

FINANCIAL INTEREST
AND
CONFLICT OF INTEREST MANAGEMENT
POLICY

(As required by the Financial Advisory and Intermediary Services Act, 2002)

Version 1/2012



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TITLE PAGE

Policy Classification	Compliance
Policy Name	Financial Interest and Conflict of Interest Management Policy
Business Unit Responsible For Maintaining Policy	Compliance

REVIEW PRIOR TO APPROVAL BY BOARD

Entity	Initials And Surname	Signature	Date
Compliance	S Webster		01/ 2012
Chairperson of the Enterprise Risk Committee	B Radebe		

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1. INTRODUCTION

1.1 Purpose

The purpose of this policy is to define measures to avoid conflict of interest and where this is not possible, to mitigate any conflict of interest between Board members and the Bank, employees and the Bank, the Bank and a client, a representative and a client or any third party and the bank.

1.2 Applicability

The policy is applicable to all Board members, employees, representatives, and where appropriate, associates of UBank Ltd (the Bank). The policy must be adopted by the Board of Directors of the Bank.

1.3 Related Documents

The policy must be read in conjunction with the Code of Ethics and the Bank's Gifts and Business Courtesies Policy.

1.4 Related Legislation

The policy is drafted in compliance with the Financial Advisory and Intermediary Services Act, 2002

2. DEFINITIONS

- **Conflict of Interest** means any situation in which the a provider or a representative has an actual or potential interest that may, in rendering a financial service to the client, -
 - (a) Influence the objective performance of his, her or its obligations to the client; or
 - (b) 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. A financial interest;
 - b. An ownership interest;
 - c. Any relationship with a third party.

- **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 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 –
 - a. Products and legal matters relating to those products;

- b. General financial and industry information;
- c. Specialised technological systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with that training.

- **Third party** means –

- (a) A product supplier;
- (b) Another provider;
- (c) An associate of a product supplier or a 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) above provides a financial interest to a provider or its representative.

3. SCOPE

The policy covers possible conflicts of interest between:

- (a) Board members and the Bank;
- (b) Employees and the Bank;
- (c) The Bank and a client;
- (d) A representative of the Bank and a client.
- (e) Third party and an employee of the Bank.

4. OBJECTIVES

The objectives of this policy are as follows:

- To provide mechanisms for the identification of conflicts of interest;
- To provide measures to avoid conflicts of interest;
- To provide measures for the disclosure of conflict of interest; and
- To provide for consequences of non-compliance with the policy.

5. POLICY RULES

5.1 Members of the Board

- 5.1.1 Must annually disclose any direct or indirect private interests that they have in any other organisation;
- 5.1.2 Must disclose any direct or indirect financial interest that they may have in respect of any matter being considered by the Board ;

- 5.1.3 Subject to any decision by the Board, must recuse themselves from decision-making and voting where a conflict of interest compromises their position;
- 5.1.4 Must not utilise information that they have obtained as a result of their service on the Board and that is not available to the public, to further their private interests or the interests of any other organisation with which they may be affiliated.

5.2 Managers and other employees

- 5.2.1 Must not hold financial interests that conflict with the conscientious performance of their duties;
- 5.2.2 Must not utilise information that they have obtained as a result of their work and that is not available to the public, to further their private interests or the interests of any other organisation with which they may be affiliated;
- 5.2.3 Must disclose any interest that they have, or that a family member, or other person with whom they are closely connected has, in any entity that wishes to engage in any activity or transaction with the Bank, other than that of a bank/client relationship;
- 5.2.4 Must not receive any benefit from any person as an inducement for obtaining work or business from the Bank and must declare any gift received in connection with the Bank's work or business in accordance with the Bank's Gifts and Business Courtesies Policy;
- 5.2.5 Must not participate in making any decision on a matter in respect of which they may have a conflict of interest or a potential conflict of interest;
- 5.2.6 Must not undertake any work for personal income, unless such work has been expressly authorised at the appropriate level of management and unless undertaking such work does not constitute a conflict of interest;
- 5.2.7 Must bring any situation in which a conflict of interest may have influenced decision-making to the attention of the appropriate level of management.

5.3 Senior Management

- 5.3.1 The Bank must, in writing, at the earliest reasonable opportunity –
 - a. disclose to a client any conflict of interest in respect of a client, including –
 - i. the measures taken to avoid or mitigate the conflict;
 - ii. any ownership interest or financial interest, other than an immaterial financial interest, that the Bank may be or become eligible for; and
 - iii. 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.
 - b. inform the client of this policy and how it can be accessed.
- 5.3.2 The Bank may only receive or offer the following financial interest from or to a third party –

- a. commission authorised under the Long-term Insurance Act or the Short-term Insurance Act;
- b. commission authorised under the Medical Schemes Act;
- c. fees authorised under 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;
- d. fees for the rendering of a financial service in respect of which commission referred to in (a), (b) or (c) is not paid, if those fees –
 - a. are specifically agreed by the client in writing; and
 - b. may be stopped at the discretion of that client;
- e. fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonable commensurate to the service being rendered;
- f. an immaterial financial interest; and
- g. a financial interest, not referred to in 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.

5.3.3. The Bank may not offer any financial interest to a representative for –

- a. giving preference to the quantity of business secured for the Bank to the exclusion of the quality of the service rendered to clients;
- b. giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
- c. giving preference to a specific product, where a representative may recommend more than one product of that product supplier to a client.

5.4 Representatives

5.4.1 Must disclose in writing to the client the existence of any personal interest in the relevant service;

5.4.2 Must disclose in writing to the client any circumstance which gives rise to an actual or potential conflict of interest in relation to such service;

5.4.3. Representatives are also responsible for identifying and reporting any instances of potential conflict of interest as they become aware of it. This will then be escalated to the Senior Management for management (avoidance/mitigation/disclosure) of the conflict.

6. ROLES AND RESPONSIBILITIES

6.1 **Senior Management** is responsible for ensuring that agreements signed with product suppliers comply with the provisions of this policy.

- 6.2 **Business Unit / Line Managers** are responsible for administering the employee declarations.
- 6.3 **Human Resources Development** is responsible for the training of all users with regards to the policy.
- 6.4 **Compliance** is responsible for ensuring that the policy meets legal and regulatory requirements, if applicable.
- 6.5 **Internal Auditors** are responsible for auditing relevant processes and procedures.
- 6.6 **Employees** are responsible for adhering to the policy as applicable to them.

7. VIOLATION REPORTING

- 7.1 All violations of the policy will be reported to the appropriate Business Unit / Line Managers and the Compliance Department. Any breaches will be dealt with in accordance with the UBank disciplinary process. Refer to UBank Terms and Conditions of employment.
- 7.2 All employees will comply with the terms and conditions of employment as prescribed in their employment contracts. Any person violating approved policies and procedures including the electronic communications policy will be dealt with in accordance with the internal disciplinary process or any legal process as deemed appropriate by Senior Management of UBank.

8. EXCEPTION HANDLING

- 8.1 Exceptions to any of the statements contained in this policy will be fully monitored, documented and agreed to by the relevant affected parties and the Compliance department before being implemented in the environment.
- 8.2 Granted exceptions will be monitored for adherence to the agreed upon mitigation actions.
- 8.3 Where the exceptions become the norm in the environment, the policy will be adjusted accordingly by the Compliance department.

9. MAINTAINING THIS POLICY

This policy will be reviewed and updated annually by the Compliance department and / or when there is a change the organisational environment that requires a review of the policy.