

# **MAKSURE FINANCIAL HOLDINGS PROPRIETARY LIMITED t/a MAKSURE RISK SOLUTIONS**

## **CONFLICT OF INTEREST MANAGEMENT POLICY**

<b>Company</b>	<b>Maksure Risk Solutions</b>
<b>Version 1</b>	<b>31/06/2022</b>
<b>Version 2</b>	<b>31/07/2023</b>
<b>Version 3</b>	<b>15/02/2024</b>
<b>Approval Date</b>	<b>20/02/2024</b>
<b>Effective Date</b>	<b>20/02/2024</b>

## 1. Introduction

- a. The General Code of Conduct of the Financial Advisory and Intermediaries Services Act, No 37 of 2002 (FAIS) sets out requirements for the management of conflict of interests. Financial Services Providers (FSPs) have a responsibility to ensure that they improve the quality of the financial services that are rendered to clients and that no situation is allowed where a provider or a representative has an actual or potential interest, which will influence the objective performance when providing a financial service to a client.
- b. The FAIS General Code of Conduct for Authorised Financial Services Providers (FSPs) and Representatives (the Code) stipulates that Maksure may not offer or receive a financial interest – which includes for example cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration - to or from another FSP or third party as defined in the Code.
- c. Conflict of Interest should be avoided and if not possible mitigated in which case such conflict must be disclosed to the client. Immaterial financial interests (as defined in the Code) are not disclosed but captured and monitored in a central register.
- d. We also have to ensure that staff members who are on a performance-based salary system are closely monitored to ensure that quality and the delivery of fair customer outcomes are not sacrificed due to focus on quantity performance measurements.
- e. In addition to the above, FSPs and representatives may not offer or receive sign-on bonuses as defined in the Code other than to a new entrant as an incentive to become a Category I provider that is authorised or appointed to give advice.
- f. This conflict-of-interest management policy, provides measures to identify, manage, avoid and mitigate existing and potential conflicts of interests within the Maksure environment, and sets out the roles and responsibilities of the relevant parties in this regard.

## 2. Objective

- 2.1 The Conflict-of-Interest Management Policy (“CIMP”) is aimed at managing conflict of interest that exist or have a potential to exist in a specific transaction that is entered into or may be entered into with a client. Managing conflict of interest could be a way of mitigating it where it exists and disclosing it to a client.

### 3 Scope

3.1 This policy applies to Maksure Financial Holdings FSP 44889 (herein after referred to as “Maksure”), and all its representatives. It applies to any situation where a conflict of interest or a potential conflict of interest exists in the rendering of financial services to clients.

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### 3. Definitions

#### 1.1 “Associate”-

- (a) In relation to a natural person, means
  - (i) A person who is recognised in law or tenets of religion as the spouse, life partner or civil union 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 –
  - (i) Which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding and any other company of which that holding company is a subsidiary;
  - (ii) Which is a close corporation registered under the Close Corporation 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 a holding company of the first-mentioned juristic person-
    - (aa) had such first-mentioned juristic person been a company; or

(bb) in the case where the 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-

- (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 governing body is accustomed to act in accordance with the directions or instruction of the person first mention in this paragraph;
- (ii) Includes any trust controlled or administered by that person.

1.2 **“Company”** means a company under the Companies act, 1973 (Act no. 67 of 1973) as amended

1.3 **“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 or 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 interest;
  - (iii) Any relationship with a third party;

1.4 **“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;

1.5 **“Fair value”** 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) 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;

1.6 **“Immaterial financial interest”** means any financial interest with a determinable 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 representative for that representative’s direct benefit;

(b) A provider, for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives

1.7 **“Third party”** means –

(a) A product supplier;

(b) Another provider;

(c) Any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (b) above provides a financial interest to a provider or its representatives

#### 4. Application

The CIMP applies on transactions entered into or may be entered into between Financial Services Providers (“FSP”) or by representatives of a FSP on behalf of the FSP.

### **3.1 Avoidance or Mitigation of the Conflicts of Interest**

Maksure or its Representatives must avoid and, where it is not possible, mitigate conflicts of interest between the client and Maksure or a Representative and the Client.

### **3.2 Disclosure of Conflict of Interest**

3.2.1 Maksure or its Representative must at the earliest reasonable opportunity disclose to a client in writing any conflict of interest in respect of that client.

3.2.2 Maksure has adopted a conflict-of-interest disclosure letter. The conflict-of-interest disclosure letter includes:

- a) measures taken, in accordance to the CIMP to avoid or mitigate the conflict;
- b) any financial or ownership interest or financial interest excluding immaterial financial interest that Maksure or its Representative may be or become eligible for should the transaction be entered into; and
- c) the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest.

3.2.3 This is disclosed in sufficient details to enable the client to understand the exact nature of the relationship with the third party or arrangement and the conflict of interest.

3.2.4 Clients are informed of the existence of the CIMP in the disclosure notice and are advised where to access it.

### **3.3 Allowed Financial Interest**

Maksure and/or its Representatives may only receive or offer the following from or to a third party –

- a) Commission authorised under the Short-Term Insurance Act, 53 of 1998 and the Long-Term Insurance Act, 54 of 1998;
- b) Fees authorised under the Short-Term Insurance Act, No. 53 of 1998 and the Long-Term Insurance Act, 54 of 1998;

- c) Fees for rendering a financial service in respect of which commission or fees referred to in paragraph (a) and (b) is not paid, if those fees –
  - (i) are specifically agreed to by a client in writing; and
  - (ii) may be stopped at the discretion of that client
- d) Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurable to the service being rendered;
- e) Subject to any other law, an immaterial financial interest; and
- f) A financial interest, not referred to under subparagraph (a) to (e), for which consideration, fair value or remuneration that is reasonably commensurable to the value of the financial interest, is paid by Maksure or its Representative at the time of receipt thereof.

### **3.4 Prohibited Financial interest**

3.4.1 Maksure may not offer any financial interest to a Representative for giving preference to the quantity of business secured or claims settled for the provider to the exclusion of the quality of the service rendered to client;

3.4.2 Maksure may not offer any financial interest to a Representative for giving preference to a specific product supplier, where the Representative can recommend more than one product supplier to the client; and

3.4.3 Maksure may not offer any financial interest to a Representative for giving preference to a specific product of a product supplier, where the Representative may recommend more than one product of that product supplier to the client.

### **3.5 Management of the Conflict of Interest**

Where there is an actual or potential conflict of interest between Maksure and a client, or a Representative and a client, a letter disclosing the nature of the conflict of interest and its extent will be sent to that client prior to the conclusion of the transaction in order to enable the client to make an informed decision with regard to entering or not entering into a transaction. A conflict-of-interest letter is drafted by the Key Individual and approved by the Compliance Officer to ensure that all the information required to enable the client in making a decision about the transaction is included in the letter.

### **3.6 Identification of Conflict of Interest**

Representatives when contacting a client are expected to test whether the purported transaction will not amount to a conflict of interest by testing whether the product to be sold to the client is best suited for the client or if it meets the needs of the client and how much commission they will receive should the transaction be concluded etc.

### **3.7 Measures for the Avoidance or mitigation of the Conflict of Interest**

Representatives are required to report to the Key Individual where conflict of interest exist on a specific transaction, the KI will look at surrounding circumstances to come up with measures that will assist with avoiding conflict of interest. These will be disclosed to the client when advising the client about the existence of the Conflict of Interest in the Conflict-of-Interest disclosure letter. Where Conflict of Interest cannot be avoided, measures to mitigate such conflict will differ from one case to another and these will be disclosed to the client.

### **3.8 Measures for disclosure of Conflict of Interest**

3.8.1 A conflict-of-interest disclosure letter is drafted by the Compliance Officer to ensure that all the necessary information with regard to the identified conflict of interest is disclosed to the affected client. Representatives are required to advise the Compliance officer about existence of conflict of interest or of the potential existence of such conflict.

3.8.2 Key individual and Representatives are responsible to ensure that conflict of interest is disclosed to clients where it exists or where there is a potential of such conflict.

3.8.3 Once reported, the transaction will be entered into the Conflict-of-Interest Management Register which will be kept by the compliance officer, who is the only person allowed to maintain the register.

3.8.4 When Maksure or Representative receives an Immaterial Financial Interest ('IFI'), they must inform the key individual in writing about the IFI. In the report, they must include the name of the FSP and the FSP number of the FSP who has offered the IFI, date of receipt and the value of the IFI. The Key individual will then enter the



information in the Conflict-of-Interest Register, which register will be monitored to ensure compliance with This Policy and the Code of Conduct.

### 3.9 Consequences for Non-Compliance with the CIMP

Failure to report:

- a) existence of the conflict of interest;
- b) potential of conflict of interest;
- c) immaterial financial interest offered by a FSP or received from an FSP

to management, Key Individual or the Compliance Officer will result in a disciplinary action and which might result to dismissal. This may result in the debarment and/or dismissal of the FAIS affected employee.

An FSP may also be held liable for compensation for failure to comply with this policy

Due to the nature of the financial services, conflict of interest may be unavoidable. However, the business will implement controls to mitigate the risk of non-compliance should the risk exist and cannot be avoided.

## 5. Procedure for offering of immaterial financial interest to third parties

- 4.1 Where Maksure or any of its representatives intend offering any Immaterial Financial Interest to a Third Party or any of its representatives, the person extending the offer must complete the Financial Interest Declaration Form in full.
- 4.2 The declaration form must be signed by the representative and authorised by the representative's Manager.
- 4.3 The completed Financial Interest Declaration Form must be submitted to the Compliance Department prior to the Immaterial Financial Interest being offered to the Third Party or its representative/s.

## 6. Procedure for receiving of immaterial financial interest from third parties

- 5.1 Where Maksure or any of its representatives receive an offer of any Immaterial Financial Interest from a Third Party or any of its representatives, the person receiving the offer must establish the value of the Immaterial Financial Interest prior to accepting the offer of the Immaterial Financial Interest.

- 5.3** Each representative is responsible for keeping a record of the Immaterial Financial Interest received from any Third Party during any calendar year and for ensuring that the value of the Immaterial Financial Interest received does not exceed R1000 in any calendar year from the same Third Party.
- 5.4** Once the representative has established that the value of the Immaterial Financial Interest does not exceed R1000 in any calendar year from the same Third Party, the representative must complete the Financial Interest Declaration Form which must be authorised by the representative's Manager.

## 7. Ownership Interest

- 6.1** A potential or actual conflict of interest can arise as a result of an ownership interest.

## 8. Known Limitations and Regulatory Interaction

- 7.1** This Policy may be amended due to changes in legislation and/or standards issued by the FSCA.
- 7.2** Reporting to the Financial Sector Conduct Authority (FSCA) may be done on an annual basis in respect of compliance with the FAIS Act, in respect of a particular period, or upon request by the FSCA.


## 9. Policy Approvals

- 8.1** This Policy has been approved as follows:

Executive Committee	Approved Policy and recommended approval to the Board of Directors.	Feb 2024
Board of Directors	Approved Policy.	Feb 2024

**8.2** This Policy will undergo a full review on an annual basis. However, should any inadequacies be identified, the Policy may be amended before the aforementioned period, in which case such amendments to the Policy must go through the same approval process/forums as detailed in the table above.

## 9 APPROVED FOR AND ON BEHALF OF THE BOARD



20 February 2024

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**Managing Director**  
**Maksure Risk Solutions**

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**Date**