



CONFLICTS OF INTEREST MANAGEMENT POLICY:  
CONTROL DOCUMENTATION

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## INTRODUCTION:

In light of the recent Conflicts of Interest regulations, a review of all current controls and procedures in terms of managing conflicts of interest, is necessary.

The amendment to the General Code of Conduct for Financial Services Providers and Representatives, sets out provisions regarding the treatment of Conflicts of Interest.

The general principles of the new regulations provide as follows:

- Financial Services Providers (FSPs) must avoid, and where this is not possible, mitigate conflicts of interest.
- All actual or potential conflicts of interest in respect of a client must be disclosed to that client in writing and must include: the disclosure of all ownership or financial interests (excluding immaterial financial interests) that the FSP or representative has or is eligible for, and the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest

The control documents attached hereto will form an integral part of Orchid Risk Services (Pty) Ltd conflicts management framework.

# 1. CONFLICTS OF INTEREST MANAGEMENT POLICY FRAMEWORK-CONTROLS & PROCEDURES:

(ORCHID RISK SERVICES PROCEDURES FOR HANDLING CONFLICT OF INTERESTS)

## CONFLICTS OF INTEREST - PROCEDURES

IDENTIFY CONFLICT OF INTEREST



ESCALATED TO APPOINTED COMPLIANCE CHAMPION/COMPLIANCE FOR ASSESSMENT \*2



LOGGED IN CONTROL SHEET (MASTER CONFLICTS REGISTER) \*1



ASSESS CONFLICT FOR MATERIALITY (FINANCIAL INTEREST) - (BY SENIOR MANAGEMENT/COMPLIANCE \*3



DECISION MADE AS TO MATERIALITY



PROCEED



AVOID



DISCLOSURE REQUIRED

LOG REASON FOR AVOIDING CONFLICT IN REGISTER



LOG REASON FOR ACCEPTANCE IN THE MASTER CONFLICTS REGISTER



MONITOR FOR COMPLIANCE (on-going)

## Guide

- \*1. Log the date and contents of the COI (real, existing or potential)
- \*2. Can be communicated via email but must be in writing to the "conflicts officer". All correspondence relating to conflict to be placed in a company conflicts file
- \*3. Conflicts officer to liaise with the compliance function to evaluate the conflict and to decide which mechanism to be used to manage conflict (control, avoid or disclose)

If the conflict can be resolved immediately, take the necessary action and advise compliance thereof. The on-going status of the conflict is to be recorded in the register. If the conflict requires further clarity and investigation by any other party, insert comments as appropriate in the appropriate register.

## NOTES TO PROCEDURES (Best practice)

1. Assign a member of staff with primary responsibility for identifying, recording and managing conflicts of interest. (To be known internally as the Conflicts Officer). This will be the responsibility of Roy Wright. If an external compliance officer is appointed it may be that Orchid Risk Services will appoint an internal conflicts officer who will liaise with the compliance function directly to effectively manage conflict situations.

2. The "Conflicts Officer" will advise all relevant staff of:

- The definition of 'conflict of interest';
- The main features; and
- Examples or possible conflicts of interest that may emerge

3. At the same time the Conflicts Officer will co-ordinate a questionnaire (annual) of Directors and relevant staff, requiring them to assess all aspects of their responsibilities and their business relationships, with a view to identifying actual or potential conflicts (and circumstances that might be perceived as conflicts). Directors, managers and compliance officers should attempt to identify conflicts across the business, while other staff will focus on their individual circumstances.

Even when individuals completing the questionnaire are confident that objective financial advice will be provided, in spite of a potential conflict, they should report the conflict: clients and regulators may not easily be persuaded that advice was objective.

4. The "conflicts Officer" together with compliance will assess the seriousness (with compliance) of identified possible conflicts, and will determine (in consultation with senior management) how the conflict should be managed. Typically this can involve:

5.1 If current disclosures constitute adequate management

5.2 What further disclosures would constitute adequate management?

5.3 Whether or not disclosure alone can adequately manage the conflict. Where it cannot, all stakeholders can decide how the conflict should be avoided, or whether the conflict should be referred for prompt board consideration.

6. The Conflicts Officer will keep adequate records of the controls management process, from identification through to effective resolution of the conflict.

7. The Compliance officer can prepare a report on the management of conflicts of interest, for the Board to consider at intervals appropriate to the business.

8. Conflicts of interest will become a standing agenda item for Board meetings.

9. Procedures can be drafted and adopted by the Board to form part of the compliance documentation, addressing the above steps and responsibilities.

10. The COI procedures and their efficacy in operation will be reviewed by senior management of Orchid Risk Services in conjunction with compliance.

### **ROLE OF COMPLIANCE**

Compli-Serve, as compliance officers of Orchid Risk Services, is in a position to assist in facilitating the handling of any identified conflict relating to the Company. This may involve assessing and evaluating the conflict and decide upon, and implement, an appropriate response to the conflict.

Compli-Serve is to ensure that conflict-monitoring procedures are in place to ensure that any non-compliance with Orchid Risk Services conflicts management arrangements are identified and appropriately acted on.

As part of the conflict arrangements Compli-Serve will include measures such as meeting with affected staff as appropriate, conduct periodic reviews of the business operation and conduct periodic reviews of client files and other appropriate documentation. Compli-Serve will monitor all conflicts documentation as part of its wider scale monitoring programme with Orchid Risk Services.

### **ROLE OF ALL EMPLOYEES**

All employees of Orchid Risk Services are obliged to report actual, perceived or potential conflicts of interest (see procedures above) to senior management. The failure of employees to notify management to the potential conflict of interest may result in disciplinary action being taken against the affected individual/s.

### **ROLE OF ALL SENIOR MANAGEMENT**

Those individuals responsible for the internal oversight function have responsibilities to implement appropriate processes and procedures for the effective risk management of conflicts of interest and other risks arising within their organisations.

It is the responsibility of senior management to implement conflicts management policies, procedures and controls to manage conflicts effectively. There is no 'one size fits all' that can effectively address the full range of conflicts of interest that arise in the business of Orchid Risk Services.

## **2. DISCLOSURE OF AFFILIATIONS-DISCLOSURE OF INTERESTS AND CONTROL MEASURES**

In order to ensure proper corporate governance, and the accountability and transparency of our organisation, relevant persons are required to declare any private interests that might affect the carrying out of their duties. They are also required to take steps to resolve any conflicts that arise in a way that protects the public interest. To fulfil this requirement, any relevant interests must be declared on the Register of interests. These are personal or business interests that might influence their judgement, deliberation or action as employees of the financial services provider, or which might be perceived by a reasonable member of the public as doing so.

### **Conflicts of interest control measures**

#### **Declaration of interests**

- The disclosure of interests to be completed by Orchid Risk Services, (as the entity), key individuals and the members of the management Board.
- In order to ensure proper governance, and the accountability and transparency of Orchid Risk Services, relevant persons are required to declare any private interests that might affect the carrying out of their duties. The key persons will also be required to take steps to resolve any conflicts that arise in a way that protects the clients of the Company. To fulfil these duties, any relevant interests must be declared on the Register of Interests
- The defining purpose of this disclosure is to be able to provide information to clients about the relevant interests of Orchid Risk Services and the key individuals. These are personal or business interests that might influence their judgement, deliberation or action, or which might be perceived by a 'client' as doing so.
- Relevant parties must consider whether they need to disclose personal involvement with persons or organisations which clients might reasonably think could influence their judgement.
- Any interest which comes to light should be declared prior to discussion at a Management Board meeting. It should take place irrespective of whether the interest has already been recorded in the register.
- Where there is uncertainty about whether a particular interest should be declared, advice should be sought from the compliance officer of the Company.



- The interest disclosure should be intended as a record available to clients on request. All material conflicts of interest should however be disclosed to affected clients. An appropriate mechanism would be to disclose such conflicts in the initial disclosure documentation of the Company, or other suitable means.
- It is each person's responsibility to inform the internal person responsible for conflicts of interest, including compliance, of any relevant changes as they occur and to register their interests in the register provided.
- The disclosure will be reviewed on an annual basis by Compli-Serve SA as our designated compliance officers.
- Where there is a complaint received about a failure of the Company to disclose a relevant interest, the complaint should immediately be sent to compliance for evaluation and response.

**TO BE COMPLETED ON APPOINTMENT AND ANNUALLY THEREAFTER. THE DISCLOSURE FORM COVERS ONGOING AFFILIATIONS THAT MAY PRESENT CONFLICTS, BUT KEY PERSONS SHOULD ALSO BE ALERT TO OTHER CONFLICTS OF INTEREST THAT MAY ARISE DURING THE COURSE OF THE YEAR**

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