

# POINTBREAK STANDARD OPERATING PROCEDURE: CONFLICT OF INTEREST

*(in compliance with the provisions of the Financial Intelligence Centre Act, no 38 of 2001 ('FIC'), the Financial Advisory and Intermediary Services Act, no 37 of 2002 ('FICA') and the General Code of Conduct for Authorised Financial Services Providers and Representatives ('GCC'))*

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## 1. CONFLICT OF INTEREST

- 1.1 Section 3 of the GCC provides that a financial services provider such as Pointbreak and its representatives must avoid, and where this is not possible, mitigate, any conflict of interest between Pointbreak or the financial product provider or the representative involved and the client.
- 1.2 **Definition:** A conflict of Interest for the purposes of FAIS means any situation in which Pointbreak or one of its representatives has an actual or potential interest that may, in rendering a financial service to a client:
- 1.2.1 influence the objective performance of his, her or its obligations to that client or,
  - 1.2.2 prevent Pointbreak 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; or
    - iii) any relationship with a third party.
- 1.3 Given the nature of the services rendered by Pointbreak, Pointbreak may only receive or offer representatives (section 3A (1) (a) of the GCC):
- 1.3.1 fees for the rendering of a financial service in respect of which commissions under the Long-Term Insurance Act, the Short-Term Insurance Act and the Medical Schemes Act are not paid if these fees are
    - i) specifically agreed to by a client in writing; and
    - ii) may be stopped at the discretion of that client;
  - 1.3.2 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.

1.3.3 financial interest 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.

1.4 Pointbreak may not offer any financial interest to any representatives for:

1.4.1 giving preference to the quantity of business secured from Pointbreak to the exclusion of the quality of the service rendered to clients; or

1.4.2 giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or

1.4.3 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.

1.5 A conflict of interest will clearly exist were Pointbreak to receive remuneration from more than one party to a transaction.

## **1.6 Disclosure:**

1.6.1 Where a conflict of interest does arise, Pointbreak or its representative must at the earliest reasonable opportunity (section 3(c) of the GCC):

i) make full disclosure of all Pointbreak's fees has been made to all the parties to the transaction that are paying Pointbreak fees;

ii) disclose the impact that such fee arrangement could have on Pointbreak's advice has been explained to the parties in writing;

iii) ensure that the parties have agreed to this fee arrangement in writing; and

iv) advise the parties that they can terminate this arrangement at any time on written notice to Pointbreak and the other parties to this fee arrangement.

1.6.2 All conflicts of interest (potential or actual) are to be reported at the weekly projects meetings to Pointbreak's Key Individual(s). The Key Individual(s) are to decide on a manner to resolve the conflict of interest and the Representative(s) involved are obliged to give effect to the decision of the Key Individual(s). Where, in the opinion of the Key Individual(s) a conflict of interest has occurred, the Key Individual(s) are obliged to report such event to the Compliance Officer. (GCC 3A(2)(i) (b)(aa) to (dd)).

## **1.7. Consequences of Non-disclosure:**

1.7.1. A Representative responsible for having his or her interests conflicted will face a disciplinary enquiry which will be chaired by one of Pointbreak’s Key Individuals or Pointbreak’s Compliance Officer, the outcome of which may be that the Representative be debarred if he or she is found to have contravened to provisions of the GCC (GCC3A(2)(A)(ee)).

1.7.2 Representatives will be offered the financial incentives determined by Pointbreak’s Remuneration Committee. This remuneration will be in the form of a basic salary and a discretionary annual bonus (GCC 3(A)(2)(b)(ii)).

**1.8. Associates and Shareholders:**

1.8.1 The following is a diagram of all Pointbreak’s associates, the entities as defined in the GCC (GCC 3A)(2)(b)(ee)(ii) to (vii)). Pointbreak is owned in equal proportions by Pointbreak Holdings (Pty) Ltd and the trustees for the time being of the Cape Messum Trust, which is registered in Namibia.

