



Conflict of Interest Handbook

South Africa

Version 1.0

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CONFLICT OF INTEREST HANDBOOK – SOUTH AFRICA (“HANDBOOK”)

1 Purpose

- 1.1 Apex Group Ltd. and its subsidiaries, affiliates, branches and integrated entities (hereinafter referred to as “Apex Group” or the “Group”) are committed to prevent, mitigate investigate and monitor conflicts of interest that may arise within the Group.
- 1.2 The Group Conflict of Interest Policy (“the Policy”) sets out the framework by which all Apex Group businesses must identify and manage conflicts of interest to comply with applicable legal and regulatory requirements and help ensure that Apex Group, Clients and Customers are treated fairly – thereby maintaining the trust and confidence of Apex’s stakeholders across all operations.
- 1.3 The Policy applies to all Apex entities within the Group, however variations may be necessary in some instances due to local legislation or the type of product or service being provided.
- 1.4 The purpose of this Handbook is to provide clarity on the jurisdictional regulatory requirements for the Apex Group entities in South Africa.

2 Scope

This Handbook applies to all South African staff and entities (hereinafter referred to as “Apex South Africa”) which includes, but is not limited to, the following entities:

- Apex Fund Services South Africa Limited
- Apex Fund and Corporate Services SA (Pty) Ltd
- FundRock Management Company (RF) (Pty) Ltd

Staff includes staff, contractors, temporary staff, Directors (Executive and Non-Executive), and Board members.

3 Identification and management of conflicts of interest

- 3.1 In line with the Policy, conflicts (actual, potential or perceived) must always be identified and reported as soon as staff become aware of them. Staff are informed they should always err on the side of caution and disclose any conflict, including any external interests.

3.2 In determining whether there is an actual or potential conflict of interest, it must be considered whether the conflict may influence the objective performance of Apex South Africa's obligations or prevent Apex South Africa and its staff from rendering an unbiased and fair financial service to the client, taking into account whether Apex South Africa or a representative, associate or staff member –

3.2.1 Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;

3.2.2 Has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;

3.2.3 Has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of the client;

3.2.4 Receives or will receive from a person other than the client, an inducement in relation to a service provided to the client in the form of money, goods or services, other than the legislated commission or reasonable fee for that service;

3.3 Operations

It is the responsibility of the operational areas, as first line of defence, to identify conflicts of interest in their particular operational area and their operating model.

3.4 Board of Directors

Directors must disclose their personal financial interest regardless of whether such interest represent an actual or potential conflict. The company secretary maintains a register of any conflict of interest disclosed at board meetings.

3.5 Senior Management

Senior management must, on an ongoing basis, identify any actual or potential conflict of interest which may arise within their areas.

3.6 Staff

It is the responsibility of all staff to identify conflicts of interest, whether existing or potential. Where any conflict arises, the conflict must be reported to local Senior Management who will verify whether the conflict is a concern and the level of organisational risk being taken based on the nature of the conflict.

Staff must consider whether they need to disclose personal involvement with persons or organizations or business interests that might influence their judgement, deliberation or action as staff, or which might be perceived by a client as doing so. The purpose of this disclosure is to be able to provide information to clients about the relevant interests of the regulated entity and the key persons.

All gifts received from third parties must be reported to the local Compliance Officer. The local Compliance Officer will maintain a gift register.

3.7 Receipt or offer of financial interest

3.7.1 Apex South Africa and its representatives may only receive or offer the following financial interest from or to a third party when rendering an intermediary service –

- (a) Fees for the rendering of a financial service if those fees (including the amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by Apex South Africa or its representatives in exchange for the fees) are specifically agreed to by a client in writing;
- (b) Fees or remuneration for services rendered to a third party;
- (c) Subject to any other law, an immaterial financial interest as defined (refer Schedule 1);
- (d) A financial interest for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest is paid by Apex or the representative at the time of receipt thereof.

3.7.2 Apex South Africa or its representatives may only receive or offer the financial interest referred to above if –

- (a) Those financial interests are reasonably commensurate with the service being rendered, taking into account the nature of the service and the resources, skills and competencies reasonably required to perform it;
- (b) The payment of those financial interests does not result in Apex South Africa or its representative being remunerated more than once for performing a similar service;
- (c) Any actual or potential conflicts between the interest of the clients and the interests of the person receiving the financial interests are effectively mitigated; and

- (d) The payment of those financial interests does not impede the delivery of fair outcomes to clients.

3.7.3 Apex South Africa may not offer any financial interest to a representative in the following circumstances –

- (a) For giving preference to a specific product supplier, where the representative may recommend more than one product supplier to the client; or
- (b) For giving preference to a specific product of a product supplier, where the representative may recommend more than one product of that product supplier to the client.
- (c) That is determined with reference to the quantity of business secured for Apex South Africa without also giving due regard to the delivery of fair outcomes for clients.

3.7.4 Apex South Africa does not permit the practice of offering or providing a sign-on bonus by any of its Financial Services Providers.

3.8 Assessment and escalation of conflicts of interest

3.8.1 Conflicts of interest must always be disclosed and steps should be put in place to mitigate them but what constitutes an appropriate response to a given conflict of interest will always depend on the circumstances and facts of the case.

3.8.2 It is the responsibility of all staff to identify conflicts of interest, whether existing or potential. Apex South Africa staff must use the required Declaration Form to report the conflict of interest to the local Senior Management and Compliance Officer.

3.8.3 The local Senior Management and Compliance Officer will assess the conflict of interest.

3.8.4 Any conflict of interest must be assessed in a conservative manner focusing on the protection of Apex and its reputation. Keeping Apex abreast of any risk exposure (legal, regulatory, financial and reputational) is mandatory and any action applied to the resolution of a conflict of interest must ensure this protection.

3.8.5 Any conflict of interest has to be managed within Apex South Africa respecting the applicable Data Protection Laws.

3.8.6 When undertaking the assessment the local Senior Management and Compliance Officer will determine if the conflict has been adequately addressed and authorise the update of the Conflict of Interest Log by the local Compliance Officer.

3.8.7 The escalation procedure contained in the Policy will be adhered to where any conflict of interest is not able to be resolved and managed within ten (10) business days.

3.9 Disclosure of conflicts of interest

Measures to mitigate conflict of interest include, where required, disclosure in writing to clients at the earliest reasonable opportunity of any conflict of interest in respect of that client, including

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3.9.1 The measures taken to avoid or mitigate the conflict;

3.9.2 Any ownership interest or financial interest, other than an immaterial financial interest, that Apex or its representatives may be or become eligible for;

3.9.3 The nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to the client to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest; and

3.9.4 inform the client of Apex South Africa's Conflict of Interest Handbook and how it may be accessed.

3.10 Mitigation of conflicts of interest

In addition to the measures described above, the following internal policies and controls are in place to avoid and mitigate potential conflicts of interest –

3.10.1 Apex Code of Conduct and Ethics - which outlines the core values of Apex and the expected ethical standards all staff must have with respect to conflicts of interest.

3.10.2 Apex Group Fraud Prevention Policy - which articulates Apex strategy regarding fraud prevention and supports an effective management of Apex fraud risk.

3.10.3 Apex Personal Account Dealing Statement of Principles – which outlines the principles that all Apex staff must adhere to when conducting personal account transactions.

- 3.10.4 Apex Group Late Trading and Market Timing Policy - which sets out principles around the forbidden practices of late trading and market timing aiming to ensure that adequate controls are in place, the potential risks are managed appropriately and regulatory requirements are adhered to.
- 3.10.5 Apex Gift and Hospitality Policy – which establishes processes designed to ensure complete transparency in business relationships and to prevent any conflict or even the appearance of it.
- 3.10.6 Segregation of duties - preventing/controlling the involvement of individuals in simultaneous/sequential tasks.
- 3.10.7 Training - staff receive ongoing training to ensure that they understand the obligation required for the disclosure and management of any conflict of interest.
- 3.10.8 Information barriers - restrictive access control to folders, IT access control restrictions and clean desk policy.

4 Responsibilities and consequences of non-compliance

In line with the Policy, the local Compliance Officer will maintain the conflict of interest log that will be informed by the business.

In accordance with the Policy, it is the responsibility of all staff to declare any potential or actual conflicts of interests and failure to do so may result in disciplinary proceedings including debarment, if applicable, as well as dismissal or possible legal sanction.

5 Third party ownership interests

Apex Fund Services Holdco SA (Pty) Ltd holds a 12.5% ownership interest in Finswitch (Pty) Ltd.

NtisoAkhona (Pty) Ltd holds a 10% ownership interest in Apex Fund Services Holdco SA (Pty) Ltd.

6 Schedules

- 6.1 Schedule 1: Definitions
- 6.2 Schedule 2: List of Associates

7 Disclaimer

- 7.1 Nothing in this Handbook will amount to a delegation to Apex or an assumption by Apex to perform such duties as otherwise described within the contractual agreement between Apex and its Client(s).
- 7.2 Please note that this information is intended solely for the use of the intended recipient(s). It is for your general information only and Apex is not soliciting any action based upon it. Before acting on anything contained in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice. This material has been prepared based upon information that Apex believes to be reliable; however, Apex does not represent that that this material is accurate, complete and up to date and accepts no liability if it is not.

Compliance

Apex Group
15 June 2023

SCHEDULE 1

Definitions

"associate"

- (a) in relation to a natural person, means
 - (i) a person who is recognised in law or the tenets of religion as the spouse, life partner or civil union partner of that person;
 - (ii) a child of that person, including a stepchild, adopted child and a child born out of wedlock;
 - (iii) a parent or stepparent of that person;
 - (iv) 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 care needs of the first mentioned person;
 - (v) a person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) to (iv);
 - (vi) a person who is in a commercial partnership with that person;
- (b) in relation to a juristic person
 - (i) 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;
 - (ii) which is a close corporation registered under the Close Corporations Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;
 - (iii) which is not a company or a close corporation as referred to in subparagraphs (i) or (ii), means another juristic person which would have been a subsidiary or holding company of the first mentioned juristic person
 - (A) had such first mentioned juristic person been a company; or

- (B) in the case where that other juristic person, too, is not a company, had both the first mentioned juristic person and that other juristic person been a company;
- (iv) 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 person is accustomed to act;
- (c) in relation to any person
 - (i) 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;
 - (ii) includes any trust controlled or administered by that person.

“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 service to a client:

- (a) influence the objective performance of his, her or its obligations to that client; or
- (b) prevent a provider or representative 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:
 - (A) a financial interest;
 - (B) an ownership interest;
 - (C) any relationship with a third party;

“external interests” means an outside business interest where there is a direct or indirect interest in any business, enterprise, employment or other activity whether for gain or otherwise.

“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:

- (a) an ownership interest;
- (b) training, that is not exclusively available to a selected group of providers or representatives, on
 - (i) products and legal matters relating to those products;
 - (ii) general financial and industry information;
 - (iii) specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training;
- (c) a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity;

“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

- (a) a provider who is a sole proprietor; or
- (b) a representative for that representative's direct benefit;
- (c) a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives;

“intermediary service” means, subject to subsection (3)(b), any act other than the furnishing of advice, performed by a person-

- (a) the result of which is that a client may enter into, offers to enter into or enters into any transaction in respect of a financial product; or
- (b) with a view to-

- (i) buying, selling or otherwise dealing in (whether on a discretionary or non-discretionary basis), managing, administering, keeping in safe custody, maintaining or servicing a financial product;
- (ii) collecting or accounting for premiums or other moneys payable by the client in respect of a financial product; or
- (iii) receiving, submitting, processing or settling the claims of a client in respect of a financial product;

“ownership interest” means:

- (a) 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
- (b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest;

“Relevant employees” means Key Individuals, Representatives, Management and Directors.

“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.

SCHEDULE 2

List of associates

Apex South Africa's list of Associates includes -

Apex Africa Holdings (Pty) Ltd

Apex Fund and Corporate Services Holdings SA (Pty) Ltd

Apex FS South Africa (Pty) Ltd

Apex Fund and Corporate Services SA (Pty) Ltd

Apex Group Custody SA (RF) (Pty) Ltd

FundRock Management Company (RF) (Pty) Ltd

Apex Fund and Corporate Services (Malta) Limited

Apex Funds Holding South Africa (Pty) Ltd

Apex Fund Services Holdco SA (Pty) Ltd

Apex Fund Services South Africa Ltd

NtisoAkhona (Pty) Ltd

REVISION HISTORY

Version	Changes	Created/Changes by	Date	Next Review Date
1.0	Combined version for Apex Group SA offices	Deirdre van der Berg	15 June 2023	June 2024