BLACK ONYX

ALTERNATIVE INVESTMENTS

TREATING CUSTOMERS FAIRLY

Black Onyx Alternative Investments (Pty) Ltd (2015/310027/07) is an accredited FSP - 47701

Trading as BLACK ONYX

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INTRODUCTION

The Treating Customers Fairly (TCF) initiative is a key component of the Financial Services Board's broader consumer protection and market conduct mandate. TCF is an outcomes-based regulatory and supervisory approach designed to ensure that specific, clearly articulated fairness outcomes for financial services consumers are delivered by regulated financial firms.

BLACK ONYX incorporates TCF into the way that we conduct business every day and in the way that we deal with our clients. We may not outsource this responsibility to another party, although our compliance officer may provide guidance and assistance with regards to incorporating TCF into our business.

Our approach to TCF is reflected into the following organisational structures and processes:

Leadership: The Board and management provide direction and monitor the delivery of TCF behaviours and outcomes.

Strategy: The TCF aims are not merely stated vision and values, but built into our strategic and business plans.

Decision-making: Decision-making protocols ensure that all decisions that impact on customers are subject to the challenge implicit in our TCF strategy.

Governance and controls: Our governance structures and control mechanisms are designed to cater for TCF considerations and include TCF measurement systems and identification of TCF risks.

Performance management: Our staff and representatives are trained to deliver appropriate TCF outcomes. TCF deliverables form part of our staff performance contracts and performance is evaluated in terms of TCF competence and expectations.

Reward: Our remuneration, incentive and reward policies take cognizance of fair customer outcomes and ensure that conflicts of interest are avoided.

THE SIX TREATING CUSTOMERS FAIRLY FAIRNESS OUTCOMES

We have incorporated the following 6 TCF outcomes into our business operations:

Outcome 1: Customers are confident that they are dealing with a firm where the fair treatment of customers is central to the firm culture.

a. Is our board involved with TCF decisions and communicating to staff about it?
b. If we are your own client, would we be happy with the way we are treated?
c. Do we talk about the treatment of clients and do we have a unified approach amongst our staff?
d. In terms of section 2 of the FAIS General Code of Conduct we must at all times render financial services honestly, fairly, with due skill, care and diligence and in the interests of clients and the integrity of the financial services industry. How do we currently comply with this section?
e. Do we do a due diligence on other businesses before contracting with them?
f. Have our board and executive management thought about the strategic implications of TCF and how we treat our clients?
g. Is TCF a standing agenda point at all our investment committee meetings?
h. How has TCF responsibility been allocated to management and staff?
i. How have we built TCF into our reward structures?
j. What is the level of staff awareness of TCF?

k. What TCF governance structures, controls and management information do we need to develop?
l. Does our risk management plan incorporate TCF principles and are these monitored on an on-going basis?
m. How does our conflict of interest policy deal with specific conflict of interest issues?
n. How does our Personal Trading policy deal with specific conflict of interest issues?

Outcome 2: Products and services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly.

a. Do we understand our clients, their financial situation and their financial needs?
b. Do we understand what the products really do and how they match the needs of our clients?
c. Do we conduct due diligence on all the funds/products/providers that we offer?
d. In terms of Section 8 of the FAIS General Code of Conduct we must do a suitability analysis prior to providing a client with advice. How do we do this?
e. In terms of section 4 of the FAIS Discretionary Code we must - prior to entering into a written or electronic mandate with a client - obtain information with regard to the client's financial circumstances, needs and objectives and such information that is necessary to enable us to render suitable intermediary services to the client. How do we comply with this section?
f. To what extent do we consider the profile of the end client when designing products or constructing funds (i.e. structuring portfolios and their charges)?
g. Would we know whether our funds/products were being sold into the wrong target markets? If so, what would we do about it?
h. Would TCF standards influence our choice of who we allow to 'wrap' or distribute our products or whose platform we put them on?
i. What due diligence do we undertake when deciding to structure products/portfolios?

j. Do we have sufficient details about our clients and our clients' existing positions?
k. Do we understand who the client is? (could be more than one client e.g. pension fund, broker force, administrator, trustees)

Outcome 3: Customers are given clear information and are kept appropriately informed before, during and after the time of contracting.

a. Do we use clear explanations of the products when talking to our clients?
b. Are the mechanics and risk profile of the product disclosed to the client in plain language?
c. Do we keep our clients informed of our own processes and information required by others in the value chain?
d. Do we guide clients about the information required by product suppliers?
e. In terms of section 7 of the General Code of Conduct we must 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. How do we disclose information in terms of section?
f. Do we consider the end client when we develop marketing and product disclosure material (e.g. fund fact sheets, other marketing material, websites)? Do we test it with clients/IFAs?
g. Do we review the quality and accuracy of material used by others who market or distribute our products?
h. What would we do if we discovered misrepresentation of our products/services?
i. Are we accessible to end clients who may need information on our products?
j. What controls do we have in place to ensure our product/service information remains current?

Outcome 4: Where customers receive advice, the advice is suitable and takes account of their circumstances.

a. In terms of Section 8 of the FAIS General Code of Conduct we must do a suitability analysis prior to providing a client with advice. Do we conduct a suitability analysis?
b. Do we check the client's needs against the recommendations?
c. Does your record of advice comply with the FAIS General Code of Conduct and contain all required disclosures?
d. Do we consider all requirements relating to replacement products?
e. In terms of section 6(1) of the FAIS Discretionary Code we must furnish a written report to a client which complies with certain requirements. How do we comply with this section?
k. What insight do we have into the quality of advice provided about our products/portfolios/services?
l. Do we consider whether the advisers who provide advice on our products/ portfolios/services have the adequate knowledge thereof?
m. What would we do if we discovered mis-selling of our products?
n. Do advisers have reasonable access to any information they may need to advise on our products/ portfolios/services?
o. Do we monitor the adviser/client behaviour to alert us to possible inappropriate advice?
p. Do we have management information that we could mine for trends, e.g. complaints about specific IFAs?
q. Do we provide sufficient information about the features and risks of the fund/ portfolio?
r. Is accountability in terms of this outcome clearly defined in the value chain?

Outcome 5: Customers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect.

a. Do we check product performance before we offer to our clients?
b. Do we give feedback to product suppliers about their products and services?
c. How do we select funds? What do we consider in the process? Do we have a clear understanding with all others in the value chain around this?
d. Who is responsible for managing investment performance expectations?
e. Whose job is it to mitigate risk for clients if we deliver poor investment performance or breach mandates?
f. Who is responsible for keeping clients informed of environmental changes that could result in products not meeting the expectations?
g. Do we have adequate service liaison structures in place to ensure the end client receives reasonable service?
h. Do we consider the client service standards of those who market or distribute our products?
i. How do we deal with errors?
j. What happens if there was a profit as a result of an error? Who does it belong to?
k. Do we do client reimbursement?
l. Do we conduct assessments with FSPs in terms of service levels and standards if the FSP is the end client?
m. Do we conduct feedback assessments in terms of whether the products are suited to what the product supplier said it would?
n. Is accountability in terms of this outcome clearly defined in the value chain?

Outcome 6: Customers do not face unreasonable post-sale barriers to change product, switch provider, submit a claim or make a complaint.

a. When we provide after-sales services, is it easy for clients to contact us for assistance?
b. Do we make it a priority to assist clients who have complaints?

c. If an IFA contacts us on behalf of a client, do we have processes to assist him/her?
d. What insight do we have into the types of end client complaints relating to our funds/products – directly or indirectly?
e. How easy is it for an end client to complain to us?
f. Do we consider the end client's position when dealing with complaints from others in the value chain?
g. Do we have a policy for client redress? Does it deal with affected clients that have not complained?