

## Draft General Code of Conduct comparison

NEW DRAFT (ANNEXURE A)	PREVIOUS DRAFT (ANNEXURE B1)
<p><b>Amendment of section 1(1) of the General Code</b>            2. Section 1(1) of the General Code is hereby amended by-</p> <p>(g) the insertion after the definition of “financial interest” of the following definition:  <b>“FSC”</b> means the Financial Sector Code published in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, (Act 53 of 2003), as amended from time to time;”</p>	<p>“section 9(1)” not in previous draft.</p>
<p><b>“qualifying beneficiary entity’</b> has the meaning contemplated in the FSC insofar as it relates to a qualifying enterprise development contribution;”</p>	<p>“qualifying beneficiaries” has the meaning contemplated in the FSC insofar as it relates to a recognised qualifying enterprise development contribution;”;</p>
<p><b>“qualifying enterprise development contribution’</b> has the meaning assigned to it in the FSC;”</p>	<p>“recognised qualifying enterprise development contribution’ has the meaning assigned to it in the FSC;”</p>
<p><b>“related service’</b> means any service or benefit provided or made available by a product supplier or a provider or any associate of that product supplier or provider, together with, or in connection with, any financial product, financial service or benefit in respect of that financial product or financial service, and includes a loyalty benefit and a no-claim bonus;”;</p>	<p>Not in previous draft.</p>
<p><b>‘significant owner’</b> means a significant owner as described in section 157(1) and (2) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017);”</p>	<p>Not in previous draft.</p>
	<p>Definition of <b>“social media”</b> in previous draft omitted from new draft.</p>
<p>the insertion after the definition of “transaction requirement” of the following definitions:  <b>“variation’</b> includes:</p> <p>(g) any act that results in a change to a material term or condition, or the contract term;</p>	<p>(g) the cessation of the financial product;</p>
	<p>Amendment of section 2 in previous draft omitted from new draft.</p>

<p><b>Amendment of section 3 of the General Code</b></p> <p>(5) A provider may not describe itself or the financial services it renders as being “independent” if –</p> <p>(i) the provider or its associate is a significant owner of any product supplier or its associate in respect of whose products the provider renders financial services;</p> <p>(ii) any product supplier in respect of whose products the provider renders financial services or an associate of such product supplier is a significant owner of the provider or its associate; or</p> <p>(iii) the provider directly or indirectly receives or is eligible for any financial interest from a product supplier in respect of whose products the provider renders financial services, other than a financial interest referred to in section 3A(1)(a)(i), (ii), (vi) or (vii);</p> <p>(iv) any other relationship exists between the provider and any product supplier in respect of whose products the provider renders financial services that gives rise to a material conflict of interest.”.</p>	<p><b>Amendment of section 3 of the General Code</b></p> <p>(5) A provider may not describe itself or the financial services it renders as being “independent” if –</p> <p>(i) any direct or indirect ownership interest exists between the provider and any product supplier in respect of whose products the provider renders financial services; or</p> <p>(ii) any direct or indirect arrangement or relationship exists between the provider and any product supplier in respect of whose products the provider renders financial services that constitutes a conflict of interest.</p>
<p><b>Amendment of section 3A of the General Code</b></p> <p>(c) the insertion after paragraph (b) of subsection (1) of the following paragraph:</p> <p>“(bA) For purposes of subsection (1)(b)(i), a provider must be able to demonstrate that the determination of and entitlement to the financial interest takes into account measurable indicators relating to the-</p> <p>(i) achievement of minimum service level standards in respect of clients;</p> <p>(ii) delivery of fair outcomes for clients;</p> <p>(iii) quality of the representative’s compliance with this Act;</p> <p>as agreed between the provider and the representative, and that sufficient weight is attached to such indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for the provider over the fair treatment of clients.”;</p>	<p><b>Amendment of section 3A of the General Code</b></p> <p>(c) the insertion after paragraph (b) of subsection (1) of the following paragraph:</p> <p>“(bA) For purposes of subsection (1)(b)(i), a provider must be able to demonstrate that the determination of and entitlement to the financial interest –</p> <p>(i) takes into account measurable indicators of the quality of treatment of clients and the representative’s quality of compliance with this Act; and</p> <p>(ii) is dependent on agreed minimum client treatment and compliance levels as agreed between the provider and the representative being achieved;</p> <p>and that sufficient weight is attached to such indicators to materially mitigate the risk of the representative giving preference to the quantity of business secured for the provider over the fair treatment of clients.”</p>

<p><b>Amendment of section 8 of the General Code</b> (insertion below) 8 (d) the substitution of paragraph (d) in subsection (1) of the following paragraph: “(d) where the financial product (“the replacement product”) is to replace another financial product (“the terminated product”), fully disclose to the client the actual and potential financial implications, costs and consequences of such a replacement, including, where applicable, full details of-“;</p>	<p><b>Amendment of section 8 of the General Code</b> Insertion in new draft not in previous draft.</p>
<p><b>Amendment of section 14 of the General Code</b> <b>General principles</b> (2)(a) A provider, other than a provider that is a natural person and a representative, must have documented processes and procedures for the approval of advertisements by a key person (as defined in the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017)) or a person of appropriate seniority to whom the key person has delegated the approval.</p>	<p><b>Amendment of section 14 of the General Code</b> <b>General principles</b> (2)(a) A provider, other than a provider that is a natural person and a representative, must have documented processes and procedures for the approval of advertisements by a key individual.</p>