



LIBERTY

LIFE INVESTMENTS HEALTH CORPORATE PROPERTIES ADVICE

FAIS Conflict of Interest Management Policy

This policy establishes a legislative framework to manage risks associated with conflict of interest as required by the Financial Advisory and Intermediary Services Act No. 37 of 2002, General Code of Conduct.

Level	Liberty Holdings Limited
Compliance Owner	Group Compliance Officer
Date	31 January 2017



Table of Contents

1.	Purpose of this policy	1
2.	Scope of the policy	2
3.	Identifying conflicts of interest	2
4.	Measures for avoidance and disclosure	2
5.	Accountabilities and responsibilities	3
5.1.	Liberty Holdings Limited Chief Executive Officer	3
5.2.	Customer Focused Unit Chief Executive Officers	3
5.3.	Key Individuals	3
5.4.	Liberty Group Compliance Officer.....	3
5.5.	Executive Officer, Liberty Group Internal Audit Services	3
5.6.	Customer Relations Department.....	4
6.	Financial interests	4
7.	Sign-on bonus	5
8.	Compliance and consequences of non-compliance	5
9.	List of subsidiaries, associates and joint ventures in which Liberty holds an ownership interest at 31 December 2016	6
10.	Liberty’s holding company	8
11.	Document administration	9

1. Purpose of this policy

In terms of the General Code of Conduct for Authorised Financial Services Providers and Representatives, as amended (“the Code”), promulgated in terms of the provisions of the Financial Advisory and Intermediary Services Act (Act No. 37 of 2002 – “the FAIS Act”) financial services providers (“Providers”) must take all necessary steps to eliminate any practices and/or services that may create a conflict between their interests and the interests of an existing or potential client.

A conflict of interest is any situation where a Provider or a Provider’s representative (whether an Independent Financial Adviser (IFA) or a representative) has an interest that may in rendering a financial service to a client, influence the objective performance of his/her/its obligations to that client or where it prevents him/her/it from rendering an unbiased and fair financial service to that client. It includes receiving a wide range of financial interest, ownership interests and any relationship with a third party. Conflict of interest situations must be avoided.

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 products.
 - (ii) general financial and industry information.
 - (iii) specialised technological systems of a third party necessary for the rendering of financial services; but excludes travel and accommodation associated with such training.

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.

Third party means:-

- (a) a product supplier;
- (b) another provider;
- (c) an associate of a product supplier or provider;
- (d) a distribution channel; or
- (e) any person who in terms of the agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.

In addition, the Code requires that where it is not possible to avoid any act, action or reward that may create a potential conflict of interest, appropriate steps must be taken to mitigate the impact and it must be appropriately disclosed to the client at the earliest reasonable opportunity.

This Policy sets out the management of any such conflicts of interests:

- the mechanisms used to identify such conflicts;
- the measures for avoidance and disclosure;
- processes and procedures for compliance with the Policy; and
- the consequences of non-compliance to the Policy.

The Policy contains details of the types of financial interests a Liberty representative, including an IFA receives and the basis on which it is received. It also contains a list of all associates of Liberty and third parties in which Liberty holds an ownership interest or that hold an ownership interest in Liberty.

2. Scope of the policy

This Policy applies to the following financial services providers, and its representatives, within Liberty Holdings Ltd:

- Liberty Group Ltd;
- Capital Alliance Life Ltd;
- Frank Financial Services (Pty) Ltd;
- Liberty Linked Investment Platform (Pty) Ltd; and
- Mentenova (Pty) Ltd (60% shareholding).

Throughout this document, any reference to “Liberty” shall mean any of the entities referred to above individually or collectively.

3. Identifying conflicts of interest

Liberty has developed the following processes to identify conflicts of interest:

- An analysis of all the sales and distribution areas within Liberty has taken place;
- The types of financial interests received/offered have been identified and analysed;
- Appropriate rules have been put in place around the receipt/offering of financial interests;
- All remuneration models for representatives are required to be signed off by Head of Risk & Compliance of the Customer Focused Unit and Group Legal Services, as well as by the Liberty Group Intermediary Remuneration Committee and the management of the affected sales and distribution areas;
- Remuneration for IFA's is limited to regulated commissions and fees; and
- Appropriate training has been developed to enable representatives to identify conflict of interest situations.

Annual reviews of these processes are included in Liberty's Risk and Compliance Monitoring Programme in order to ensure that any conflicts of interest that arise are identified.

These annual reviews include independent reviews of business practices and interviews with representatives in order to ascertain whether they receive financial interests from third parties.

4. Measures for avoidance and disclosure

Liberty's policy is to establish contractual relationships with its representatives, which prevents its representatives from placing business with other Providers unless Liberty's express consent has been given.

Liberty's policy is to provide specific training and educational material on how conflicts of interest may arise and how it can be avoided to all new representatives. Training is also provided to all existing representatives.

Where a conflict of interest cannot be avoided, Liberty's representatives are required to make a written disclosure of such a conflict to their existing and potential clients at the earliest reasonable opportunity, together with measures that were taken to mitigate the situation. Any such disclosures are required to be approved by the respective Customer Focused Units Head of Risk and Compliance function.

All existing and potential clients have the right to ask his/her Liberty representative for further details regarding such disclosures. The client's rights (or potential rights) and the protection offered under the Code may not be waived.

Liberty's Customer Focused Unit Heads of Risk & Compliance monitor all financial interests received by its representatives, as part of Liberty's overall compliance monitoring program. In addition, all financial interests offered to/received from IFA's and third parties are monitored as part of Liberty's overall Risk and Compliance Monitoring Programme.

5. Accountabilities and responsibilities

Liberty has adopted a governance process that requires executive management to ensure compliance to this Policy:

5.1. Liberty Holdings Limited Chief Executive Officer

The Liberty Holdings Limited Chief Executive Officer is accountable for the implementation and compliance with this Policy within Liberty.

5.2. Customer Focused Unit Chief Executive Officers

The Customer Focused Unit Chief Executive Officers are accountable for ensuring compliance with this Policy as an integral part of operations and risk management within their businesses.

5.3. Key Individuals

Liberty's appointed Key Individuals are accountable for ensuring compliance by representatives listed on the representative registers under their control as required in terms of the provisions of the FAIS Act.

5.4. Liberty Group Compliance Officer

The Liberty Group Compliance Officer is accountable for the maintenance of this Policy within the context of changing business practices and a changing regulatory environment as well as monitoring and reporting of non-compliance to this Policy.

5.5. Executive Officer, Liberty Group Internal Audit Services

The Executive Officer, Liberty Group Internal Audit Services is accountable for assurance to the board of directors on the adequacy and effectiveness of Liberty's internal and compliance controls relating to conflicts of interest.

5.6. Customer Relations Department

Existing and potential clients may also direct questions and complaints concerning the application of this Policy to Liberty's Customer Relations Department via the following e-mail address: **relations@liberty.co.za**.

6. Financial interests

Independent Financial Advisers (IFA's)

Liberty's policy is to offer and facilitate the payment of the following financial interests to IFA's for providing services as an intermediary or for giving financial advice to a client:

- Regulated commission under the Long-Term Insurance Act (No. 52 of 1998 – "the LTIA"); and
- Regulated commission under the Medical Schemes Act (No. 131 of 1998 – "the MSA").

Fees specifically agreed to by a client in terms of a written mandate that a client may terminate in his/her discretion.

Liberty's policy is also to offer and facilitate certain immaterial financial interests to IFA's up to a maximum of R1 000.00 per individual as permitted in terms of the Code.

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 received by:–

- a provider who is a sole proprietor; or
- a representative for the 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.

Liberty has contractual relationships with other Providers, but Liberty's policy is not to receive anything other than the commissions and fees, listed above, permitted in terms of the Code.

Representatives

Liberty's representatives are either salaried employees or independent contractors. Liberty's policy is to remunerate them a combination of commission and other benefits which include:

- Options to invest in collective investment schemes with STANLIB;
- Non - cash incentives; and
- Re - imbursement allowances.

Before these other benefits are paid, Liberty's policy is to take the following quantity and quality measures into account:

Individual Arrangements: Retail SA

- The size of the representative's book of business, measured by premiums and assets under management.
- The growth of the representative's book of business, measured by the amount of business the representative has introduced successfully during the year.
- Persistence of the representative's book of business, measured by short and long-term lapse rates.
- The quality of the representative's advice and service to the client, measured by the representative's Compliance Scorecard (i.e. appropriateness of financial advice provided as reflected by the Financial Needs Analysis that was done).

Individual Arrangements: Frank Financial Services

- The volume of business generated by the consultant, measured by quantity and premium value.
- Persistence of the business written, measured by short and long-term lapse rates.
- The quality of the service to the customer, measured by the Key Performance Indicators in the consultant's Performance Agreement.

Group Arrangements: Liberty Corporate

- The size of the representative's book of business, measured by premiums and assets under management.
- The growth of the representative's book of business, measured by the amount of business the representative has introduced successfully during the year.
- The quality of the representative's advice and service to the client, measured by the Key Performance Indicators contained in the representative's Performance Agreement (i.e. appropriateness of financial advice provided as reflected by the Financial Needs Analysis that was done) and 360 degree peer reviews.

7. Sign-on bonus

This policy provides that Liberty will not engage in the practice of offering sign-on bonuses as part of its recruitment strategies or as an incentive to become its representative or provider in terms of the FAIS Act. The law prohibits offering a sign-on bonus to any person other than to a new entrant (a person who has never been authorised as a financial services provider or appointed as a representative by any financial services provider).

A sign-on bonus means –

- (a) any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider, and
- (b) a financial interest referred to in paragraph (a) includes but is not limited to –
 - (i) compensation for the –
 - (aa) potential or actual loss of any benefit including any form of income, or part thereof, or
 - (bb) cost associated with the provider's business or operations, including the sourcing of business, relating to the rendering of financial services; or
 - (ii) a loan, advance, credit facility or any other similar arrangement.

8. Compliance and consequences of non-compliance

The Group Compliance Officer shall report on compliance with this policy.

Non-compliance by employees

All Liberty employees, irrespective of level of seniority, who do not comply with this Policy will be subject to Liberty's internal employee disciplinary procedures.

Non-compliance by representatives

All Liberty representatives, including IFA's who do not comply with this Policy will be subject to the processes and procedures applicable to representatives under the FAIS Act.

9. List of subsidiaries, associates and joint ventures in which Liberty holds an ownership interest at 31 December 2016

Liberty Holdings Limited holds an ownership interest in the following subsidiaries, associates and joint ventures (all shareholding is 100% unless indicated otherwise):

- Charter Insurance Company Ltd (39% shareholding LHL; and 16% shareholding Liberty Nominees (Pty) Ltd)
- East African Underwriters Ltd (51% shareholding)
- JHI Retail (Pty) Ltd (49% shareholding)
- Lexshell 615 Investments (Pty) Ltd
- Liberty Group Ltd its subsidiaries, associates and joint venture:
 - *Capital Alliance Life Ltd and its subsidiaries:*
 - *CAL AIL Investments Ltd (75% shareholding);*
 - *Capital Alliance Investment Holdings (Pty) Ltd; and*
 - *Liberty Growth Ltd*
 - *Frank Financial Services (Pty) Ltd;*
 - *Frank Life Ltd;*
 - *Friedshelf 940 (Pty) Ltd;*
 - *Hereford Financial Services (Pty) Ltd (20% shareholding - associate);*
 - *Liberty Active Ltd;*
 - *Liberty Linked Investment Platform (Pty) Ltd and its subsidiary:*
 - *Liberty Linked Investment Platform Nominees (RF) (Pty) Ltd*
 - *Liberty Private Fund Administrators Ltd;*
 - *Liberty Propco (Pty) Ltd;*
 - *LPH Properties Ltd;*
 - *Marder Holdings (Pty) Ltd (26% shareholding)*
 - *Povilux (Pty) Ltd (26% shareholding)*
 - *Sandton Hotels (Pty) Ltd;*
 - *The Cullinan Hotel (Pty) Ltd (40% shareholding - associate);*
 - *The Financial Services Exchange (Pty) Ltd (33.3% shareholding - joint venture); and*
 - *Wealth Solutions Capital Holdings (Pty) Ltd (26% shareholding)*
- Liberty Group Properties (Pty) Ltd and its subsidiary:
 - *Liberty Properties Swaziland (Pty) Ltd*
- Liberty Health Holdings (Pty) Ltd and its subsidiaries:
 - *VMed Administrators (Pty) Ltd;*
 - *VMedical Solutions (Pty) Ltd and its subsidiaries:*
 - *Dotcoza (Pty) Ltd;*
 - *Guardrisk Cell Captive (Mauritius);*

- *Liberty Blue Consultancy Ltd;*
 - *Main Street 645 (Pty) Ltd. (51% shareholding);*
 - *Neil Harvey & Associates (Pty) Ltd;*
 - *Swan Reinsurance Protected Cell Captive (Mauritius)*
 - *Unique Payment Services (Pty) Ltd; and*
 - *V-Innovation Administration Services (Pty) Ltd (70% shareholding)*
- Liberty Holdco Nigeria Ltd and its subsidiary
 - *Total Health Trust Ltd*
 - Liberty Holdings Botswana (Pty) Ltd (100% shareholding) and its subsidiaries:
 - *Liberty Life Botswana (Pty) Ltd;*
 - *Liberty General Insurance (Pty) Ltd;*
 - *Prefsure Botswana Ltd; and*
 - *Stanlib Investment Management Services (Pty) Ltd*
 - Liberty Holdings Namibia (Pty) Ltd (75% shareholding) and its subsidiaries:
 - *Liberty Life Namibia Ltd and its subsidiary:*
 - *United Funeral Insurance Ltd*
 - *STANLIB Namibia (Pty) Ltd;*
 - *STANLIB Namibia Unit Trust Management Company Ltd;*
 - Liberty Holdings Swaziland (Pty) Ltd and its subsidiary:
 - *STANLIB Swaziland (Pty) Ltd*
 - Liberty Holdings Zambia Ltd and its subsidiaries:
 - *Liberty Properties Zambia Ltd; and*
 - *Liberty Life Insurance Zambia Ltd*
 - Liberty Kenya Holdings (57.74% shareholding) and its subsidiaries:
 - *CfC Investments Ltd;*
 - *Liberty Life Assurance Kenya Ltd;*
 - *The Heritage Insurance Company Kenya Ltd; and its subsidiaries:*
 - *Azali Ltd; and*
 - *The Heritage Insurance Company Tanzania Ltd (60% shareholding)*
 - Liberty Life Assurance Uganda Ltd (51% shareholding)
 - Liberty Life Lesotho Ltd
 - Liberty Life Swaziland Ltd (75% shareholding LHL and 25% shareholding LGL)
 - Liberty Nominees (Pty) Ltd
 - Liberty Viewpoint (Pty) Ltd
 - Mentenova (Pty) Ltd (60% shareholding)

- Own Your Life Rewards (Pty) Ltd
- STANLIB Ltd and its subsidiaries
 - *Lodestone Holdings (Pty) Ltd and its subsidiary:*
 - *STANLIB Multi Manager Ltd*
 - *STANLIB Asset Management (Pty) Ltd and its subsidiaries:*
 - *Exeo Capital (Pty) Ltd (50% shareholding);*
 - *Exeo Capital (Pty) Ltd Mauritius (50% shareholding);*
 - *STANLIB Fund Managers Jersey Ltd;*
 - *STANLIB Infrastructure GP 1 (Pty) Ltd;*
 - *STANLIB Infrastructure GP 2 (Pty) Ltd;*
 - *STANLIB Collective Investments Ltd;*
 - *STANLIB Wealth Management (Pty) Ltd and its subsidiary:*
 - *STANLIB Wealth Management Nominees (Pty) Ltd*
- STANLIB Ghana Ltd
- STANLIB Kenya Ltd
- STANLIB Lesotho (Pty) Ltd (74.9% shareholding)
- STANLIB Property Development (Pty) Ltd
- STANLIB REIT Fund Managers (Pty) Ltd
- STANLIB Tanzania Ltd
- STANLIB Uganda Ltd
- Stonehouse Capital (Pty) Ltd its subsidiary and its associates:
 - *Stonehouse Services Company (Pty) Ltd;*
 - *Bay Wealth Management Close Corporation (26% interest - associate);*
 - *Finmap Financial Services (Pty) Ltd (26% shareholding - associate);*
 - *Hein Kruger Internationale Fondbestuur (Pty) Ltd (26% shareholding - associate);*
 - *Noble Private Portfolio Holdings (Pty) Ltd (26% shareholding - associate); and*
 - *Zackly Investments One (Pty) Ltd (26% shareholding - associate)*

10. Liberty's holding company

The Standard Bank Group Ltd has a 53.62% shareholding in Liberty Holdings Limited.

11. Document administration

Name	Ismail Mamoojee
Designation	Group Compliance Officer
Phone number	011 408 2559
E-mail address	group.compliance@liberty.co.za

Effective date

Document Name	Effective Date
FAIS Conflict of Interest Management Policy	1 March 2017