



CONFLICT OF INTEREST MANAGEMENT POLICY

OWNERSHIP:

This policy is owned by **Arrow Underwriting Managers (Pty) Ltd**
a duly authorised Financial Services Provider (hereunder referred to as the FSP).

As Key Individual of the aforementioned FSP I, Wayne Phillips hereby confirm the adoption of this policy.

Wayne Phillips (Key Individual)

Date

1. PURPOSE

- 1.1 The General Code of Conduct for Authorised Financial Service Providers and Representatives (“the Code”) issued under the Financial Advisory and Intermediary Services Act, 2000 (Act No. 37 of 2002) (“FAIS”), requires financial service providers to have a Conflict of Interest Management Policy in place to ensure that conflict of interest is managed appropriately in the business.
- 1.2 The purpose of this policy is to assist Arrow Underwriting Managers (Arrow) and its employees to identify potential and actual conflict of interest and to manage it appropriately.

2. WHO DOES THE POLICY APPLY TO

The policy is applicable to Arrow, Arrow Key Individuals and Representatives, Arrow Directors and Shareholders and Arrow Employees.

3. DEFINITIONS

Associate: means –

- a) in relation to a natural person –
- 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 (ii), (iii) and (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 closed corporation registered under the Close Corporations Act, means any member thereof as defined in section 1 of that Act.
 - iii) Which is not a company or a closed corporation, means another juristic person which would have been a subsidiary or holding company of the first-mentioned juristic person:
 - had such first-mentioned juristic person been a company; or
 - in the case where that other 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

Conflict of interest: means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client:

- a) influence the objective performance of his, her or its obligations to that client; or
- b) prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client,

including but not limited to -

- i) a financial interest;
- ii) an ownership interest;
- iii) any relationship with a third party

Distribution channel: means –

- a) any arrangement between a product supplier or any of its associates and one or more providers or any of its associates in terms of which arrangement any support or service is provided to the provider or providers in rendering a financial service to a client;
- b) any arrangement between two or more providers or any of their associates, which arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier;
- c) any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.

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 accommodations associated with that 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.

Provider: means an authorized financial services provider, and includes a representative.

Product Supplier: 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.

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 paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.

4. IDENTIFICATION OF CONFLICT OF INTEREST

- 4.1 Arrow conducts annual reviews on contracts & relationships with 3rd parties, related parties and associates of the company and examines whether the relationship influences the FSP's,
 - 4.1.1 objective performance towards its clients,
 - 4.1.2 ability to render fair and unbiased financial services towards its clients,
 - 4.1.3 ability to act in the interest of the client.
- 4.2 Arrow conducts annual reviews on contracts & relationships with 3rd parties, related parties and associates of the company and examines whether an ownership interest influences the FSP's,
 - 4.2.1 objective performance towards its clients,
 - 4.2.2 ability to render fair and unbiased financial services towards its clients,
 - 4.2.3 ability to act in the interest of the client.
- 4.3 Arrow conducts annual reviews on contracts & relationships with 3rd parties, related parties and associates of the company and examines whether a financial interest influences the FSP's,
 - 4.3.1 objective performance towards its clients,
 - 4.3.2 ability to render fair and unbiased financial services towards its clients,
 - 4.3.3 ability to act in the interest of the client.
- 4.4 The financial interests representatives will qualify for is attached as an annexure hereto. See Annexure A
- 4.5 A list of all the FSP's associates is attached as an annexure hereto and is updated annually. **See Annexure B**
- 4.6 A list of all parties in which the FSP holds an ownership interest is attached as an annexure hereto and is updated annually. **See Annexure C**
- 4.7 A list of all third parties that holds an ownership interest in the FSP is attached as an annexure hereto and is updated annually. **See Annexure D**
- 4.8 Declarations are signed by all Key Individuals confirming the presence or absence of any actual or potential conflict of interest on a quarterly basis. **See Annexure E**
- 4.9 All employees must disclose in writing to Arrow's management on an on-going basis, any conflicts of interest that they may become aware of. **See Conflict of Interest Register**

5. FINANCIAL INTERESTS ALLOWED AND DISALLOWED

- 5.1 A provider or its representatives may only receive or offer the following financial interest from or to a third party:
 - 5.1.1 Commissions as authorised under the Long-term Insurance Act, Short-term Insurance Act and the Medical Schemes Act
 - 5.1.2 Fees as authorised under the Long-term Insurance Act, Short-term Insurance Act and the Medical Schemes Act if those fees are reasonably commensurate to a service being rendered.
 - 5.1.3 Fees for the rendering of financial services in respect of which the abovementioned commissions and fees are not paid, provided that the client agreed to such fees in writing and may be stopped at the discretion of the client.
 - 5.1.4 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

- 5.1.5 An immaterial financial interest (i.e. a financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from the same third party in that calendar year received by – a provider who is a sole proprietor, or a representative for that representative's direct benefit, or a provider who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.)
- 5.1.6 A financial interest not referred to above, for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

5.2 A provider may not offer any financial interest to a representative of that provider for:

- 5.2.1 Giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients.
- 5.2.2 Giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client.
- 5.2.3 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.

6. MEASURES TO MITIGATE OR AVOID ACTUAL & POTENTIAL CONFLICTS OF INTEREST

6.1 Once an actual or potential conflict of interest has been identified the following measures will be followed in order to determine whether the conflict of interest is avoidable:

- 6.1.1 Arrow Management will convene and review the actual or potential conflict of interest in an open and honest forum.
- 6.1.2 All information surrounding the actual or potential conflict of interest will be disclosed to all interested parties.
- 6.1.3 All information surrounding the actual or potential conflict of interest will be disclosed to the FSP's Compliance Officer.
- 6.1.4 The following consequences will be considered during the review process:
 - The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on clients;
 - The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on the integrity of the financial services industry;
 - The consequences of both avoidance and unavailability as well as the subsequent negative impact it will have on the FSP.
- 6.1.5 Arrow Management will consider whether the FSP can obtain a more advantageous transaction, contract or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- 6.1.6 If a more advantageous transaction, contract or other arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, Arrow Management shall determine by a majority vote whether the transaction, contract or arrangement is in the best interest of the FSP and any affected client/s and accordingly make its decision as to whether to enter into the transaction, contract or arrangement in conformity with such determination.
- 6.1.7 Where there are still doubt whether or not to enter into the transaction or not Arrow's external compliance officer will be consulted.

- 6.2 If Arrow Management has determined that the actual or potential conflict of interest is avoidable, the following processes must be adhered to:
- 6.2.1 Arrow Management will approve, by a majority vote, the removal of the underlying cause of the actual or potential conflict of interest;
 - 6.2.2 Any negative impact on clients owing to the removal of the actual or potential conflict of interest will be kept to a minimum;
 - 6.2.3 The reason(s) why the actual or potential conflict of interest was determined to be avoidable will be recorded;
 - 6.2.4 All determinations and interventions as it pertain to the avoidance of the conflict of interest will be documented and kept on the compliance file.
- 6.3 If Arrow Management has determined that the actual or potential conflict of interest is unavoidable, the following mitigation processes must be adhered to:
- 6.3.1 Arrow Management will convene and review an appropriate mitigation process given the unavoidability of the particular set of circumstances.
 - 6.3.2 The reason(s) why the actual or potential conflict of interest is considered to be unavoidable will be recorded and kept on the compliance file.
 - 6.3.3 Arrow's external compliance officer will be made aware of the conflict's unavoidability as well as the reasons for such said unavoidability.
 - 6.3.4 The mitigation process will include the adoption of the following measures:
 - The actual or potential conflict of interest must remain only for as long as it is absolutely necessary given the unavoidability of the actual or potential conflict of interest
 - Alternative arrangements to a proposed transaction, contract or arrangement that is the subject of the conflict of interest will be investigated on a continuous basis.
 - The rendering of financial services must at all times be conducted as to the best interest of the client (in as far as this is possible, given the unavoidability of the actual or potential conflict of interest)
 - Full disclosure of the actual or potential conflict of interest will be made to the client at the earliest reasonable opportunity.
 - Full disclosure of the actual or potential conflict of interest will be made to the Financial Service Board during the FSP's annual compliance report.

7. ARROW'S INTERNAL CONTROLS

- 7.1 Arrow maintains a Conflict of Interest register and Gift register.
- 7.2 Arrow employees disclose on an ongoing basis any potential and actual conflicts of interest to Arrow management.
- 7.3 Arrow's conflict of interest registers are reviewed by Arrow's external compliance officer on quarterly basis.
- 7.4 Arrow's conflict of interest registers are audited by Arrow external compliance officer on an annual basis.
- 7.5 Arrow has measures in place in order to identify, avoid and mitigate conflicts of interest as noted in Section 4 and 6 in this document.

8. CONSEQUENCES OF NON-COMPLIANCE

- 8.1 In terms of Section 3A(2)(b)(i)(ee) of the General Code of Conduct a conflict of interest management policy must provide for the consequences of non-compliance with the policy by the FSP's employees and representatives.
- 8.2 If there is reason to believe that an employee or a representative has failed to disclose actual or possible conflicts of interest, Arrow Management shall afford that person the opportunity to explain the alleged failure to disclose.
- 8.3 If after hearing the response of the employee or representative and making such further enquiries as may be warranted in the circumstances, and where Arrows Management determines that the employee or representative has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

9. STAFF TRAINING AND GENERAL AWARENESS

- 9.1. All the FSP's staff must be trained on this policy.
- 9.2. A copy of the policy will be published on the Arrow website. A hard copy of the policy will also be made available for inspection at Arrow's Offices.
- 9.3. Moreover, all the FSP's clients – existing and future, must be made aware of the existence of this policy. The policy must be made available by Arrow for easy access.

ANNEXURE A

BASIS OF REPRESENTATIVES FINANCIAL INTEREST

In terms of Section 3A(2)(b)(ii) of the General Code of Conduct, a conflict of interest management policy must specify the type of and the basis on which a representative will qualify for a financial interest that the provider will offer a representative and motivate how that financial interest complies with section 3A(1)(b).

Identify the type(s) of financial interest for which the FSP's representatives qualify, and tick the appropriate corresponding boxes below. The nominated Key Individual and appointed Compliance Officer must sign and date the annexure.

The FSP's representatives qualify for the following type(s) of financial interests	
Commissions as authorised under the Long-term Insurance Act, Short-term Insurance Act and the Medical Schemes Act	<input type="checkbox"/>
Fees as authorised under the Long-term Insurance Act, Short-term Insurance Act and the Medical Schemes Act if those fees are reasonably commensurate to a service being rendered.	<input type="checkbox"/>
Fees for the rendering of financial services in respect of which the abovementioned commissions and fees are not paid, provided that the client agreed to such fees in writing and may be stopped at the discretion of the client.	<input type="checkbox"/>
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	<input type="checkbox"/>
An immaterial financial interest (i.e. a financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from the same third party in that calendar year received by – a provider who is a sole proprietor, or a representative for that representative's direct benefit, or a provider who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.)	<input type="checkbox"/>
A financial interest not referred to above , for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.	<input type="checkbox"/>

As Key Individual of the FSP I, _____
confirm the financial interests as indicated above and acknowledge compliance with section 3A(1)(b) of the General Code of Conduct.

Key Individual Signature & Date

Compliance Officer Signature & Last Review Date

ANNEXURE B

LIST OF ASSOCIATES

Associate's Name	Type of Relationship

ANNEXURE C

OWNERSHIP INTEREST (FSP):

Name of 3rd party in which the FSP holds an ownership interest:	Nature and extent of ownership interest:

ANNEXURE D

OWNERSHIP INTEREST (3rd PARTIES):

Name of 3rd party that holds an ownership interest in the FSP:	Nature and extent of ownership interest:

ANNEXURE E

QUARTERLY DECLARATION OF ALL CONFLICTS OF INTEREST

KEY INDIVIDUALS DECLARATION OF CONFLICTS OF INTEREST					
Purpose -Quarterly declaration by the Key Individual/s of all existing conflicts of interest. This register acts as a summary document; a detailed history is contained in the conflicts of interest register.					
No.	Date	Description of COI	Type COI	Mitigation/Avoidance	Outcome

As Key Individual of the aforementioned FSP I, Wayne Phillips hereby confirm that the conflicts of interest in the register above are the only conflicts that Arrow Underwriting Managers (Pty) Ltd are aware of for the quarter _____ to _____.

Wayne Phillips (Key Individual)

Date