conflict is identified.

Measures must then be implemented to avoid the conflict of interest by notifying the client in writing of the potential for such conflict at the earliest opportunity.

Where it is not possible to avoid such conflict of interest, measures must be implemented to mitigate the potential for such conflict and such measures must be disclosed to the client in writing together with the reasons why such conflict cannot be avoided.

Any proposal, document or instruction for the implementation of any contractual business relationship with such client must contain a detailed disclosure of the nature of the conflict of interests, the reasons why it cannot be avoided, what action has been taken to mitigate the risks relating to the conflict and the potential implications of such conflict.

Such proposal, document or instruction must be authorised by the Divisional Head and if need be, be referred to EXCO for approval.

3. Measures for the disclosure of conflicts of interest

Register maintained by GTC

All representatives, key individuals and employees are required on a quarterly basis, to complete a register of;

- Gifts and hospitality offered to or received from any clients.
- Gifts and hospitality received from, or offered to any provider, business associate or third party.

Such register is maintained by a key individual (Currently Toy Otto) who is responsible for monitoring and reporting to EXCO on the activities recorded.

Reminders to complete the Register are co-ordinated on behalf of the key individual responsible for monitoring and reporting on such schedule (currently co-ordinated by Melissa Leca-Venter)

4. Processes, procedures and internal controls to facilitate compliance with the policy

GTC shall through regular training sessions and educational material as well as management supervision by all Divisional heads,

- Ensure understanding and adoption of the conflict of interest policy and management measures by all employees, representatives and associates;

- Regular inspections on all commissions, remuneration, fees and financial interests proposed or received in order to avoid non-compliance;
- Maintain a register, recording any potential or actual conflict of interest.

Divisional heads are required to ensure that all employees and specifically affected members of their client interfacing staff, record any gifts and hospitality given or received.

Quarterly e-mail reminders are sent to all affected staff requesting them to declare such gifts and hospitality. No minimum quantum is specified as all gifts and hospitality must be recorded.

Responses to the reminders are required even if the report confirms that no gifts or hospitality were given or received.

5. Consequences of non-compliance with the policy by GTC's representatives and employees

The Divisional head will convene a disciplinary enquiry into the affected staff member's failure to comply with the requirements of the policy to disclose such gifts and hospitality.

In the event that a staff member is found guilty of failure to comply with the policy by failure to record the incident relating to the gift or hospitality received or offered, the appropriate disciplinary action will be instituted against the staff member in accordance with the GTC HR policies.

6. The basis on which representatives of GTC qualify for a financial interest with specific reference to section 3A(1)(a) and (b) of the Code

Representatives of GTC may only qualify for a financial interest on the following basis:

- Receive commissions authorized in terms of applicable legislation; or
- Fees authorized in terms of applicable legislation, or fees or remuneration for services rendered to a third party, if those fees are reasonably commensurate to the service being rendered; or
- Fees for the rendering of a service in respect of which commission or fees above are not paid, if those fees are specifically agreed to by a client in writing and may be stopped at the discretion of the client; or
- A limited immaterial financial interest as defined; or
- A financial interest for a consideration or fair value that is reasonably commensurate to the value of the financial interest that is paid by the provider or representative at time of receipt thereof.
- Representatives of GTC may not qualify for a financial interest if such interest is derived from:
 - giving preference to the quantity of business secured for the provider to the exclusion of quality service;
 - giving preference to a specific product supplier where more than one supplier can be recommended to a client;

- giving preference to a specific product of a supplier where more than one product of that supplier can be recommended to a client.

7. The list of GTC's associates

GTC shall regularly update and maintain a register of associates as defined in Section 1 of the Code as amended by BN 58 Of 2010.

It is recorded that the various Grant Thornton audit practices in South Africa and Grant Thornton International are associates.

8. The names of any third parties in which GTC has an ownership interest

GTC notes that there is mutual shareholding in GTC Management Company (Pty) Ltd.
GTC notes that it has a 100% shareholding in First Light Administrators (Pty) Ltd.

9. The names of any third parties holding an ownership interest in GTC

GTC notes that there is mutual shareholding in GTC Capital Management Company (Pty) Ltd.

10. The nature and extent of such ownership interest referred to in 8 and 9 above

- GTC notes that there is mutual shareholding in GTC Management Company (Pty) Ltd.
- GTC notes that it has a 100% shareholding in GTC Administrators (Pty) Ltd.
- GTC notes that it has a 71% shareholding in GTC Securities (Pty) Ltd.
- GTC notes that it has a 51% shareholding in GTC Derivatives (Pty) Ltd.

11. The continuous monitoring of compliance with the GTC policy and reporting thereon

GTC monitors compliance with the GTC policy by review of all new business relationships entered into by representatives on behalf of GTC, ongoing client servicing management and regular review of receipted commissions, remuneration, fees and financial interests.

Regular reporting is conducted by Divisional heads as well as the GTC Compliance Officer.

12. The appropriate training of representatives and employees and educational material

Regular training sessions are undertaken with all representatives and affected staff on the requirements of the FAIS Act and the General Code of Conduct and appropriate Board Notice amendments. All relevant legislation and regulations are available to staff on the GTC/M drive contained in the folder FAIS training. Representatives are required to attend industry training sessions and have all completed the first level regulatory RE 5 exam.

All representatives and affected staff are required to acquaint themselves with any updated amendments to policies and procedures relating to the conflicts of interest.