

**FirstRand
FAIS Act
conflict-of-
interest
Policy**



FIRSTRAND

Policy tier - FirstRand Limited

Policy management - Group Ethics Officer and Group FAIS Compliance Officer

Policy governance - FirstRand Limited Compliance and Conduct Risk Committee (Policies and Frameworks)

Policy version - 8

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**policy
context**

one

Policy required by **FAIS Act** subordinate legislation

The FirstRand Group Code of Ethics sets out, under item 5.1.2 the FirstRand Group's commitment to high levels of integrity and fairness in all business dealings.

In addition, subordinate legislation published in terms of the Financial Advisory and Intermediary Services Act 37 of 2002 (hereinafter referred to as "FAIS"), imposes a duty on certain entities and individuals within FirstRand Limited to avoid or mitigate any situation in which a conflict of interest exists or may arise and to declare any such conflict of interest. The subordinate legislation also requires that a Financial Services Provider (hereinafter referred to as a "FSP") publish a conflict-of-interest management Policy.

The responsibility to proactively and in good faith, declare an actual or potential conflict of interest, and to seek advice in cases of uncertainty, is fully vested with those affected by this policy.

The interests of close relations, such as for instance spouses and siblings may be more complex and should be declared as accurately as is possible.

Affected entities and individuals should refrain from making false declarations. False declarations contain purposeful omissions.

two

What is the purpose of the FirstRand Limited FAIS conflict-of-interest policy?

The FirstRand Limited FAIS Act conflict-of-interest Policy is designed to assist affected entities and individuals in protecting the interest of FirstRand Limited and the interests of any client to whom a FAIS financial service is rendered.

The policy stipulates that all affected entities and individuals are required to declare their personal interests, because some of these personal interests, upon examination, may prove to be unacceptable conflicts of interest.

three | **How** should the FirstRand Limited FAIS conflict-of-interest policy be used?

All affected entities and individuals should refer to the FirstRand Limited FAIS conflict-of-interest Policy for guidance on truthful, accurate and timely declarations of material personal interests.

This Policy includes guidance on appropriate financial interest, methods of declaration and to whom such declarations should be made.

four | What are the **penalties** for non-compliance?

Failure to comply with this Policy constitutes misconduct and could result in disciplinary action being taken.

In serious cases, such disciplinary action may result in termination of employment.



**policy
scope**

five

Who should heed this policy?

The FirstRand Limited FAIS conflict -of-interest Policy is applicable to the following authorised financial services providers within FirstRand Limited:

Rand Merchant Bank, a Division of FirstRand Bank Limited	FSP 664
WesBank, a Division of FirstRand Bank Limited	FSP 19233
First National Bank, "FNB" a Division of FirstRand Bank Limited	FSP 3071
FNB Business, a business unit of FNB, a Division of FirstRand Bank Limited	FSP 20081
FNB Financial Advisory, a business unit of FNB, a Division of FirstRand Bank Limited	FSP 3075
FNB Premium, a segment of FNB, a Division of FirstRand Bank Limited	FSP 624
FNB Fiduciary (Pty) Ltd	FSP 574
FNB Securities (Pty) Limited	FSP 182
Ashburton Fund Managers (Pty) Limited	FSP 40169
Ashburton Investor Services (Pty) Limited	FSP 44341
Ashburton Jersey Limited	FSP 42500
Atlantic Asset Management (Pty) Limited	FSP 31756
Toyota Financial Services (South Africa) Limited	FSP 7454
Volkswagen Financial Services South Africa (Pty) Limited	FSP 44827
Direct Axis SA (Pty) Ltd	FSP 5
Direct Axis SA (Pty) Ltd	FSP 7249
The Engine Room Direct Solutions (Pty) Ltd	FSP 45528
Motorite Administrators (Pty) Ltd	FSP 9140
Small Area Repair Technology Underwriting Managers (Pty) Ltd	FSP 9861

The Policy is further applicable to any of the following entities or individuals within FirstRand Limited:

- A product supplier;
- Any other business unit, Division, legal entity who may be regarded as a “third party” as defined in Board Notice 58 of 2010;
- Any employee of any of the entities mentioned above, who may, on behalf of the entity; approve

and/or accept the giving or receipt of any financial interest to/from any Third Party;

- Any representative of any FSP listed above, who is mandated to provide FAIS Act financial services;
- Any key individual who has been approved by the Registrar of Financial Services to manage and oversee compliance of a FSP with the requirements of the FAIS Act.

six | **Where** is it applicable?

This Policy is applicable in South Africa, as well as to all Financial Service Providers in FirstRand Limited, in all countries and regions, who have been issued with a

license by the Registrar of Financial Services, to provide financial services in terms of Section 7 of the FAIS Act.

seven | **When** is it applicable?

The FAIS conflict of interest subordinate legislation applies when FAIS financial services which are regulated by the General Code of Conduct, are provided to clients.

This Policy is therefore applicable only when:

- any action is undertaken, by an entity or individual mentioned in Section Five (5),
- which is or may amount to an actual or potential

conflict of interest, and

- the outcome thereof will prevent the provision of an unbiased, objective and fair FAIS financial service to a client, and
- the financial services are regulated by the FAIS General Code of Conduct.

This Policy will not apply to any financial service which is exempt from the provisions of the FAIS Act.

**policy
provisions**



eight | **Duty to avoid** and/or mitigate a conflict of interest

An entity or individual mentioned in Section Five (5) must avoid and / or mitigate any conflict of interest between the FSP / representative and a client.

nine | **What** is a FAIS conflict of interest?

A FAIS conflict of interest is any actual or potential situation in which a FSP (including any individual acting on it's behalf) or representative has an actual or potential interest which, when providing a financial service to a client, influences his/her objectivity and prevents the entity or representative from providing a fair, objective and unbiased financial service to a client.

ten | **Financial** interests

10.1 What are financial interests?

10.1.1 Financial interests include-

- Cash
- Cash equivalent
- Sponsorships
- Accommodation
- Hospitality
- Domestic or foreign travel
- Discounts
- Vouchers

- Gift items. Examples of gift items are:
 - All expenses paid weekend getaway;
 - Tickets to watch sporting activities such as rugby, cricket or soccer tickets or
 - Electronic devices such as laptops, tablets or cellular phones.
- Service, advantage or benefit
- Other incentive or valuable consideration
- Travel and accommodation relating to any type of training (exclusive or non-exclusive)

10.1.2 Financial interest excludes-

- training that is not exclusively available to a selected group of providers or representatives relating to:
 - general financial or industry information
 - products or legal matters related to that product
 - specialised technological services of a third party which is necessary for the provision of financial services

10.2 What financial interest is permitted or prohibited?

10.2.1 The following financial interest is allowed in respect of FSPs or Third Parties who are not part of the same legal entity:

A FSP and/or a representative may only receive or offer the following financial interest to or from a third party:

- Commission authorised under the Long-term Insurance Act, 1988 (Act No. 52 of 1988) or the Short-term Insurance Act, 1988 (Act No. 53 of 1988) or the Medical Schemes Act, 1988 (Act No. 131 of 1988);

- Fees authorised under the Long-term Insurance Act, 1988 (Act No. 52 of 1988), the Short-term Insurance Act, 1988 (Act No. 53 of 1988 or the Medical Schemes Act, 1988 (Act No. 131 of 1988);
- Commission or fees other than that referred to above, provided that these fees:
 - Are specifically agreed to by a client in writing;
 - May be stopped at the discretion of the client;
- Fees or remuneration which are reasonably commensurate to the financial service being rendered;
- Subject to any other law, an immaterial financial interest*,

*(*An "immaterial financial interest:" is defined as "any financial interest with a determinable monetary value, the value of which does not exceed R 1000 in any calendar year from the same third party in that calendar year received by a representative for that representatives direct benefit; or a provider, who for it's benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to it's representatives")*

- A financial interest, other than that referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid for by the authorised financial service provider or representative, at the time of receipt.

Important note

Where the same legal entity is a product supplier and a provider, the financial interest limitations stated above do not apply to representatives of that legal entity.

10.2.2 A FSP (and/or any individual referred to in Section Five (5), acting on behalf of an FSP) may not offer any financial interest to its representatives for:

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

eleven

What are **ownership interests?**

Ownership interest means –

- 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;
- Includes any dividend, profit share or similar

Please note that significant ownership excludes equity held as an approved nominee on behalf of another person. An approved nominee is a financial services provider registered to make investments and deposits of assets on behalf of others. If you are uncertain, you should contact your compliance officer for further guidance.

twelve

 | Who are **associates**?

12.1 An associate in relation to a natural person includes a-

- Spouse, life partner, or civil-union partner of the declaring party;
- Biological or adopted siblings;
- Child, including stepchild, adopted child, child born out of wedlock (and such child's spouse, or partner) of the declaring party;
- Parent, or stepparent (and such parent's spouse, or partner) of the declaring party;
- Person recognised in law, appointed by a court as legally responsible for managing the affairs of, or

meeting the daily care needs (such person's spouse, or partner) of the declaring party; and

- Person in commercial partnership with the declaring party.

12.2 An associate in relation to a juristic which is a company includes-

- 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.

thirteen

 | What is a **sign-on bonus**?

A sign-on bonus means any financial interest offered or received directly or indirectly, upfront or deferred, and with or without conditions, as an incentive to become a provider. A sign-on bonus may also mean a financial interest and may include, but is not limited to, the following:

- Compensation for the potential or actual loss of any benefit including any form of income or part thereof;
- Compensation for the cost associated with the establishment of a providers business or operations, including the sourcing of business relating to the rendering of financial services or

- A loan, advance, credit facility or any other similar arrangement.

What prohibitions apply to sign-on bonuses?

A Category I provider that is authorised or appointed to give advice may not receive a sign-on bonus from

any person.

No person may offer or provide a sign-on bonus to any person, other than a new entrant, as an incentive to become a Category I provider that is authorised or appointed to give advice.

fourteen

Factors to consider when identifying whether or not a conflict-of-interest exists or may arise

The following factors may be considered when assessing whether an actual or potential conflict of interest exists, or may arise:

- Whether the FSP and/or Representative is likely to make a financial gain or avoid a financial loss, at the expense of the Client;
- Whether the FSP and/or Representative has an

interest in the outcome of the financial service provided to the Client or in a transaction carried out on behalf of the Client, which is distinct from that Client's interest in that outcome;

- Whether the FSP and/or Representative has a financial or other incentive to favour the interest of a Third Party, potential Client or group of Clients over the interests of an existing Client.

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Internal procedures to assess, avoid and mitigate FAIS conflicts-of-interest

Where any entity or individual referred to in section Five (5) believes that a conflict of interest exists or may arise,

they are required to follow the procedure stipulated in Schedule 1 of this document.

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Duty to disclose conflicts-of-interest

Subsequent to the procedure undertaken in Section Fourteen (14), and once it has been established that a conflict of interest may or does exist, the FSP and/or representative and/or any other individual or entity referred to in section Five (5), as applicable, must disclose the actual or potential conflict of interest to a client in writing. Disclosure must be made at the earliest reasonable opportunity.

The written disclosure must include the following information:

- The measures taken, in accordance with this Policy, to avoid or mitigate the conflict of interest;
- Any ownership or financial interest, other than an immaterial financial interest, which the FSP or representative may become eligible for;
- The nature of any relationship arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to enable the client to understand the exact nature of the relationship or agreement and the conflict of interest;
- Inform the client of this conflict-of-interest Policy and how it may be accessed.

seventeen

List of associates and information pertaining to ownership interest

Please refer to Schedule 2 hereof for a list of associates who undertake FAIS financial services related business within FirstRand Limited.

A complete list of associates will be made available, on request, to any person(s) legally entitled thereto, and provided that the financial service giving rise to the request was rendered in terms of the FAIS General Code of Conduct.

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Responsibility to **seek advice** and to declare interests

The declaration prescriptions within this policy are not meant to be exhaustive. It remains the responsibility of those subject

to this policy to seek advice on possible material personal interests and to declare such interests accordingly.

Schedule 1



Declare activity

Individual notifies of activity in accordance with FSP Policy

Assess if FAIS Conflict-of-interest

- 1) Designated manager assesses if FAIS conflict-of-interest and advises on further action
- 2) Written record retained

Designated manager escalates to compliance/risk manager where appropriate

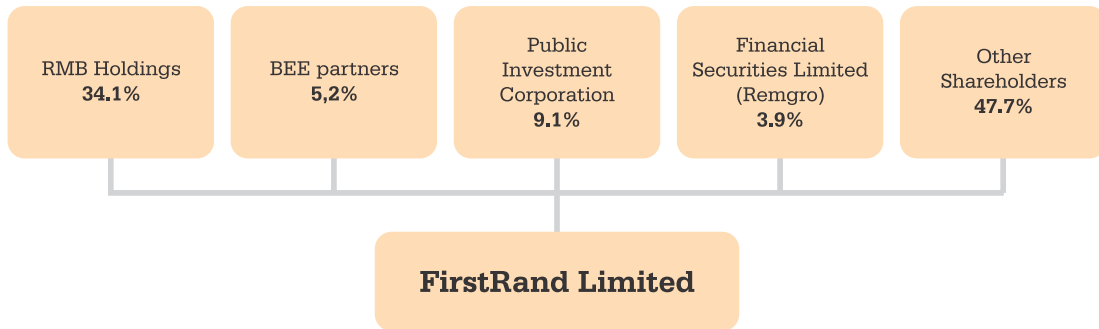
- 1) Risk / compliance manager instructs on further action
- 2) Written record retained

DECLARATION MADE TO CLIENT

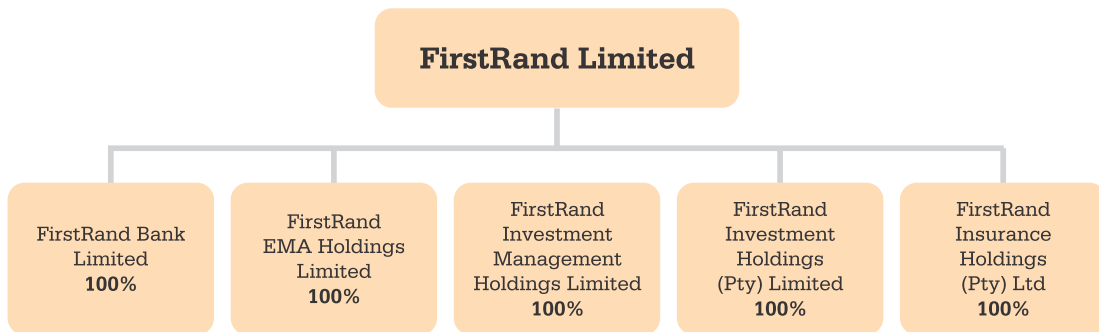
Schedule 2

Register of FirstRand Limited's Legal Entities (Entities with FAIS license) 31 August 2017

FirstRand Limited's Shareholders



High level structure of FirstRand Limited 31 August 2017





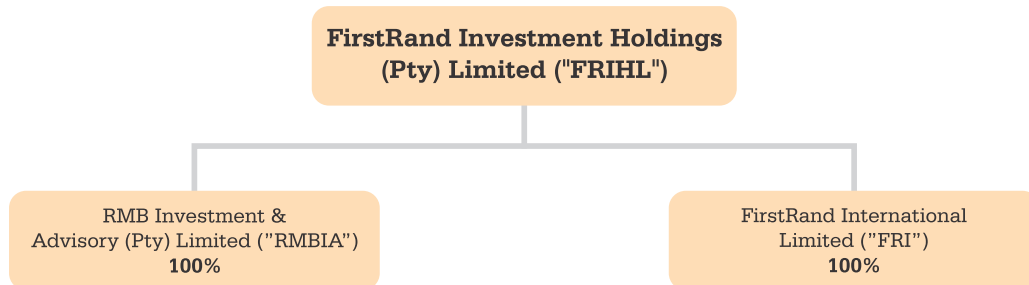
FirstRand Limited Group FAIS impacted structure as at 31 August 2017

Name	Immediate %	Company Status	Parent Name
FirstRand Limited			JSE Listed entity
FirstRand Bank Limited	100%	Active	FirstRand Limited
FirstRand Investment Management Holdings Limited	100%	Active	FirstRand Limited
FirstRand Investment Holdings (Pty) Limited	100%	Active	FirstRand Limited

Note: FirstRand Bank Limited has the following FAIS licenses:

- Rand Merchant Bank, a Division of FirstRand Bank Limited (FSP 664)
- WesBank, a Division of FirstRand Bank Limited (FSP 19233)
- First National Bank, a Division of FirstRand Bank Limited (FSP 3071)
- FNB Business, a business unit of FNB, a division of FirstRand Bank Limited (FSP 20081)
- FNB Financial Advisory, a business unit of FNB, a Division of FirstRand Bank Limited (FSP 3075)
- FNB Premium, a Segment of FNB, a Division of FirstRand Bank Limited (FSP 624)

FirstRand Investment Holdings (Pty) Limited as at 31 August 2017



**FirstRand Investment Holdings (Pty) Limited (other direct interests)
Group Structure as at 31 August 2017**

Name	FSP #	Immediate %	Company	Parent Name
FirstRand Investment Holdings (Pty) Ltd		100%	Active	FirstRand Limited
FNB Securities (Pty) Limited	FSP182	100%	Active	FirstRand Investment Holdings (Pty) Ltd
Gardenview Nominees (Pty) Limited		100%	Active	FNB Securities (Pty) Ltd
FNB Fiduciary (Pty) Ltd	FSP574	100%	Active	FirstRand Investment Holdings (Pty) Ltd
WesInvest Holdings (Pty) Ltd		100%	Active	FirstRand Investment Holdings (Pty) Ltd
Direct Axis SA (Pty) Ltd	FSP5 & FSP7249	100%	Active	WesInvest Holdings (Pty) Ltd
Toyota Financial Services (South Africa) Limited	FSP7454	33.33%	Active	WesInvest Holdings (Pty) Ltd
Volkswagen Financial Services South Africa (Pty) Ltd	FSP44827	49%	Active	WesInvest Holdings (Pty) Ltd
Newinvest 231 (Pty) Ltd		100%	Active	WesInvest Holdings (Pty) Ltd
Motovantage Holdings (Pty) Limited		81.22%	Active	Newinvest 231 (Pty) Ltd
Motorite Administrators (Pty) Ltd	FSP9140	100%	Active	Motovantage Holdings (Pty) Ltd
The Engin Room Direct Solutions (Pty) Ltd	FSP45528	100%	Active	Motovantage Holdings (Pty) Ltd
Small Area Repair Technology Underwriting Managers (Pty) Ltd	FSP9861	100%	Active	Motovantage Holdings (Pty) Ltd

**FirstRand Investment Management Holdings Ltd
as at 31 August 2017**



Name	FSP #	Immediate %	Company Status	Parent Name
FirstRand Investment Management Holdings Ltd		100%	Active	FirstRand Limited
Ashburton Investor Services (Pty) Limited	FSP44341	100%	Active	FirstRand Investment Management Holdings Ltd
Ashburton Nominees (Pty) Ltd		100%	Active	Ashburton Investor Services (Pty) Limited
Ashburton Investments International Holdings Ltd		100%	Active	FirstRand Investment Management Holdings Ltd
Ashburton (Jersey) Limited	FSP42500	100%	Active	Ashburton Investments International Holdings Ltd
FNBIPC Nominees Ltd		100%	Active	Ashburton (Jersey) Limited
Jersey General Nominees Ltd		100%	Active	Ashburton (Jersey) Limited
Ashburton Fund Managers (Pty) Ltd	FSP40169	100%	Active	FirstRand Investment Management Holdings Ltd
Ashburton Fund Managers Nominees (Pty) Ltd		100%	Active	Ashburton Fund Managers (Pty) Ltd
Atlantic Asset Management (Pty) Limited	FSP31756	100%	Active	FirstRand Investment Management Holdings Ltd

Addendum

A **“Client”** as defined in the FAIS Act 37 of 2002 means a specific person or group of persons, excluding the general public, who is or may become the subject to whom a financial service is rendered intentionally, or is the successor in title of such person or the beneficiary of such service.

ⁱFinancial Advisory & Intermediary Services Act 37 of 2002

ⁱⁱA **“Financial Service”** as defined in the FAIS Act means any service contemplated in paragraph (a), (b) or (c) of the definition of “financial services provider”, including any category of such services.

^{iv}An **“authorised financial services provider”** as defined in the FAIS Act 37 of 2002 means any person, other than a representative, who as a regular feature of the business of such person-

- (a) furnishes advice;
- (b) furnishes advice and renders any intermediary service; or
- (c) renders an intermediary service

^vA **“Product Supplier”** as defined in the FAIS Act 37 of 2002 means any person who issues a financial product by virtue of an authority, approval or right granted to such person under any law, including the Companies Act, 1973 (Act 61 of 1973).

^{vi}A **“Third Party”** as defined in Board Notice 58 of 2010 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 paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.

^{vii}A **“Representative”** as defined in the FAIS Act 37 of 2002 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 judgement 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;

^{viii}A **“Key individual”** as defined in the FAIS Act 37 of 2002 means in relation to an authorised financial services provider, or a representative, carrying on

business as a corporate... any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body... relating to the rendering of any financial service.

^{ix}**A “conflict of interest”** as defined in Board Notice 58 of 2010 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 it's 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 best interests of that client, including, but not limited to-
 - (i) a financial interest;
 - (ii) an ownership interest;
 - (iii) any relationship with a third party.

^x**A “Financial Interest”** as defined in Board Notice 58 of 2010 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 of 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.



FIRSTRAND

FirstRand Group Ethics Line toll free numbers

0800 00 33 12 (South Africa and Namibia)
0808 238 75 00 (United Kingdom)
000800 100 79 00 (India)

FirstRand Group Ethics Line e-mail

report@firstrandethicsoffice.com

FirstRand Group Ethics Line website

www.firstrandethicsoffice.com

Leading Light e-mail

leadinglight@firstrand.co.za

FirstRand Botswana Ethics Line toll free numbers

0800 600 644 (Botswana Telecoms users)
1144 (Orange users)
71119711 (Mascom users)

FirstRand Ghana Ethics Line RSA underpinning number

+27 31 571 5077

FirstRand Mozambique Ethics Line toll free number

800 112 233 (TDM)

FirstRand Tanzania Ethics Line toll free number

0800 110 025 (TTCL)

FirstRand Zambia Ethics Line toll free number

50800 (Zambia Airtel users)