



CONFLICT OF INTEREST MANAGEMENT POLICY

Oats Risk Services (Pty) LTD is an authorised financial services provider, FSP 49169

Definitions

“Associate”-

- (a) In relation to a natural person, means
 - (i) A person who is recognised in law or tenets of religion as the spouse, life partner or civil union 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 subparagraphs (ii) to (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 and any other company of which that holding company is a subsidiary;
 - (ii) Which is a close corporation registered under the Close Corporation Act, 1984 (Act No. 69 of 1984), means any member thereof as defined in section 1 of that Act;
 - (iii) Which is not a company or a close corporation as referred to in subparagraphs (i) or (ii), means another juristic person which would have been a subsidiary or a holding company of the first-mentioned juristic person-
 - (aa) had such first-mentioned juristic person been a company; or
 - (bb) in the case where the other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;

- (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 governing body is accustomed to act in accordance with the directions or instruction of the person first mentioned in this paragraph
 - (ii) Includes any trust controlled or administered by that person.

“Company”

A company under the Companies act, 1973 (Act no. 67 of 1973) as amended

“conflict of Interest”

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 or 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 interests 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 providers and a product supplier;

“Fair value”

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) 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 accommodation associated with that training;

“immaterial financial interest”

Any financial interest with a determinable 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) A representative for that representative’s direct benefit;
- (b) A provider, for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives

“third party”

- (a) A product supplier;
- (b) Another provider;
- (c) Any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (b) above provides a financial interest to a provider or its representatives

Objective

The Conflict of Interest Management Policy (“Policy”) comes into existence in terms of the provisions of the S3 of the General Code of Conduct of Financial Services Providers and Representatives Board Notice 80 of 2003 (“General Code of Conduct”) which has been amended by Board Notice 58 of 2010 (“BN58”). The Policy is aimed at managing conflict of interest that exists or has a potential to exist in a specific transaction that is entered into or may be entered into with a client. Managing conflict of interest could be in a way of mitigating it where it exists and disclosing it to a client.

Application

The Policy applies on transactions entered into or may be entered into between Financial Services Providers (“FSP”) or by representatives of a FSP on behalf of the FSP.

1. Avoidance or Mitigation of the Conflict of Interest

Oats Risk Services (Pty) Ltd (“ORS”) or its Representatives must avoid and where it is not possible mitigate conflict of interest between the client and ORS or a Representative and the Client.

2. Disclosure of Conflict of Interest (Duties of ORS)

ORS or its Representative must at the earliest reasonable opportunity disclose to a client in writing any conflict of interest in respect of that client. A client will be advised of any existence or potential conflict of interest and such advice will include:

- i. measures taken, in accordance to the Policy to avoid or mitigate the conflict;
- ii. any ownership interest or financial interest excluding immaterial financial interest, ORS or its Representative may be or become eligible for should the transaction be entered into;
- iii. the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest.

This will be disclosed in sufficient details to enable the client to understand the exact nature of the relationship with the third party or arrangement and the conflict of interest.

Clients are informed of the existence of the Policy in the disclosure notice and are advised on how to access it.

3. Allowed Financial Interest

ORS or the representatives may only receive or offer the following financial interest from or to a third party:

- (i) Commission authorised under the Short-Term Insurance Act, 1998 (Act No. 53 of 1998);
- (ii) Fees authorised under the Short-Term Insurance Act, 1998 (Act No. 53 of 1998);
- (iii) Fees for rendering a financial service in respect of which commission or fees referred to in paragraph (i) and (ii) is not paid, if those fees -
 - (a) are specifically agreed to by a client in writing; and
 - (b) may be stopped at the discretion of that client
- (iv) Fees or remuneration for that rendering of a service to a third party, which fees or remuneration are reasonably commensurable to the service being rendered
- (v) Subject to any other law, an immaterial financial interest
- (vi) A financial interest, not referred to under subparagraph (i) to (v), for which consideration, fair value or remuneration that is reasonably commensurable to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

4. Prohibited Financial interest

ORS may not offer any financial interest to a representative for giving preference to the quantity of sales for the provider to the exclusion of the quality of the service rendered to client.

5. Management of the Conflict of Interest

Where there is actual or potential conflict of interest between ORS and a client or a Representative and a client, necessary disclosures of this fact will be made to the client, which will include measures that will be taken to manage the conflict. Such disclosure will be made prior to the conclusion of the transaction to enable the client to make an informed decision with regard to entering or not entering into a transaction.

6. Identification of Conflict of Interest

In general, representatives when contacting a client are expected to test whether the purported transaction will not amount to a conflict of interest by testing whether the service to be rendered to the client will be in the best interest of the client or if it meets the needs of the client and how much incentive will they receive should the service be rendered etc.

7. Measures for the Avoidance or mitigation of the Conflict of Interest

Representatives are required to report to the Key Individual where conflict of interest exist on a specific transaction, the KI together with the Compliance Officer will look at surrounding circumstances to come up with measures that will assist with avoiding conflict of interest. These will be disclosed to the client when advising the client about the existence of the Conflict of Interest. Where Conflict of Interest cannot be avoided, measures to mitigate such conflict will differ from one case to another and these will be disclosed to the client.

8. Measures for disclosure of Conflict of Interest

Where conflict of interest exists, or might exist, representatives are required to disclosed to the client its nature and the manner in which it will be managed. Representatives are required to advise the Key Individual about existence of conflict of interest or of the potential existence of such conflict. Key individuals and Management are responsible to ensure that conflict of interest is disclosed to client where it exists or where there is a potential of such conflict. Once reported, the transaction will be entered into the Conflict of Interest Management Register which will be kept by the key individual.

9. Immaterial Financial Interest

When ORS or Representative receives Immaterial Financial Interest ('IFI'), they must inform the compliance officer in writing about the IFI. In the report, they must include the name of the FSP and the FSP number of the FSP who has offered the IFI, date of receipt and the value of the IFI. The Key Individual or KI delegate will then enter the information in the Conflict of Interest Register, which register will be monitored to ensure compliance.

10. Consequences for Non-Compliance with the Policy

Failure to report:

- (i) existence of the conflict of interest;
- (ii) potential of conflict of interest;
- (iii) immaterial financial interest offered by a FSP or received from a FSP

to management, Key Individual or the Compliance Officer will result in a disciplinary action and where necessary to dismissal.

REVIEWED:

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