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JAY RAMSUNDER CC

hereinafter referred to as the "FSP"

CONFLICT OF INTEREST MANAGEMENT POLICY

Table of Contents

1. Document Management

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2. Introduction

In terms of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS Act), General Code of Conduct for Authorized Financial Services Providers and Representatives 2003, as amended by Board Notice 43 of 2008, Board Notice 58 of 2010 and GN 706 of 26 June 2020, our office is required to take all reasonable steps to identify, monitor and manage all potential or actual Conflicts of Interest.

3. Purpose and Objective

The purpose of this Conflict-of-Interest Management Policy is to outline a suitable approach and response to the identification and management of Conflicts of Interest. The FSP is obliged to render unbiased and fair financial services to Clients. Accordingly, all employees of the FSP are obliged to comply with the General Code of Conduct and to avoid, and where this is not possible, mitigate any Conflicts of Interest between the provider and a client, or a representative of the provider and a client.

All employees should also take all reasonable steps to avoid any business activities and/or practices that may create Conflicts of Interest between the FSP and the employee's interests, and the interests of clients. In the event that it is not possible to avoid a Conflict of Interest, the FSP will take all reasonable steps to mitigate the impact as well as appropriately disclose any such Conflicts of Interest to clients.

In considering potential Conflicts of Interest, the FSP considers: the structure, ownership, and association of the FSP as well as its business activities, its clients and product suppliers.

Through the Conflict-of-Interest Management Policy, the FSP has introduced reasonable mechanisms to identify Conflicts of Interest, avoid, mitigate, terminate, disclose, establish processes and implement internal controls in relation to any potential or actual Conflict of Interest, wholly or partially.

The protection of our clients' interests is our primary concern, and we undertake to the following:

- to identify the circumstances which may give rise to actual or potential conflicts of interest entailing a material risk of damage to our clients' interests.
- to establish appropriate structures and systems of control to manage those conflicts.
- to implement procedures in place to manage the conflicts that may arise in relation to financial interest received by the FSP and/or its representatives.
- to maintain systems to prevent harm or impairment to our clients' interests through identified conflicts of interest.
- to identify and manage all potential conflict of interest appropriately and effectively.
- to manage potential conflict through avoidance, establishing confidentiality barriers or by providing appropriate disclosure of the conflict to affected clients.
- to ensure compliance and to communicate the consequences of non-compliance

- Definitions

Associate means

(a) 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;

(b) in relation to a juristic person, means

  (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;

(c) in relation to any person, means

  (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.

Company has the meaning assigned to it in the Companies Act, 2008 (Act No. 71 of 2008) ;

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 -

(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 interests;
   (iii) any relationship with a third party;

Distribution Channel means
(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.

Fair Value has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 1973.

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 interests;
(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;
(c) a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity;

FSC means the Financial Sector Code published in terms of section 9 (1) of the Broad Based Black Economic Empowerment Act, (Act 53 of 2003), as amended from time to time.

Holding Company has the meaning assigned to it in the Companies Act, 2008 (Act No. 71 of 2008);

Immaterial Financial Interest

means 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 of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

Measured Entity has the meaning assigned to it in the FSC insofar it relates to a qualifying enterprise development contribution.

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.

Qualifying Beneficiary Entity has the meaning contemplated in the FSC insofar as it relates to a qualifying enterprise development contribution;

Qualifying Enterprise Development Contribution has the meaning assigned to it in the FSC;

Sign on Bonus means

(a) any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider; and
(b) a financial interest referred to in paragraph (a) includes but is not limited to
   (i) compensation for the -
      (aa) potential or actual loss of any benefit including any form of income, or part thereof; or
      (bb) cost associated with the establishment of a provider's business or operations, including the sourcing of business, relating to the rendering of financial services; or
   (ii) a loan, advance, credit facility or any other similar arrangement.

Subsidiary means a subsidiary as defined in Section 1(3) of the Companies Act, 1973 (Act No. 61 of 1973) ;

Third Party means
(a) a product supplier;
(b) another provider;
(c) an associate of a product supplier or a provider;
(d) a distribution channels;

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.

4. Legislative Framework

The General Code of Conduct for Authorized FSP's and Representatives, 2003 states:

Section 3 Specific Duties of the Provider

(1) When a provider renders a financial service -
- (b) a provider and a representative must avoid and where this is not possible mitigate, any conflict of interest between the provider and a client or the representative and a client;
- (c) a provider or a representative must, in writing, at the earliest reasonable opportunity -
  - (i) disclose to a client any conflict of interest in respect of that client, including -
    - (aa) the measures taken, in accordance with the conflict-of-interest management policy of the provider referred to in section 3A (2), to avoid or mitigate the conflict;
    - (bb) any ownership interest or financial interest, other than an immaterial financial interest, that the provider or representative may be or become eligible for;
    - (cc) 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
  - (ii) inform a client of the conflict-of-interest management policy referred to in section 3A (2) and how it may be accessed.
- (f) 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.

(5) A provider may not describe itself or the financial services it renders as being "independent" if -
- (a) the provider or its associate is a significant owner of any product supplier or its associate in respect of whose products the provider renders financial services.
- (b) any product supplier in respect of whose products the provider renders financial services, or an associate of such product supplier is a significant owner of the provider or its associate; or
- (c) the provider directly or indirectly receives or is eligible for any financial interest from a product supplier in respect of whose products the provider renders financial services, other than a financial interest referred to in section 3A (1) (a) (i), (ii), (vi) or (vii);
- (d) any other relationship exists between the provider and any product supplier in respect of whose products the provider renders financial services that gives rise to a material conflict of interest.

Section 3A. Financial Interest and Conflict of Interest Management Policy

(1) (a) A provider or its representatives may only receive or offer the following financial interest from or to a third party -

commission authorised under the Long term Insurance Act, 1998 (Act No. 52 of 1998) or the Short term Insurance Act, 1998 (Act No. 53 of 1998) ;

(i) commission authorised under the Medical Schemes Act, 1998 (Act No. 131 of 1998) ;

(iii) fees authorised under the Long term Insurance Act, 1998 (Act No. 52 of 1998), the Short term Insurance Act, 1998 (Act No. 53 of 1998) or the Medical Schemes Act, 1998 (Act No. 131 of 1998) ;

(iv) fees for the rendering of a financial service in respect of which commission or fees referred to in subparagraph (i), (ii) or (iii) is not paid, if -

(aa) the amount, frequency, payment method and recipient of those fees and details of the services that are to be provided by the provider or its representatives in exchange for the fees are specifically agreed to by a client in writing; and

(bb) those fees may be stopped at the discretion of that client;

(v) fees or remuneration for the rendering of a service to a third party;

(vi) subject to any other law, an immaterial financial interest; and

(vii) a financial interest, not referred to under subparagraph (i) to (vi), for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

(b) A provider may not offer any financial interest to a representative of that provider -

(i) that is determined with reference to the quantity of business secured for the provider without also giving due regard to the delivery of fair outcomes for clients; or

(ii) for giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or

(iii) for 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.

(bA) For purposes of subsection (1) (b) (i), a provider must be able to demonstrate that the determination of and entitlement to the financial interest considers measurable indicators relating to the -

(i) achievement of minimum service level standards in respect of clients;

(ii) delivery of fair outcomes for clients;

(iii) quality of the representative's compliance with this Act;

as agreed between the provider and the representative, and that sufficient weight is attached to such indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for the provider over the fair treatment of clients.

(c) For the purposes of this section, where the same legal entity is a product supplier and a provider, paragraph (a) does not apply to the representatives of that entity. That entity is subject to sections 3A (1) (b) and 3A (1) (bA), in respect of its representatives.

(d) A provider or its representatives may only receive or offer the financial interests referred to in subsections (a) (iii), (iv) and (v) if -

(i) those financial interests are reasonably commensurate with the service being rendered, taking into account the nature of the service and the resources, skills and competencies reasonably required to perform it;

the payment of those financial interests does not result in the provider or representative being remunerated more than once for performing a similar service.

(iii) any actual or potential conflicts between the interests of clients and the interests of the person receiving the financial interests are effectively mitigated; and

(iv) the payment of those financial interests does not impede the delivery of fair outcomes to clients.

(1A) (a) A Category I provider that is authorised or appointed to give advice may not receive a sign-on bonus from any person.

(b) No person may offer or provide a sign-on bonus to any person, other than a new entrant, as an incentive to become a Category I provider that is authorised or appointed to give advice.

(2) (a) Every provider, other than a representative, must adopt, maintain and implement a conflict-of-interest management policy that complies with the provisions of the Act.

(b) A conflict-of-interest management policy must -

(i) provide for the management of conflicts of interest as defined in section 1, and -

(aa) mechanisms for the identification of conflicts of interest;

(bb) 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;

(cc) measures for the disclosure of conflicts of interest;

(dd) processes, procedures, and internal controls to facilitate compliance with the policy; and

(ee) consequences of noncompliance with the policy by the provider's employees and representatives; and

(ii) specify the type of financial interest that the provider will offer a representative and the basis on which a representative will be entitled to such a financial interest and motivate how that financial Interest complies with sections 3A (1) (b) and 3A (1) (bA);

(iii) include a list of all its associates;

(v) include the names of any third parties in which the provider holds an ownership interest;

(vi) include the names of any third parties that holds an ownership interest in the provider; and

(vii) include the nature and extent of the ownership interest referred to in subparagraph (v) and (vi); and

(viii) be drafted in an easily comprehensible form and manner.

(c) A conflict-of-interest management policy must be adopted by the sole proprietor of a provider, the board of directors of a provider or, in the case where a provider is not a company, the governing body of the provider.

(d) A provider must ensure that its employees, representatives and, where appropriate, associates are aware of the contents of its conflict-of-interest management policy and provide for appropriate training and educational material in this regard.

(e) A provider must continuously monitor compliance with its conflict-of-interest management policy and annually conduct a review of the policy.

(f) A provider must publish its conflict-of-interest management policy in appropriate media and ensure that it is easily accessible for public inspection at all reasonable times.

(3) A provider or representative may not avoid, limit or circumvent or attempt to avoid, limit or circumvent compliance with this section through an associate or an arrangement involving an associate.

(4) (a) A compliance officer or, where the provider need not, in terms of the Act, have a compliance officer, the provider, must include a report on the provider's conflict of interest management policy in compliance reports submitted to the Registrar under the Act.

(b) The report referred to in paragraph (a) must report on at least the implementation, monitoring and compliance with, and the accessibility of the conflict-of-interest management policy.

5. Identification of a Conflict of Interest

The responsibility for the identification of a conflict-of-interest rests with the representatives, employees and individual members of the governing body of the FSP.

<u>The three-step inquiry</u>

When rendering a financial service to a client, a representative and FSP must ask the following questions:

Step 1-
Is there any situation that exists that influences the objective performance of my obligations to my client?

Step 2-
Is there any situation that exists that prevents me from rendering an unbiased and fair financial service to my client?

Step 3 -
Is there any situation that exists that prevents me from acting in the best interest of my client?

If the answer to all three questions are NO, then there is no conflict of interest

If the answer is YES to ANY of the three questions, the following further questions must be asked:

Is the situation caused as a result of an actual or potential relationship with a Third Party? (See definition of Third Party)

Is the situation caused by an actual or potential Financial or Ownership Interest? (see definition of "Financial Interest" and "Ownership Interest")