

RESIMAC GROUP LTD

# Conflict of interest policy

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## Purpose

This policy has been developed to help Resimac employees identify and manage conflicts of interest in both Australia, New Zealand and the Philippines.

Pursuant to s912A(1)(aa) of the Corporations Act 2001 (Cth) (Corporations Act), s47(1) of the National Credit Protection Act 2009 (Cth) (NCCPA), Financial Service Providers (Registration and Dispute Resolution) Act 2008 (FSP Act) and our obligations as a licensee and listed entity, this Policy aims to ensure that Resimac Group Ltd, in Australia, New Zealand and the Philippines, have in place measures, processes and procedures (referred to as conflicts management arrangements/regime) to adequately identify, report and manage conflicts of interests.

The Resimac Group is committed to maintaining a high standard of ethics. It is important that the Group demonstrates its commitment to treating all people and the organisation with whom it conducts business impartially.

This policy has been developed with reference to ASIC's Regulatory Guidelines (RG) 181 and 205 and incorporates the Group's policy for receiving gifts as a way of managing potential or perceived conflicts of interest.

### Definition of a conflict of interest

In Australia a conflict is defined as circumstances where some or all of the interests of people (clients) to whom a licensee (or its representative) provides financial services are inconsistent with, or diverge from, some or all of the interest of the licensee or its representatives. This includes actual, apparent and potential conflicts of interest.

In New Zealand the Financial Markets Conduct (Regulated Financial Advice Disclosure) Amendment Regulations 2020, Schedule 21, defines a conflict of interest as where "a reasonable client would expect [it] to, or to be likely to, materially influence the advice given by" the financial adviser.

The conflicts management regime aims to promote:

- Confident and informed decision making by consumers;
- Fairness, honesty, integrity and professionalism by those employees who provide financial services; and
- Culture of compliance.

## Scope

Resimac Group Ltd and any related entities collectively known as the Resimac Group in Australia, New Zealand and the Philippines and may be referred to in this policy as 'the Group', 'us', 'we' and 'our'.

This policy applies to all employees of the Group. For the purposes of definition, employees refer to any full time, part time, contract or casual employees employed by the Group and may be referred to in this policy as 'you'.

References to 'clients' means customer / borrowers, mortgage brokers, mortgage originators, service providers or any other third party unless otherwise specified.

This policy does not just apply to financial advisers, as the obligations are extended to all employees. The Group promotes a culture where all directors, employees and contractors are aware and understand that they are required to identify actual, apparently and potential conflicts of interest.

While this policy applies to all staff, the following people should be aware of the contents of this policy:

- Directors and senior managers;
- All nominated representatives and financial advisers of the Group who are directly or indirectly involved in providing finance or credit;
- Anyone providing services to the Group that compliance determine should comply with this policy (e.g. services providers or agents); and
- Anyone else that Compliance determine should comply with this policy.

Were functions are outsourced (e.g. service providers, agents, contractors and temporary personnel), the Group may include specific requirements in outsourcing agreements to ensure compliance with this policy.

Failure to comply with this policy will be regarded as a breach of the person's employment / engagement contract and will be handled accordingly. Any breach of this policy may result in disciplinary action, including termination of employment.

All employees are accountable for their decisions and actions.

## Overview and objective

### Requirement to have adequate arrangements

Section 47(1)(b) of the National Credit Consumer Protection (NCCP) Act requires all Australian Credit Licence (ACL) holders to have adequate arrangements to ensure customers of the ACL holder are not disadvantaged by any conflict of interest that may arise wholly or partly in relation to credit activities engaged in by the ACL holder or its representatives. This requires more than simply disclosing conflicts of interest (e.g. commissions payable). It requires that a customer is, as a matter of fact, not disadvantaged by any conflict of interest. According to RG205.80, the obligation includes the obligation to manage and monitor conflicts that arise in relation to the credit activities in which the ACL holder engages.

Section 912A(1)(aa) of the Corporations Act requires all Australian financial services (AFS) licensees to have adequate arrangements for management of conflicts of interest which arise in relation to the provision of financial services by the license holder. In RG 181, ASIC provides guidance on the interpretation and application of section 912A(1)(aa) and the arrangements licensees should implement to manage conflicts of interest.

As a New Zealand FAP licensee, the law requires licence holders to have processes in place that set out expectations of conduct for all staff, that demonstrate how to identify, monitor and manage conflicts.

### Examples of conflicts / potential conflicts

- Business development manager (BDM) promotes the services of a particular broker as there is an arrangement in place or there is a close personal relationship between the BDM and the broker.
- BDM is related to or has a close relationship with an underwriter and applications/loans settled, that are submitted by this BDM, are favoured.
- Mortgage originator/broker directly approaches an underwriter employee to obtain favor on applications submitted for the employee who is on volume-based incentives/KPIs. Employee discretion around the interest rate provided or fees waived to a customer to increase the benefit/commission earned.
- Customer has a particular product and may or may not have requested a product review and the employee/broker moves the customer to a new product to increase the benefit/commission earned.
- An employee has a close personal relationship or familial relationship and is in a position to influence a decision about a service provider, to supply goods and services, including financial products or services to a Group entity.
- Employees publishing or offering to give positive advice about a particular financial product provider or product issuer or include their product in a recommended list, in return for benefits or continuing business from that financial product provider/issuer.

- The holding of external directorships by yourself, a relative or close associate.
- Staff members conducting assessments on loan applications submitted by a relative or friend.
- Soft dollar benefits (such as conferences, trips or gifts) paid by product / service providers.
- Volume bonuses paid by product or service providers.
- Method of charging for services may be dependent on the relationship of the employee with the service or product provider or the investor / client.
- For directors - the holding of common directorships of different entities within the Group and outside the Group. Including directors who may have a common directorship with a company looking to conduct business with the Group.

**NOTE:** Wherever staff are in a position to influence a customer or vendor's decision, there is a potential for a real or perceived conflict to arise.

## New Zealand financial adviser license obligations

Under New Zealand law, both advisers and nominated representatives must give priority to their client's interests. This requires them to take all reasonable steps to ensure that the advice is not materially influenced by their own interests or a person connected with the giving of the advice.

A conflict of interest is defined as information relating to the commissions, incentives or other conflicts of interest that a client might perceive as having potential to materially influence the financial advice. Conflicts of interest arise in any situation where parties have competing (or perceived to be competing) interests or loyalties - and this applies to any person associated with an adviser's advice.

Conflicts of interest can be categorised as follows:

- Actual conflict – a known conflict that exists (for example, family of nominated representative seeking advice).
- Potential conflict – that might be about to happen or could happen.
- Perceived conflict – where other people may reasonably think that a person is compromised.

Advisers and nominated representatives should follow the principles to manage conflicts:

- Clients' interests always come first.
- Reasonable steps must be taken to ensure the advice isn't materially influenced by conflicts of interest.
- Advisers must act with integrity.

On this basis, advisers and nominated representatives will be required to disclose to their retail clients any material conflicts of interests, an explanation of the circumstances in which material commissions or other incentives will be received and brief explanation of how any conflicts will be managed.

## Managing conflicts of interest

Conflicts of interest may be managed by:

- Controlling the conflict; or
- Avoiding the conflict; or
- Disclosing the conflict.

Actions that maybe taken to manage a conflict of interest include:

- Requiring an employee / representative to undertake further training or remedial action in relation to; or

- Providing appropriate services (control); or
- Declining to provide services to a particular client or group of clients (avoid); or
- Disclosing the conflict of interest to Compliance, the client or group of clients (disclose).

## **Responsibility, reporting and approval**

### **New Zealand Board and the New Zealand Risk & Compliance Committee**

The New Zealand Board is responsible for approving and endorsing New Zealand conflicts of interest. As a result, and upon notification, Compliance must report all material conflict of interest matters to the New Zealand Board Risk and Compliance Committee (RCC).

### **Senior Managers – New Zealand**

Compliance must report all conflicts of interest to the applicable Senior Manager whereby Compliance and the Senior Manager/s will be accountable for overseeing the management of conflicts of interest.

The Group understands that it is responsible for its own conduct and that of its representatives. Representatives (being employees, Senior Managers and Directors) are free at any time to contact Compliance or the Compliance and Enterprise Risk Manager via [compliance@resimac.com.au](mailto:compliance@resimac.com.au) or (02) 9248 0343.

Compliance have access to all necessary resources and personnel to carry out these procedures properly.

### **Australian Board**

The Australian Board is responsible for approving and endorsing Australian conflicts of interest. As a result, and upon notification, Compliance must report all material conflict of interest matters to the Board Risk and Compliance Committee (RCC).

### **Risk & Compliance Committee**

In addition to seeking Board approval and endorsement for conflict of interest arrangements, Compliance will provide a written report of any conflict matters to the Risk and Compliance Committee (RCC) quarterly or as otherwise required.

### **Responsible Managers - Australia**

Compliance must report all conflicts of interest to the applicable Responsible Manager whereby Compliance and the Responsible Manager/s will be accountable for overseeing the management of conflicts of interest.

The Group understands that it is responsible for its own conduct and that of its representatives. Representatives (being employees, Responsible Managers and Directors) are free at any time to contact Compliance or the Compliance and Enterprise Risk Manager via [compliance@resimac.com.au](mailto:compliance@resimac.com.au) or (02) 9248 0343.

Compliance have access to all necessary resources and personnel to carry out these procedures properly.

## **Review of this policy**

This policy is to be reviewed every two (2) years by Compliance or as required if business or regulatory obligations change. In addition, if there is a major compliance breach in this area, the Compliance and Enterprise Risk Manager shall review the relevant procedure or engage an external compliance consultant to perform the review, if deemed necessary.

Enterprise Risk and Compliance will also maintain records relating to conflict management generally, including:

- The monitoring of compliance with conflict management arrangements;
- Any relevant registers which relates to this policy;

- Reports to senior management about conflict of interest matters;
- Copies of written conflict of interest disclosures; and
- Any other documentation relating to disclosure or management of conflicts.

Records of conflicts of interest and gifts will be kept for at least seven years. Note: these documents can be stored electronically and in hard copy as below within Enterprise Risk & Compliance.

All file notes, compliance reviews, feedback and any other documentation which relates to conflicts of interests are to be kept together with the Conflicts of Interest Register as hard copy, electronic copy or both.

## Identifying conflicts

The Group may encounter circumstances giving rise to a conflict of interest or a perceived conflict of interest during their business activities.

To identify conflicts of interest, the following steps should be taken:

- Identify the interests of the customer or the other party involved in the transaction or event;
- Identify the Group's obligations, requirements or its representatives (e.g. remuneration to be paid, person); and
- Compare the interest of the customer / other party to the Group's complying with an obligation to another customer or person, or a relationship with another obligation or requirement if interests of the various parties align, there is no conflict. If the interests of the various parties are inconsistent, a conflict of interest exists.

## Notifying Compliance of a conflict of interest

Employees must report to Compliance any perceived, apparent or potential conflict of interest. To assist Compliance in their assessment of the matter, the reporting employee must provide information pertaining to the nature of the conflict and the parties involved.

Reports can be made to Compliance via [compliance@resimac.com.au](mailto:compliance@resimac.com.au) or by contacting the Compliance and Enterprise Risk Manager on 02 9248 0343.

Note: If in doubt as to whether the matter is a perceived, apparent or potential conflict of interest, it is best to seek guidance from Compliance.

## Director disclosure of conflicts

Directors are required to advise of any conflicts at the commencement of each Board meeting, including Board Sub-Committees such as the Risk and Compliance Committee and Audit Committee. Record of this request and any disclosed conflicts will be recorded in the minutes and maintained by the Company Secretary, including in any register.

Compliance and the Responsible Managers may conduct regular and ad hoc monitoring of particular business activities and related records to identify conflicts of interest.

## Managing conflicts

Once a conflict or perceived conflict has been identified, it should be assessed and evaluated before an appropriate response is implemented as determined by Compliance, relevant stakeholders and Responsible Managers and documented in the 'Conflicts of Interest Register'.

In assessing and evaluating a conflict, and how it should be managed, consideration should be given to:

- The nature of the conflict and its materiality (i.e. the extent to which the interests of the customer deviates from the interests of the Group or its representatives);
- Whether the conflict can be appropriately dealt with by a control; and
- Whether the customer would be able to make an informed decision about the effect of the conflict if disclosure was provided, and the course of action that would be in the best interest of the customer.

The following possible actions may be required, dependent on the circumstances:

- Considering arrangements which include offers of volume bonuses to employees or the Group from product providers;
- Refusing or reconsidering sponsorship from product providers;
- Declining to act for the client or investor (where the conflict could not be managed otherwise);
- Making disclosure;
- Refusing offers of volume bonuses to employees or the Group entities from product or service providers;
- Allocating another representative to provide services to the particular client;
- Employees being paid a salary or fixed fee rather than commission; and
- Initiating internal or external disciplinary action (e.g. referring the matter to a professional body or regulator).

Where it has been decided that a conflict will be disclosed, the disclosure should be timely, prominent, specific and meaningful to the client. It should occur before or when any services are provided, but in any case, at a time that allows the client a reasonable time to assess its effect. It must be written in plain English.

Note: If the Compliance and Enterprise Risk Manager, when deciding what appropriate action to take where a conflict of interest arises, is significantly affected by the conflict, he/she will refer the task to the Chief Operating Officer or the CEO.

### **Conflicts of interest declaration**

Prior to appointment, and annually thereafter, all representatives (including its Responsible Managers, senior managers and Directors) will be required to disclose if they have any conflicts of interest through a Conflicts of Interest declaration.

### **Retail vs Wholesale clients**

Where conflicts or perceived conflicts arise, they will be managed, regardless of whether they may impact retail or wholesale customers.

### **Insider trading**

Securities trading by employees and directors may give rise to a special type of conflict of interest that is 'insider trading'. Refer to the Group's Securities Trading Policy.

### **Political contributions**

All political contributions and activities of employees are to conform to the requirements of the Australian Electoral Commission, the applicable laws in the various States as well as the following set out below:

- No contribution or commitments to make contributions may be made by or on behalf of the Group;
- Employees are not to engage in political activities during normal working hours to make use of company resources, facilities or corporate name.

## External review

If a complex conflict were to arise, Compliance may engage the services of an external compliance consulting company to assist to review and resolve any issues or to review this Conflicts of Interest Policy.

## Remunerations

The following measures have been adopted to minimise the probability of conflicts of interest disadvantaging consumers:

- The Group has considered its remuneration practices (including non-monetary benefits) as part of ensuring that Group operates efficiently, honestly and fairly;
- Representatives that engage in financial services and credit activities are contractually forbidden from acting otherwise than in the best interests of potential and existing customers; and
- Enterprise Risk and Compliance will monitor both the internal and representative benefit and remuneration structures to ensure that consumers are not disadvantaged by any conflicts of interest, including by increasing the proportion of representatives' remuneration that is not dependent on sales volumes.

## Financial sector reform

Australia has had significant financial services reform in the last few years. The Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2019 Measures)) Act 2020 legislates a best interest's duty for mortgage brokers and bans mortgage broker conflicted remuneration. Pursuant to this:

- Mortgage brokers must act in the best interest of consumers (best interest duty), requiring brokers to put forward to the consumer the most appropriate loan combined with an obligation to identify a more suitable product;
- Avoid or manage any conflicts of interest that arise through engagement with the consumer, ensuring priority toward consumer needs and interests is forefront;
- A change in the provision of commission, whereby the net of upfront commissions will be linked to the amount drawn down by borrower within 90 days (after the contract date) rather the full loan amount;
- Prohibiting mortgage brokers and mortgage intermediaries from accepting conflicted remuneration;
- Being any benefit, whether monetary or non-monetary, that could reasonably influence or expect to influence, the credit assistance provided
- Employers, credit providers and mortgage intermediaries must not give conflicted remuneration to mortgage brokers or mortgage intermediaries.

The obligation to ensure brokers comply with the best interest duties largely lays with the aggregator in which they are accredited, however Compliance may monitor the existence or management of broker conflicts of interests arrangements to ensure consumers are not disadvantaged by any arrangement.

At least annually or following a significant change to existing remuneration structures, Compliance will perform a review to ensure the Group does not provide conflicted remuneration arrangements that could consequently result in a conflict of interest. This review will be documented and any recommendations to the remuneration structure will be submitted to the appropriate internal stakeholder.

## Other related regulatory references

Conflicts of interest may also include issues, which are prohibited by law and will always be avoided. They include:

- ASX listing rules and market trading requirements;
- Insider trading;
- Misleading and deceptive conduct;
- Misleading representations provisions;

- Unconscionable conduct provisions; and
- False and misleading.

## Gift policy and procedures

This section establishes the Group's policy governing the receipt of gifts and entertainment provided by suppliers, vendors, customers, employees or potential suppliers, and explains the record keeping and disclosure requirement.

The objectives of this section of the policy are:

- To protect the reputation of the Group and its representatives by outlining the approach to offering and / or receiving gifts and entertainment, and
- To state the Group's position for gifts and entertainment.

### Principal statements

Giving or receiving reasonable gifts, benefits or corporate entertainment can be part of normal business relationships. This policy provides guidance on the acceptance and provision of gifts.

The acceptance of gifts or a gift can create an obligation or influence (or be perceived to influence) a person's decision and therefore has the potential to create actual or perceived conflicts of interest. This perception can undermine the integrity of business relationships and be prejudicial to the business.

To ensure transparency, the Group has set specific limits on the type and value of gifts its representatives are permitted to accept or give.

Employees must not solicit, accept or offer money, gifts or entertainment, which might influence, or might appear to influence decision-making or their business judgment.

In accordance with the prevention of conflicts of interest, employees must disclose to their manager any material interests they have in respect of customers. Employees must not manage customer relationships in which they have a material interest.

### Types of gifts

Gifts received by an employee or offered to a third party include but are not limited to:

- Meals;
- Entertainment (e.g. sporting event, theatre, concert, etc.);
- Flights and accommodation; and
- Gift vouchers.

### Value of gifts

If an employee is offered a gift with an estimated value greater than A\$100, the employee is required to seek approval of their relevant divisional General Manager, or in their absence, the Head of Compliance.

If an employee is to offer a gift to an outside third party with an estimated value greater than A\$100, the employee is required to seek approval of their relevant divisional General Manager, or in their absence, the Head of Compliance.

ASIC is more likely to consider a benefit given on a frequent or regular basis if it is given at least three times over a one-year period.

### Approval

A gift or entertainment will generally be considered acceptable when it is:

- Reasonable and bona fide – that is, not lavish or over the top, and genuine (i.e. not designed to influence);
- Proportionate – that is, in line with the importance of the customer, supplier, business partner, or service provider; and
- Not in conflict – that is, not in conflict, or in perceived conflict, with the employee’s duties to Resimac, its customers, suppliers, business partners or service providers.

### **Reporting gifts**

All gifts received must be reported to Compliance by email to [compliance@resimac.com.au](mailto:compliance@resimac.com.au) within five (5) days of receiving the gift or having approval granted (A\$100 or more) to receive the gift.

This report must include the following information:

- Date the gift was received;
- Name of the gift recipient;
- Name of vendor providing the gift and nature of services / relationship provided;
- Description of the gift / benefit; and
- Estimated value.

All gifts provided to third parties with an estimated value of A\$100 or greater must be reported to Compliance at [compliance@resimac.com.au](mailto:compliance@resimac.com.au) within five (5) days of provision of the gift or approval for provision.

This report must include the following information:

- Date the gift was provided;
- Name and position of the gift provider;
- Name of beneficiary and nature of services / relationship provided;
- Reason for the gift / benefit;
- Description of the gift / benefit; and
- Estimated value.

Details of the gift will be updated in the Corporate Gift register by and managed by Compliance.

### **Meals and entertainment**

Hospitality can have a positive role in building relationships with customers suppliers and other third parties. It is important to note that gifts and entertainment must never be used to gain an advantage or to create an actual or perceived conflict of interest. Entertainment with a valid business purpose can be offered or accepted, as long as:

- It is not intended, or could not be perceived as intending, to influence decisions or to create an improper advantage, and
- It is in the form of a meal, attendance at or participation in a sporting or cultural event.

## Appendix A – Conflicts of interest register

Maintained by Enterprise Risk and Compliance.

- All reported conflicts of interest will be included in the following register.
- Conflicts which have not been adequately managed will be assessed as a breach of this policy and recorded.

Conflicts of interest and the service to which it relates incl. employees name and any other parties involved	Actual / potential impact of conflict on client	Type of remedy or appropriate response (control / disclose / avoid)	Implementation date	Compliance follow up
[e.g. Increased commission for X mortgage product X in circumstance Y]	Client may pay for more X mortgage product than they need.	Ensure disclosure of commission is clear on customer documentation and loan agreement. Notify client of commission.		

This register was last updated on [insert date] by [insert name].

## Appendix B – Conflicts of interest declaration

The conflict of interest declaration is to be completed upon commencement of employment. Also annually for positions impacted / in a position to influence as identified.

### Details

#### Declarer's details:

Name:	
Position title:	
Office location:	
Contact number:	
Email:	
Financial delegation:	<input type="checkbox"/> Yes, for \$[enter amount] <input type="checkbox"/> No

#### Manager's details (if applicable):

Name:	
Position title:	
Office location:	
Contact number:	
Email:	

### Management plan

#### Type of conflict of interest identified:

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#### Management plan for employee's conflict of interest:

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The employee and manager will ensure this management plan is reviewed:

- Within 1 month    Within 3 months    Within 6 months    Within 12 months  
 N/A as the conflict is a one off short duration    Other (specify):

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## Signature

I declare that to best of my knowledge, the information in this form is true and correct. I undertake to adhere to any conflict of interest risk management plan set out in Section C (if applicable). I undertake to make further declaration should a change in my circumstances give rise to an expectation of a conflict of interest.

Signature of employee:	
Name in print:	
Date	

## Appendix C – Gift register

Maintained by Enterprise Risk and Compliance.

Date received	Name	Position	Name of vendor	Description of gift / benefit	Estimated value (\$)

## Appendix D – Questionnaire for employees to understand conflicts of interest

What would be the most appropriate answer for each?

### What is a conflict of interest?

- a) Where the licensee or its representative or other associating entity receives a substantial benefit for recommending a certain product to the client / Investor.
- b) Where the licensee or its representative or other associating entity provides financial services which are inconsistent with, or divergent from, some or all of the interest of the client.
- c) Where the licensee or its representative or other associating entity does not consider the clients/Investors personal objectives needs or financial situation.
- d) Where the licensee or its representative or other associating entity has two possible products and cannot decide which one to recommend.

### Which of the following scenarios is NOT a conflict of interest?

- a) If I recommend the XYZ product/service to a client/Investor and I will be invited to the XYZ seminar free of charge.
- b) BC Institution owns a percentage of the ABC Financial Services, which uses the ABC investment platform or ABC products.
- c) If there are 2 identical products on the Approved Investment List and both products are equally appropriate for the client/Investor and I choose product 1 on the basis that the client/Investor is more familiar with the product provider.
- d) Investment provider DEF offers an equity share or an option for equity in the provider for any amounts invested in their Product/service.

### What steps would you take to discover whether a conflict of interest exists?

- a) Avoid
- b) Disclose
- c) Control
- d) Common sense
- e) All of the above

### When should you review any actual, apparent or potential conflicts?

- a) Regularly
- b) Upon client / investor requests
- c) When prompted
- d) On an as needs basis

**What do you do after you have identified that a conflict exists?**

- a) Nothing, as long as I am aware of the conflict it's ok.
- b) Notify compliance ASAP to determine the most appropriate course of action.
- c) Tell the other part that we cannot do business.
- d) Report it to ASIC immediately regardless of what it is.

**If Investment XYZ offers you an administration service including training, compliance and commissions reconciliation for any amounts invested in their product / service or related entities, how would you manage it?**

- a) Disclose it to the client.
- b) Avoid it completely.
- c) Refer it to another representative.
- d) Notify compliance and monitor the conflict arrangement and take appropriate action for any non-compliance.

**How could we disclose any conflicts of interest?**

- a) Detail the conflict/s verbally in the initial client meeting.
- b) Detail the conflict/s in the Investor Guide or "other" document.
- c) Detail the conflict/s via email correspondence.
- d) Provide a general warning in the Service Agreement between you and the client explaining the risks of conflicts of interest occurring.

**When should you avoid a conflict of interest?**

- a) Where the conflict of interest would be too difficult to explain to the client / investor / other party.
- b) Where the conflict of interest is commercially sensitive or protected by a confidentiality agreement.
- c) Where you put yourself in the position of the client / investor / other party and would cease engaging the advisor because of the conflict of interest.
- d) All of the above.