



# Conflicts of Interest AF Perspective



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# Key imperatives for managing COI at AF



- **Effective organisational structures:** Ensure that the group maintains and operates an effective organisation and administration that monitors measures designed to ensure that all reasonable steps are taken to prevent conflicts of interest from adversely affecting its stakeholders and its reputation.
- **Segregation of duties:** Key activities which, by their nature, can give rise to conflicts of interest are segregated within the organization. In addition, adequate internal procedures regulate the processes and restrict the flow of information among, and within, business units so that activities are carried out with an appropriate level of independence and conflicts of interest that may harm the interests of one or more stakeholders are avoided
- **Governance:** Group Exco/Corporate Office is responsible for ensuring that COI Policies and the regulatory prescripts are issued and revised on a regular basis. The Compliance Departments monitors compliance with the regulatory requirements and any internal instructions relating to conflicts of interest. Any breach is reported to senior management and AF reserves the right to take any measures it deems necessary.

# Principle 1: Understanding the importance of conflicts of interest



All employees must:

- be aware of their fiduciary obligations to its stakeholders, the requirement to exercise independent judgement and to be perceived to be doing so.
- have a clear understanding of the circumstances in which they may find themselves in a position of conflict of interest.
- communicate the legal requirements and duties imposed on them and discuss the conflict of interest policy with persons nominated to be a representatives of the AF Group, or upon appointment of such persons.
- recognise that there are legal complexities in the area of conflicts of interest and should seek legal advice as necessary.

# Principle 2: Identifying conflicts of interest



All employees must:-

- identify and consider any conflicts that *may arise in the future and notify the relevant stakeholders* as soon as practically possible.
- identify and consider any conflicts that *have arisen and notify the stakeholders as soon as* practically possible.
- be appointed under procedures that require them to disclose any conflicts.
- confirm that they are not aware of any further conflicts that have not been disclosed to the stakeholders.
- maintain an up-to-date register of each employee's interests, e.g. financial interests and other appointments.
- have a means of recording conflicts that have arisen or are likely to arise, for example by using a conflicts register.

# Principle 3: Evaluation, management or avoidance of conflicts



All employees must:-

- clearly detail, in the minutes of the meeting, conflicts which may arise during a decision making process and record the action taken to manage the conflict.
- seriously consider seeking independent legal advice where a non-trivial conflict of interest is identified and where such a conflict could have the potential to be detrimental to the conduct or decisions taken by the representatives of the company, in order to help decide the best approach to manage or avoid it.
- be aware that some conflicts due to their acute or pervasive nature cannot be managed; they may determine that resignation and appointment of an independent representative, is the only option.
- understand that the Regulator cannot give guidance appropriate for every conflict or potential conflict this depends on the nature of the conflict and the documentation, which is why seeking independent legal advice is emphasised throughout the guidance.

# Principle 4: Managing adviser conflicts



All regulated companies must:-

- actively manage their relations with advisers to ensure that advisers are able to provide independent advice.
- require their advisers to declare any conflicts that may arise in respect of their engagement on a timely basis.
- consider in advance whether conflicts make it undesirable for a particular adviser to be appointed or continue to act for them, in circumstances where a conflict with the sponsoring employer may arise.
- evaluate the nature of the conflict, where a conflict has been declared, and determine an appropriate course of action.
- where applicable, understand the reporting lines and conflicts their in-house pensions manager and secretariat may have.

# Principle 5: Conflicts of interest policy



- Group Guidelines in line with FAIS issued to guide all companies within AF Group.
- Group to issue Group COI Management Policy
- All regulated entities:-
  - to agree and document their policy (or procedures) for identifying, monitoring and managing all conflicts of interest.
  - ensure that their conflicts management policies (or procedures) are kept under regular review.
  - understand their conflicts policy, with training provided as required.