

CONFLICTS OF INTEREST MANAGEMENT POLICY

Introduction

In light of the recent changes to the General Code of Conduct for Authorised Financial Services Providers and Representatives (“General Code”) in terms of section 15 of the Financial Advisory and Intermediary Services Act 37 of 2002 (“FAIS”), it is required of Financial Services Providers (“FSP’s”) to implement a Conflicts of Interest Policy and to ensure controls are in place to manage all conflicts of interests. Forsyth & Nash Insurance Brokers (Pty) Ltd (hereinafter referred as the “FSP”) is an authorised FSP with no. 44597 and is required to put such a policy and controls in place.

What is a Conflict of Interest and when may it arise?

A 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, either influence the objective performance of his/ her obligations to that client; or prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the best interest of that client, including (but not limited to) financial interest, ownership interest or any relationship with a third party.

A conflict of interest may for example arise where a company, or one of its employees, is providing a financial service to its clients and may entail a material risk of damage to those clients interests, and whether the company or its employee:

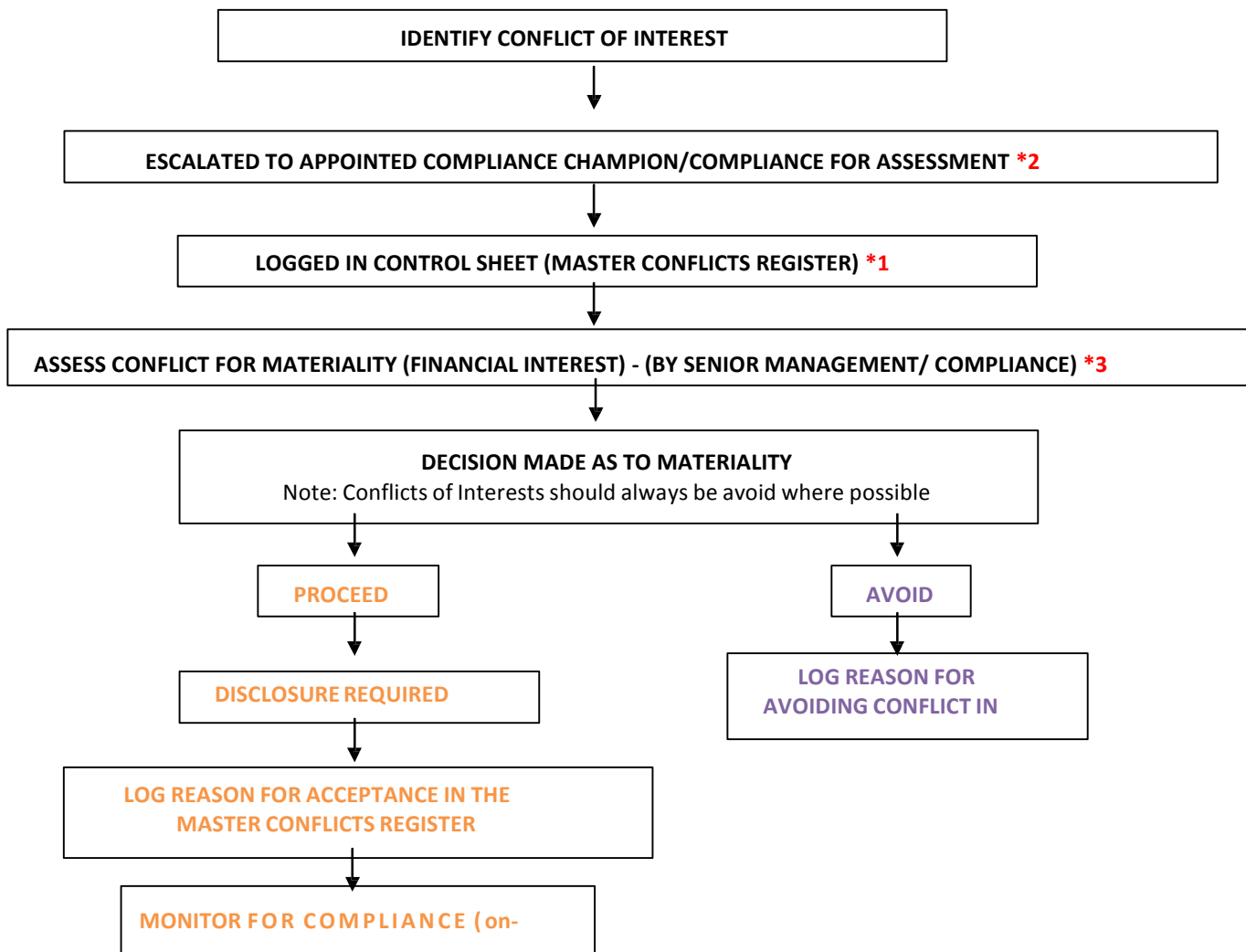
- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client’s interest in that outcome;
- has a financial or other incentive to favor the interest of another client, or group of clients, over the interests of the client;
- carries on the same business as the client; or
- receives or will receive from a person other than the client, an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

Managing of conflicts of interest

There is the potential for a conflict of interest in any activity, relationship or process that Forsyth & Nash Insurance Brokers (Pty) Ltd may be involved with. Forsyth and Nash Insurance Brokers (Pty) Ltd shall however for the purpose of managing conflict of interests, deal with conflicts of interests as follow:

- identify and report any conflict of interests;
- manage the conflict of interest by deciding on the appropriate action;
- avoid conflicts of interests, and where this is not possible, to mitigate conflicts of interests;
- disclose conflict of interests in writing at the earliest reasonable opportunity to clients.

Procedure diagram



Guide to Conflicts of Interest Procedure

1. Log the date and contents of the Conflict of Interest (real, existing or potential)
2. Can be communicated via email but must be in writing to the “conflicts officer”. All correspondence relating to conflict to be placed in a company conflicts file
3. Conflicts officer to liaise with the compliance function to evaluate the conflict and to decide which mechanism to be used to manage conflict (control, avoid or disclose)

If the conflict can be resolved immediately, take the necessary action and advise compliance thereof. The on-going status of the conflict is to be recorded in the register. If the conflict requires further clarity and investigation by any other party, insert comments as appropriate in the appropriate register

Examples of Conflicts of Interest

Contracts, proposed contracts and similar transactions or arrangements

A conflict of interest may arise where an employee has a direct or indirect interest in a transaction. This may be where the employee has a connection with the other party to the transaction, or where the employee’s family has a connection. The connection may be from a directorship, significant shareholding, employment or consultancy. Forsyth & Nash Insurance Brokers (Pty) Ltd requires disclosure of any connection which could, or could be seen to have the effect of compromising the judgment of any of our employees. Employees are required to notify Moonstone of any such potential conflicts of interest, who will then decide if the employee can be involved in the transaction.

Gifts, Hospitality & Inducements

Inducements, gifts and hospitality are all issues that could lead to potential Conflicts of Interest. All employees must act with the highest standards of integrity to avoid any allegations of Conflicts of Interest. Employees must not accept any cash payments, significant gifts or hospitality. Token gifts may be accepted, providing they have not been solicited, have not been given as a business inducement and will not compromise Forsyth and Nash Insurance Brokers (Pty) Ltd integrity. A register is kept of any gifts, or hospitality received. Employees cannot attend hospitality events, without their Department director’s approval. Where an invitation could be construed as being a business inducement, it must be declined.

Other entities and parties

- Forsyth and Nash Insurance Brokers is not involved with any subsidiary or holding company (juristic or natural) who instructs or directs the FSP.
- However, Surething SA is a juristic rep of Forsyth and Nash Insurance Brokers
- Surething SA/ Forsyth and Nash share the same owner/shareholder.
- Forsyth and Nash have no involvement or ownership in any other FSP.
- No third party holds any ownership in Forsyth and Nash Insurance Brokers (Pty) Ltd.

Board of Directors

The Board of Directors is ultimately responsible to ensure compliance with FAIS as one of the key legislation applicable to its business. Conflicts of interest will become a standing **agenda** item for Board meetings and procedures can be drafted and adopted by the Board to form part of the compliance documentation as to ensure that Conflicts of Interests are properly addressed within the business.

Senior Management

The individuals responsible for the internal oversight function is responsible to implement appropriate processes and procedures for the effective risk management of conflicts of interest and other risks arising within Forsyth & Nash Insurance Brokers (Pty) Ltd. It is the responsibility of senior management to implement conflicts management policies, procedures and controls to manage conflicts effectively.

Conflicts Officer

A Conflicts Officer, Richard Neville is the person primarily responsible for identifying, recording and managing conflicts of interest within the business and who will be responsible to advise or train all staff in respect of conflicts of interests, including examples or possible conflicts of interest that may emerge. The Conflicts Officer will keep adequate records of the controls management process, from identification through to effective resolution of the conflict. The Conflicts Officer can prepare a report on the management of Conflicts of Interest for the Board to consider at intervals appropriate to the business.

Compliance

Moonstone, as compliance officer of Forsyth & Nash Insurance Brokers (Pty) Ltd, is in a position to assist in facilitating the handling of any identified conflict relating to the business of Forsyth & Nash Insurance Brokers (Pty) Ltd. This may involve assessing and evaluating the conflict with Forsyth & Nash Insurance Brokers (Pty) Ltd, and decide upon, and implement, an appropriate response to the conflict. Moonstone will ensure conflict-monitoring procedures are in place to ensure that any non-compliance with Forsyth & Nash Insurance Brokers (Pty) Ltd conflicts management arrangements are identified and appropriately acted on.

Employees

All employees of Forsyth & Nash Insurance Brokers (Pty) Ltd are obliged to report actual, perceived or potential conflicts of interest-see procedures above to senior management. The failure of employees to notify management to the potential conflict of interest may result in disciplinary action being taken against the affected individuals, which may include dismissal if appropriate.

Policy

Forsyth & Nash Insurance Brokers (Pty) Ltd expects all its employees to maintain the highest standards in carrying out their business activities, adhering to legislative requirements and policies on business conduct. It further expects its employees to act professionally, honestly and ethically in all their dealings with clients, colleagues and third parties.

Forsyth & Nash Insurance Brokers (Pty) Ltd has a clear policy on Conflicts of interest:

- Conflicts of Interest **should always be avoided, wherever possible.**
- Conflicts of Interest must always be disclosed. Forsyth & Nash Insurance Brokers (Pty) Ltd will not tolerate non-disclosure by its employees.
- This Conflict of Interest Policy will be enforced within Forsyth & Nash Insurance Brokers (Pty) Ltd to ensure that all employees is aware of the FAIS Conflict of Interest requirements and the policy, controls and procedures put in place by Forsyth & Nash Insurance Brokers (Pty) Ltd as to deal effectively with conflicts of interests within the business.

- Conflicts of Interest Controls will be implemented as to manage conflicts of interests and to ensure compliance with the FAIS Conflict of Interest requirements.
- A Conflicts Officer will be appointed as the person primarily responsible for identifying, recording and managing conflicts of interest within the business and who will be responsible to advise or train all staff in respect of conflicts of interests, including examples or possible conflicts of interest that may emerge.
- The Conflicts of Interest procedures and their efficacy in operation will be reviewed by senior management of Forsyth & Nash Insurance Brokers (Pty) Ltd in conjunction with compliance.
- Conflicts of interest will become a standing agenda item for Board meetings. Procedures can be drafted and adopted by the Board to form part of the compliance documentation as to ensure Conflicts of Interest are properly addressed within the business.
- Employees are required to ensure themselves with the requirements set out in this Conflict of interest policy (including in the Conflict of Interest controls and procedures manual). Failure of employees to adhere to these requirements, to notify management of potential conflicts of interests or to avoid/ mitigate any conflicts of interests may result in disciplinary action being taken against the affected individual/s, which action may include dismissal if appropriate.

Approval

This Policy is adapted by Forsyth & Nash Insurance Brokers (Pty) Ltd Board of Directors on 1st March 2013.

