



## **CONFLICT OF INTEREST MANAGEMENT POLICY**

**Steve Slatter Insurance Brokers (Pty) Ltd**

**An Authorised Financial Services Provider FSP 10663**

**The purpose of the Conflict of Interest Management Policy is to identify any potential conflicts as described in Board Notice 58 of 2010 and disclose how the conflicts will be mitigated if not avoidable**

### **Accessibility of “Conflict of Interest Management Policy” and method of Publication**

The policy is accessible in electronic or printed format from our office during office hours.

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## **SECTION 1: CONFLICT OF INTEREST MANAGEMENT POLICY**

### **1. Purpose of the Management Policy**

The Financial Services Board (FSB) published amendments to the General Code of conduct for Authorised Financial Services Providers in Board Notice 58 of 2010 (Government Gazette 33133 dated 19<sup>th</sup> April 2010).

These amendments introduced:-

- Principle based regulations to ensure better management of conflict of interest
- Prohibition of certain financial interest in addition to management responsibility to manage conflict of interests, which, according to the FSB, were necessitated by the inherent culture of non-compliance.
- Non-interference with employee-employer relationships
- Guidelines to ensure conflict of interest management

### **2. Objectives**

- Comply with FAIS Legislation
- Disclose any conflict of interest
- Management directive and process for any conflict of interest

### **3. Definition of Conflict of Interest**

- A Conflict of Interest involves the Conflicted person to perform his duties, sell his skills or act in any manner where he does so for own benefit (interest) and to the actual or potential detriment of his employer, client or any other person.
- A Conflict of Interest in the financial services industry is a situation in which financial or other personal considerations have the potential to compromise advice given or influence professional judgment and objectivity. A potential Conflict of Interest involves a situation that may develop into an actual Conflict of Interest regardless of whether or not decisions are affected by a personal interest.
- The existence of a Conflict of Interest may in itself not be an undesirable practice. The nature and monetary value of any such Conflict must be

disclosed to the client prior to the rendering of advice, and confirmed in the record of advice, and in a separate register.

- The General Code of the FAIS ACT defines Conflict of Interest as follows:-  
Any situation in which a Financial Services Provider or a representative has an actual or potential interest that may, in rendering a financial services to a client:-
  - a) Influence the objective performance of his, her or its obligations to that client; or
  - b) Prevent a Financial Services 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:-
    - i) A financial interest,
    - ii) An ownership interest,
    - iii) Any relationship with a third party.

#### 4. Definitions of concepts as contained in the General Code of Conduct

The FSB has issued Board Notice 58 of 2010 to eradicate any misconceptions as to what constitutes Conflict of Interest and the manner of disclosure thereof.

|                                       |   |
|---------------------------------------|---|
| Associate                             | If it is a <b>natural person</b> it means:<br>Spouse, life partner, child, adopted child, parent, stepparent, stepchild or spouse of any of the aforementioned.<br>Curator of the natural person.<br>Anybody in a commercial relationship with the person.  |
|                                       | If it is a <b>juristic person</b> it means:<br>If a company it includes its holding company and subsidiaries.<br>If a close corporation – any member thereof.<br>Any person that may direct a company's board of directors.<br>Any trust controlled by an associated person.  |
| Company, subsidiary & holding company | Has the meaning ascribed to these concepts in the Companies Act   |
| Conflict of Interest                  | As described in this policy: Point 3 of Section 1   |
| Distribution channel                  | Support services offered by a product supplier to Financial Service Providers to render financial services to clients.<br>The arrangement between Financial Services Providers to facilitate their relationship with a product supplier.<br>The arrangement between product suppliers to facilitate their relationship with Financial Services Providers. |
| Fair value                            | Has the meaning ascribed to it in the Companies Act and is a financial reporting standard.  |
| Financial Interest                    | Includes:<br><ul style="list-style-type: none"> <li>➤ Cash or cash equivalent, voucher, gift, service, advantage, benefit, discount, hospitality, domestic and foreign travel, accommodation, incentive and valuable consideration.</li> </ul> Excludes:<br><ul style="list-style-type: none"> <li>➤ Any ownership interest</li> </ul>                    |

|                               |  |
|-------------------------------|--|
|                               | <ul style="list-style-type: none"> <li>➤ Training that is not exclusive or for a selected group of persons on aspects such as product training, financial industry information sessions or information technology training relating to the industry. The company that provides the training or pays for it may however not pay for the travel to or accommodation at the training facility.</li> </ul> |
| Immaterial financial interest | The maximum amount of benefits (or gifts) that a representative may receive from any specific product supplier or other third party is of R1,000 per year per representative.  |
| Ownership interest            | Equity or a proprietary interest in a Financial Services Provider and that was acquired at fair value including dividends, profit share or similar benefits that derive from the ownership. Excluding equity held as an approved nominee on behalf of a person (as a financial service).   |
| Third Party                   | Product suppliers and associate entities, other FSP's, any distribution channel and any other person that provides services to a FSP on behalf of any of the aforementioned.   |

## 5. Objectives of the Management Policy

- To comply with the standards and prescriptions set by the Financial Services Board
- To adopt this policy to ensure compliance with the Conflict of Interest Regulations
- To ensure that all representatives of the FSP are aware of what constitutes such Conflict and, through this awareness, ensure that Key Individuals and Representatives do not find themselves in situations where there may be a Conflict between their own Interest and that of the FSP or Client

## 6. Management Statement on Conflict of Interest

The Management of SSIB accepts the company's responsibilities by the FAIS Act and the Code as well as its general obligation to transact with clients, potential clients and the general public in an open and transparent manner. In order to protect the interest of clients, the Conflict of Interest Management Policy sets out to achieve:

- To avoid, or where avoidance is not possible to mitigate any conflict of interest between the provider or representative and clients;
- To identify circumstances which may give rise to actual or potential Conflict of Interest entailing material risk of damage to the interest of clients;

- To establish and implement systems to manage and such Conflicts; and
- To maintain systems to prevent and/or minimise damage to the interests of clients.
- To provide appropriate disclosure of the Conflict to affected clients.
- To implement consequences of non-compliance with the policy by the provider's employees and representatives.

## **7. Application of the definition of Conflict of Interest**

In determining whether there is or may be a Conflict of Interest to which this policy applies, SSIB will consider whether there is a material risk of damage to the client, taking into account whether the FSP or its representative:-

- Is likely to make a financial gain or avoid a financial loss at the expense of the client;
- Has any interest in the outcome of a service provided to or transaction carried out on behalf of the client which is distinct from the client's interest in that outcome;
- Receives from any person other than the client an inducement in relation to a service provided to the client in the form of monies, goods or services, other than the legislated commission or reasonable fee for that service;
- Has a financial or other incentive to favour the interest of another client, or any other third party over the interests of the client

## **8. Remuneration Model for Representatives and Employees**

### **Method of Remuneration**

- a) Representatives and employees will receive a salary as their remuneration. Compliance with the requirements of FAIS forms an important part of job descriptions.
- b) Employment Contracts make no reference to financial interest for preference to a specific product supplier or product
- c) SSIB may earn commissions or fees as set out in their Information Disclosure Document (attached)

## **9. Conflict of Interest Management Policy**

### **Control Measures**

- a) Representatives and employees respect the confidentiality of client information. No such information may be disclosed to a third party without the written consent of a client.
- b) The Key Individual in charge of supervision and monitoring of this policy will regularly provide feedback on all related matters and review annually.
- c) Where there is no alternate method of managing a Conflict, or where the measures in place do not sufficiently protect clients' interest, the Conflict must be fully disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned.
- d) We will decline to act for a client if we believe that a Conflict of Interest cannot be avoided.
- e) Representatives and Employees will receive training in order to be able to identify potential and actual Conflict of Interest.

### **Avoidance of Conflict of Interest**

- a) SSIB will ensure all Representatives and Employees have an understanding of the Conflict of Interest Policy, and adopt the control measures.
- b) Key Individuals will conduct regular inspections on financial interests proposed or received in order to avoid non-compliance.
- c) SSIB will keep a register of Conflict of Interest.

## **10. Internal Conflict of Interest**

This includes any situation where a Representative or Employee is placed in a situation where he or she competes with the company. The company requires good faith from its employees and officers and any actual or potential Conflict should be disclosed.

## **11. Consequences of non-compliance**

Any person that fails to adhere to the policy will be subject to disciplinary action. If found guilty on any contravention of the Conflict of Interest requirements, an employee will be dismissed and if he or she is a representative, debarment procedures will be instituted and the FSB informed thereof.

## SECTION 2: RESPONSIBLE PERSON

In order to ensure that SSIB complies with the various Acts and Regulations that governs Conflict of Interest and Corruption and to protect the rights of whistle-blowers, SSIB has appointed **Steve Slatter** as the responsible person.

The responsible person shall maintain all registers associated with this policy, ensure that employees adhere to the prescriptions and methodologies laid down in terms of his policy, update the policy when necessary and ensure proper communication thereof to all existing and new employees.

The policy shall be updated and new measures instituted as required by changes in legislation and determined by the company's operations. Changes that may affect the policy will be communicated by the FSB or regulatory authorities to the company or its compliance officer.

Signed and implemented on this 10<sup>th</sup> day of March 2011

A handwritten signature in black ink, appearing to read 'S J Slatter', written in a cursive style.

**S J Slatter**

Responsible Person, C.O.I. Policy, SSIB

## SECTION 3: RECORD KEEPING

The following registers and documentation dealing with Conflict of Interest situation have been instituted and must be used by personnel at all relevant times:

### **Registers:**

- Register of gifts given or received
- Conflict of Interest Register
- List of Associates
- Ownership interest in Third Parties – SSIB does not have ownership interests in any Third Party Companies

### **Documentation:**

- Disclosure notice notes the existence of Conflict of Interest Management Policy and accessibility thereof
- Commissions & fees disclosure
- Honesty and integrity undertaking