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## 1. DOCUMENT CHANGE CONTROL

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D Mokgatlé*	Non-Executive Director	Approved – 25/08/2013
G Dunnington*	Non-Executive Director	Approved 14/08/2013
J Moses*	Non-Executive Director	Approved – 25/08/2013
T Soondarjee*	Financial Director	Approved – 25/08/2013
R Sassoon	Chief Executive Officer	Approved – 25/08/2013

\* Members of the Group Risk and Capital Management Committee

## 2. INTRODUCTION TO CONFLICT OF INTEREST

The FAIS Conflict of Interest Policy is intended to comply with the requirements prescribed in FSB Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and Representatives set out in Board Notice 80 of 2003, amended by Board Notice 43 of 2008.

The code of conduct is an addition to Sasfin's Code of Ethics Policy and inter alia provides mechanisms to identify; mitigate and manage the conflicts of interest to which Sasfin is a party. This is done to protect clients and maintain integrity while still allowing employees the opportunity to participate in legitimate trading.

Sasfin is committed to ensuring that the business operations are conducted in accordance with good business practices in an ethical and equitable manner and in a way that safeguards the interest of all stakeholders thereby minimising conflict of interest.

The policy must be adopted by the Board of Directors and it must ensure that all employee representatives be made aware of this policy. Compliance with the requirements set out in this document must be continuously monitored and a review of the policy should be conducted at least annually.

## 3. DEFINITIONS AND TERMS

"Board"	The Boards of Directors of Sasfin Holdings Limited
"Sasfin"	Sasfin Holdings Limited and shall be deemed to include all Divisions and Subsidiaries regulated by the Financial Services Board (Refer Annexure A of the FAIS Policy Guidelines)
"COIMP"	Conflict of Interest Management Policy
"Department"	Where applicable, this term is inter-changeable for division; business unit; company or any other logical unit within the organisation.
"FAIS"	Financial Advisory and Intermediary Services Act # 37 of 2002, together with Regulations, Board Notices and Circulars thereto.
"FSB"	Financial Services Board, a Regulatory Body established in terms of the FAIS Act.
"FSP"	Financial Services Provider authorised in terms of FAIS.
"Responsible Person"	A Key Individual, Representative, product supplier or FSP as defined by FAIS
"Conflict of Interest"	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, - Influence the objective performance of his, her or its 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 interest of that client, Including, but not limited to – a financial interest; an ownership interest; any relationship with a third party.
"Financial Interest"	any cash, cash equivalent voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than – an ownership interest; training, that is not exclusively available to a selected group of providers or representatives; on – products and legal matters relating to those products; general financial and industry information; specialised technology systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training;
"Ownership Interest"	"(a) any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or an proprietary interest held as an approved nominee on behalf of another person; and (b) includes any dividend, profit

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a partner beyond expectations

	share or similar benefit derived from that equity or ownership interest;
"Immaterial Financial Interest"	any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 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; A provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives;
"Third Party"	a product supplier, another FSP, an associate of a product supplier or a FSP, a distribution channel, any person who in terms of an agreement or arrangement with a person referred to in paragraphs to above provides a financial interest to a provider or its representatives.
"Distribution channel"	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.
"Associate"	(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 permanent life partner or spouse 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 company and any other company of which that holding company is a subsidiary; (ii) which is a close corporation registered under the Close Corporations 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 holding company of the first-mentioned juristic person – (aa) had such first-mentioned juristic person been a company; or (bb) in the case where that 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 juristic 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.

## **4. APPLICATION AND REQUIREMENTS**

Sasfin has various internal controls to manage and mitigate conflict of interests, these include:

- Group business practices on confidentiality and representing the Group, embedded in the Sasfin Staff Policy, Code of Ethics and other Group policy documents;
- Information barriers for restrictive access control to certain areas (“Chinese Walls”);
- Separate IT systems and IT folders, an IT policy and a Clean Desk Policy;
- Clear and concise disclosure to enable the client to fully understand the relevance.

This policy is intended to supplement the existing policies and controls.

## **5. MANAGEMENT OF CONFLICT OF INTEREST**

### **5.1 Outline**

Without derogating from the definition set out above, conflict of interest can be described as circumstances where some or all of the interests of clients to whom a FSP or product supplier provides financial services or products, are inconsistent with, or diverge from, some or all of the interests of the FSP, its representatives or the product supplier. It should be understood that the conflicting interest referred to throughout this policy may be direct or indirect (the interest might be that of the Responsible Person, that of another person such as a relative or friend of the Responsible Person, or that of an organization in which the Responsible Person or such other person has an interest).

It is not possible to enumerate all situations which could constitute a conflict. The facts of each situation will determine whether the interest in question is such as to bring it within the area of potential conflict. Such facts would include the amount of business involved, the extent to which the Responsible Person could influence Sasfin's decisions with respect to the transaction, and whether the interest is of such a nature that it might affect the objectivity or the business judgment of the Responsible Person. In determining whether a conflict is involved, there is no substitute for sound judgment based upon the particular facts involved in each case.

### **5.2 Identification of Conflict of Interest**

Sasfin offers a diverse range of local and international products and services. Conflicts of interest may be inherent to the business given the nature of the business. It is important that conflicts are identified as early as possible in order to adequately manage the conflict of interest.

To provide for:

- a) measures for the avoidance of a conflict of interest or where it is not possible, measures to mitigate such a conflict of interest;
- b) measures for the disclosure of a conflict of interest;
- c) processes, procedures and internal controls to facilitate compliance with the conflict of interest requirements; and
- d) consequences of non-compliance with the conflict of interest requirements.

### **5.3 Management of Conflict of Interest**

To adequately manage conflicts of interest, Sasfin must identify all relevant conflicts timorously. Sasfin must employ different mechanisms to ensure that all conflicts are identified by:

- a) not offering any financial incentive to employees by giving preference to the quality of business secured to the exclusion of the quality of service being rendered to clients or for giving preference to a specific product supplier or to a specific product where the employee may recommend more than one product to a client
- b) having the Compliance Division maintain a register of identified conflicts of interest. The register is to be updated with all new conflicts as soon as they are identified. The register is reviewed on an annual basis for completeness. The register identifies the conflict, the severity of the conflict and documented controls to mitigate the conflict
- c) requiring that all employees are responsible for specific instances of conflict and are required to notify their Divisional Compliance officer or the Compliance Division directly of any conflicts they become aware of. The compliance officer is required to assess the implications of the conflict and how the conflict should be managed.

When a conflict of interest in respect of the client arises, employees are required to disclose such conflict to Group Compliance for assessment, irrespective of the value of the conflict or exposure and include potential reputational risk. In certain instances, senior management may be required to intervene in the process. Compliance and management will decide whether it is appropriate to proceed with the transactions. (Refer to '[Annexure A](#)' for illustrative examples).

## **6. SPECIFIC CONFIRMATIONS, DISCLOSURES AND CONTROLS**

### **6.1 Financial Interest**

Sasfin employees may receive financial interest from a third party in the form of:

- a) Fees for rendering a financial service in respect of which no commission or fees are paid, if those fees are specifically agreed to by the client;
- b) Fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
- c) Subject to any other law, an immaterial financial interest.

### **6.2 Disclosures, Controls and Training**

#### **6.2.1 Disclosures**

Sasfin employees are required to disclose conflicts to clients, in writing, at the earliest reasonable opportunity. The disclosure must at a minimum include:

- a) Measures taken, in accordance with the conflict of interest management policy to avoid or mitigate the conflict.
- b) Any ownership interest or financial interest, other than an immaterial financial interest, that the provider of representative may become eligible for
- c) 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 a client to understand the exact nature of the relationship or arrangement and the conflict of interest; and
- d) A Provider or Representative must inform a client of the conflict of interest management policy and how it may be accessed

#### **6.2.2 Controls: Registers (Refer '[Annexure B](#)')**

- a) The Conflict of Interest Register is maintained by the Compliance Division and records identified conflicts as well as the mitigation controls put in place to manage the conflict. The register is updated when a conflict becomes apparent, but reviewed at least on an annual basis. The register may be viewed on written request and subject to approval from the Group Compliance Officer.

- b) The Gift Register is maintained by the Compliance Division and documents all financial interest and immaterial financial interest offered to or received by a Responsible Person.
- c) The Compliance Division is obligated to perform Compliance Monitoring to check on any records to ensure these policy requirements are being adhered to. The monitoring forms part of the general monitoring duties and obligated reporting to the FSB in the annual compliance return.

### **6.2.3 Training and acknowledgement**

Training on the Conflict of Interest Policy will be provided by the Group Compliance Division, with the assistance of the Divisional Compliance Officers, on an annual basis, or as required. All employees and representatives will be required to read and sign a statement to the effect that they have read and fully understand the provisions of the document and the application thereof (Refer '[Annexure C](#)').

## **7. PENALTIES OF NON-COMPLIANCE**

Non-compliance to the requirements set out in this document, will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable.

Avoidance, limitation or circumvention of this policy will be deemed non-compliance.

## **Annexure A: Guidelines on immaterial financial interest**

1. Sasfin applies to 'R1000 per calendar year rule'. Key Individuals and Representatives of Sasfin are not permitted to pay out, spend on, or receive from any other party, being another FSP or a third party, an 'immaterial financial interest' of more than the value of R1000 (One thousand Rand), or foreign value equal to the Rand value, per calendar year.
2. The rule includes, but is not limited to:
  - a. Meals;
  - b. Golf days;
  - c. Gifts (e.g. liquor / wine);
  - d. Complementary tickets to a sport events (e.g. cricket, soccer, rugby);
  - e. Spa vouchers or hospitality vouchers;
  - f. Outdoor trips, etc.
3. The rule excludes bona fide training / information sessions, or general industry information sessions, such as:
  - a. The training / sessions may not be available to only a selected group of people
  - b. The accommodation / travelling costs for the attendees are excluded
  - c. Lunch and beverages may be provided with these sessions, provided that it is incidental to the session and is not the focus of the training / session.
    - i. In the event of Sasfin hosting training or sessions to introduce new products, the invitations may not be limited to only the large business partners, other qualifying criteria determining the list of invitees has to be taken into account.
    - ii. In the event of a Key Individual or Representative being invited to attend a training session at any location, the flight, travelling and accommodation may not be paid by the event organisers.

**Annexure B: Control Registers**

Entity name - FSP # _____						
Conflict of Interest Register						
Date	KI / Rep Name	Client / Agent Name	Description of conflict	Risk		Actions taken / Mitigating Controls
				Severity H/M/L	Impact H/M/L	

Entity name – FSP # _____				
Personal Interest Register				
Date	KI / Rep Name	Client / Agent Name	Description of interest	Actions taken / Mitigating Controls

Entity name – FSP # _____						
Immaterial Interest Gift Register ('R1000 per calendar year rule')						
Date	KI / Rep Name	Client / Agent Name	Nature of Gift received or sent	Value of gift received or sent	Reason for Immaterial Financial Interest	Comments

**Annexure C: Staff Declarations**

**Staff Declaration: Conflict of Interest Management**

I,.....(full name and surname), hereby confirm that I have<sup>1</sup> / have not accepted any financial interest exceeding a monetary value of R1,000 in the last calendar year from any one product supplier or from any other third party, as defined in the General Code of Conduct and were made aware of the Conflict of Interest Management Policy with respect to the receipt of gifts and any other financial interests.

**I hereby confirm the following:**

1. I understand that the receipt of any financial interest can give rise to a conflict of interest that may be prejudicial to Sasfin
2. I fully understand that I must disclose the receipt of any financial interests to the Divisional Compliance officer or Group Compliance Division who will evaluate the nature of the financial interest and decide on a course of action which may include the return of the Reward to the sender
3. I understand that the failure to follow the above conflicts procedures could compromise the integrity and reputation of Sasfin.

I acknowledge that I understand the above declaration and realise that failure to comply with the relevant internal procedures could after due process, lead to disciplinary steps and possibly, the termination of my employment and or debarment.

Signed at ..... on .....

\_\_\_\_\_  
**Signature**

**Sasfin Declaration:**

The original signed document will serve as an addendum to your current employment contract and conditions and will be kept in your staff file with the Human Resources Department. A copy of this letter will be kept with the Group Compliance Division's FAIS file to form part of the Compliance Monitoring process requirements. This document is required to be retained for a period of up to 3 years after you leave Sasfin's employment. All documents are required to be kept confidential at all times.

Signed at ..... on .....

\_\_\_\_\_  
**Signature**  
**Group Compliance Officer / Divisional Manager**

\_\_\_\_\_  
**Name**

<sup>1</sup> Details of disclosed interest to be provided in writing and attached to this declaration