



**Fairsure**  
INVESTMENT MANAGERS

**FAIRSURE INVESTMENT MANAGERS  
PROPRIETARY LIMITED**

**FSP number: 48865**

# **Conflict of Interest Management Policy**

## TABLE OF CONTENTS

1	INTRODUCTION .....	4
2	DEFINITIONS .....	4
3	FAIRSURE INVESTMENT MANAGERS' DUTIES .....	7
4	REPRESENTATIVE INCENTIVES AND REMUNERATION .....	8
5	IDENTIFYING CONFLICTS OF INTEREST .....	9
6	MANAGEMENT OF CONFLICT OF INTEREST .....	9
7	EMPLOYEE TRAINING .....	10
8	CONSEQUENCES OF NON-COMPLIANCE .....	11
9	THIRD PARTIES WITH OWNERSHIP INTEREST(S) IN FAIRSURE INVESTMENT MANAGERS.....	11
10	THIRD PARTIES IN WHICH FAIRSURE INVESTMENT MANAGERS HAS AN OWNERSHIP INTEREST .....	11
11	ASSOCIATES .....	11
12	COMPLIANCE OFFICER.....	11

## 1 INTRODUCTION

- 1.1 The Financial Advisory and Intermediary Services Act, No. 37 of 2002 (“**FAIS Act**”) requires authorised financial service providers (“**FSP(s)**”) to act with circumspection and treat clients fairly in a situation of conflicting interests. The General Code of Conduct for Financial Services Providers and Representatives (“**Code**”), published in terms of the FAIS Act, requires FSPs to adopt, maintain and implement a conflict of interest management policy. Fairsure Investment Managers Proprietary Limited (“**Fairsure Investment Managers**”) has accordingly put in place the policy set out in this document.
- 1.2 The purpose of this policy is to safeguard clients’ interests, ensure their fair treatment, and enable them to make informed decisions. To achieve this, the policy sets out a framework for the management of conflicts of interest that is both compliant with the abovementioned legislation and reflective of our commitment to our clients.
- 1.3 All conflicts of interest that arise within the context of our business must be managed in terms of this policy, which applies to all employees of Fairsure Investment Managers.

## 2 DEFINITIONS

2.1 **Associate** means –

2.1.1 in relation to a natural person, means –

2.1.1.1 a person who is recognized in law or the tenets of religion as the spouse, life partner or civil union partner of that person;

2.1.1.2 a child of that person, including a stepchild, adopted child and a child born out of wedlock;

2.1.1.3 a parent or stepparent of that person;

2.1.1.4 a person in respect of which that person is recognized 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;

2.1.1.5 a person who is the permanent life partner or spouse or civil union partner of a person referred to in subparagraphs 2.1.1.2 to 2.1.1.4; or

2.1.1.6 a person who is in a commercial partnership with that person;

2.1.2 in relation to a juristic person –

2.1.2.1 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;

- 2.1.2.2 which is a close corporation registered under the Close Corporations Act, No. 69 of 1984 means any member thereof as defined in section 1 of that Act; or
- 2.1.2.3 which is not a company or a close corporation as referred to in subparagraphs 2.1.2.12.1.2.2 or 2.1.2.2, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person –
  - 2.1.2.3.1 had such first-mentioned juristic person been a company; or
  - 2.1.2.3.2 in the case where that other juristic person, also, is not a company, had both the first mentioned juristic person and that other juristic person been a company;
- 2.1.2.4 means any person in accordance with whose directions or instructions the board of directors or members of, or in the case where such juristic person is not a company or close corporation, the governing body of such juristic person is accustomed to act;
- 2.1.3 in relation to any person –
  - 2.1.3.1 means any juristic person of which the board of directors or members, or in the case where such juristic person is not a company or close corporation, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph; and
  - 2.1.3.2 includes any trust controlled or administered by that person.
- 2.2 **Compliance Committee** means the Fairsure group’s compliance committee that oversees compliance with regulatory requirements, industry standards, and internal controls;
- 2.3 **Conflict of interest** means any situation in which Fairsure Investment Managers or its representative has an actual or potential interest that may, in rendering a financial service to a client –
  - 2.3.1 influence the objective performance of his/her obligations to that client; or
  - 2.3.2 prevent a provider 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 –
    - 2.3.2.1 a financial interest;
    - 2.3.2.2 an ownership interest; or
    - 2.3.2.3 any relationship with a third party.
- 2.4 **Employee** means an individual who has entered a permanent, fixed term or temporary contract of employment with Fairsure Investment Managers and includes representatives.

- 2.5 **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 –
- 2.5.1 an ownership interest;
  - 2.5.2 training, that is not exclusively available to a selected group of providers, on –
    - 2.5.2.1 products and legal matters relating to those products;
    - 2.5.2.2 general financial and industry information; or
    - 2.5.2.3 specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training;
  - 2.5.3 a qualifying enterprise development contribution to a qualifying beneficiary entity by a provider that is a measured entity.
- 2.6 **Immaterial Financial Interest** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1, 000.00 in any calendar year from the same third party in that calendar year, received by –
- 2.6.1 a provider who is a sole proprietor;
  - 2.6.2 a representative for that representative's direct benefit; or
  - 2.6.3 a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.
- 2.7 **Key individual**, in relation to an authorised FSP, or a representative, carrying on business as –
- 2.7.1 a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service; or
  - 2.7.2 a corporate body or trust consisting of only one natural person as member, director, shareholder or trustee, means any such natural person.
- 2.8 **Ownership Interest** means –
- 2.8.1 an equity ownership interest, for which fair value was paid by the owner, other than equity or ownership interest held by an approved nominee on behalf of another person; and
  - 2.8.2 includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

- 2.9 **Provider** means an authorised financial services provider and includes a representative of such provider.
- 2.10 **Representative** means 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 –
- 2.10.1 does not require judgment on the part of the latter person; or
- 2.10.2 does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.
- 2.11 **Third Party** means –
- 2.11.1 a product supplier;
- 2.11.2 another provider;
- 2.11.3 an associate of a product supplier or a provider;
- 2.11.4 a distribution channel; or
- 2.11.5 any person who in terms of an agreement or arrangement with a person referred to in paragraphs 2.11.1 to 2.11.4 above provides a financial interest to a provider.

### 3 **FAIRSURE INVESTMENT MANAGERS' DUTIES**

- 3.1 In terms of the FAIS Act and the Code, when rendering a financial service, Fairsure Investment Managers must avoid and, where this is not possible, mitigate any conflict of interest between Fairsure Investment Managers and a client or the representative and a client.
- 3.2 Fairsure Investment Managers must, in writing, at the earliest reasonable opportunity –
- 3.2.1 disclose to a client any conflict of interest in respect of that client, including –
- 3.2.1.1 the measures taken, in accordance with this policy, to avoid or mitigate the conflict;
- 3.2.1.2 any ownership interest or financial interest, other than an immaterial financial interest, that Fairsure Investment Managers may be or become eligible for; or
- 3.2.1.3 the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to a client to enable the client to understand the exact nature of the relationship or arrangement and the conflict of interest; and
- 3.2.2 inform a client of this policy and how it may be accessed.

3.3 Fairsure Investment Managers' compliance officer, alternatively Fairsure Investment Managers, must submit a compliance report in respect of this policy to the Registrar empowered under the FAIS Act. Such report must specify, at minimum, the implementation, monitoring, and compliance with, and the accessibility of this policy.

#### 4 REPRESENTATIVE INCENTIVES AND REMUNERATION

4.1 Representatives of Fairsure Investment Managers are remunerated by means of a salary, incentives and benefits as set out in their employment contracts. Fairsure Investment Managers does not incentivise employees in a manner that would give rise to a conflict of interest.

4.2 Fairsure Investment Managers may only receive or offer the following financial interest from or to a third party –

4.2.1 commission and fees as authorised under the Insurance Act, No. 18 of 2017, Long-term Insurance Act, No. 52 of 1998, Short-term Insurance Act, No. 53 of 1998, and the Medical Schemes Act, No. 131 of 1998;

4.2.2 fees specifically agreed to by a client in writing, which may be terminated at the discretion of that client;

4.2.3 fees or remuneration for the rendering of a service to a third party;

4.2.4 an immaterial financial interest;

4.2.5 fees or remuneration for services rendered to a third party; or

4.2.6 a financial interest for which consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by Fairsure Investment Managers at the time of receipt thereof.

4.3 Fairsure Investment Managers does not offer its representatives any financial interest –

4.3.1 that is determined with reference to the quantity of business secured for the provider without also giving due regard to the delivery of fair outcomes for clients;

4.3.2 for giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or

4.3.3 for 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.

4.4 Fairsure Investment Managers may not receive a sign-on bonus from any person.

4.5 Fairsure Investment Managers, as part of its recruitment strategies, offer any person other than a new entrant, a sign-on bonus as an incentive to become its representative or provider

that is authorised or appointed to give advice. A new entrant constitutes a person who has never been authorised as a provider or appointed as a representative by a provider.

## **5 IDENTIFYING CONFLICTS OF INTEREST**

5.1 A conflict of interest may arise between –

5.1.1 Fairsure Investment Managers and its clients;

5.1.2 different clients of Fairsure Investment Managers; and

5.1.3 Fairsure Investment Managers, its associates or any third parties, and its clients.

5.2 In identifying conflicts of interest, Fairsure Investment Managers and its employees must consider whether there is a risk to clients because –

5.2.1 its representatives or key individuals are likely to make a financial gain, or avoid a financial loss, at the expense of the client;

5.2.2 it has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of a client, which is distinct from client's interest in that outcome;

5.2.3 it has a financial or other incentive to favour the interest of another client, group of clients or any other third party over the interests of a client(s) for which a service is provided; and/or

5.2.4 it has received or will receive from a person(s) other than its client(s), an inducement in relation to a service provided to its client(s) in the form of monies, goods, or services other than the legislated commission or reasonable fee for such service provided.

5.3 Upon joining Fairsure Administration, each employee signs a declaration stating that he or she has read and committed to the terms of this policy.

5.4 Conflicts of interest must be monitored, on an ongoing basis by the compliance officer and the Compliance Committee.

5.5 Should any employee of Fairsure Investment Managers identify an actual or potential conflict of interest, he or she must report it to the compliance officer as soon as possible. If any employee of Fairsure Investment Managers is uncertain whether an actual or potential conflict of interest has arisen, he or she should notify the compliance officer as soon as possible.

## **6 MANAGEMENT OF CONFLICT OF INTEREST**

6.1 Once the compliance officer has identified or has been notified of an actual or potential conflict of interest, he or she must determine whether the conflict of interest falls within the definition thereof set out in the Code. If it does, the compliance officer must classify the conflict of interest as either avoidable or unavoidable.



- 6.2 A conflict of interest shall be classified as avoidable if Fairsure Investment Managers may fairly and objectively provide financial services to a client without the actual or perceived influence of a conflict of interest. A conflict of interest shall be classified as unavoidable if Fairsure Investment Managers cannot provide financial services to a client without the actual or perceived influence of a conflict of interest.
- 6.3 If the conflict of interest is avoidable, the compliance officer must ensure that the relevant employee(s) understands the conflict of interest and takes effective measures to avoid it.
- 6.4 If the conflict of interest is unavoidable, the compliance officer must alert the relevant head of department and employee(s) and assist him or her to mitigate the risk posed by the conflict of interest to the client.
- 6.5 All actual or potential conflicts of interest must be disclosed to the relevant client as soon as possible after it arises. Such disclosures should be –
- 6.5.1 in writing;
  - 6.5.2 in clear, concise and effective language; and
  - 6.5.3 sufficient to enable the client to make an informed decision regarding the conflict of interest.
- 6.6 Where a conflict of interest involves associates and/or third parties, the compliance officer must notify such associates and/or third parties.
- 6.7 The compliance officer must keep written records of –
- 6.7.1 notifications made by heads of department and employees regarding conflicts of interest;
  - 6.7.2 decisions made in respect of conflicts of interest;
  - 6.7.3 disclosures made in respect of conflicts of interest; and
  - 6.7.4 any actions taken in respect of conflicts of interest.
- 6.8 Written records referred to in paragraph 6.7 must be kept for a period of 5 years after termination of the product concerned or, in any other case, after the rendering of the financial service concerned. Such records must be made available for inspection within 7 days of a request made by the Registrar of FSPs.

## **7 EMPLOYEE TRAINING**

All Fairsure Investment Managers employees have been made aware of this policy which is available on the Fairsure Investment Managers website.

## 8 CONSEQUENCES OF NON-COMPLIANCE

8.1 Any employee who fails to comply with the contents of this policy or avoids same through any means will be subject to Fairsure Investment Managers' disciplinary process.

8.2 Further, non-compliance with this policy by representatives, in particular, may result in (i) the termination of their contract of employment; and/or (ii) debarment in terms of section 14 of the FAIS Act or section 153 of the Financial Sector Regulation Act, No. 9 of 2017.

## 9 THIRD PARTIES WITH OWNERSHIP INTEREST(S) IN FAIRSURE INVESTMENT MANAGERS

Name	Nature of interest	Extent of interest
Nil	Nil	Nil

## 10 THIRD PARTIES IN WHICH FAIRSURE INVESTMENT MANAGERS HAS AN OWNERSHIP INTEREST

Name	Nature of interest	Extent of interest
Nil	Nil	[Nil

## 11 ASSOCIATES

Please refer to Annexure A hereto.

## 12 COMPLIANCE OFFICER

Name	Date of appointment	Contact details
Shakira Mahomed	December 2022	Shakira@fairsure.co.za

This conflict of interest management policy has been adopted by the Fairsure Investment Managers board of directors and is reviewed annually.

Last reviewed: [●]