



CONFLICT OF INTEREST MANAGEMENT POLICY
FOR
SFP ADVISORY SERVICES (PTY) LTD (FSP 41158)

(WITH SPECIFIC REFERENCE TO THE FAIS GENERAL CODE OF CONDUCT)

EXECUTIVE SUMMARY

The objective of the SFP Advisory Services (SFP) Conflict of Interest (COI) Policy is to provide a framework within which to address areas where conflicts of interest may arise. It aims to establish broad principles and guidance, and it prescribes processes that are essential to ensuring compliance with the Code of Ethical Conduct applicable to SFP as well as other regulatory measures (e.g. the FAIS Act).

In conjunction with the Code of Ethical Conduct, this policy aims to promote transparency and fairness in the interest of consumers, employees, providers and SFP.

The policy defines how conflicts of interest are to be managed, that is, to identify potential conflicts, to avoid conflicts where possible and, how to disclose.



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1. **DEFINITIONS**

1.1 **“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 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 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 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.

1.2 **“Board”** means the SFP Advisory Services (Pty)Ltd Board of Directors

1.3 **“Conflict of interest”** means any situation in which a person has an actual or potential interest that may, in rendering a financial service to a client:-

- a) influence the objective performance of their obligations towards such client; or
- b) prevent a person 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 –
 - a financial interest;
 - an ownership interest;
 - any relationship with a third party.

1.4 **“Employee”**, for the purpose of this policy, will include:

- a) All directors and full-time employees of any associate of SFP;
- b) All temporary contracted employees;
- c) All employed or contracted representatives including independent financial advisors and tied agents.

1.5 **“FAIS”** means the Financial Advisory and Intermediary Services Act, No. 37 of 2002.

1.6 **“Fair value”** means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction (as set out in the reporting standards adopted in terms of the Companies Act (Act no 61 of 1973).

1.7 **“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, 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.

- 1.8 **“FSP”** means a Financial Services Provider, other than a representative, who as a regular feature of the business of such person –
- (a) furnishes advice; or
 - (b) furnishes advice and renders any intermediary service; or
 - (c) renders an intermediary service.
- 1.9 **“Group COI Policy”** means the Conflicts of Interest Management Policy for the Sanlam Group.
- 1.10 **“Immaterial financial interest”** means any financial interest with a determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third party in that calendar year received by -
- (a) a provider who is a sole proprietor; or
 - (b) a representative for that representative’s direct benefit;
 - (c) a provider, who for its benefit or that of some or ail of its representatives, aggregates the immaterial financial interest paid to its representatives;
- 1.11 **“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 an proprietary interest held as an approved nominee on behalf of another person; and
 - (b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest;
- 1.12 **“Provider”** means any FSP and/or product provider that provides products or services to SFP and its representatives.
- 1.13 **“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 financial services provider, 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 –
- (a) does not require judgment on the part of the latter person; or
 - (b) does not lead a client to any specific transaction in respect of a financial product in response to general enquiries;
- 1.14 **“Sanlam”** means the Sanlam Group collectively together with its associates and includes references to Sanlam Limited, Sanlam Life Insurance Limited and any



other entity, legal or operational, reflected as a subsidiary or a Sanlam business in the organizational chart of the Sanlam Group as updated from time to time.

- 1.15 “**SFP**” refers to SFP Advisory Services (Pty) Ltd (FSP 41158), as well as its employees, where applicable
- 1.16 “**SGFCCP**” means the Sanlam Group Financial Crime Combating Policy.
- 1.17 “**The Code of Ethical Conduct**” means the SFP Code of Ethical Conduct.
- 1.18 “**Third party**” means -
- (a) a product provider;
 - (b) another provider;
 - (c) an associate of a product provider or a provider;
 - (d) a distribution channel;
 - (e) any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives

Note

- Please refer to **Annexure “A”** which lists the names of associates set out in an organisational diagram in which Sanlam holds an ownership interest, together with the nature and extent of such ownership interest. SFP forms part of this organisational structure.
- Please refer to **Annexure “B”** which lists
 - the names of product providers that supply SFP with financial products and holds an ownership interest in SFP;
 - Financial Services Providers that provide SFP with financial interests in terms of an agreement or an arrangement.



2. INTRODUCTION

SFP is committed to ensuring that all business is conducted in accordance with the standards of good corporate governance.

Accordingly, the manner in which SFP conducts its business is based on integrity, ethical and equitable behaviour.

This policy aims to emphasise the interests of all stakeholders by minimising and managing all actual or potential conflicts of interest.

3. OBJECTIVE

Consumerism has led to regulatory measures that have been developed to protect the interests of consumers, including the FAIS General Code of Conduct and the Financial Institutions (Protection of Funds) Act (No. 28 of 2001) which is directed towards, *inter alia*:

- the duties of persons dealing with the funds of clients and financial institutions;
- observing the utmost good faith and exercising proper care and diligence with regard to the funds of such clients and institutions; and
- ensuring a consistent manner of dealing with conflicts of interest and the disclosure thereof.

One of the consequences of implementing this legislation is that consumers will be exposed to fewer conflicts of interest and where such conflicts have been identified, (but could not be avoided) these would be effectively mitigated (managed), and adequate disclosure would have been made to all impacted parties.

The objective of the SFP Conflict of Interest (COI) Policy is to provide a framework within which to address areas where conflicts of interest may arise. It aims to establish broad principles and guidance, and it prescribes processes that are essential to ensuring compliance with the Code of Ethical Conduct applicable to SFP as well as other regulatory measures (e.g. the FAIS Act).

In conjunction with the Code of Ethical Conduct, this policy aims to promote transparency and fairness in the interest of consumers, employees, providers and SFP.

4. POLICY STATEMENT

Whilst the Group COI policy sets the high level standards for Sanlam, SFP has formulated and implemented detailed measures to proactively ensure compliance with these standards, having due regard for the specific business environment within which SFP operates.

This policy is related to and must be read with the Code of Ethical Conduct, the SGFCCP and the Sanlam Group Policy on the Giving and Receipt of Gratifications.

This policy applies to all employees, third parties where applicable and, associates as defined.

5. MANAGING THE RISK OF CONFLICTS OF INTEREST DEVELOPING

Once a conflict of interest has been identified, it must be appropriately and adequately managed.

5.1 IDENTIFYING CONFLICTS OF INTEREST

5.1.1. No person (including SFP) may avoid, limit or circumvent, or attempt to avoid, limit or circumvent compliance with the SFP COI policy via an associate or third party or an arrangement involving an associate or a third party.



5.1.2. SFP and its employees (i.e. representatives) may only receive the following financial interest from or to a third party. The financial interest includes but is not limited to –

- a) Commission authorised in terms of the Long-term Insurance Act (No. 52 of 1998), the Short-term Insurance Act (No. 53 of 1998) or the Medical Schemes Act (No. 131 of 1998).

Commission is strictly monetary amounts paid to a provider, designated as such and determined on a basis specified prior to payment.

- b) Fees authorised in terms of the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act if those fees are reasonably commensurate to a service being rendered;
- c) Fees for the rendering of a financial service in respect of which commission or fees referred to in paragraph (a) or (b) above is not paid, if those fees –
 - are specifically agreed to by a client in writing; and
 - may be stopped at the discretion of the client.
- d) Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
- e) Subject to other legislation, an immaterial financial interest;
- f) A financial interest not referred to in paragraphs (a) to (e) above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by the provider or its representatives at the time of receipt thereof.
- g) Sales tools or services (electronic or otherwise) may be accepted by SFP, on condition that the tools and services provided are:
 - essential in enabling SFP to prepare, submit and finalise any business transaction in accordance with provider's business requirements;
 - not essential, but offers value to SFP in terms of enhancing/ supplementing its interaction with clients(Refer also to the decision framework in Annexure C & D)
- h) Services that are essential in enabling SFP to prepare, submit and/ or finalise transaction documentation to a provider, may be accepted unless it would influence SFP in the objective performance of its functions or prevent SFP from rendering unbiased service.
(Refer also to the decision framework in Annexure D)
- i) Services that are not essential in enabling SFP to do business with the provider, but which offers SFP value in terms of enhancing or supplementing its interaction with clients may be accepted if there is clear proof of benefiting the client and it does not create a conflict of interest.
(Refer also to the decision framework in Annexure E)
- j) Services that do not form part of those described in (h) or (i) may only be utilised by SFP when provided at a fair market value by the providers.

5.1.3. SFP and its employees shall only attend bona fide training by providers on:

- a) Products or legal matters relating to their products;
- b) General financial and industry information; and



- c) Specialised technological systems of a third party necessary for the rendering of a financial service. This would include the providers sales and administrative processes aimed at enabling SFP to do business with the provider.

SFP may not accept offers to pay for the travel and accommodation associated with the training and may not participate in any training for exclusive groups of FSPs. Other forms of training, not mentioned in (a) – (c) above, may only be attended subject to consideration or remuneration (based on fair value) being paid for the training so provided by providers and their associates.

5.1.4. SFP shall **not** offer any financial interest to its representatives for:

- a) Giving preference to the quantity of business secured to the exclusion of the quality of the service rendered to clients; or
- b) Giving preference to a specific provider, where a representative may recommend more than one provider to a client; or
- c) Giving preference to a specific of a provider, where a representative may recommend more than one provider to a client.

5.2 AVOIDANCE OF CONFLICTS OF INTEREST

5.2.1 Once an actual or potential conflicts of interest has been identified, steps must be taken to (wherever possible) to avoid such a conflict. Should such avoidance not be possible, steps must be taken to mitigate such an actual or potential conflicts of interest and must be disclosed to all impacted parties.

5.3 DISCLOSURE OF CONFLICTS OF INTEREST

5.3.1 SFP must at the earliest reasonable opportunity disclose to a client any conflict of interest in respect of that client (and all other impacted parties).

5.3.2 The disclosure must be made in writing to the client and contain the following information which includes, but is not limited to:

- a) The measures taken, in accordance with this policy, to avoid or mitigate the conflict;
- b) Any ownership interest or financial interest, other than an immaterial financial interest, that SFP or its employees may become eligible for;
- c) The nature of any relationship or arrangement with a third party that gives rise to a conflict of interest. Sufficient detail in terms of the nature and extent of the relationship that creates or gives rise to the conflict must be disclosed to the client. Such disclosure should enable the client to make a reasonable assessment as to whether to proceed with a transaction; and
- d) Informing the client of the existence of a SFP COI policy and how this document may be accessed.

6. PROCESSES AND PROCEDURES TO ENSURE COMPLIANCE

6.1. SFP (FSP Licence 41158) adopts this policy as the standard according to which it shall conduct its business in relation to the identification, avoidance and managing of conflicts of interest.

6.2. The Compliance Officer of SFP is responsible for managing (and updating) the SFP COI policy and will provide guidance to SFP management thereon (including the



pre-clearance of business processes that potentially may cause a conflict of interest).

- 6.3. The onus is on the individuals subject to this policy to avoid creating conflicts of interest, and if this is unavoidable, to take effective steps to mitigate such a COI and ensure that proper disclosure is made in respect thereof;
- 6.4. All employees are responsible for identifying specific instances of conflicts of interest and are required to notify the SFP Compliance Officer or SFP management of any conflicts of interest they become aware of. The SFP Compliance Officer will escalate the conflict of interest to the Chief Executive with a recommendation as to how the conflict of interest should be managed (if it cannot be avoided);
- 6.5. Documented guidelines to management on the acceptance of “immaterial financial interest” are set out in Annexure E. These guidelines may be adapted from time-to-time to address specific business needs.
- 6.6. Documentation and processes which have been formulated to identify, avoid, mitigate and disclose conflicts of interest include the following: .
 - a) The framework to evaluate whether the provision of sales tools by providers (electronic or otherwise) creates an actual or potential conflict of interest is set out in Annexure C.
 - b) The framework to evaluate whether the provision of services by providers, create an actual or potential conflict of interest, is set out in Annexure D.
 - c) The framework to evaluate whether the provision of immaterial financial interests to SFP creates an actual or potential conflict of interest and whether it is allowable in terms of the financial conditions imposed by regulation (R1000 per annum) is set out in Annexure E.
 - d) The central register for the recording of conflicts of interest will be maintained by SFP management and it will require the persons involved and the controls implemented to be recorded on it. Employees and Representatives will be required to notify management about any conflict of interest or immaterial interest received within 14 (fourteen) days of becoming aware of such conflict of interest or receipt of immaterial interest.
 - e) Measures will be implemented to ensure continuous monitoring of compliance to the SFP COI Policy.
 - f) Where monitoring has identified non-compliance with the SFP COI policy, the compliance risk should be assessed and escalated to the SFP Chief Executive with a recommendation as to the measures that will be taken to mitigate the compliance risk; and
 - g) Specific instances of conflicts of interest may require management intervention in addition to the documented controls already in place. This may include escalation to the SFP Chief Executive for a decision on how the conflict should be managed, for example, disclosure to the client or declining to act.
- 6.7. All employment contracts must include the necessary termination and/or sanctions clauses to manage the risk of an actual or potential conflicts of interest situations created by employee acts or omissions;
- 6.8. Disciplinary procedures in SFP must provide for the review of any breach by employees and determine appropriate sanctions;
- 6.9. If employees are of the view that their own conduct has caused this policy to be breached, they must inform their manager at the earliest available opportunity after



they have become aware of the breach. Management must report this breach to the SFP Compliance Officer for further investigation;

- 6.10. When employees reasonably suspect that a co-worker or contractor is in breach of this policy, they must report it as soon as possible and in the strictest of confidence, to their line manager or the SFP Compliance Officer for further investigation.

7. ACCESSIBILITY OF COI POLICY

This policy document will be made available to all SFP employees on the SFP website to ensure that it is easily accessible for inspection by employees, clients and third parties at all reasonable times.

8. TRAINING AND AWARENESS

- 8.1. All SFP employees, contractors and temporary workers will annually receive appropriate training and awareness on this policy.
- 8.2. All newly recruited employees must attend a training session during their induction program;
- 8.3. The SFP Management will co-ordinate and facilitate training interventions for SFP employees. The Sanlam Personal Finance: Distribution Academy will co-ordinate and facilitate training interventions for SFP representatives.
- 8.4. All SFP employees must provide a written undertaking to confirm awareness of and to abide by the COI policy.
- 8.5. Training and training materials provided to representatives must include a reference to, and information on the content and application of this policy.

9. CONSEQUENCES OF NON-COMPLANCE

- 9.1. The FAIS Act provides for penalties in the event that a person is found guilty of contravening the Act, or of non-compliance with the provisions of the Act. The penalty for non-compliance of specific provisions of the Act, is an amount of up to R1 million or a period of imprisonment for up to 10 years.
- 9.2. The Registrar of FAIS is empowered to refer instances of non-compliance to an Enforcement Committee that may impose administrative penalties on offenders.
- 9.3. The FAIS Act also gives the Registrar the powers to revoke the license of an FSP.
- 9.4. Employees' failure to make the necessary disclosures could be seen as a transgression of the Code of Ethical Conduct and will be dealt with in terms of SFP's Disciplinary Code.
- 9.5. Certain transgressions of this policy may result in civil or criminal prosecution. Please refer to the SGFCCP in this regard.
- 9.6. All potential transgressions of this policy must be investigated fairly and objectively and be reported by Compliance Officer to the Chief Executive for a decision.

10. REVISION

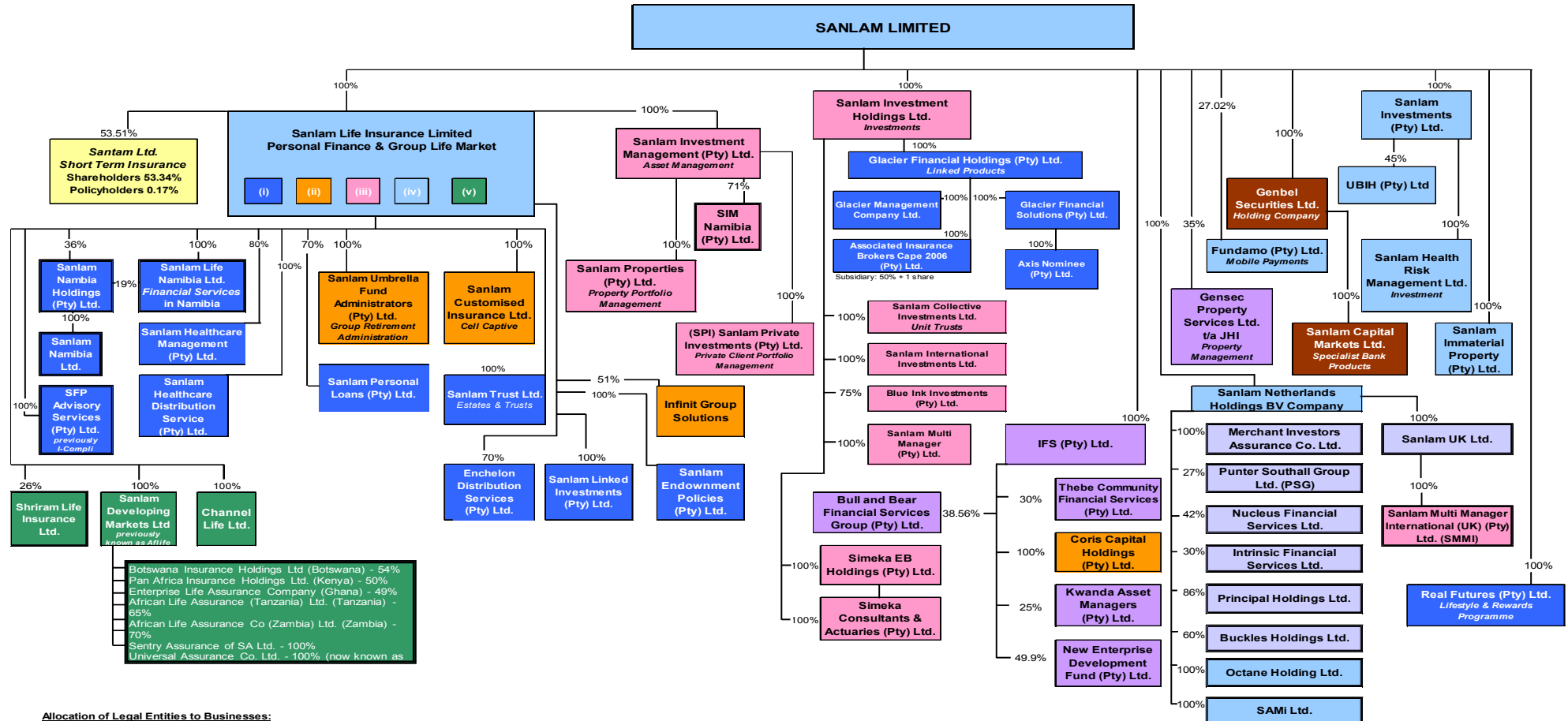
This policy document will be reviewed on an annual basis and any amendments will be submitted by the SFP Compliance Officer to the Board for evaluation, approval and amendment, where necessary.



Annexure A: List of associated parties in relation to SFP

BUSINESS AND LEGAL STRUCTURE / ORGANOGRAM

(Includes the more significant interests, and some of the international interests)
11 February 2011



Allocation of Legal Entities to Businesses:





Annexure B: List of SFP product providers

A. List of product providers that supply SFP Advisory Services (FSP 41158) with financial products and holds an ownership interest in SFP.					
No.	Product Provider	Nature of ownership interest	Extent of ownership interest	Relevant Associates	Agreements / arrangements where a financial interest is received by SFP or its representative
1.	Sanlam Life Insurance Limited	Shareholding	See Annexure A	See Annexure A	1. Agreements with SFP and its “representatives” who distribute Sanlam Life Insurance Limited’s products. 2. Agreement to pay “financial interests” to the SFP when financial products are introduced to clients.
B. <u>Financial Services Providers</u> that provide SFP Advisory Services (FSP 41158) with financial interests in terms of an agreement or arrangement (in addition to those listed in A above)					
1.	Old Mutual Limited	Not Applicable	Not applicable	Not applicable	Agreement to distribute products of Old Mutual in return for payment of commission in terms of the Long-term Insurance Act.
2.	Liberty Life Insurance Limited	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Liberty Life in return for payment of commission in terms of the Long-term Insurance Act.
3.	Professional Provident Society of South Africa (PPS)	Not applicable	Not applicable	Not applicable	Agreement to distribute products of PPS in return for payment of commission in terms of the Long-term Insurance Act.
4.	PPS Investments	Not applicable	Not applicable	Not applicable	Agreement to distribute products of PPS in return for payment of commission.
5.	Altrisk Insurance Limited	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Altrisk in return for payment of commission in terms of the Long-term Insurance Act.



6.	Santam Insurance Limited	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Santam in return for payment of commission in terms of the Short- term Insurance Act.
7.	Santam Construction and Engineering Underwriters	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Santam in return for payment of commission in terms of the Short- term Insurance Act.
8.	Glacier Financial Solutions (Pty) Limited	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Glacier in return for payment of commission.
9.	Sanlam Collective Investments Limited (SCI)	Not applicable	Not applicable	Not applicable	Agreement to distribute products of SCI in return for payment of commission.
10.	Dynamic Wealth	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Dynamic Wealth in return for payment of commission .
11.	Financial Management International Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of FMI in return for payment of commission (in terms of the Long-term Insurance Act.
12.	Discovery Life Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Discovery Life in return for payment of commission in terms of the Long-term Insurance Act.
13.	Discovery Health (Pty) Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Discovery Health in return for payment of commission in terms of the Medical Schemes Act.
14.	Discovery Vitality Healthstyle (Pty) Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Discovery Life in return for payment of commission.
15.	Metropolitan Life Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Metropolitan in return for payment of commission in terms of the Long-term Insurance Act.
16.	Momentum	Not	Not	Not	Agreement to distribute



	Group Ltd	applicable	applicable	applicable	products of Momentum Group in return for payment of commission.
17.	PSG Collective Investments Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of PSG Collective in return for payment of commission.
18.	PSG Future Wealth Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of PSG Future Wealth Ltd in return for payment of commission.
19.	Stanlib	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Stanlib in return for payment of commission in terms of the Long-term Insurance Act.
20.	Satrix	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Satrix in return for payment of commission.
21.	Cadiz	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Cadiz in return for payment of commission.
22.	Cadiz Wealth	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Cadiz in return for payment of commission.
23.	Allan Gray	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Allan Gray in return for payment of commission.
24.	One Commercial Investment Holdings	Not applicable	Not applicable	Not applicable	Agreement to distribute products of One Commercial Investment Holdings in return for payment of commission in terms of the Short- term Insurance Act.
25.	ABSA Fund Managers	Not applicable	Not applicable	Not applicable	Agreement to distribute products of ABSA Fund Managers in return for payment of commission.
26.	ABSA Insurance Co. Ltd (AIC)	Not applicable	Not applicable	Not applicable	Agreement to distribute products of AIC in return for payment of commission in terms of the Short- term Insurance Act.
27.	AIG South Africa Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of AIG in return for payment of commission in terms of the Short- term Insurance Act.



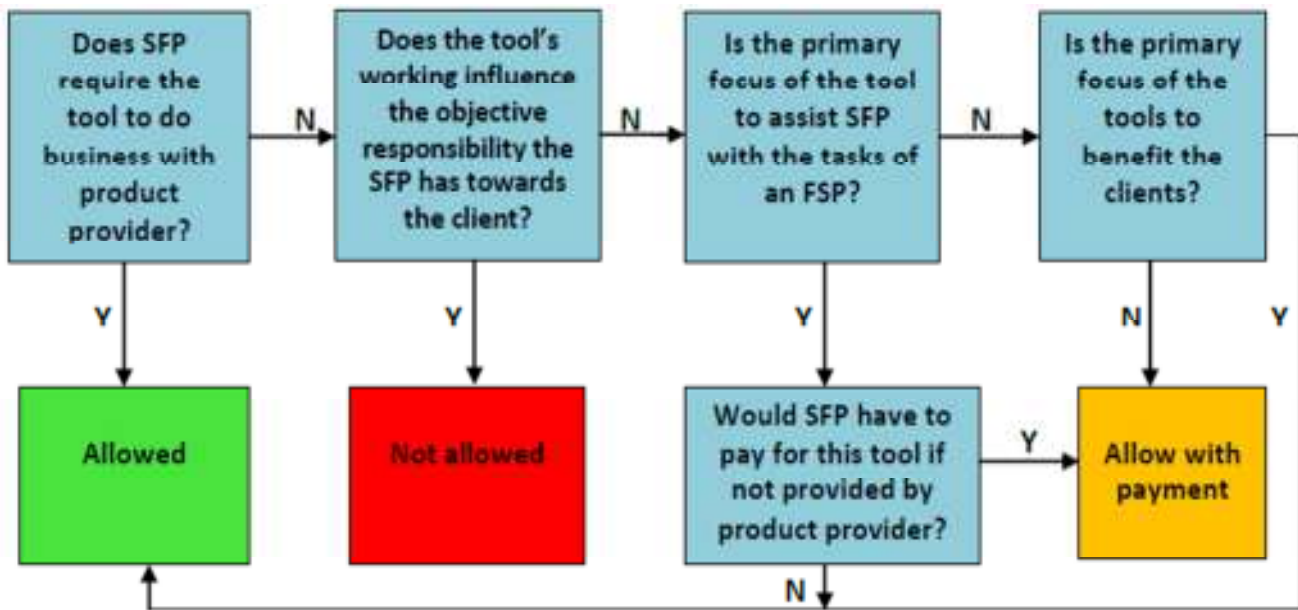
28.	ABSA Investment Management Services (Pty) Ltd (AIMS)	Not applicable	Not applicable	Not applicable	Agreement to distribute products of AIMS in return for payment of commission.
29.	Auto & General Insurance Co. Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Auto & General in return for payment of commission in terms of the Short- term Insurance Act.
30.	Chartis South Africa Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Chartis in return for payment of commission in terms of the Short- term Insurance Act.
31.	Commercial and Industrial Acceptance (Pty) Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Chartis in return for payment of commission in terms of the Short- term Insurance Act.
32.	CIB Insurance	Not applicable	Not applicable	Not applicable	Agreement to distribute products of CIB Insurance in return for payment of commission in terms of the Short- term Insurance Act.
33.	Clientele Life Investments	Not applicable	Not applicable	Not applicable	Agreement to distribute products of AIMS in return for payment of commission.
34.	Cross Country Insurance	Not applicable	Not applicable	Not applicable	Agreement to distribute products of CIB Insurance in return for payment of commission in terms of the Short- term Insurance Act.
35.	HCV Caring for trucks and Truckers	Not applicable	Not applicable	Not applicable	Agreement to distribute products of HCV in return for payment of commission in terms of the Short- term Insurance Act.
36.	Mutual & Federal	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Mutual & Federal in return for payment of commission in terms of the Short- term Insurance Act.
37.	SA Underwriting Agencies	Not applicable	Not applicable	Not applicable	Agreement to distribute products of SAU in return for payment of commission in



	(Pty) Ltd				terms of the Short- term Insurance Act.
38.	Senate Transit Underwriters (Pty) Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Senate in return for payment of commission in terms of the Short- term Insurance Act.
39.	TTU	Not applicable	Not applicable	Not applicable	Agreement to distribute products of TTU in return for payment of commission in terms of the Short- term Insurance Act.
40.	Unity Insurance Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Unity in return for payment of commission in terms of the Short- term Insurance Act.
41.	Wheels Underwriting Managers (Pty) Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Wheels in return for payment of commission in terms of the Short- term Insurance Act.
42.	Zurich Insurance Co. South Africa Ltd	Not applicable	Not applicable	Not applicable	Agreement to distribute products of Zurich in return for payment of commission in terms of the Short- term Insurance Act.

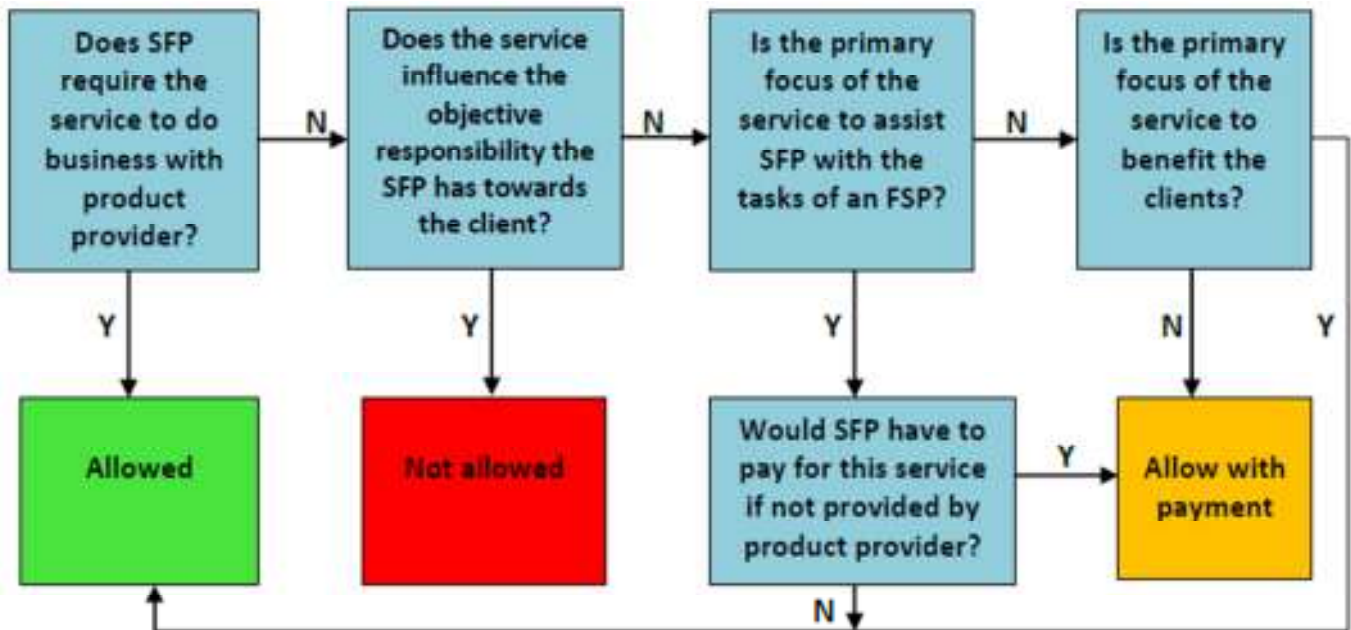
Annexure C: Electronic tools framework

Framework to evaluate sales tools provided by providers



Annexure D: Services framework

Framework to evaluate the provision of services in support of providers



Annexure E: Guidelines to evaluate the receipt of “immaterial financial” interests

1. Legislative requirements



In terms of the General Code of Conduct (issued in terms of FAIS), the following requirements are set for managing conflicts of interests that may be created between an FSP and his/her client:

“Conflict of interest” – This means any situation where an FSP or representative has an actual or potential interest (financial¹ or otherwise) that may influence the objective exercise of his/her obligations to a client . The focus is on any relationship (e.g. with a provider) that would prevent such a person from offering unbiased and fair advice (or intermediary service) or from acting in the interest of a client.

- Principle based requirement
The following principle applies:

“A provider or a representative must avoid and where this is not possible mitigate any conflict of interest between the provider and a client or the representative and a client.”

- Rule based requirement
An FSP and its representatives are not allowed to receive any financial interest other than:
 - a. Statutory commission and fees;
 - b. Fees applicable to the investment industry as agreed to by the client;
 - c. Fees for rendering a service to a third party (this provides for outsourcing arrangements, e.g. back office services rendered in the collective investments environment);
 - d. Immaterial financial interest². The focus is on the immateriality of the financial interest that is given, but is subject to an overall maximum amount of R1000 in a calendar year per annum received from the same third party; and
 - e. Financial interest for which the Broker pays a fair value.

2. General intention of the regulations

The general intention of the regulations is to eradicate the opulence that business courtesies have been known to create. Normal business courtesies (as indicated by the examples used in this document) are still acceptable provided they fall within the limitations set out below.

3. Application of immaterial financial interest

¹ “Financial Interest” – means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, training, sponsorship, other incentive or valuable consideration, other than an ownership interest.

² “Immaterial Financial Interest” – means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year, received by a provider or its associate, or representative from the same third party or an associate of that third party in that calendar year.



In terms of the definition of “immaterial financial interest”, the amount of R1000 would apply to a “provider who is a sole proprietor”, (i.e. a Key Individual who is also a representative), a representative of an FSP who stands to benefit, and an FSP who may benefit or all or some of its representatives.

It would follow that the limitation of the R1000 amount is aimed at providers (FSP’s) and their representatives. As the FSP may also be a legal entity, it would follow that such reference would include the Key Individuals (in their capacity as representatives) linked to such providers.

This can be illustrated by way of an example: A corporate brokerage who is an FSP may have 100 representatives. The limitation on providing “immaterial financial interests” is limited to a R1000 per individual (and does not apply to the aggregation of 100 representatives (100 X R1000 for the FSP). This means that you cannot multiply the R1000 by the 100 representatives and regard this as an immaterial financial interest that accrues to the FSP.

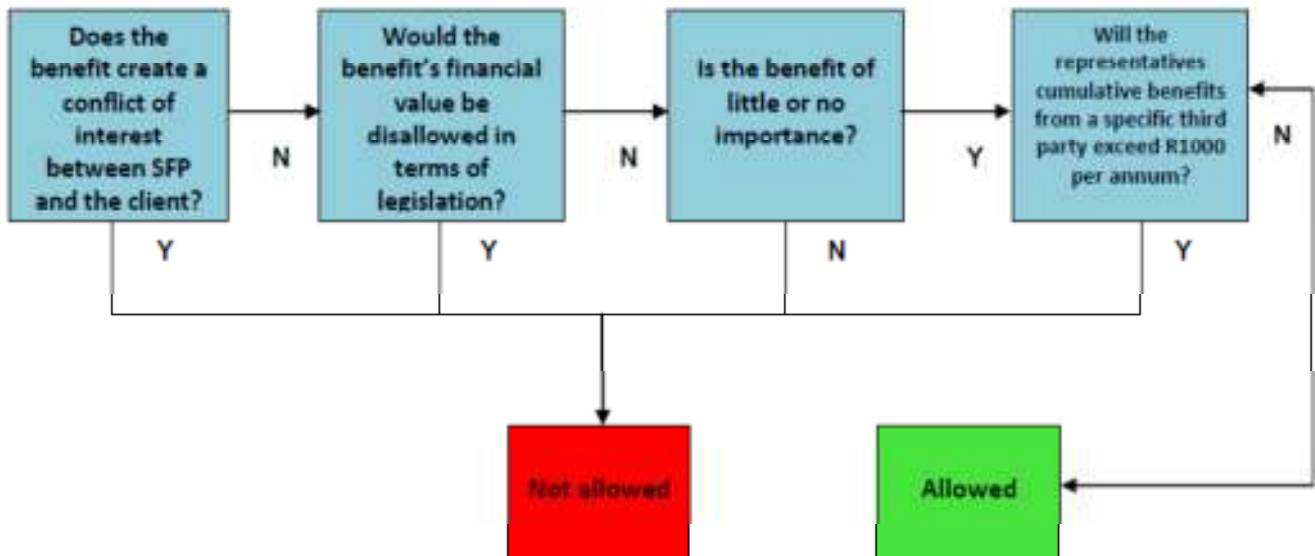
In the SFP context, a representative would only be entitled to accept expenses related to “immaterial financial interests” to a limit of R1000 per “product provider” per annum. In practical terms this means that the representative of SFP would be able to accept a maximum of R1000 per annum on “immaterial financial interest” from Sanlam Life (as an FSP) and similarly, from Glacier and Sanlink (who are both FSP’s). The same would apply to SCI (who is a product provider but does not have a FSP licence.)

The R1000 limitation will be aggregated in instances where there are various divisions within an FSP – (e.g. SIM (Pty) Ltd is the FSP, but SIM Global, SPE and SSS are all divisions of SIM). The same would apply to Cobalt, being a division within Sanlam Life Insurance Limited.

The requirements in Board Notice 58 of 2010 apply to all relationships between the FSP and other FSP’s, product providers and representatives, in respect of services rendered in South Africa but regardless of whether they are domiciled in South Africa or internationally.

4. Framework for decision making

The following decision-tree is suggested as a guide to assist in deciding whether a specific benefit can be accepted:



5. Reporting conflict of interest situations and record keeping

- a. SFP will maintain a register in which all conflicts of interest and immaterial interest are record for each representative. SFP management will nominate such a person to maintain such register.
- b. Employees and Representatives will be required to notify management about any conflict of interest or immaterial interest received within 14 (fourteen) days of becoming aware of such conflict of interest or receipt of immaterial interest.
- c. It is the responsibility of employees and representatives to ensure that the “immaterial financial interest” limit is not exceed in the current calendar year and that the central register correctly reflects the conflicts of interests identified, and immaterial interests received for the period.

6. Examples

a. Accepting invitations from product providers and FSP's

i. Golf Invitations

An invitation from a provider to attend a golf game is acceptable, and is not viewed as creating an unallowable conflict of interest. The limitation is however that this may only include reasonable expenses to be paid for by the provider. Reasonable expenses would be linked to the specific circumstances of an event, but always limited to an overall maximum amount of R1000 per calendar year received from



the same third party. As such an invitation falls within the definition of an allowable financial interest, this would need to be recorded and will be subject to the R1000 pa immaterial financial interest limit.

ii. Sporting and similar events

As part of its normal marketing activities, a provider may at times host (or be asked to participate in) a charity event (e.g. sponsoring a golf event or hole). When a provider invites brokers to play (as part of the benefits afforded to the provider for its sponsorship), this is not regarded as creating an unallowable conflict of interest. The limitation set out in (a) (i) above applies.

iii. Invitations to cultural events

The same limitation as set out in (a)(i) above applies.

b. Hosting Events by product providers and FSP's.

i. Golf Day

Hosting a golf day for intermediaries is regarded as creating an unallowable conflict of interest.

ii. Hunting/fishing

Hosting a social trip for intermediaries is regarded as creating an unallowable conflict of interest.

c. General limitation to costs provided by providers.

The limitation is that no travel or accommodation costs may be paid for by the provider. Normal business courtesies (linked to reasonable expenses) would be allowable, but would be subject to the overall maximum of R1000 per annum in any calendar year received from a specific third party.

d. Accepting marketing material to conduct promotional projects

Accepting a provider's branded material for promotional activities without paying the normal distribution price for such material is regarded as creating an unallowable conflict of interest.

(Bear in mind that providing free promotional material and including this as an "immaterial financial interest" is not allowed.)

e. Accepting providers branded diary (or other date-linked items)

Accepting a branded diary is not regarded as creating an unallowable conflict of interest. The cost of such a diary should however be included in the calculation of "immaterial financial interest" (in relation to such a provider).

f. Hosting product seminars



A provider may invite its clients to a function where its products are explained. At such a function the provider is the host, and sends out invitations to its clients (and prospective clients).

Representatives may request the product provider to send invitations to his/her clients, but the guest list remains the sole responsibility of the product provider. The provider may provide reasonable refreshments to its clients (and prospective clients) at such functions.

g. Personal gifts of nominal value

Accepting a gift of a nominal value at special occasions e.g. at the end of the year, at birthdays, anniversaries is allowed provided that the cost of such gift should be included in the calculation of “immaterial financial interest”.