



Capta FX (Pty) Ltd

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Conflicts of Interest Management Policy

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Introduction:

This policy outlines a suitable, effective and sustainable approach to the identification and management of conflicts of interest (“COI”).

The policy aims to comply with the best practice and statutory requirements as per the General Code of Conduct for Financial Services Providers and Representatives published in Board Notice 80 of 2003 as amended by Board Notice 58 of 2010 as well as other applicable requirements as set out in the Financial Advisory and Intermediary Services Act, 37 of 2002 (“FAIS”).

Purpose:

This document embodies the Conflict of Interest Management Policy for Capta Forex (Pty) Ltd (“the Company”)

The purpose of this policy is:

- i. to provide guidance on the behaviours expected in accordance with the Company’s standards;
- ii. to promote transparency and to avoid or mitigate any business-related COI that may arise between the Company, its clients, vendors and/or employees respectively;
- iii. to ensure fairness in the interests of employees and the Company;
- iv. to document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived COI;
- v. to provide a mechanism for the objective review of personal outside interests.

The Company is committed to ensuring that all business is conducted in accordance with good business practice. To this end the Company conducts business in an ethical and equitable manner and in a way, that safeguards the interests of all stakeholders to minimise and manage all real or potential COI. The Company and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between the Company and a client or its representative and a client.

Definitions:

For purposes of this policy, the following words and/or phrases are defined herein:

“**Conflict of interest**” means any situation in which the Company or its representatives has an actual or potential interest that may, in rendering a financial service to a client influence the objective performance of his, her or its obligations to that client; or prevent the Company or its representatives from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client, including, but not limited to:

- i. a financial interest;

- ii. an ownership interest;
- iii. any relationship with a third party (“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 representatives.)

“**FAIS**” means the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended.

“**Financial interest**” means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic and foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than –

- i. an ownership interest;
- ii. training, that is not exclusively available to a selected group of providers or representatives on products and legal matters relating to those products; general financial and industry information; specialized 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 –

- i. a provider who is a sole proprietor; or
- ii. a representative for that representative’s direct benefit;
- iii. a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

“**Representative**” means duly appointed representative and/or representative under supervision of the Company.

“**Ownership interest**” means:

- i. any equity or proprietary interest, for which at fair value was paid by the owner at the time of acquisition, other than equity or an proprietary interest held as an approved nominee on behalf of another person; and

- ii. includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

“**Provider**” means Capta Forex (Pty) Ltd

Procedures:

The Company or its representatives may only receive or offer financial interest from or to a third party as determined by the Commissioner of Financial Services Providers from time to time, and as set out in Annexure A hereto.

The Company may not offer any financial interest to its representatives for giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; or giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or giving preference to a specific product of a product supplier, where a representative may recommend more than one product supplier to a client.

How to identify COI:

In order to identify whether you have a conflict of interest, a representative should ask the following questions:

1. Do I have my client’s best interest at heart, or am I acting in my own best interest?
2. Do I have the Company’s best interest at heart, or am I acting in my own best interest?
3. Am I acting professionally?
4. Am I acting independently?
5. Am I acting objectively?
6. Are my interests aligned with that of the Company?

Resolving COI or potential COI:

Key individuals and representatives of the Company are expected to avoid all COI or potential COI. Where not possible, mitigate and disclose.

Potential COI that could affect The Company

The following are potential COI that could affect the Company:

1. Directorships or other employment;
2. interests in business enterprises or professional practices;
3. share ownership;
4. beneficial interests in trusts;
5. personal Account Trading;
6. professional associations or relationships with other organizations;

7. personal associations with other groups or organizations, or family relationships;
8. Front running;
9. Rebates;
10. Kickbacks; and
11. Commission

Examples of potential COI scenarios include, but are not limited to the following:

1. Using influence to secure a contract for a service provider in which you hold an interest;
2. Soliciting financial interest to influence or unfairly advance the interests of a third party;
3. Accepting benefits from service providers or contractors;
4. Setting up business in direct competition with the Company; and
5. Giving preference to the quantity of business which you undertake rather than the quality thereof.

Insider Trading:

The term “insider trading” describes circumstances where an individual, who has price sensitive information, deals in a related security or financial instrument before the information is made available to the rest of the market.

Insider trading creates conflicts of interest.

The individual is abusing their knowledge and so placing themselves in a better position than the rest of the market, which conflicts with the concept of market fairness. A representative that commits insider trading is additionally placing themselves in a better position than the Company and/or its clients, so creating a conflict of interests between themselves and the Company and/or its clients.

Measures to avoid COI:

In terms of Section 3A(2)(b)(i)(bb) of the General Code of Conduct, a conflict of interest management policy must provide measures for the avoidance of conflicts of interest, and where avoidance is not possible, the reasons therefore and the measures for the mitigation of such conflicts of interest. Once an actual or potential conflict of interest has been identified the following measures will be followed in order to determine whether the conflict of interest is avoidable:

The management team of the FSP will convene and review the actual or potential conflict of interest in an open and honest forum:

- All information surrounding the actual or potential conflict of interest must be disclosed to all interested parties;
- All information surrounding the actual or potential conflict of interest must be disclosed to the FSP’s Compliance Officer;

The following consequences must be considered during the review process:

- The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on clients;
- The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on the integrity of the financial services industry;
- The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on the FSP

The management team of the Company will apply its mind whether the Company can obtain a more advantageous transaction, contract or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction, contract or other arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the management team of the Company will determine by a majority vote whether the transaction, contract or arrangement is in the best interest of the Company and any affected client/s and accordingly make its decision as to whether to enter into the transaction, contract or arrangement in conformity with such determination.

If the management team of the Company has determined that the actual or potential conflict of interest is avoidable, the following processes must be adhered to:

- The management team must approve, by a majority vote, the removal of the underlying cause of the actual or potential conflict of interest;
- The underlying cause of the actual or potential conflict of interest must be removed as soon as reasonably possible;
- Any negative impact on clients owing to the removal of the actual or potential conflict of interest must be kept to a minimum;
- The reason(s) why the actual or potential conflict of interest was determined to be avoidable must be recorded;
- All determinations and interventions as it pertain to the avoidance of the conflict of interest must be documented and kept on the compliance file;
- Similar situations that give rise to actual or potential conflicts of interests must be avoided in the future.

Disclosure of COI:

At the earliest reasonable opportunity, the Company and its representative must, in writing, disclose to a client any COI or potential COI in respect of that client including –

- a. Measures taken to avoid or mitigate the conflict;
- b. Any ownership interest or financial interest that the provider or representative may be or become eligible for;

- c. The nature of the relationship or arrangements with a third party that gives rise to a COI in sufficient detail to enable the client to understand the exact nature of the COI.

At the earliest reasonable opportunity, the Company and its representative must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.

Notification of an actual or potential COI should be made to a person with responsibility for the issue or area, such as the relevant management team, supervisor, head of the department or key individual.

In accordance with an employee's obligation to act in the best interest of his or her employer, it is not permissible for employees to engage in conduct that would amount to a COI with the Company.

Staff that fail to disclose a potential or actual COI in accordance with this policy may be liable to disciplinary procedures as governed by relevant industrial awards or agreements.

Housekeeping of this document:

- i. Ownership and ultimate responsibility:

- This document is owned and maintained by the Company. The ultimate responsibility for this document, the contents thereof and compliance remains with the Key individuals, of the Company who is responsible for creating an ethical environment.

- ii. Updates, review and approval:

- The Company COI policy shall be reviewed on an annual basis and updated if necessary. This policy is approved by the board of directors

- iii. Adoption and implementation:

- Every staff member must have a copy of the Conflicts of interest Management Policy. If a potential COI arises, the transaction must first be discussed with management before entering the transaction.

- iv. Non-compliance with this document:

- Non-compliance with this policy and the procedures described in it may be misconduct and employees may be subject to disciplinary action that may lead to dismissal.

List of all Capta Forex associates:

- Capta Holdings (Pty) Ltd
- Capta Wealth (Pty) Ltd

- Capta Financial Services (Pty) Ltd

Names of any third parties in which the Company hold an ownership interest:

N/A

Names of any third parties that holds an ownership interest in the Company:

- Capta Holdings (100%)

Conclusion:

All representatives of the Company including key individuals and management are required to be dedicated to upholding the highest level of integrity and ethical conduct in all of their activities and relationships with all stakeholders.

Annexure A - Accepted financial interest as amended

The Commissioner of Financial Services Providers issued Board Notice 58 of 2010 (BN 58) under section 15 of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). BN 58 amends the General Code of Conduct for Authorised Financial Services Providers and Representatives under FAIS and determines that a financial services provider or its representatives may only receive or offer financial interest from or to a third party as follows:

- i. Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
- ii. Commission authorised under the Medical Schemes Act;
- iii. Fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act, if those fees are reasonably commensurate to a service being rendered;
- iv. Fees for the rendering of a financial service in respect of which commission or fees referred to in sub-paragraph (i), (ii) or (iii) is not paid, if those fees –
 - ❖ are specifically agreed to by a client in writing; and
 - ❖ may be stopped at the discretion of that client.
- v. fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
- vi. subject to any other law, an immaterial financial interest; and
- vii. a financial interest, not referred to under sub-paragraph (i) to (vi), 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.