

SENQU CAPITAL PROPRIETARY LIMITED

FSP 47666

CONFLICT OF INTEREST POLICY

Adopted 15 May 2017

1. Introduction

- 1.1 Senqu Capital Proprietary Limited (“**Senqu**”)’s Conflicts of Interest Policy (“**the Policy**”) has been implemented in terms of The General Code of Conduct for Authorised Financial Service Providers and Representatives Amendment Notice 58 of 2010 (the Amendment) which was gazetted on 19 April 2010.
- 1.2 In terms of the Amendment, each Financial Services Provider (“**FSP**”) must implement a Conflict of Interest Policy in terms of which it sets out comprehensive requirements for the identification and avoidance of conflict of interest.

2. Definitions and Interpretation

2.1 “**Associate**” means:

2.1.1 in relation to a natural person:

2.1.1.1 a person who is recognised in law or the tenets of religion as a spouse, life partner or civil union partner of that person;

2.1.1.2 a child of that person, including a step child, adopted child, and child born out of wedlock;

2.1.1.3 a parent or step parent of that person;

2.1.1.4 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 needs of the first mentioned person;

2.1.1.5 a person who is the spouse, life partner or civil union partner of a person referred to in paragraphs 2.1.1.2 to 2.1.1.4;

2.1.1.6 a person who is a commercial partner of that person;

2.1.2 in relation to a juristic person-

2.1.2.1 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;

2.1.2.2 which is a close corporation registered under the Close Corporations Act, 69 of 1984, means any member thereof as defined in section 1 of that act;

- 2.1.2.3 which is not a company or a close corporation as referred to above means another juristic person which would have been a Subsidiary or Holding Company of the first mentioned juristic person:-
- 2.1.2.3.1 had such first mentioned juristic person been a company; or
- 2.1.2.3.2 in the case where that other juristic person too, is not a company , had both the first mentioned juristic person and the other juristic person been a company;
- 2.1.3 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 is accustomed to act;
- 2.1.4 in a relation to any person-
- 2.1.4.1 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; and
- 2.1.4.2 includes any trust controlled or administered by that person.
- 2.2 **“Company”** means a company under the Companies Act;
- 2.3 **“Companies Act”** means the Companies Act,71 of 2008;
- 2.4 **“Conflict of Interest”** means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial services to a client,-
- 2.4.1 influence the objective performance of his, her or its obligations to that client; or
- 2.4.2 prevent a provider or 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-
- 2.4.2.1 a Financial Interest;
- 2.4.2.2 an Ownership Interest;
- 2.4.2.3 any relationship with a third party”;

- 2.5 **“Distribution Channel”** means-
- 2.5.1 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 or providers in rendering a financial service to clients;
- 2.5.2 any arrangement between two or more providers or any of their Associates, which arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier;
- 2.5.3 any arrangement between two or more product suppliers or any of the Associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.
- 2.6 **“Fair Value”** has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act;
- 2.7 **“Financial Interest”** means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than -
- 2.7.1 an Ownership Interest;
- 2.7.2 training, that is not exclusively available to a selected group of providers or representatives, on-
- 2.7.2.1 products and legal matters relating to those products;
- 2.7.2.2 general financial and industry information ;
- 2.7.2.3 specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.
- 2.8 **“Holding Company”** means a holding company as defined in section 1(4) of the Companies Act;
- 2.9 **“Immaterial Financial Interest”** means any Financial Interest with determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third party in that calendar year received by-
- 2.9.1 a provider who is a sole proprietor; or

- 2.9.2 a representative for that representative's direct benefit;
- 2.9.3 a provider, who for its benefit or that of some or all of its representatives, aggregates the Immaterial Financial Interest paid to its representatives;
- 2.10 **"Ownership Interest"** means-
 - 2.10.1 any equity or proprietary interest, for which Fair Value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person; and
 - 2.10.2 includes any dividend, profit share or similar benefit derived from that equity or Ownership Interest;
- 2.11 **"Subsidiary"** means a subsidiary as defined in section 1(3) of the Companies Act;
- 2.12 **"Third Party"** means-
 - 2.12.1.1 a product supplier;
 - 2.12.1.2 another provider;
 - 2.12.1.3 an Associate of a product supplier or a provider;
 - 2.12.1.4 a Distribution Channel;
 - 2.12.1.5 any person who in terms of an agreement or arrangement with a person referred to above provides a Financial Interest to a provider or its representatives".

3. **Avoidance of Conflict**

- 3.1 Senqu must avoid and where this is not possible mitigate, any Conflict of Interest between Senqu and its clients or any Senqu employee and a client;
- 3.2 Senqu and any employees must, in writing, at the earliest reasonable opportunity:
 - 3.2.1 disclose to a client any Conflict of Interest in respect of that client;
 - 3.2.2 the measures taken, in accordance with this policy to avoid or mitigate the conflict;
 - 3.2.3 any Ownership Interest or Financial Interest that Senqu or its representative may be or become eligible for;

- 3.2.4 the nature of any relationship or arrangement with a Third Party that gives rise to a Conflict of Interest, in sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the Conflict of Interest; and
- 3.2.5 inform a client of this Policy and how it may be accessed.
- 3.3 It is incumbent upon each employee to ensure that any potential conflict with a Client position is brought to the compliance officer's attention before such personal dealings takes place.

4. Financial interest and conflict of interest management policy

- 4.1 Please note that in terms of its business model, Senqu does not at present secure business through juristic representatives nor does it recommend products of a Third Party. However, the following provisions will be retained in Senqu's Policy in the event that the business model changes.
- 4.2 Senqu or its representatives may only receive or offer the following Financial Interest from or to a Third Party:
 - 4.2.1 fees or remuneration for the rendering of a service to a Third Party, which fees of remuneration are reasonably commensurate to the service being rendered;
 - 4.2.2 subject to any other law, an Immaterial Financial Interest; and
 - 4.2.3 a Financial Interest for which a consideration, Fair Value or remuneration that is reasonably commensurate to the Financial Interest, is paid by Senqu at the time of receipt thereof.
- 4.3 Senqu may not offer any Financial Interest to its representatives for-
 - 4.3.1 giving preference to the quantity of business secured for the provider to the exclusion to the quality of the services rendered to clients; or
 - 4.3.2 giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
 - 4.3.3 giving preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

5. Disclosure of Conflict of Interest

In the event that any Senqu employee detects a Conflict of Interest the following procedures shall be followed:

- 5.1 the employee shall be obliged to report such conflict to the compliance representative, Michael Denenga;
- 5.2 the compliance representative shall discuss the potential conflict with the managing director and where necessary, the directors of Senqu ;
- 5.3 the compliance representative shall revert to the employee with:
 - 5.3.1 confirmation that the conflict does exist and whether or not to continue with the transaction;
 - 5.3.2 confirmation that there is potential conflict and how it may be mitigated; or
 - 5.3.3 confirmation that there is no conflict; and

in each case advice must be given to the employee on the level of disclosure to the client.

6. Consequences of non-compliance

In the event that an employee or official of Senqu contravenes any provisions of this policy they shall be charged with an offence under Senqu 's disciplinary codes and subject to a disciplinary hearing.

7. Continual Development

Senqu will continuously monitor compliance with this Policy and annually conduct a review of the Policy. All employees must ensure be aware of the contents of this Policy and appropriate training will be provided to each employee.

The compliance officer will include a report on Senqu's Conflict of Interest policy in compliance reports submitted to the Registrar under the Act.