



OATS
RISK SERVICES

CONFLICT OF INTEREST MANAGEMENT POLICY

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

1. 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
 - (v) legally responsible for managing the affairs of or meeting the daily care needs of the first mentioned person;
 - (vi) A person who is the spouse, life partner or civil union partner of a person referred to in subparagraphs (ii) to (iv)
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 9Act No. 69 of 1984), means any member thereof as defined in section1 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-
 - a. had such first-mentioned juristic person been a company; or
 - b. 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 mention in this paragraph
 - (ii) Includes any trust controlled or administered by that person.

“Company” means a juristic person incorporated in terms of this Act, a domesticated company, or a juristic person that, immediately before the effective date

- a) was registered in terms of the-
 - (i) Companies Act, 1973 (Act No. 61 of 1973), other than as an external company as defined in that Act; or
 - (ii) Close Corporations Act, 1984 (Act No. 69 of 1984), if it has subsequently been converted in terms of Schedule 2
 - (iii) was in existence and recognised as an „existing company” in terms of the Companies Act, 1973 (Act No. 61 of 1973); or
 - (iv) was deregistered in terms of the Companies Act, 1973 (Act No. 61 of 1973), and has subsequently been re-registered in terms of this Act

“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” means 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” means 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

“shareholder”, subject to section 57(1), means the holder of a share issued by a company and who is entered as such in the certificated or uncertificated securities register, as the case may be;

“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

2. 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”) The Policy is aimed at managing any 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.

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.

A. Avoidance or Mitigation of the Conflict of Interest

Oats Risk Services (Pty) Ltd (“ORS”) or its Representatives must avoid and where, impossible/impractical, mitigate conflict of interest between the client and ORS or a Representative and the Client.

B. 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 existing or potential conflict of interest, in respect of that client. Such disclosure must include:

- (i) measures taken, 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; and
- (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 detail to enable the client to understand the exact nature of the conflict of interest.

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

C. 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.

D. Allowed Financial Interest

ORS and/or its 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.

E. Prohibited Financial interest

ORS may not offer any financial interest to a representative, for the quantity of sales for the provider.

F. Management of the Conflict of Interest

Where there is an actual or potential conflict of interest between ORS and/or a Representative and a client, necessary disclosures of this fact will be made to the client, which must 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.

G. 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.

H. 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.

I. 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.

J. 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.