

Group Conflict of Interest Policy

STATUS : ISSUED



Group Conflict of Interest Policy

1 Purpose of the policy

- 1.1.1 In terms of the Financial Advisory and Intermediary Services Act, 2002 (“FAIS”), and the General Code of Conduct for Authorised Financial Services [Providers](#) (“the Code”) promulgated in terms thereof, the following entities within the Assupol Group of companies (“Assupol Group”) are required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, manage and monitor [conflict of interest](#):

Entity name	Registration number
Assupol Life Limited	2010/025083/06
Cornerstone Brokers Corporate (Proprietary) Limited	1996/011902/07
Kestrel Financial Solutions (Proprietary) Limited	1995/009819/07

- 1.1.2 Section 3A of the Code specifically requires the compilation and enforcement of a ‘[Conflict of Interest](#)’ management Policy, and this document is the required policy (“Policy”) for the Assupol Group.

2 Who is affected by this policy?

This policy applies to all employees, representatives, intermediaries, non-executive directors, [associates](#) and contractors of the Assupol Group.

3 Policy statements

3.1 *Interpretation*

- 3.1.1 Unless otherwise clearly specified to the contrary, all words and expressions used in this Policy shall have the same meaning ascribed thereto in FAIS and the Code.

3.2 *Specific Requirements for the Policy set out in the Code*

In terms of the Code, the Policy is amongst others required to contain the following, namely that it should –

- 3.2.1 provide for the management of conflicts of interest as defined in the Code, and -
- mechanisms for the identification of conflicts of interest;
 - measures for the avoidance of conflicts of interest, and where avoidance is not possible, the reasons therefore and the measures for the mitigation of such conflicts of interest;
 - measures for the disclosure of conflicts of interest;
 - processes, procedures and internal controls to facilitate compliance with the policy; and
 - consequences of non-compliance with the policy by the [provider](#)’s employees and representatives; and

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- 3.2.2 specify the type of and the basis on which a representative will qualify for a [financial interest](#) that the [provider](#) will offer a representative and motivate how that [financial interest](#) complies with section 3A(1)(b) of the Code;
- 3.2.3 include a list of all its [associates](#);
- 3.2.4 include the names of any third parties in which the [provider](#) hold an [ownership interest](#);
- 3.2.5 include the names of any third parties that holds an [ownership interest](#) in the [provider](#); and
- 3.2.6 include the nature and extent of the [ownership interest](#) referred to in section 3.2.4 and 3.2.5; and
- 3.2.7 be drafted in an easily comprehensible form and manner.

The specific items listed are addressed in the remainder of this document.

3.3 General principles relating to the management of [conflict of interest](#)

- 3.3.1 Assupol Group shall strive towards ensuring that it is able to appropriately and effectively identify and manage potential [conflict of interests](#).
- 3.3.2 The Code imposes the following limitations on Assupol Group on the payment and receipt of [financial interest](#) from and to a [third party](#), namely that the payment and receipt of such [financial interest](#) shall be limited to
 - a) commissions authorised in terms of applicable legislation; or
 - b) fees authorised in terms of applicable legislation, or fees or remuneration for services rendered to a [third party](#), if those fees are reasonably commensurate to the service being rendered; or
 - c) fees for the rendering of a service in respect of which commission or fees above is not paid, if those fees are specifically agreed to by a client in writing and may be stopped at discretion of the client; or
 - d) a limited [immaterial financial interest](#) as defined; or
 - e) a [financial interest](#) for a consideration or fair value that is reasonably commensurate to the value of the [financial interest](#) that is paid by the [provider](#) or representative at time of receipt thereof.
- 3.3.3 In addition, the Code imposes the following limitations on Assupol Group on the payment to a representative of Assupol Group for
 - a) giving preference to the quantity of business secured for the [provider](#) to the exclusion of quality of service rendered to clients; or
 - b) giving preference to a specific product supplier where more than one supplier can be recommended to a client; or
 - c) giving preference to a specific product of a supplier where more than one product of that supplier can be recommended.

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- 3.3.4 In determining whether there is or may be a [conflict of interest](#) to which the Policy applies, Assupol Group shall consider whether Assupol Group or a Assupol Group representative, [associate](#) or employee –
- a) is likely to make a financial gain, or avoid a financial loss, at the expense of the client; or
 - b) 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; or
 - c) 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; or
 - d) 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 monies, goods or services, other than the legislated commission or reasonable fee for that service.
- 3.3.5 Our Policy defines possible conflicts of interest as amongst others -
- a) [conflict of interests](#) between Assupol Group and the client;
 - b) [conflict of interests](#) between our clients if we are acting for different clients and the different interests conflict materially;
 - c) conflicts of interest where [associates](#), product suppliers, distribution channels or any other [third party](#) is involved in the rendering of a financial service to a client; and
 - d) any payments made or received in contravention of the provisions of the Code; and
 - e) holding confidential information on clients which, if we would disclose or use, would affect the advice or services provided to clients.

3.4 Measures to promote compliance

Mechanisms for the identification and avoidance of conflicts of interest

- 3.4.1 Assupol Group shall on a continuous basis ensure that its employees, representatives and, where appropriate, [associates](#) are aware of the provisions of FAIS, the Code of Ethical Conduct and the contents of this Policy through the provision of appropriate training and educational material.
- 3.4.2 The employees and representatives of Assupol Group shall have an ongoing obligation to report to the Assupol Compliance Department should it become aware of the existence of any [conflict of interest](#).
- 3.4.3 To the extent that a [conflict of interest](#) is identified, the Assupol Compliance Department shall record such [conflict of interest](#) in a Conflict of Interest Register (“Conflicts Register”) maintained by the Assupol Compliance Department, and appropriate measures shall be recommended by the Assupol Compliance Department and recorded in the Conflicts Register to –
- a) avoid the [conflict of interest](#); or
 - b) where the [conflict of interest](#) cannot be avoided, the reasons therefore and the measures for the mitigation of such conflicts of interest recommended.

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3.4.4 The Assupol Compliance Department shall do regular inspections on all commissions, remuneration, fees and [financial interests](#) proposed or received in order to avoid non-compliance with the terms of this Policy and the Code.

Measures for the disclosure of conflicts of interest

3.4.5 Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect clients' interests, the [conflict of interest](#) must be disclosed to allow clients to make an informed decision on whether to continue using our service in the situation concerned.

3.4.6 In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients.

Processes, procedures and internal controls to facilitate compliance with the Policy

3.4.7 The Assupol Compliance Department shall ultimately be responsible for the enforcement of the provisions of this Policy and the Code, and mainly through the maintenance of the Conflicts Register.

3.4.8 Reporting on the implementation, monitoring, accessibility and compliance with this Policy shall be included in the annual compliance report prepared and submitted by the Assupol Compliance Department.

3.4.9 In addition, every employee and representative of Assupol Group shall be obliged to fully disclose the provision or receipt of any [financial interest](#) that could impair or be perceived to impair his/her ability to act with integrity or objectivity in his/her role at Assupol Group in accordance with the provisions of the Assupol Code of Ethical Conduct. The disclosures received and decisions on the permissibility thereof shall be included in the Conflicts Register.

The remuneration of Assupol Group representatives

3.4.10 Assupol Group shall adhere to the principles of the Code in determining the [financial interest](#) payable to its representatives by also taking into account the quality of business sourced by the representative. The quality of business shall be included in the calculation by calculating in respect of each representative the applicable premium recovery rates and business retention percentages and including these figures in the calculation of remuneration payable to representatives.

Publication

3.4.11 The Policy will be published in the appropriate media and Assupol Group will ensure that it is easily accessible for public inspection at all reasonable times.

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3.5 Associates / Group Structure

Name and holding details	Registration number
Assupol Holdings Limited ("HoldCo") ➤ Holding Company	2010/015888/06
Assupol Life Limited ➤ Wholly-owned Subsidiary of HoldCo	2010/025083/06
Assupol Investment Holdings (Proprietary) Limited ("InvestCo") ➤ Wholly-owned Subsidiary of HoldCo	2009/022370/07
Assupol Life Rwanda Investments (Proprietary) Limited ➤ Wholly-owned Subsidiary of InvestCo	2009/022367/07
Cornerstone Brokers Corporate (Proprietary) Limited ➤ Wholly-owned Subsidiary of InvestCo	1996/011902/07
Erf 26 Menlopark Shareblock (Proprietary) Limited ➤ Subsidiary of InvestCo (66.67% of the issued shares held by InvestCo)	1993/003575/07
Isambulela Group Administrators (Proprietary) Limited ➤ Wholly-owned Subsidiary of InvestCo	2002/024056/07
Kestrel Financial Solutions (Proprietary) Limited ➤ Wholly-owned Subsidiary of InvestCo	1995/009819/07
N&C Properties (Proprietary) Limited ➤ Wholly-owned Subsidiary of Prosperity Life Limited	1992/060004/07
Prosperity Life Limited ➤ Subsidiary of InvestCo (80% of the issued shares held by InvestCo)	1951/002933/06
Siebador Sewentien (Proprietary) Limited ➤ Wholly-owned Subsidiary of InvestCo	1997/007437/07

3.6 Ownership interests in the Assupol Group

3.6.1 None of the entities listed in par 1.1.1 holds any [ownership interest](#) in any [third party](#), other than mentioned in section 3.5 above.

4 How this policy will be applied

Compliance with this policy will be evaluated during the ongoing compliance reviews that are being carried out on a regular basis, specifically as per 3.4 mentioned above. The policy will be reviewed and updated on an annual basis, in the last quarter of the financial year.

5 Consequences of non-compliance to policy

5.1.1 Non-compliance with this Policy and procedures described in it may be considered to be misconduct and employees may be subject to disciplinary action that may lead to dismissal.

5.1.2 The representative agreements of representatives of Assupol Group that contravene the provisions of this Policy may under the appropriate circumstances be cancelled.

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6 Legal support for this policy

- Financial Advisory and Intermediary Services Act No. 37 of 2002
- Long Term Insurance Act No. 52 of 1998
- Short Term Insurance Act No. 53 of 1998
- Any other relevant law of the Republic of South Africa

7 Definitions (as defined in the FAIS act)

Associate

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;

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
 - (aa) had such first-mentioned juristic person been a company; or
 - (bb) 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;

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

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	(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 (i) a financial interest; (ii) an ownership interest; (iii) any relationship with a third party
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.
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.
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 an 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.
Provider	means an authorised financial services provider, and includes a representative.
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.

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8 Associated Forms

None

9 Owner of the policy

Overall owner

Compliance Officer (Akisha Naidoo)

10 Version Control

Version	Date	Author	Details
1.0		B Meyer	Approved for 2012 Financial Year
1.1	2012/11/22	B Meyer	Updated for 2013 Financial Year, approved by Assupol Holdings BoD