



ASI'S

CONFLICT OF INTEREST ("COI")

POLICY

2023

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1. INTRODUCTION

- 1.1. ASI, is a group of authorised Financial Services Providers (“FSP”) who are bound by this policy.
- 1.2. All stakeholders of ASI are bound to the COI Policy and this Policy forms part of the terms and conditions of all employment relationships.
- 1.3. This policy is available in electronic format on request and is made available on the ASI website www.asi.co.za.
- 1.4. This policy must be reviewed at least annually.

2. DEFINITIONS

The following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely:

- 2.1. **“Advice”** means, as defined by FAIS, any recommendation, guidance or proposal of a financial nature furnished, by any means or medium, to any client or group of clients—
 - a) in respect of the purchase of any financial product; or
 - b) in respect of the investment in any financial product; or
 - c) on the conclusion of any other transaction, including a loan or cession, aimed at the incurring of any liability or the acquisition of any right or benefit in respect of any financial product; or
 - d) on the variation of any term or condition applying to a financial product, on the replacement of any such product, or on the termination of any purchase of or investment in any such product, and irrespective of whether or not such advice –
 - i. is furnished in the course of or incidental to financial planning in connection with the affairs of the client; or
 - ii. results in any such purchase, investment, transaction, variation, replacement or termination, as the case may be, being affected;
- 2.2. **“Client”** means a natural or legal person who purchases or receives Advice or Intermediary services regarding a financial product and/or service from an FSP.
- 2.3. **“Conflict of Interest (COI)”** means a situation in which a representative, employee, FSP or business has competing interests which can result in business not being able to be conducted in an impartial manner. COIs include but are not limited to financial interests, ownership interests and any relationship with a third party. A potential COI may arise whereby a COI may occur in the future due to competing interests.
- 2.4. **“EXCO”** means the Executive Committee who are responsible for decision-making;

- 2.5. **"FAIS"** means the Financial Advisory and Intermediary Services Act 37 of 2002;
- 2.6. **"Financial Interest"** or **"Material 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;
 - c. a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity;
- 2.7. **"Financial Service"** means services provided by a FSP as defined in FAIS;
- 2.8. **"FSCA"** means the Financial Sector Conduct Authority;
- 2.9. **"FSP"** means Financial Services Provider as defined by FAIS;
- 2.10. **"General Code of Conduct (GCoC)"** means the General Code of Conduct for Authorised Financial Services Providers and Representatives, Notice 80 of 2003, which can be amended as per the Regulator.
- 2.11. **"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;
 - b. a representative for their direct benefit;
 - c. a provider, who for its benefit or for the benefit of some its representatives, aggregates the immaterial financial interest paid to its representatives;
- 2.12. **"Intermediary Services"** means, as defined by FAIS, any act other than the furnishing of advice, performed by a person for or on behalf of a client or product supplier –
- (a) the result of which is that a client may enter into, offers to enter into or enters into any transaction in respect of a financial product with a product supplier; or
 - (b) with a view to—
 - (i) buying, selling or otherwise dealing in (whether on a discretionary or non-discretionary basis), managing, administering, keeping in safe custody, maintaining or servicing a financial product purchased by a client from a product supplier or in which the client has invested;
 - (ii) collecting or accounting for premiums or other moneys payable by the client to a product supplier in respect of a financial product; or
 - (iii) receiving, submitting or processing the claims of a client against a product supplier;

- 2.13. **"Key Individual (KI)"** means a natural person who is responsible for overseeing and managing certain functions and the compliance of a FSP and its representatives.
- 2.14. **"RCL"** means the Risk, Compliance and Legal Department.
- 2.15. **"Representatives"** means, as defined by FAIS, any person, including a person employed or mandated by such first-mentioned person, who renders a financial service to a client for or on behalf of a FSP, in terms of conditions of employment or any other mandate, but excludes a person rendering clerical, technical, administrative, legal, accounting or other service in a subsidiary or subordinate capacity, which service –
- (a) does not require judgment on the part of the latter person; or
 - (b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries; and
- 2.16. **"Stakeholder"** means an individual or a group of individuals that is invested in the activities of an organisation.
- 2.17. **"Third Party"** means a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel or any person who is able to provide a financial interest to a provider or its representatives by entering into an agreement with one of the listed examples of a third party.
- 2.18. **"This Policy"** means this COI Policy of ASI amended and reviewed from time to time but at least annually.

3. OBJECTIVES

- 3.1. The FAIS Act regulates the rendering of financial advice and intermediary services to clients. The Act's main objectives are to protect the interests of consumers and to professionalise the financial services industry. One of the manners in which the FAIS Act facilitates this is the disclosure and avoidance of conflict of interests.
- 3.2. The responsibility to proactively and in good faith, declare an actual or potential COI, and to seek advice in cases of uncertainty, is that of the FSP, its Key Individuals and Representatives.
- 3.3. ASI recognises the duty it has to comply with the FAIS Act by ensuring that the proper controls have been implemented to mitigate and regulate situations involving COI.
- 3.4. This policy has been implemented to regulate and mitigate the risks associated with COI by acting as a guideline in situations where a COI may arise.

4. POLICY STATEMENT

- 5.1. ASI's values include transparency and integrity, ASI is therefore committed to ensuring that situations involving COI are handled meticulously and with the best interests of the clients and stakeholders at the core.

- 5.2. ASI acknowledges that it is not always easy to identify a COI, however this policy must be used as a guideline to determine what may constitute a COI and the process to be applied with regard to COI's.
- 5.3. This policy is applicable when:
 - a. any action is undertaken, which is or may amount to an actual or potential COI; and
 - b. the outcome thereof will prevent the provision of an unbiased, objective and fair financial service being rendered to a client as regulated by the FAIS General Code of Conduct.
- 5.4. This Policy will not apply to any financial service which is exempt from the provisions of the FAIS Act. This Policy therefore only applies in lieu of a financial product where advice and/or intermediary services are rendered to clients.

5. SCOPE

- 4.1. This Policy is applicable to:
 - a. All ASI employees;
 - b. Any third party and their employees who engage with ASI and who may give or receive a financial interest or immaterial financial interest on behalf of the organisation; and
 - c. Any other stakeholder or entity who conducts business with ASI.

6. CONFLICT OF INTEREST

- 6.1. The following situations and/or occurrences provide examples of COIs – the list is not exhaustive. The individual will need to use their judgement as per clause 7 below when deciding whether they are in a situation involving a COI:
 - a. where representatives and/or key individuals make use of ASI equipment, property, and resources to fund and/or support an external business;
 - b. where representatives and/or key individuals have their own business outside of their permanent employment within an FSP;
 - c. Accepting business courtesies and personally gaining from a business deal ASI may enter into with another entity and/or person without same being mutually agreed and fully disclosed and where same falls outside the ambit of the ASI Commission policy;
 - d. Having significant share ownership in a business that engages with ASI;
 - e. Acting in a manner whereby a Representative and/or Key Individual conduct may result in the compromise of ASI's compliance with FAIS;
 - f. Using a Representative and/or Key Individual one's position, status or title within ASI for personal benefit;

- g. Accepting any gift that falls within the ambit of an immaterial financial interest or financial without disclosing the information;
- h. Acting in any other manner that would be deemed as a COI.

7. MEASURES TO IDENTIFY A COI

If a Representative and/or Key Individual is in a situation and is unsure as to whether there is a COI present, the following questions should be asked in order to determine whether there is a COI present or not:

- 7.1. Am I acting in the best interest of the client or ASI or am I acting in my own interest?
- 7.2. Do my actions align with the values of ASI?
- 7.3. Am I acting in an impartial manner?
- 7.4. Would my actions harm my reputation or ASI's reputation?
- 7.5. Would I be embarrassed if a colleague or family member found out about my actions?
- 7.6. Would I personally gain from this situation I am in?
- 7.7. Have I asked my manager or the Compliance Officer for their input on the situation?
- 7.8. Does the gift that I am giving or receiving exceed the statutory limit of R1000 per annum?

8. MANAGEMENT OF COI

ASI has implemented the following measures to adapt a pro-active approach to dealing with COI:

- 8.1. This COI policy has been implemented and will be reviewed at least annually, or when necessary to ensure that ASI remains compliant with all legislative changes pertaining to COI's.
- 8.2. The process that should be followed when dealing with a potential COI is that the individual should first try and avoid the potential COI, if that is not possible and it becomes an actual COI, it must be disclosed by informing the ASI RCL Department who will insert the COI in the COI Register as well as take any other necessary steps in order to mitigate against the COI.
- 8.3. It is required that every type of COI should be reported to the ASI RCL Department. This can be done by emailing the RCL team (rcl@asi.co.za)
- 8.4. A COI and gift register has been implemented (Annexure A). Whenever there is a COI, it needs to be declared to the ASI RCL Department who will then update the register and determine whether the COI is detrimental to the values and business of ASI.
- 8.5. The RCL team will send out a COI form on a quarterly basis, requesting employees to declare COIs. Employees should not wait for this form to be sent out to declare a COI, they should still email the RCL team when a COI arises.
- 8.6. If a Representative of ASI is engaging with a client and there is a COI, it is required of the Representative to disclose the COI to the client.

9. INCENTIVES AND REMUNERATION

- 9.1. ASI's remuneration policies are compliant with legislation and aligned to avoid COI's.
- 9.2. Any incentive projects are approved by the EXCO and are articulated to avoid any potential COI.
- 9.3. ASI's employees are not permitted to accept remuneration for providing advice for other products or product suppliers unless ASI has entered into a written agreement with such product supplier or client allowing ASI's employees to provide advice on their products in which case commission or fees is paid to ASI and not ASI employees. Only ASI, for purposes of advice and intermediary services, will provide remuneration to its employees. The remuneration that ASI pays its employees is aligned with the Medical Schemes Act, the FAIS Act and other applicable legislation.

10. CONCLUSION

ASI values transparency and integrity and holds ethical business practices to high standards. Any conduct that results in non-compliance with this policy will be considered a contravention of the law and internal company rules and will result in disciplinary action being instituted.

