



Moseley Insurance Brokers (Pty) Ltd

Reg No.: 2015/256297/07

CONFLICT OF INTEREST POLICY MOSELEY INSURANCE BROKERS (PTY) LTD FSP NUMBER: 46751

Moseley Insurance Brokers (Pty) Ltd acknowledges that in retaining and maintaining relationships with clients, future clients and suppliers a financial interest may be provided from time to time. Moseley Insurance Brokers (Pty) Ltd will ensure that the regulatory requirements governing Conflict of Interest under the FAIS General Code of Conduct are adhered to in the best interests of their clients and suppliers.

In terms of the General Code of Conduct 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.

In order to adhere to this requirement, the FSP must ensure that adequate arrangements are in place for the management of conflicts of interests that may arise wholly or partially, in relation to the provision of any financial services to clients by the FSP, or any Representative of the FSP, as part of the financial services business of the FSP.

The conflict of interest management policy contains the following provisions:

- 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
- The processes, procedures and internal controls to facilitate compliance with the policy
- Consequences of non-compliance with the policy by the provider's employees and representatives
- The basis on which a representative will qualify for a financial interest

- A list of all the FSP's associates
- A list of all parties in which the FSP holds an ownership interest
- A list of all third parties that holds an ownership interest in the FSP

In terms of Section 3A(2)(b)(i)(aa) of the General Code of Conduct, a conflict of interest management policy must provide mechanisms for the identification of conflicts of interest.

Due to the intangible nature of an actual or potential conflict of interest, any such manifestation will only be identified once the subjective realisation of its presence has been acknowledged by an individual. The legal duty to avoid whenever possible an actual or potential conflict of interest is therefore, to a large extent, dependent on whether a particular individual believe or perceive a conflict of interest to begin with. It is for this reason that Key Individuals must apply honest and sage judgement whenever confronted with a situation that may give rise to an actual or potential conflict of interest.

Purpose of this policy

The purpose of this policy is to assist Moseley Insurance Brokers (Pty) Ltd and its employees to identify potential and actual conflict of interest and manage it appropriately.

What is conflict of interest

Conflict of interest is any situation, including financial interest, ownership interest, or any relationship with a third party, whereby a provider or FAIS representative has actual or potential interest that may

- 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 interest of that client.

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 representative, 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 accommodations associated with that training

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

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.

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 (ii), (iii) and (iv)
 - vi) a person who is in a commercial partnership with that person
- b) 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 closed corporation registered under the Close Corporations Act, means any member thereof as defined in section 1 of that Act.
 - iii) Which is not a company or a closed corporation, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person:
 - had such first-mentioned juristic person been a company; or
 - in the case where that other 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,
- 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

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

Mechanisms for Identification of conflict of interest

IDENTIFICATION:

In terms of Section 3A(2)(b)(i)(aa) of the General Code of Conduct, a conflict of interest management policy must provide mechanisms for the identification of conflicts of interest.

Due to the intangible nature of an actual or potential conflict of interest, any such manifestation will only be identified once the subjective realisation of its presence has been acknowledged by an individual. The legal duty to avoid whenever possible an actual or potential conflict of interest is therefore, to a large extent, dependent on whether a particular individual believe or perceive a conflict of interest to begin with. It is for this reason that Key Individuals must apply honest and sage judgement whenever confronted with a situation that may give rise to an actual or potential conflict of interest.

REPRESENTATIVES

Throughout the process of rendering a financial service to a client, a Representative must apply his or her mind to answering the following questions:

- “Is there any situation that exists that influences the objective performance of my obligations to my client”?
- “Is there any situation that exists that prevents me from rendering an unbiased and fair financial service to my client”?
- “Is there any situation that exists that prevents me from acting in the interest of my client”?

- ✘ If the answer to any one of these questions is “no” - No further action would be required
- ✘ If the answer to any one of these questions is “yes” - The following two questions must also be answered:
 - “Is the situation caused by an actual or potential relationship with a 3rd party”? (see definition of 3rd party)
 - “Is the situation caused by an actual or potential financial or ownership interest”? (see definition of financial and ownership interest)
 - ✘ If the answer to any one of these questions is “yes” - An actual or potential conflict of interest has been identified

(**note** that a conflict of interest is not limited to a financial or ownership interest)

KEY INDIVIDUALS

Throughout the process of rendering a financial service to a client, a Key Individual must apply his or her mind to answering the following questions:

- “Is there any situation that exists that influences the objective performance of the representative’s obligations to his or her client”?
- “Is there any situation that exists that prevents the representative from rendering an unbiased and fair financial service to his or her client”?
- “Is there any situation that exists that prevents my representative from acting in the interest of his or her client”?

- ✘ If the answer to any one of these questions is “no” - No further action would be required
- ✘ If the answer to any one of these questions is “yes” - The following two questions must also be answered:
 - “Is the situation caused by an actual or potential relationship of the FSP with a 3rd party”? (see definition of 3rd party)
 - “Is the situation caused by an actual or potential financial or ownership interest of the FSP”? (see definition of financial and ownership interest)
- ✘ If the answer to any one of these questions is “yes” - An actual or potential conflict of interest has been identified

(**note** that a conflict of interest is not limited to a financial or ownership interest)

GUIDANCE NOTES ON “OBJECTIVE PERFORMANCE”, “UNBIASED AND FAIR” & “FINANCIAL INTEREST

The contextual definition of the terms “influences the objective performance” and “unbiased and fair financial services” are not to be found within legislation and its interpretive meaning must therefore be sourced from elsewhere.

It is generally accepted that the word “objective” refers to a situation where an individual’s personal feelings or opinions are completely removed from the equation. The “objective performance” of an FSP’s obligations therefore implies a situation where financial services are rendered without the influence of unrelated feelings or opinions. In the same vein, “unrelated feelings and opinions” denote separate, external persuasions or motivations where no causal link or nexus can be found between the particular feeling or opinion and the

financial service that is rendered within the best interests of the client. Put differently, if an unrelated feeling or

opinion of an individual, influences the performance of such said individual's obligations, it cannot be said to be an objective performance of that individual's obligation.

The word "bias" indicates an inclination or prejudice in favour of a particular person or viewpoint. Similarly, the word "fair" indicates a situation of just circumstances or treating people equally.

Unbiased financial services therefore imply financial services that do not lend itself to a particular preference towards a person or viewpoint, if an accompanying, reasonable justification for such preference cannot be found. Consequently, all unbiased financial services must necessarily comprise services that are capable of being motivated by readily discernable, logical reasons and explanations. "Fair" financial services on the other hand imply a situation where the same conclusion or outcome is consistently reached given the same exact set of circumstances. In other words, financial services

cannot be said to be fair if a pattern of favouritism begin to present itself vis-à-vis a particular person or service. Any unexpected inconsistencies towards a group of clients and/or a particular client must therefore again, have to be motivated by logic reasons and explanations.

A provider or its representatives may only receive or offer the following financial interest from or to a third party:

- **Commissions** as authorised under the Long-term Insurance Act, Short-term Insurance Act and the Medical Schemes Act
- **Fees** as authorised under the Long-term Insurance Act, Short-term Insurance Act and the Medical Schemes Act if those fees are reasonably commensurate to a service being rendered.

- **Fees** for the rendering of financial services in respect of which the abovementioned commissions and fees are not paid, provided that the client agreed to such fees in writing and may be stopped at the discretion of the client.
- **Fees or remuneration** for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered
- **An immaterial financial interest** (i.e. a 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 provider who is a sole proprietor, or a
 -
 - representative for that representative’s direct benefit, or a provider who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.)
- **A financial interest not referred to above**, 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.

A provider **may not** offer any financial interest to a representative of that provider for:

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

Moseley Insurance Brokers (Pty) Ltd conduct monthly meetings to examine contracts with third parties to ensure Moseley Insurance Brokers (Pty) Ltd objective performance to its clients.

These meetings are held to ensure Moseley Insurance Brokers (Pty) Ltd renders a fair and unbiased financial service to its clients and to act in the interest of the client.

Where an ownership interest may be present Moseley Insurance Brokers (Pty) Ltd will re-examine whether this relationship influences Moseley Insurance Brokers (Pty) Ltd objective

performance towards its clients, as well as the ability to render fair and unbiased financial services to its clients.

Declarations are signed by all Key Individuals confirming the presence or absence of any actual or potential conflict of interest on a quarterly basis.

A list of Moseley Insurance Brokers' (Pty) Ltd associates is attached as an annexure hereto and is updated annually.

A list of all parties in which Moseley Insurance Brokers (Pty) Ltd hold an ownership interest is attached as an annexure hereto and is updated annually.

A list of all third parties that hold an ownership interest in Moseley Insurance Brokers (Pty) Ltd is attached as an annexure hereto and is updated annually.

All gifts from third parties, with an estimated value of R50.00 or more, are recorded on the Moseley Insurance Brokers (Pty) Ltd gift register, which is kept on Moseley Insurance Brokers (Pty) Ltd compliance file.

All employees must disclose in writing to management of Moseley Insurance Brokers (Pty) Ltd on an on going basis of any conflicts of interest that they may become aware of.

All records associated with the identification of an actual or potential conflict of interests is kept on the compliance file which is available for inspection purposes.

The mechanisms implemented to identify actual or potential conflicts of interest for Representatives are:

-declarations are signed by all Representatives confirming the presence or absence of any actual or potential conflict of interest on a quarterly basis

-all Representatives must disclose in writing to management of Moseley Insurance Brokers (Pty) Ltd on an on going basis, any conflicts of interest that they may become aware of.

Measures for avoidance or mitigation of conflicts of interest

In terms of Section 3A (2) (b) (i) (bb) of the General Code of Conduct a conflict of interest management policy must provide measures of the avoidance of conflicts of interest, where avoidance is not possible, the reasons therefore and the measures for the mitigation of such conflicts of interest.

The management of Moseley Insurance Brokers (Pty) Ltd will convene and review the potential conflict of interest in an open and honest manner.

All information surrounding the actual or potential conflict of interest must be disclosed to all interested parties.

All information surrounding the actual or potential conflict of interest must be disclosed to Moseley Insurance Brokers (Pty) Ltd Compliance Officer. (Sharen Gerald sgerald@moonstoneinfo.com)

The following consequences must be considered during the review process:

- the consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on clients
- the consequences of both avoidance and unavailability as well as the subsequent negative impact it was on the integrity of the financial services industry
- the consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on Moseley Insurance Brokers (Pty) Ltd.

The management of Moseley Insurance Brokers (Pty) Ltd must have alternative advantageous transaction, contract or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction, contract or other arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest the management of Moseley Insurance Brokers (Pty) Ltd shall determine by majority vote whether the transaction, contract or arrangement is in the best interest of the Moseley Insurance Brokers (Pty) Ltd and any affected client/s and accordingly make its decision as to whether to enter into the transaction, contract or arrangement in conformity with such determination.

If the management of Moseley Insurance Brokers (Pty) Ltd has determined that the actual or potential conflict of interest is avoidable, the following process must be adhered to:

- management must approve, by majority vote, the removal of the underlying cause of the actual or potential conflict of interest
- the underlying cause of the actual or potential conflict of interest must be removed as soon as reasonably possible
- any negative impact on clients owing to the removal of the actual or potential conflict of interest must be kept to a minimum
- the reason(s) why the actual or potential conflict of interest was determined to be avoidable must be recorded
- all determinations and interventions as it pertain to the avoidance of the conflict of interest must be documented and kept on the compliance file
- similar situations that give rise to actual or potential conflicts of interests must be avoided in the future

If the management of Moseley Insurance Brokers (Pty) Ltd has determined that the actual or potential conflict of interest is unavoidable, the following mitigation processed must be adhered to:

- the management of Moseley Insurance Brokers (Pty) Ltd will convene and review an appropriate mitigation process given the unavailability of the particular set of circumstances
- the reason why the actual or potential conflict of interest is considered to be unavoidable must be recorded and kept on the compliance file
- Moseley Insurance Brokers (Pty) Ltd Compliance Officer must be made aware of the conflict's unavailability as well as the reasons for such said unavailability.
- the mitigation process will include the adoption of the following measures:
 - the actual or potential conflict of interest must remain only for as long as it is absolutely necessary given the unavailability of the actual or potential conflict of interest
 - alternative arrangements to a proposed transaction, contract or arrangement that is the subject of the conflict of interest must be investigated on a continuous basis
 - the rendering of financial services must at all times be conducted to the best interest of the client (in as far as this is possible, given the unavailability of the actual or potential conflict of interest)
- all representatives must be made aware of the actual or potential conflict of interest, and the reasons for its unavailability
- full disclosure of the actual or potential conflict of interest must be made to the client at the earliest reasonable opportunity
- full disclosure of the actual or potential conflict of interest must be made to the Financial Service Board during Moseley Insurance Brokers (Pty) Ltd annual compliance report.

Disclosure

In terms of Section 3A (2) (b)(i)(cc) of the General Code of Conduct, a conflict of interest management policy must provide measures for the disclosure of conflicts of interest.

Moseley Insurance Brokers (Pty) Ltd must make appropriate disclosures to third parties including clients, as part of its arrangement to manage conflict of interest. It is acknowledged that while disclosure alone will often not be enough, disclosure must be treated as an integral part of managing conflicts of interest. Moseley Insurance Brokers (Pty) Ltd is therefore committed to ensure that clients are adequately informed about any conflicts of interest that may affect the provision of financial services to them.

It is furthermore acknowledged that, whilst a clearly identified conflict of interest will not necessarily cause the provision of financial advice to a client to be significantly compromised, it should nonetheless be disclosed to the client. The client must be afforded the opportunity to decide for him/herself whether the conflict of interest is significant and to what extent he/she will rely on the advice or intermediary service.

On the discovery and identification of a conflict of interest, and the subsequent determination of its unavailability, the following disclosure processes will be implemented on behalf of Moseley Insurance Brokers (Pty) Ltd:

- full disclosure of the actual or potential conflict of interest must be made to all the Key Individuals of Moseley Insurance Brokers (Pty) Ltd, and where such information is provided

orally, Moseley Insurance Brokers (Pty) Ltd must confirm such information in writing within 30 days

-full disclosure of the actual or potential conflict of interest must be made to all representatives of Moseley Insurance Brokers (Pty) Ltd.

-full disclosure of the actual or potential conflict of interest must be made to the compliance officer of Moseley Insurance Brokers (Pty) Ltd

On the discovery and identification of a conflict of interest, and the subsequent determination of its unavoidability, the following disclosure processes will be implemented on behalf of the client:

-full disclosure of the actual or potential must be made to the client at the earliest reasonable opportunity

-the disclosure must be made before or when the financial service is provided, but in any case at a time that allows the client a reasonable time to assess its effect

-the disclosure must be formulated in such a way as to be considered prominent, specific and meaningful to the client

-the disclosure must be made in such a way as to allow the client to make an informed decision as to whether to continue with the financial services

-the disclosure must indicate the nature of the relationship or arrangement with a 3rd party that gives rise to the conflict of interest

-the disclosure must indicate whether the conflict of interest is based on a financial and/or ownership interest

-the disclosure must indicate any ownership interest held with a product supplier in accordance with section 4 (1)d of the General Code of Conduct.

-where the disclosure is provided orally, the disclosure must be confirmed in writing within 30days of such said disclosure

-the written disclosure must be communicated by hardcopy, telefax or any appropriate electronic medium that is accurately and readily reducible to written or printed form

-the written confirmation of the disclosure must be provided by means of the standard forms or format in a clear and readable print size, spacing and format

-the reasons for the conflict of interest's unavoidability must be made available to the client on request

-the conflict of interest policy must be made available to the client on request

-W H Moseley Insurance Brokers (Pty) Ltd gift register must be made available to the client on request

Facilitation Of Compliance with the Policy:

In terms of Section 3A(2)(b)(i)(dd) of the General Code of Conduct a conflict of interest management policy must provide processes, procedures and internal controls to facilitate compliance with the policy.

The processes associated with the implementation and continued compliance of the conflict of interest management policy must be performed by the management of WH Moseley Insurance Brokers (Pty) Ltd and the appointed Compliance Officer.

Internal controls and processes include the following:

- the management of Moseley Insurance Brokers (Pty) Ltd will ensure that the policy is kept on the compliance file, and the appointed Compliance Officer will confirm its adoption as part of Moseley Insurance Broker's (Pty) Ltd quarterly feedback report.
- the management of Moseley Insurance Brokers (Pty) Ltd will ensure that all relevant staff sign the policy, and the appointed Compliance Officer will confirm such signature as part of WH Moseley Insurance Broker's (Pty) Ltd quarterly feedback report.
- the management of Moseley Insurance Brokers (Pty) Ltd will ensure that the annexure to this policy is completed, and the appointed Compliance Officer will confirm such completion of Moseley Insurance Broker's (Pty) Ltd quarterly feedback report-
- the management of Moseley Insurance Brokers (Pty) Ltd will ensure the annual review of all contracts held with 3rd parties and the appointed Compliance Officer will confirm such review as part of the Moseley Insurance Brokers (Pty) Ltd feedback report
- the management of Moseley Insurance Brokers (Pty) Ltd will ensure that all declarations confirming the presence of absence of any or potential conflict of interest are signed on a quarterly basis, and the appointed Compliance Officer will confirm such declarations as part of Moseley Insurance Brokers (Pty)Ltd quarterly feedback report.
- the management of Moseley Insurance Brokers (Pty) Ltd will ensure that a list of all Moseley Insurance Brokers (Pty) Ltd associates is attached hereto and updated annually. The appointed Compliance Officer will confirm such update as part Moseley Insurance Brokers (Pty) Ltd feedback report.
- the management of Moseley Insurance Brokers (Pty) Ltd will ensure that a list of all the parties in which Moseley Insurance Brokers (Pty) Ltd holds an ownership interest is attached hereto and updated annually. The appointed Compliance Officer will confirm such update as part of Moseley Insurance Brokers (Pty) Ltd feedback report.
- the management of Moseley Insurance Brokers (Pty) Ltd will ensure that a list of all third parties that holds an ownership interest in Moseley Insurance Brokers (Pty) Ltd is attached hereto and updated annually. The appointed Compliance Officer will confirm such update as part of Moseley Insurance Brokers (Pty) Ltd feedback report.
- the management of Moseley Insurance Brokers (Pty) Ltd will ensure that all gifts received from 3rd parties, with an estimated value of R50 or more are recorded on the gift register of Moseley Insurance Brokers (Pty) Ltd. The appointed Compliance Officer will confirm that such register is in place as part of Moseley Insurance Brokers (Pty) Ltd quarterly feedback report.
- the management of Moseley Insurance Brokers (Pty) Ltd will ensure that all records associated with the indentification of actual or potentials conflicts of interest are kept on the compliance file. The appointed Compliance Officer will confirm such records as part of Moseley Insurance Brokers (Pty) Ltd quarterly feedback report.
- the management of Moseley Insurance Brokers (Pty) Ltd will ensure that the proper disclosure requirements are communicated to the client. The appointed Compliance Officer will confirm such disclosures as part of Moseley Insurance Brokers (Pty) Ltd quarterly feedback report.

The policy will be:

- Overseen by the management of Moseley Insurance Brokers (Pty) Ltd who carry the responsibility for the implementation, reviewing and updating of the policy's associated processes.
- reviewed at least annually, and where necessary, updated to ensure that the arrangements remain adequate to identify, assess, evaluate and successfully control conflicts of interest.
- regularly reviewed by the appointed Compliance Officer, and where necessary, updated to ensure that the arrangements remain adequate to identify, assess and evaluate and successfully control conflicts of interest.
- the Annexure section of this policy must be reviewed, updated and signed by the nominated Key Individual on an annual basis
- the Annexure section of this policy must be reviewed, updated and signed by the appointed Compliance Officer on an annual basis.

Consequences of Non-Compliance

In terms of Section 3A(2)(b)(i)(ee) of the General Code of Conducts a conflict of interest management policy must provide for the consequences of non-compliance with the policy by Moseley Insurance Brokers (Pty) Ltd employees and representatives.

If there is a reason to believe that an employee or a representative has failed to disclose actual or possible conflicts of interest, Moseley Insurance Brokers (Pty) Ltd management shall afford that person the opportunity to explain the alleged failure to disclosure.

If after hearing the response of the employee or representatives and making such further enquires as may be warranted in the circumstances, and where the management of Moseley Insurance Brokers (Pty) Ltd determines that the employee or representative has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.