



## **CONFLICTS OF INTEREST POLICY**

CompliShield Financial Group (Pty) Ltd ('CompliShield')

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An authorised Financial Services Provider FSP No: 53590

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## 1. PURPOSE AND SCOPE

The purpose of this Conflicts of interest Policy is to outline a suitable approach and response to the identification and management of conflicts of interest.

CompliShield an authorised Financial Services Provider and thus governed by the Financial Advisory and Intermediary Services Act.

## 2. DEFINITIONS

PHRASE	DEFINITION
"Conflicts of Interest"	Any circumstance described in <i>Explaining Conflicts of interest</i> below...
"FSP" or "NAME OF COMPANY"	CompliShield Financial Group (Pty) Ltd is a Financial Services Provider authorised in terms of the Financial Advisory and Intermediary Services Act 2002.
"Responsible Person"	A key individual, representative or employee of a Product Supplier or FSP.
"Financial Interest"	A financial interest includes cash, cash equivalent, voucher, gift, services, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, or other incentive, or valuable consideration other than a) an ownership interest b) training by a product supplier on products, general industry information and technical systems, that is not exclusively available to a selected group of providers or representatives except for travel and accommodation associated with that training
"Ownership Interest"	a) an equity ownership interest, for which fair value was paid by the owner, other than equity or ownership interest held by 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;
"Immaterial Financial Interest"	Any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 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 or some or all of its representatives,

aggregates the immaterial financial interest paid to its representatives

"Third Party"

a) a product supplier b) another FSP c) an associate of a product supplier or a FSP 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.

"Distribution channel"

a) any arrangement between a product supplier or any of its associates and one or more providers or any of its associates in terms of which arrangement, any support or service is provided to the provider or providers in rendering a financial service to a client; b) any arrangement between two or more providers or any of their associates, which arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier; c) any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.

"Associate"

(a) in relation to a natural person, means:

-a person who is recognised in law or the tenets of religion as the spouse, life partner -or civil union partner of that person;

-a child of that person, including a stepchild, adopted child and a child born out of wedlock;

-a parent or stepparent of that person;

-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;

-a person who is the permanent life partner or spouse or civil union partner of a person referred to in subparagraphs (ii) to (iv);

-a person who is in a commercial partnership with that person;

(b) in relation to a juristic person –

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

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;

which is not a company or a close corporation as referred to in subparagraphs (1) or (2), means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person

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(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; 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;

(c) in relation to any person –

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;

includes any trust controlled or administered by that person.

### **3. EXPLAINING CONFLICTS OF INTEREST:**

A “conflict of interest” involves the actual, apparent or potential abuse of the trust that people have in professionals. The simplest working definition states: A conflicts of interest is a situation in which financial or other personal considerations have the potential to compromise or bias professional judgment and objectivity. An apparent conflicts of interest is one in which a reasonable person would think that the professional’s judgment is likely to be compromised. A potential conflict of interest involves a situation that may develop into an actual conflicts of interest. It is important to note that a conflict of interest exists whether or not decisions are affected by a personal interest. A conflict of interest implies only the potential for bias, not the likelihood.

Conflicts of interest in terms of the FAIS Act can be described as circumstances where some or all of the interests of clients to whom a financial services provider or product supplier provides financial services or products, are inconsistent with, or diverge from, some or all of the interests of the FSP, its representatives or the product supplier.

It should be understood that the conflicting interest referred to throughout this policy may be direct or indirect (the interest might be that of the Responsible Person, that of another person such as a relative or friend of the Responsible Person, or that of an organization in which the Responsible Person or such other person has an interest).

It is not possible to list all situations which could constitute a conflict. The facts of each situation will determine whether the interest in question is such as to bring it within the area of potential conflict.

### **4. PROCEDURES FOR MANAGEMENT OF CONFLICTS OF INTEREST IDENTIFICATION**

To adequately manage conflicts of interest, CompliShield shall identify all relevant conflicts timeously. CompliShield will employ two different mechanisms to ensure that all conflicts are identified:

CompliShield shall maintain a register of identified conflicts of interest. The register will be compiled in conjunction with the board of CompliShield, and updated with all new conflicts as soon as it they are identified. The register is reviewed on an annual basis for completeness. The register identifies the conflict, the severity of the conflict and documented controls to mitigate the conflict.

All employees, including compliance officers and management, are responsible for identifying specific instances of conflict and are required to notify their business unit manager or compliance officer of any conflicts they become aware of. The business unit manager will escalate the conflict to the compliance officer, who will assess the implications of the conflict and how the conflict should be managed in conjunction with the board.

#### **4.1 Managing Conflicts of Interest**

Once a conflict has been identified it needs to be appropriately and adequately managed. Management and compliance assesses each conflict and whether the conflict is actual or perceived and what the value of the conflict or exposure is and the potential reputational risk.

Compliance and management shall decide whether it is viable to go ahead with the transaction or if the conflict is too severe, decline to act.

If Compliance and management decide that the particular conflict can be mitigated, they need to agree on the controls that should be put in place to manage the conflict. The controls have to be documented in the Conflicts of interest Register.

## 4.2 Specific Confirmations

We confirm that we will **ONLY** receive financial interest from a third party in the form of:

1. Fees for rendering a financial service in respect of which no commission or fees are paid, if those fees are specifically agreed to by the client;
2. Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
3. Subject to any other law, an immaterial financial interest.

We confirm we will not offer any financial interest to a Responsible Person for:

- Giving preference to the quantity of business secured, to the exclusion of the quality of service rendered to clients; or
- Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- 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

A copy of our **Register of “Associates”, Register of Conflicts of Interest, Register of Personal Interest, Register of Gifts Received** are all open for viewing on request.