

## **CODE OF CONDUCT**

### **1. INTRODUCTION**

- 1.1 Letsatsi Finance & Loan (Pty) Ltd (“Letsatsi”) is a financial service provider (FSP) whose primary business is that of a micro financier to personal clients and in so doing, also provides credit protection insurance.
- 1.2 The code of conduct was drafted to give effect to section 15 and 16 of the Financial Advisory and Intermediary Services Act (FAIS) as well as the general code of conduct published under FAIS.

### **2. PURPOSE, SCOPE AND OBJECTIVES**

- 2.1 The purpose of the code of conduct is to ensure that the clients being rendered financial services will be able to make informed decisions, that their reasonable financial needs regarding financial products will be appropriately and suitably satisfied.
- 2.2 The objective of the code of conduct is to provide a clear framework of the conduct expected from Letsatsi and their representatives. This code of conduct applies to all Letsatsi employees and representatives.

### **3. DEFINITIONS**

- 3.1 **“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, -
- influence the objective performance of his, her or its obligations to that client; or
  - 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 financial interest;
  - an ownership interest;
  - any relationship with a third party

#### **4. CODE OF CONDUCT PRINCIPLES**

In order to fulfil the objectives of this code of conduct as well as protect the interests of the client, Letsatsi is committed to-

- act honestly and fairly, and with due skill, care and diligence, in the interests of clients and the integrity of the financial services industry;
- have and employ effectively the resources, procedures and appropriate technological systems for the proper performance of professional activities;
- seek from clients appropriate and available information regarding their financial situations, financial product experience and objectives in connection with the financial service required;
- act with circumspection and treat clients fairly in a situation of conflicting interests;
- comply with all applicable statutory or common law requirements applicable to the conduct of business;
- act honourably, professionally and with due regard to the convenience of the client;
- at the commencement of any contact, visit or call initiated by Letsatsi, explain the purpose thereof;
- at all times have and effectively employ the resources, procedures and appropriate technological systems that can reasonably be expected to eliminate as far as reasonably possible, the risk that clients, product suppliers and other providers or representatives will suffer financial loss through theft, fraud, other dishonest acts, poor administration, negligence, professional misconduct or culpable omissions and
- not request or induce in any manner a client to waive any right or benefit conferred on the client, or recognise, accept or act on any such waiver by the client, and any such waiver is null and void.

#### **5. DISCLOSURES**

5.1 When Letsatsi renders a financial service, any disclosures or representations made and information provided to a client by Letsatsi -

- must be factually correct;
- must be provided in plain language, avoid uncertainty or confusion and not be misleading – refer to the Letsatsi Language Policy available on [www.letsatsifinance.co.za](http://www.letsatsifinance.co.za);

- must be adequate and appropriate in the circumstances of the particular financial service, taking into account the factually established or reasonably assumed level of knowledge of the client;
- must be provided timeously so as to afford the client reasonably sufficient time to make an informed decision about the proposed transaction;
- may, subject to the provisions of this Code, be provided orally and, at the client's request, confirmed in writing within a reasonable time after such request;
- must, where provided in writing or by means of standard forms or format, be in a clear and readable print size, spacing and format;
- must, as regards all amounts, sums, values, charges, fees, remuneration or monetary obligations mentioned or referred to therein and payable to the product supplier or the provider, be reflected in specific monetary terms: Provided that where any such amount, sum, value, charge, fee, remuneration or monetary obligation is not reasonably pre-determinable, its basis of calculation must be adequately described; and
- need not be duplicated or repeated to the same client unless material or significant changes affecting that client occur, or the relevant financial service renders it necessary, in which case a disclosure of the changes to the client must be made without delay;

5.2 An advertisement by Letsatsi may not contain any statement, promise or forecast which is fraudulent, untrue or misleading, if it contains performance data (including awards and rankings), include references to their source and date, illustrations, forecasts or hypothetical data.

5.3 Where Letsatsi advertises a financial service by telephone-

- an electronic, voice-logged record of all communications must be maintained. Where no financial service is rendered as a result of the advertisement, such record need not be maintained for a period exceeding 45 days;
- a copy of all such records must be provided on request by the client or the registrar within 7 days of the request.

5.4 Where Letsatsi advertises a financial service by means of a public radio service, the advertisement must include the business name of the provider.

5.5 When Letsatsi makes use of directing marketing, Letsatsi must, when rendering a financial service to or on behalf of a client, at the earliest reasonable opportunity furnish the client with the following particulars:

- the business or trade name of Letsatsi;
- confirmation whether Letsatsi is a licensed financial service provider and details of the financial services which Letsatsi is authorised to provide in terms of the relevant license and any conditions or restrictions applicable thereto;
- telephone contact details of direct marketer (unless the contact was initiated by the client);
- telephone contact details of the compliance department of the direct marketer;
- whether Letsatsi holds professional and indemnity insurance;

## **6. INFORMATION ON FINANCIAL PRODUCTS**

6.1 Letsatsi may not, in dealing with a client, compare different financial products, product suppliers, providers or representatives, unless the differing characteristics of each are made clear, and may not make inaccurate, unfair or unsubstantiated criticisms of any financial product, product supplier, provider or representative.

6.2 Letsatsi will provide a reasonable and appropriate general explanation of the nature and material terms of the relevant contract or transaction to a client, and generally make full and frank disclosure of any information that would reasonably be expected to enable the client to make an informed decision;

6.3 Whenever reasonable and appropriate, Letsatsi will provide to the client any material contractual information and any material illustrations, projections or forecasts in the possession of Letsatsi. At the earliest reasonable opportunity, Letsatsi will provide, where applicable, full and appropriate information of the following:

- name, class or type of financial product concerned;
- nature and extent of benefits to be provided, including details of the manner in which such benefits are derived or calculated and the manner in which they will accrue or be paid;
- the nature and extent of monetary obligations assumed by the client, directly or indirectly, in favour of Letsatsi, including the manner of payment or discharge thereof,

the frequency thereof, the consequences of non-compliance and any anticipated or contractual escalations, increases or additions;

- the nature, extent and frequency of any incentive, remuneration, consideration, commission, fee or brokerages, which will or may become payable to Letsatsi, directly or indirectly;
- concise details of any special terms or conditions, exclusions of liability, waiting periods, loadings, penalties, excesses, restrictions or circumstances in which benefits will not be provided;
- any guaranteed minimum benefits or other guarantees;
- to what extent the product is readily realisable or the funds concerned are accessible;
- any restrictions on or penalties for early termination of or withdrawal from the product, or other effects, if any, of such termination or withdrawal;
- material tax considerations;
- whether cooling off rights are offered and, if so, procedures for the exercise of such rights;

6.4 Letsatsi will inform the client adequately in regard to the completion or submission of any transaction requirement-

- that all material facts must be accurately and properly disclosed, and that the accuracy and completeness of all answers, statements or other information provided by or on behalf of the client, are the client's own responsibility;
- that if the provider completes or submits any transaction requirement on behalf of the client, the client should be satisfied as to the accuracy and completeness of the details;
- of the possible consequences of the misrepresentation or non-disclosure of a material fact or the inclusion of incorrect information; and
- that the client must on request be supplied with a copy or written or printed record of any transaction requirement within a reasonable time.

6.5 No provider may in the course of the rendering of a financial service request any client to sign any written or printed form or document unless all details required to be inserted thereon by the client or on behalf of the client have already been inserted.

6.6 Letsatsi must, where applicable, at the request of a client, provide the client with a statement of account in connection with any financial service rendered to the client.

## **7. CONFLICT OF INTEREST**

7.1 Letsatsi or a representative will avoid and where this is not possible mitigate, any conflict of interest between the provider and a client or the representative and a client – refer to the Letsatsi Conflict of Interest Policy available on [www.letsatsifinance.co.za](http://www.letsatsifinance.co.za).

7.2 Letsatsi or a representative must, in writing, at the earliest reasonable opportunity disclose to a client any conflict of interest in respect of that client, including -

- the measures taken, in accordance with the conflict of interest management policy of the Letsatsi, to avoid or mitigate the conflict;
- any ownership interest or financial interest, other than an immaterial financial interest, that the provider or representative may be or become eligible for;
- the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to a client to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest; and
- the service must be rendered in accordance with the contractual relationship and reasonable requests or instructions of the client, which must be executed as soon as reasonably possible and with due regard to the interests of the client which must be accorded appropriate priority over any interests of the provider;
- transactions of a client must be accurately accounted for; and
- the provider involved must not deal in any financial product for own benefit, account or interest where the dealing is based upon advance knowledge of pending transactions for or with clients, or on any non-public information the disclosure of which would be expected to affect the prices of such product.

## **8. RECORD KEEPING**

8.1 Letsatsi has appropriate procedures and systems in place to-

- record such verbal and written communications relating to a financial service rendered to a client;
- store and retrieve such records and any other material documentation relating to the client or financial service rendered to the client; and
- keep such client records and documentation safe from destruction.

8.2 All such records must be kept for a period of five years after termination, to the knowledge of the provider, of the product concerned or, in any other case, after the rendering of the financial service concerned.

8.3 Records may be kept in an appropriate electronic or recorded format, which are accessible and readily reducible to written or printed form.

## **9. PRIVATE AND CONFIDENTIAL INFORMATION**

9.1 Letsatsi may not disclose any confidential information acquired or obtained from a client or a product supplier in regard to such client or supplier, unless the written consent of the client or product supplier, as the case may be, has been obtained beforehand or disclosure of the information is required in the public interest or under any law.

9.2 Private and confidential information will be processed in accordance with the Protection of Personal Information Act 4 of 2013 (POPI). Refer to the Letsatsi Privacy Policy available at [www.letsatsifinance.co.za](http://www.letsatsifinance.co.za).

## **10. TERMINATION OF AGREEMENT / BUSINESS**

Letsatsi must, subject to any contractual obligations, give immediate effect to a request of a client who voluntarily seeks to terminate any agreement with the provider or relating to a financial product where the client makes the request on the advice of the provider, the provider must take reasonable steps to ensure that the client fully understands all the implications of the termination.

## **11. COMPLAINTS**

Any complaints can be lodged in accordance with the Letsatsi Complaints Policy available at [www.letsatsifinance.co.za](http://www.letsatsifinance.co.za).