



PURPLE GROUP

# PURPLE GROUP LIMITED

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## CONFLICT OF INTEREST MANAGEMENT POLICY

Registration Number 1998/013637/06. Formerly known as Purple Capital Limited


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## 1. INTRODUCTION

- 1.1 In terms of the General Code of Conduct for Authorised Financial Services Providers and Responsible Persons ('the Code'), as published in terms of the Financial Advisory and Intermediary Services Act No.37 of 2002, requires Financial Services Provider ("FSP") to adopt, implement and maintain a Conflict of Interest Management Policy
- 1.2 A conflict of interest is any situation where a Provider or a Provider's responsible person has an interest that may in rendering a financial service to a client, influence the objective performance of his/her/its obligations to that client or where it prevents him/her/it from rendering an unbiased and fair financial service to that client. It includes receiving a wide range of financial and non-financial benefits, ownership interests and any relationship with a third party.
- 1.3 The purpose of this Conflicts of Interest Management Policy is primarily to provide mechanisms for the identification and management of Conflicts of Interest that may arise in the rendering of financial services to clients.
- 1.4 In addition, the Code requires that the provider and its responsible persons must:
- 1.4.1 avoid and, where this is not possible to avoid any act, action or reward that may create a potential conflict of interest, take appropriate steps to mitigate the impact and it must be appropriately disclosed to the client at the earliest reasonable opportunity;
  - 1.4.2 prepare and adopt a conflict of interest management policy in terms of which conflicts of interests between the provider and a client or the responsible person and a client will be managed;
  - 1.4.3 at the earliest reasonable opportunity inform a client in writing of the Conflict of Interest Management Policy ('this policy') and how it may be accessed;
  - 1.4.4 at the earliest reasonable opportunity disclose to a client in writing any conflict of interest in respect of that client;
  - 1.4.5 at the earliest reasonable opportunity disclose to a client in writing the measures taken in accordance with this policy to avoid or mitigate the conflict;
  - 1.4.6 at the earliest reasonable opportunity disclose to a client in writing any ownership interest or financial interest, other than an immaterial financial interest, that the provider or responsible person may be or become eligible for; and
  - 1.4.7 at the earliest reasonable opportunity disclose to a client in writing 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.

Purple Group Limited and its associates have adopted this policy to manage conflicts of interests between the provider and a client or the responsible person and a client as required by the Code.

## 2. DEFINITIONS

Aggregate	For purposes of this policy, a total amount made up of smaller amounts that are incurred or received in a calendar year.
Associate	Includes with regard to a natural person a spouse, life or civil union partner, a child, step child, adopted child or illegitimate child, a parent or stepparent, a trustee of that person, the spouse, life or civil union of any of the above persons or a



	commercial partner. With regard to a juristic person, in the case of a company, it includes a 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. It also includes a member of a close corporation.
Client	A specific person or group of persons, excluding the general public, who is or may become the subject to whom a financial service is rendered intentionally, or who is the successor in title of such a person or the beneficiary of such service.
Code	The General Code of Conduct for Authorised Financial Services Providers and Responsible persons, 2003 (as amended)
Conflict of interest	Any situation in which the provider or the responsible person has an actual or potential interest that may influence the performance of obligations to the client. Any situation that can prevent the provider, a responsible person or a key individual from rendering an unbiased and fair financial service to the client or from acting in the best interest of the client. A conflict of interest could include a financial interest, an ownership interest or any relationship with a third party, but is not limited to these three.
Disclosure	A duty by a financial services provider to disclose an actual or potential conflict of interest relating to the rendering of a financial service to a client within a reasonable time to enable the client to make an informed decision
Distribution channel	Any arrangement between a product supplier or any of its associates and one or more providers, in terms of which arrangement any support or service is provided to the product supplier in rendering a financial service
FAIS	The Financial Advisory and Intermediary Services Act, 37 of 2002 (as amended).
Financial interest	This includes cash, a cash equivalent, a voucher, a gift, a service, an advantage, a benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship or other incentive or valuable consideration, an ownership interest and training that is not available to a selected group of providers or representatives, on: <ul style="list-style-type: none"> <li>• Products or legal matters relating to those products, but excluding travel and accommodation associated with that training;</li> <li>• General financial and industry information;</li> <li>• Technological systems of a third party necessary for the rendering of a financial service</li> </ul>
Immaterial financial interest	Any financial interest received from a third party that has a determinable monetary value and, when combined/aggregated, does not exceed R1 000 in a calendar year from the same third party, received by a: <ul style="list-style-type: none"> <li>• Provider who is a sole proprietor;</li> <li>• A representative for that representative`s direct benefit</li> </ul>



	<ul style="list-style-type: none"> <li>• A provider for its benefit or one or all of representatives.</li> </ul>
Ownership Interest	Any equity or proprietary interest for which fair value was paid by the owner at the time such interest was bought, which includes any dividend, profit share or similar benefit derived from that equity or ownership interest.
Responsible person	<input type="checkbox"/> Directors and officers of the provider, whether acting individually or collectively; <input type="checkbox"/> Employees who are key individuals as envisaged in FAIS; <input type="checkbox"/> Employees who are responsible persons or representatives as envisaged in FAIS; <input type="checkbox"/> All employees of the provider; <input type="checkbox"/> Key Individuals in their capacity as representatives of the provider; and <input type="checkbox"/> Any person or group of persons who can influence the activities of the provider; <input type="checkbox"/> Independent Contractors, Introducing Brokers and Independent Financial Advisors in their capacity as representatives of the Provider.
Representatives	Any person, including a person employed or mandated by the Provider, who renders a financial service to a client for or on behalf of a financial services provider, in terms of conditions of employment or any other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service in a subsidiary or subordinate capacity, which service – (a) does not require judgment on the part of the latter person; or (b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries;
The Provider	A financial services provider as envisaged in the Financial Advisory and Intermediary Services Act, 37 of 2002 ('FAIS'), and more specifically: <ul style="list-style-type: none"> <li>• Purple Group Limited – FSP 46315</li> </ul>
Third party Includes	<ul style="list-style-type: none"> <li>• a product supplier;</li> <li>• another provider;</li> <li>• an associate of a product supplier or a provider, a distribution channel; and/or</li> <li>• any person who, in terms of an agreement with any of the parties above, provides a financial interest to the provider or its responsible person. This includes all services providers who have service level agreements with the provider to render services to clients on behalf of the provider.</li> </ul>



### 3. AREAS IN WHICH A CONFLICT OF INTEREST MAY ARISE

A conflict of interest will arise where:

- 3.1 The provider or a responsible person has an actual or potential interest in another financial service provider that may, in rendering a financial service to a client, influence the objective performance of his or its obligations to that client or prevent the provider or the responsible person concerned from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client.
- 3.2 The provider or a responsible person recommends to a client a financial service from a third party from whom the provider or the responsible person making the recommendation has received or receives cash, a cash equivalent, a voucher, a gift, a service, an advantage, a benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship or other incentive or valuable consideration other than that permissible in terms of this policy.
- 3.3 The provider or a responsible person recommends to a client a financial product from a product supplier in which the provider or the responsible person that makes the recommendation owns equity or proprietary interest for which fair value was paid at the time of acquisition. The equity or proprietary interest includes dividends, profit share or similar benefit derived from that equity or proprietary interest.
- 3.4 The provider or its responsible person renders a financial service to a client that involves another product supplier, a provider or their respective associates, or a distribution channel from whom the provider or the responsible person receives a financial interest other than that permissible in terms of this policy.
- 3.5 Common types of transactions where a conflict of interest may arise include, for example, the selection and use of consultants or other professional advisors, the selection or supervision of contractors, suppliers, or vendors, the sale of products, the purchase of materials, supplies and equipment, the investment and borrowing of funds and an interest in a business unrelated to the business of the provider.

For purposes of this policy, the following circumstances shall be deemed to create conflicts of interest:

#### 3.6 OUTSIDE INTERESTS

- 3.6.1 A contract or transaction between the provider and a responsible person or /family member of the responsible person.
- 3.6.2 A contract or transaction between the provider and an entity in which a responsible person or family member has a material financial interest or of which such person is a director, officer, agent, partner, associate, trustee, personal responsible person, receiver, guardian, custodian, conservator or other legal responsible person.

#### 3.7 OUTSIDE ACTIVITIES

- 3.7.1 A responsible person competing with the provider in the rendering of services or in any other contract or transaction with a third party.
- 3.7.2 A responsible person having a material financial interest in or serving as a director, officer, employee, agent, partner, associate, trustee, personal responsible person, receiver, guardian, custodian, conservator or other legal responsible person of, or consultant to an entity or individual that competes with the provider in the provision of services or in any other contract or transaction with a third party.



### 3.8 GIFTS, GRATUITIES AND ENTERTAINMENT

- 3.8.1 A responsible person or a family member may not accept from a third party any gift to the value of more than **R1000** or any other similar benefit where the gift or benefit results out of the course of the responsible person's duties towards or relationship with the provider.
- 3.8.2 Gifts of cash or cash equivalents from a third party to a responsible person of any amount are not permitted.
- 3.8.3 If a responsible person is offered any cash or gift to the value of more than **R1000** or similar benefit from a third party, he/she should immediately report it to his/her direct supervisor or the CEO or the compliance officer for approval following the line of protocol applicable to him/her.
- 3.8.4 The giving or receipt of common courtesies, occasional meals or reasonable entertainment appropriate to the business relationship and associated with business discussions are regarded as consistent with sound business practice. Unusual items (e.g. overseas trips, holidays etc.), however, must be reviewed and approved in advance by the Regulatory Committee of the provider.
- 3.8.5 A responsible person may not accept gifts, entertainment or other favours from any individual or entity that: does or is seeking to do business with, or is a competitor of the provider; or
- 3.8.6 has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from the provider; under circumstances where it might be inferred that such action was intended to influence or possibly would influence the responsible person in the performance of his/her duties.
- 3.8.7 Acceptable gifts and entertainment generally fall into the following categories:
- Occasional meals of reasonable expense with a business partner
  - Ordinary sports, theatre and other cultural events of a nominal value
  - Other gifts of nominal value or reasonable entertainment.

An offer, gift, entertainment or anything of value may not be accepted or given if it is:

- Illegal or would result in a violation of law
- Cash or a cash equivalent (such as gift certificates, loans, stock, or stock options)
- A '*quid pro quo*' or part of an agreement requiring anything in return for the gift
- Gifts, gratuities or entertainment to government officials may never be offered or provided without prior written approval of the Board of Directors.

## 4. PERSONS TO WHOM THIS POLICY APPLIES

This policy applies to:

- 4.1 directors and officers of the provider, whether acting individually or collectively;
- 4.2 employees who are key individuals as envisaged in FAIS;
- 4.3 employees who are responsible persons as envisaged in FAIS;
- 4.4 all employees of the provider; and
- 4.5 any person or group of persons who can influence the activities of the provider.



## 5. MANAGEMENT OF CONFLICT OF INTEREST

### 5.1 PRINCIPLES

- 5.1.1 The provider or a responsible person must avoid a conflict of interest.
- 5.1.2 Where it is not possible to avoid the conflict of interest, a financial service may still be rendered to a client, provided that the following requirements are met:
- the Chief Financial Officer and Compliance Officer of the provider have been informed, within three days or as soon as is reasonably possible, of the conflict and they have signed off within five days or as soon as is reasonably possible;
  - the client is informed in writing immediately before a transaction is concluded, or if not possible, soon thereafter, of the conflict of interest in sufficient detail to enable the client to understand the exact nature of the conflict of interest and make an informed decision;
  - the client is informed of the existence of this policy and how the client can access it free of charge;
  - the client is informed in writing of the measures the provider or the responsible person will take in terms of the policy to mitigate the conflict; and
  - the client is advised of his/her legal options.

### 5.2 PERMISSIBLE FINANCIAL INTEREST

- 5.2.1 Fees or remuneration for the rendering of a service from/to a third party, which fees or remuneration is reasonably commensurate with the service being rendered.
- 5.2.2 The provider or a responsible person is entitled to receive, subject to any other law and the provisions of this policy, an immaterial financial interest as defined in section 2 above.
- 5.2.3 The provider or a responsible person is entitled to receive a financial interest not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate with the value of the financial interest, is paid by the provider or the responsible person at the time of receipt thereof.

### 5.3 IMPERMISSIBLE FINANCIAL INTEREST

- 5.3.1 The provider may not offer any financial interest to its responsible persons for giving preference to the quantity of business secured for it to the exclusion of the quality of the service rendered to clients.
- 5.3.2 The provider may not offer any financial interest to its responsible persons for giving preference to a specific provider or third party, where the responsible person may recommend more than one provider or third party to a client.

### 5.4 IMMATERIAL FINANCIAL INTEREST

- 5.4.1 Notwithstanding the provisions of this policy, the provider and any of its responsible persons may receive from or give to any third party a financial interest not included above with a determinable monetary value, the aggregate of which interest does not exceed R1 000 in any calendar year from or to the same third party. In the case of such interest being received, it may be received by:
- a responsible person for that responsible person's direct benefit; or
  - the provider for its benefit.
  - every employee of the provider or responsible person receiving or offering an immaterial financial interest must report every such immaterial interest received



or given to the compliance officer to capture on the gifts register and ensure that the limit set in this policy is not exceeded in any calendar year.

- 5.4.2 The compliance officer will, on a regular basis, monitor the gift register to ensure compliance with this policy.
- 5.4.3 The responsible person and/or an employee bear the responsibility to ensure that he/she does not exceed the limit set in this policy in any calendar year. The key individuals and management of the provider have the responsibility to identify/detect non-compliance with this policy. Any such identified non-compliance must be reported to the compliance officer with immediate effect (not later than two days from the date of identification).

## 5.5 TRAINING

- 5.5.1 The compliance officer of the provider is responsible for providing training with regard to this policy.
- 5.5.2 The compliance officer will also use compliance alerts to create awareness among responsible persons and all other employees about this policy.

## 6. LIST OF ASSOCIATES

- 6.1 In terms of the code, this policy must include a list of all the associates of the provider. An associate, in relation to the provider, that is a company means any subsidiary or holding company of the provider, any other subsidiary of that holding company and any other company of which that holding company is a subsidiary.
- 6.2 The list of the associates of the provider is contained in Annexure B.

## 7. LIST OF ENTITIES IN WHICH THE PROVIDER HAS AN OWNERSHIP INTEREST

- 7.1 In terms of the code this policy must include a list of all entities in which the provider has an ownership interest. An ownership interest means any equity or proprietary interest for which fair value was paid by the provider at the time of acquisition and includes any dividend, profit share or similar benefit derived from that equity of ownership interest.
- 7.2 The list of entities in which the provider has an ownership interest is also provided in Annexure B.

## 8. LIST OF ENTITIES THAT HAVE AN OWNERSHIP INTEREST IN THE PROVIDER

- 8.1 In terms of the Code, this policy must include a list of all entities that hold an ownership interest in the provider. An ownership interest means any equity or proprietary interest for which fair value was paid by that entity at the time of acquisition and includes any dividend, profit share or similar benefit derived from that equity of ownership interest.





8.2 There are currently no entities that have ownership interest in Purple Group Limited, save for those entities that own Purple shares as clients of one of its subsidiaries' brand, EasyEquities, a product of First World Trader Proprietary Limited.

## 9. MONITORING AND COMPLIANCE

- 9.1 The compliance officer of the provider must ensure that all responsible persons and other employees are provided with appropriate training on and educational material relating to the contents of this policy.
- 9.2 This policy will be in the custody of the provider's compliance officer and must be accessible, at no charge, to clients and available for public inspection at all reasonable times. The FAIS disclosure document to clients will provide the telephone number and email address for the Compliance and Complaints Department.
- 9.3 The compliance officer must perform regular monitoring regarding compliance with this policy. The monitoring will cover the Gifts Register and interviewing of responsible persons and employees who received immaterial financial interests.
- 9.4 The compliance officer of the provider will report annually to the regulatory committee on the implementation, monitoring, compliance and any contraventions in respect of this policy.
- 9.5 The compliance officer of the provider must ensure that the report on the level of compliance with this policy is included in the annual compliance reports sent to the Financial Services Board.

## 10. CONTRAVENTION OF THIS POLICY

Every employee of the provider is required to know, understand and comply with the standards outlined in this policy. Non-compliance with this policy and the procedures may be considered to be misconduct, and employees who do not comply with these, may be subject to disciplinary action that could lead to dismissal.

## 11. CONFIDENTIALITY

Each responsible person shall exercise care not to disclose confidential information acquired in connection with such status or information, the disclosure of which might be adverse to the interests of the provider. Furthermore, a responsible person shall not disclose or use information relating to the business of the provider for the personal profit or advantage of the responsible person or a family member.

## 12. DISCLOSURE

Each responsible person as determined by the provider, and as and when changes occur, complete a declaration form (as issued and amended by the provider from time to time)



identifying any relationships, positions or circumstances in which the responsible person is involved that he/she believes could contribute to or result in a conflict of interest.

- 12.1 Such relationships, positions or circumstances might include service as a director of or consultant to an outside company, ownership of a business that might provide goods or services to the provider or an interest in an unrelated business that does not necessarily transact business with the provider.
- 12.2 Any such information regarding the business interests of a responsible person or a family member shall be treated as confidential and shall generally be made available only to the chair, the directors of the Provider, and any committee appointed to address conflicts of interest, except to the extent that additional disclosure is necessary in connection with the implementation of this policy.
- 12.3 Where the conflict of interest could not be avoided, the responsible persons are required to make written disclosure of such conflict to their existing and potential clients at their earliest convenience, together with any action taken to mitigate the conflict. Such disclosures are required to be approved by the compliance officers of the provider.

### 13. REVIEW OF POLICY

- 13.1 This policy shall be reviewed at least annually.
- 13.2 The annual reviews include independent reviews of business practices and interviews with responsible parties in order to ascertain whether they receive financial interests from third parties
- 13.3 Any changes to the policy shall be communicated immediately to all responsible persons.



## ANNEXURE A

### Fees and commissions declaration

I, \_\_\_\_\_ HEREBY CONFIRM that I have read and understood this policy. I certify that clients will only be charged fees and/or commission as indicated in section 5.2 of this policy.

## ANNEXURE B

The following is a list of the associates that Purple Group Limited holds an ownership interest (shareholding is 100% unless indicated otherwise):

Entity	Nature of association
First World Trader (Pty) Ltd t/a EasyEquities	A subsidiary of Purple Group Limited
GT247 (Pty) Ltd t/a GT247.com	A subsidiary of Purple Group Limited
Emperor Asset Management (Pty) Ltd	A subsidiary of Purple Group Limited
First World Trader Nominee (Pty) Ltd	A subsidiary of First World Trader (Pty) Ltd
Emperor Asset Management Nominee (RF) (Pty) Ltd	A subsidiary of Emperor Asset Management (Pty) Ltd
Emperor Asset Management GP 1 (RF) (Pty) Ltd	A subsidiary of Emperor Asset Management (Pty) Ltd