



MIRRIN BUSINESS RISKS (PTY) LTD

CONFLICT OF INTEREST MANAGEMENT POLICY

Definitions

The following definitions in Board Notice 58 of 2010 ("BN 58") are referenced in this Policy.

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 representatives.

Immaterial Financial Interest means *any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000.00 in any calendar year from the same third party in that calendar year, received by –*

- a) A provider who is a sole provider.
- b) A Representative for that Representative's direct benefit.
- c) A provider, who for its benefit or that of some or all of its Representatives, aggregates the immaterial financial interest paid to its Representatives.

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.
- 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 provider.
- d) A distribution channel.
- e) Any person who in terms of an agreement or arrangement with a person referred to in (a) to (d) provides a financial interest to a provider or its Representatives.

Introduction

MIRRIN BUSINESS RISKS (PTY) LTD ("MBR") is authorised by the Financial Services Board ("FSB") under the Financial Advisory and Intermediary Services Act 37 of 2002 ("FAIS") as a Financial Services Provider ("FSP") in terms of FAIS License 5433. MBR is required by FAIS, as set out in Board Notice 58 of 2010 to implement and maintain a Conflict of Interest Management Policy ("the Policy").

Coupled with this requirement, MBR is committed to providing financial services to clients, with integrity, honesty, transparency and in a manner that always put our client's interests first.

Purpose

The purpose of this Policy is to document the process whereby we identify and manage all conflicts of interest that may arise when we provide a financial service to our clients. This Policy sets out processes which will also ensure that we can evidence this conflict management to the Regulators and our clients.

Application

This policy applies to all MBR employees. MBR employees consist of:

1. Permanent employees;
2. Independent Contractors;
4. Directors and
5. Officers

Conflicts of interest

BN 58 defines a conflict of interest as follows:

“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, 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.

In summary, MBR has a conflict of interest if it has an interest that influences its obligations and prevents it from providing and unbiased and fair financial service to its client. In effect this occurs when MBR puts its interests before those of its clients.

Financial interest

BN 58 defines both Financial Interests and Immaterial Financial Interests. In terms of BN 58, MBR will be unable to provide an unbiased and fair financial service to a client if it holds a Financial Interest.

BN 58 therefore prohibits a FSP from either receiving a Financial Interest from a Third Party or giving a Financial Interest to a Third Party. The logic is that if a FSP does not have a Financial Interest in a situation, then it will effectively not be in a conflict of interest with a client.

A Financial Interest is widely defined in BN 58. It includes the following:

1. Cash;
2. A cash equivalent;
3. Vouchers;
4. Gifts;
5. Services;
6. An advantage;
7. A benefit;
8. Discounts;
9. Domestic or foreign travel;
10. Hospitality;
11. Accommodation;
12. Sponsorship; and
13. Other incentives or valuable consideration.

In terms of BN 58, MBR is not permitted to either receive a Financial Interest from a Third Party or give a Financial Interest to a Third Party.

A FSP is however allowed to give an Immaterial Financial Interest to a Third Party or receive a Financial Interest from a Third Party.

Immaterial financial interest

As stated in section G, a FSP is permitted to either give an Immaterial Financial Interest to a Third Party or receive and Immaterial Financial Interest from a Third Party.

The logic behind this is that an Immaterial Financial Interests is not substantial enough to have an influence on the financial service that a FSP will give to a client.

An Immaterial Financial Interest is a financial interest with an aggregate value of a R 1000.00 or less per calendar year from the same Third Party.

Third party

BN 58 references Financial and Immaterial Financial Interests in relation to Third Parties. The following would fall within the definition of a Third Party:

1. A product supplier;
2. Another FSP;
3. An associate of a product supplier or FSP;
4. A service provider; or
5. A distribution channel.

MBR approach

In terms of this policy, MBR employees are prohibited from accepting a Financial Interest from a Third Party or giving a Financial Interest to a Third Party.

MBR follows an internal disclosure process around the receiving of an Immaterial Financial Interest from a Third Party as well as the giving of an Immaterial Financial Interest to a Third Party.

Process

MBR has implemented the following process to manage conflicts of interest in accordance with BN 58:

Step 1: Identify the conflict of interest

Each MBR employee must be aware of the potential for a conflict of interest in any activity. If an employee suspects and actual or potential conflict, they should discuss it with the compliance officer or any appropriate MBR employee. The following questions would be of assistance in the identification process:

1. Are my interests and those of MBR aligned with my clients needs?
2. Am I acting independently, professionally and objectively towards my client?
3. Am I acting in the best interests of my client or in the best interests of MBR?

Step 2: Reporting the identified conflict of interest

1. The employee must report the conflict of interest to the Head of Compliance. This must be done in writing or via email.
2. The Head of Compliance must record the conflict of interest in the Conflict of Interest Register.
3. The Compliance Officer must schedule a meeting, consisting of members of the CIO, MD and any other appropriate employees.

Step 3: Managing the reported conflict of interest

The CIO, MD, Head of Compliance and other appropriate employees, must evaluate the conflict of interest and decide on the possible actions that must be taken. The evaluation must include the following:

1. Whether it is possible to avoid the conflict of interest.
2. If it cannot be avoided, the reasons why.
3. The actions that must be taken to mitigate a conflict of interest that cannot be avoided.
4. How these actions will lessen or mitigate the impacts of the conflict of interest.
5. When and how client disclosure of the conflict of interest will take place.

Note that this entire process and all the decisions made during this process will be documented and filed by the Head of Compliance.

Managing a conflict of interest that cannot be avoided

Management in conjunction with the Head of Compliance must manage a conflict of interest in terms of BN 58. In terms of the values of MBR and the manner in which we do business, all our employees are responsible, together with management and the Head of Compliance, to manage these conflicts of interest.

Mitigation measures or actions must be identified and implemented as soon as is reasonably possible. These must be documented and also monitored by the Head of Compliance.

An appropriate disclosure must be drafted to inform the client of the conflict of interest and what measures have been implemented to reduce the impact or effect of the conflict of interest on the client.

These control measures and disclosure requirements must be recorded in the Conflict of Interest Register.

At MBR, we will also document the conflict of interest, decision making process, decisions made, controls implemented and disclosures made as a case study. These case studies will be analysed by our employees so that we can use the learnings to assist in managing any future conflicts of interest.

Standard information for disclosure requirements

The following information must be included in each client disclosure:

1. The measures taken in accordance with this Policy to manage the conflict of interest.
2. Any ownership interest (ownership of MBR and entities it owns) or Financial Interest that MBR or its employees may become eligible for.
3. The exact nature of any relationship or arrangement between MBR and a Third Party that gives rise to a conflict of interest.

MBR obligations

1. Management, through delegation to the Head of Compliance is responsible for the communication of this policy and the effective training of all MBR employees.
2. MBR employees are responsible for identifying and reporting any actual or potential conflicts of interest to the Head of Compliance.
3. The Head of Compliance is responsible for the effective monitoring of this policy.

Policy breaches

Any failure to meet the obligations set out in section N of this Policy will be considered a breach of this policy. Any employee who breaches this policy will be subject to management action.

Conflict of Interest Management policy updated on 1 April 2020