

## FAIS CONFLICT OF INTEREST POLICY

### STATUTORY DEFINITIONS

#### **Board Notice 58 of 2010- Financial Advisory and Intermediary Services Act (“FAIS”), 2002: Amendment of the General Code of Conduct for authorised Financial Services Providers and Representatives**

**“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 best 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;

**“third party”** means-

A product supplier, another provider, an associate of a product supplier or a provider, a distribution channel and any other person who in terms of an agreement provides a financial interest to a provider or its representatives.

**“Immaterial financial interest”** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 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 a 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 FSP registered as such with the FSB.

## STATEMENT

Genlib cc (“Genlib”) (FSP 35482) is committed to conducting its business in an ethical, fair and honest manner, in order to manage and maintain the interests of our clients and the Insurance Industry, as contained in this FAIS Conflict of Interest Management Policy.

## PURPOSE

The purpose of this policy is to assist the employees of Genlib to identify potential conflicts of interest by providing measures and a framework to identify, manage and avoid excising conflicts of interests as set out in Board Notice 58 of 2010 issued in terms of the Financial Advisory and intermediary services Act no. 37 of 2002, including but not limited to a financial interest, an ownership interest, or any relationship with a third party.

Genlib have a duty to act in the customer’s interests when we give advice or provide intermediary services to them. This includes remaining independent, objective and professional. It also involves avoiding conflicts of interest, or managing them if they cannot be avoided, and informing our customers about the conflicts that cannot be avoided.

### **Who does this policy apply to?**

All employees, directors, officers and agents of Genlib must adhere to this policy.

Training must be provided to all employees and a copy of the policy is published on our website ([www.genlib.co.za](http://www.genlib.co.za)).

### **Duties of Employees**

All employees have a duty to read and understand this policy and to be aware of potential conflicts of interest.

All employees have a duty to report any conflict of interest to the Compliance Officer who will record it in the Conflict of Interest Management Register.

### **Non compliance**

Any employee who fails to comply with this policy may face a disciplinary enquiry which could result in dismissal.

Any Representative who fails to comply with this policy will be debarred and may face a disciplinary enquiry which could result in dismissal.

## DUTY TO IDENTIFY, AVOID AND/OR MITIGATE CONFLICT OF INTEREST

### Identify conflict of interest

When providing financial services to a client you must ascertain the following:

- ✓ you are acting in the client's best interest and not you own or the company's best interest;
- ✓ you are acting independently, objectively and fairly;

Once a conflict of interest has been identified it needs to be appropriately and adequately managed.

The Compliance Officer will assess each conflict, including whether the conflict is actual or perceived, what the value of the conflict or exposure is and the potential reputational risk. Compliance and management will then agree on the controls that need to be put in place to manage the conflict.

### Avoid / Mitigation

It is best to avoid a conflict of interest situation and all employees must avoid being in a position where there is a conflict of interest between your own / Genlib's interests and the client's interests.

- ✓ If it is possible to avoid conflict of interest end it immediately;
- ✓ If it can't be avoided steps must be taken to mitigate such potential or actual conflict and you must report it to the Compliance Officer and provide the reasons therefore;
- ✓ The Compliance Officer will find the appropriate form to disclose the conflict of interest to the client, by delivering written communication to the relevant client, bringing the conflict of interest to the client's attention;

## CONFLICT OF INTEREST CONTROLS

- Genlib may not offer any financial interest to its representatives for giving preference to the quantity of business secured for Genlib to the exclusion of the quality of the service rendered to clients;
- Compliance monitoring will be conducted by Management and the Compliance Officer who maintains a conflict of interest register;
- Training on conflict of interest management is provided to all employees;
- A copy of the Policy is delivered to every employee of Genlib;
- All expenditure which forms part of "immaterial financial interest" will require the written consent of the CEO and must be recorded in the conflict of interest register. "Immaterial financial interest" is a financial interest with an aggregate annual value of R 1 000, given by a third party to the same FAIS representative or FSP

## IMMATERIAL FINANCIAL INTERESTS

### Financial Interests Allowed

Genlib and/or its representatives may only receive from, or offer to a third party, the following financial interest:

- ✓ Commission, in accordance with the Short-term Insurance Act, 1998 (Act No. 53 of 1998) (“the STIA”) and Long-term Insurance Act, 1998 (Act No 52 of 1998);
- ✓ Fees as provided for in the Short-term Insurance Act, 1998 (Act No. 53 of 1998) (“the STIA”) and Long-term Insurance Act, 1998 (Act No 52 of 1998);
- ✓ Fees for rendering a financial service in respect of which neither commission nor the fees provided for in the STIA and LTIA are payable provided the client has specifically agreed to the fees in writing and has discretion to stop them at any time;
- ✓ Fees for services rendered to a “third party”, provided the fees are reasonably commensurate with the service rendered ;
- ✓ Any financial interest with a determinable monetary value not exceeding R 1 000 per FAIS representative in any given year;
- ✓ Financial interest for which the provider or FAIS representative has paid fair value or remuneration reasonably commensurate to the financial interest;
- ✓ Training that is not restricted to a selected group of providers and FAIS representatives on products and legalities thereof; general financial and industry information; specialised technological systems (of a third party) necessary rendering a financial service;

### Financial Interests Disallowed

The following financial interests are disallowed:

- ✗ Financial interest to a FAIS representative for giving preference to a quantity of business to the exclusion of quality to the policyholder, preference to a specific product supplier, or preference to a specific product;
- ✗ Cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, and any other incentive or valuable consideration not mentioned above, including travel and accommodation associated with allowed training.
- ✗ Weekends away – irrespective of value. In the event of “pay your own way”, it would not constitute a gift and will not be in contravention of the Code.

Financial interest allowed, but subject to prior approval and total expenditure not exceeding R 1 000 per FAIS representative in any one calendar year

- Sporting events e.g. golf days
- Hospitality e.g. meals or social events
- Personal gifts of nominal value at special occasions e.g. at the end of the year, at birthdays or anniversaries is allowed provided that the cost of such gift should be included in the calculation of “immaterial financial interest”
- Meals, except meals provided during training that is allowed
- Marketing and advertising, provided a fair value for the service, as would have been charged elsewhere, is charged.

## CONFLICT OF INTEREST REGISTER

**Purpose** –To record the incidence of conflicts of interest by Genlib to ensure compliance with the requirements of the FAIS Act and other legislation.

This register should act as a summary document with more detailed history contained in the conflicts file where applicable.

#	Reference No.	Date Received	Received From	Received By	Brief Description of Conflict	Outcome
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						