



# CORPORATIONS ACT

CONFLICTS OF INTEREST POLICY

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## 1. Licensee Obligation

Pursuant to section 912A(1)(aa) *Corporations Act 2001* (“the Act”) a financial services provider must:

“have in place adequate arrangements for the management of conflicts of interest that may arise whole, or partially, in relation to activities undertaken by the licensee or a representative of the licensee in the provision of financial services as part of the financial services business of the licensee or representative.”

The obligation adds to the existing general obligations imposed on licensees under section 912A of the Act and the fiduciary obligations licensees may owe to their clients.

### 1.1 What are conflicts of interest?

ASIC defines conflicts of interest as ‘circumstances where some or all of the interests of people (clients) to whom a licensee (or its representatives) provides financial services are inconsistent with, or diverge from, some or all of the interests of the licensee or its representatives. This includes actual, apparent and potential conflicts of interest’.

A conflict of interest generally arises where an individual has a personal interest which may influence how they perform their duties and responsibilities to Auswide Bank Australia Ltd (Auswide Bank).

This includes using any information obtained as a representative of Auswide Bank, which includes employees, agents and their employees, which is not available to the general public, for personal gain.

All representatives should avoid taking part in any dealings that place them in a position of conflict with Auswide Bank’s interests.

### 1.2 ASIC’s Regulatory Guide 181 Licensing: Managing conflicts of interest

RG181 sets out the minimum arrangements licensees (including their representatives) must have had in place by 1 January 2005 to comply with the conflicts management obligation. ASIC has stated that it expects licensees to control, disclose and, where necessary, avoid conflicts of interest.

As part of managing conflicts, ASIC expects Auswide Bank and other licensees to identify, assess and respond to the conflicts of interest that arise in their business.

## **2. Controlling and avoiding conflicts**

In controlling conflicts of interest, ASIC expects that Auswide Bank will have arrangements in place to enable us to:

- Identify the conflicts of interest relating to our business;
- Assess and evaluate those conflicts; and
- Decide upon, and implement, an appropriate response to those conflicts.

## **3. Disclosing conflicts**

ASIC requires that Auswide Bank ensures that clients are adequately informed about any conflicts of interest that may effect the provision of financial services to them. This means providing clear, concise and effective disclosure so that clients can make an informed decision about how the conflict may affect the relevant service.

The conflicts of interest obligation applies equally to services provided to retail and wholesale clients, although the level of disclosure required may be less detailed for our wholesale clients.

## **4. Policy on Avoiding Conflicts of Interest**

### **4.1 Honesty & Integrity**

All representatives shall act honestly and with integrity in all their dealings with Auswide Bank. This includes engaging in and promoting honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Representatives will not discriminate on the grounds of people's race, religion, gender, marital status or disability.

Representatives will not make promises or commitments that Auswide Bank does not intend, or would be unable to honor.

Representatives conduct, at all times, will be such that their honesty is beyond question.

Representatives will adhere to the truth, and not mislead directly or indirectly nor make false statements, nor mislead by omission.

## 4.2 Use of Auswide Bank Information

Representatives will take all reasonable measures to protect the confidentiality of non-public information obtained or created in conjunction with their activities and to prevent unauthorised disclosure of such information unless required by applicable law or regulation or legal or regulatory process or with the consent of Auswide Bank.

Representatives must not:

- use Auswide Bank's name, or any confidential information obtained during their employment or appointment as an authorised representative with Auswide Bank (regardless whether this information is available to the general public) for personal gain or for the benefit of others.
- directly or indirectly communicate price sensitive information about Auswide Bank's products to a person who is likely to deal or trade in these products.

## 4.3 Positions of Conflict of Interest in Auswide Bank Matters

Representatives must not:

- allow any personal relationships with customers or third parties to interfere with their duties to Auswide Bank;
- manage any customer relationships where they have an interest or potential to obtain a personal benefit from the relationship;
- while in the employment of Auswide Bank, accept additional employment with, or enter into any business arrangement with a customer of Auswide Bank (other than customers who are immediate family members) without Auswide Bank's consent;
- knowingly cause or direct Auswide Bank to acquire goods or services from vendors or organisations in which they have an interest or under arrangements in which they will obtain a personal benefits or gain.

A representative will only prepare any of Auswide Bank's security or other legal documents for customers or any other person, if this is in the normal course of their duties.

If a representative becomes aware of any matter which may result in them being in an actual or perceived conflict of interest, they must fully disclose this to their manager, or refer the situation to the Head of Compliance.

A representative must not use any insider information to gain any professional or personal advantage.

A representative must disclose to their manager or the Head of Compliance, any material interests they have in Auswide Bank's customers or Auswide Bank's

contracts, transactions or other commercial arrangements upon becoming aware of the interest.

#### **4.4 Acceptance of Gifts**

In the course of their employment with Auswide Bank, if a representative receives money (whether as a gift or commission) from outside parties involved in Auswide Bank's business, they must return this money and immediately report the incident to their manager.

If a representative receives a gift or invitations to entertainment in the course of their employment at Auswide Bank, they will pass on same to a senior manager who will distribute it to the appropriate personnel at his or her discretion.

A representative will not provide or accept any entertainment which, to a reasonable person, will seem inappropriate or abnormal.

#### **4.5 Non-Work Related Activities**

A representative will not:

- participate in any business activities; or
- enter into any business arrangement; or
- accept any employment with another business outside their employment with Auswide Bank;

that could:

- have an adverse impact on their ability to carry out his/her responsibilities and duties to Auswide Bank;
- cause a conflict of interest; or
- conflict with Auswide Bank's corporate image or business activities.

A representative will not become or act as an executor, administrator, trustee or attorney for any customer of Auswide Bank who is not a member of their immediate family or associated entities without Auswide Bank's consent.

If a representative is nominating or running for any government office (whether it is local, State or Federal government), they will disclose this to a senior manager.

#### **4.6 Employee Personal Banking**

Representatives will ensure that their own accounts (which includes their deposits, loans and other facilities) with Auswide Bank are maintained in accordance with Auswide Bank's policies and procedures, and they will not process their own transactions.

If a representative is about to undertake any Auswide Bank financial transaction on their own behalf and is unsure whether a conflict of interest or a breach of policy or risk exists, they will refer the matter to their manager before undertaking the transaction.

A representative will only personally operate on accounts of public bodies, churches, societies, and clubs. etc held at Auswide Bank only if the account requires joint signatures with other office bearer(s) unless consent has been received from a senior manager.

A representative will not borrow money for him or her self from an Auswide Bank customer in any circumstances unless it is from an associated family member.

A representative will not lend money to an Auswide Bank customer on their own behalf in any circumstances unless it is to an associated family member.

A representative will not approve or process family member's loans without consent from the Loans Manager.

## **4.7 Incentive & Remuneration Practices**

Auswide Bank will ensure that their incentive and remuneration practices for all representatives are consistent with the provision of financial services in a fair, honest and professional manner.

Incentive and remuneration practices that place the interests of the business or its representatives in direct and significant conflict of those of their clients will be avoided (not just disclosed).

## **5. Strategies to Manage Potential Conflicts**

It is Auswide Bank's policy that all representatives will be forwarded a copy of this policy and a 'Declaration of Conflict of Interest – Representatives' form on an annual basis. All new employees will be forwarded same at commencement of employment.

Each representative is to review the policy and if the representative believes that any business or personal matter is, or could be, a conflict of interest or potential

conflict of interest involving his/her role, they must request a Declaration of Conflict of Interest form from the Head of Compliance, and complete all details.

The declaration is to be forwarded to the Head of Compliance.

## **6. Conflict of Interest Handling Process**

Where a potential conflict of interest is declared or perceived, the Head of Compliance will pass on this to the Executive Manager/Director and the Chief Financial Officer who will investigate the matter to identify the nature of the potential conflict and to determine a course of action to be taken to manage the matter.

The Managing Director will be informed of the issue and if identified as a potential conflict, then it will be recorded in the 'Conflicts of Interest Register' to be brought to the attention of the Board of Auswide Bank.

Where the conflict involves either the Executive Manager/Director or the Chief Financial Officer then the Managing Director will be notified in the first instance.

## **7. Potential Conflict of Interest Complaints**

All complaints regarding conflict of interest are to be directed to either the Executive Manager/Director or the Chief Financial Officer. They will communicate directly with the individual raising the concern and investigate the matter to determine the nature of the complaint and determine options for appropriate courses of action.

Potential courses of action will be discussed with the complainant to determine if an acceptable resolution can be achieved.

Where a resolution is not reached in a timely manner and the complainant is concerned that the potential conflict of interest still exists, the matter will be referred to the Managing Director/Board of Auswide Bank for determination.

Where referral to the Board fails to reach an acceptable resolution to the complainant's satisfaction, the complainant will be informed in writing of Auswide Bank's position and that they can refer the matter to Auswide Bank's external dispute resolution scheme, Credit and Investment Ombudsman Ltd.

All stakeholders involved with the potential conflict of interest complaint will be kept informed in writing of any actions relevant to the complaint.