

CONFLICT OF INTEREST MANAGEMENT POLICY



PURPOSE AND SCOPE

The purpose of this policy is to outline a suitable approach and response to the identification and management of any conflict of interest. The policy forms part of the Code of Ethics, Conduct and Compliance and should be read and understood in conjunction with said Code.

This policy is intended to comply with the procedures prescribed in Financial Services Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and Representatives published in Notice 80 of 2003, as amended by Notice 43 of 2008.

CIB (Pty) Ltd is a financial services provider, and regulated by the Financial Advisory and Intermediary Services Act. The purpose of this policy is to comply with the procedures described in Board Notice 58 of 2010.

DEFINITIONS

“CIB”	CIB (Pty) Ltd
“Conflict of Interest”	Any circumstance described in CONFLICT OF INTEREST as defined in section 3 of this policy.
“FSP”	Financial Services Provider authorised in terms of the Financial Services and Intermediary Act 2002 [CIB (Pty) Ltd]
“Responsible Person”	A key individual, representative or employee of CIB.
“Financial Interest”	A financial interest includes cash, cash equivalent, voucher, gift, services, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, or other incentive, or valuable consideration other than: a) an ownership interest b) training by a product supplier on products, general industry information and technical systems, that is not exclusively available to a selected group of providers or representatives except for travel and accommodation associated with that training.
“Ownership Interest”	a) an equity ownership interest, for which fair value was paid by the owner, other than equity or ownership interest held by an approved nominee on behalf of another person; and b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.
“Immaterial Financial Interest”	Any financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 (one thousand rand) in any calendar year from the same third party in that calendar year received by a) a provider, who is a sole proprietor; b) a representative for that representative's direct benefit; c) a provider, who 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 FSP; c) an associate of a product supplier or a FSP; d) a distribution channel; e) any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.

“Distribution Channel”

- 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 or providers and a product supplier;
- c) any arrangement between two or more product suppliers or any of their associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier.

“Associate”

- a) in relation to a natural person, means –
 - i) a person who is recognized in law or the tenets of religion as the spouse, life partner or civil union partner 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 recognized 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 permanent life partner or spouse 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 company and any other company of which that holding company is a subsidiary;
 - ii) which is a close corporation registered under the Close Corporations 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 holding company of the first-mentioned juristic person-
 - aa) had such first-mentioned juristic person been a company; or
 - bb) in the case where that other juristic person, too, is not a company, had both the first-mentioned juristic person and that other juristic person been a company;
 - iv) means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic person is accustomed to act;
- 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 the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph;
 - ii) includes any trust controlled or administered by that person.

CONFLICT OF INTEREST DEFINED

Conflict of interest can be described as circumstances where some or all of the interests of clients to whom a financial services provider or product supplier provides financial services or products, are inconsistent with, or diverge from, some or all of the interests of CIB, its representatives or the product supplier.

It should be understood that the conflicting interest referred to throughout this policy may be direct or indirect (the interest might be that of the Responsible Person, that of another person such as a relative or friend of the Responsible Person, or that of an organization in which the Responsible Person or such other person has an interest).

It is not possible to enumerate all situations which could constitute a conflict. The facts of each situation will determine whether the interest in question is such as to bring it within the area of potential conflict.

Such facts would include the amount of business involved, the extent to which the Responsible Person could influence CIB's decisions with respect to the transaction, and whether the interest is of such a nature that it might affect the objectivity or the business judgement of the Responsible Person.

In determining whether a conflict is involved, there is no substitute for sound judgement based upon the particular facts involved in each case.

PROCEDURES FOR MANAGEMENT OF CONFLICT OF INTEREST

1. IDENTIFICATION

CIB is a private company with shareholders. Financial services in the form of short-term insurance administration are offered.

Given the nature of the business, conflict of interest are inherent to the business of CIB in that it, or its related parties, conducts activities of development of short-term insurance products.

To adequately manage conflicts of interest, CIB must identify all relevant conflicts timeously. CIB employ two different mechanisms to ensure that all conflicts are identified:

- a) Compliance maintains a register of identified conflicts of interest. The register is compiled in conjunction with the board of CIB, and updated with all new conflicts as soon as they are identified. The register is reviewed on an annual basis for completeness. The register identifies the conflict, the severity of the conflict and documented controls to mitigate the conflict.
- b) All employees, including compliance officer and management, are responsible for identifying specific instances of conflict and are required to notify their manager, the executive or compliance officer of any conflicts they become aware of. The manager will escalate the conflict to the compliance officer or the executive who will assess the implications of the conflict and how the conflict should be managed.

2. MANAGING CONFLICT OF INTEREST

Once a conflict has been identified it needs to be appropriately and adequately managed. Compliance assesses each conflict, whether the conflict is actual or perceived, what the extent of the conflict or exposure is and the potential reputational risk. Compliance and management decide whether it is viable to go ahead with the transaction, or if the conflict is too severe, decline to act.

If Compliance and management decides that the particular conflict can be mitigated, they need to agree on the controls that need to be put in place to manage the conflict. The controls have to be documented in the Conflict of Interest Register.

3. SPECIFIC CONFIRMATIONS

CIB hereby confirms that it will only receive financial interest from a third party in the form of:

- a) fees for rendering a financial service in respect of which no commission or fees are paid, if those fees are specifically agreed to by the client;
- b) fees or remuneration for the rendering of a service to a third party, which fees are reasonably commensurate to the service being rendered;
- c) subject to any other law, an immaterial financial interest.

CIB hereby confirms that it will not offer any financial interest to a Responsible Person for:

- a) Giving preference to the quantity of business secured, to the exclusion of the quality of service rendered to clients.

4. MITIGATING CONTROLS

CIB has various internal policies and controls in place to manage and mitigate possible conflict of interests:

a) Disclosure of Conflicts

- i) A Provider or a Representative will, in writing, at the earliest reasonable opportunity disclose to a client any conflict of interest in respect of that client. The disclosure must include:
 - aa) measures taken, in accordance with the conflict of interest management policy to avoid or mitigate the conflict;
 - bb) any ownership interest or financial interest, other than an immaterial financial interest, that the provider or representative may become eligible for;
 - cc) the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest, in sufficient detail to a client to enable a client to understand the exact nature of the relationship or arrangement and the conflict of interest;and
- ii) a Provider or Representative must inform a client of the conflict of interest management policy and how it may be accessed.

b) Conflict of Interest Register

Open for viewing on request. The register identifies all conflicts as well as the mitigating controls put in place to manage the conflict. The register is updated when a conflict becomes apparent, but reviewed at least on an annual basis;

c) Personal Interest Register

Documenting the business interests of a Responsible Person to the extent that such business interest might cause an actual or perceived conflict of interest.

d) Gift Register

Documenting all financial interests and immaterial financial interests offered to or received by a Responsible Person.

e) Comprehensive Training

To be provided on the Conflict of Interest Policy by the internal Compliance Officer on an annual basis.

f) Informed Employees

All employees and representatives are required to read this policy and sign a statement to the effect that they have read and fully understand the provisions of the document and the application thereof.

h) Internal Compliance Officer

Will on an ad hoc basis check on financial records to ensure the policy is being complied with, specifically checking the accuracy of the Gift Register.

Non-compliance will be subject to disciplinary procedures in terms of FAIS and employment conditions and can ultimately result in debarment or dismissal as applicable and any avoidance, limitation or circumvention of this policy will be deemed non-compliance.

APPENDIX A: PRACTICAL GUIDE

1. THE R1000 - RULE

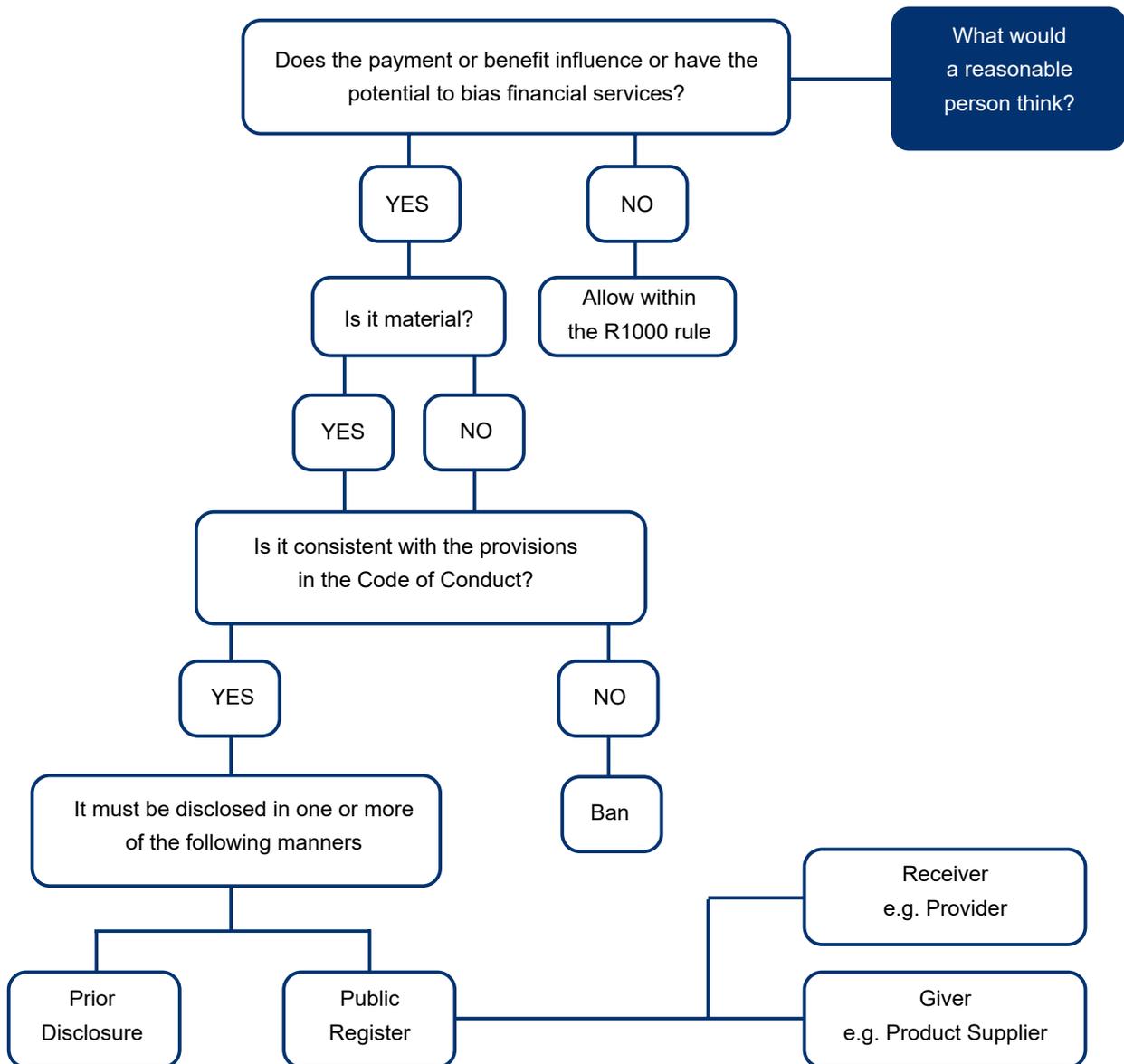
CIB is not allowed to spend on, or receive an 'immaterial financial interest' of more than R1000 (one thousand rand) per year.

This includes, but is not limited to:

- a) Meals
- b) Golf days
- c) Gifts, e.g. wine
- d) Tickets for rugby or cricket matches
- e) Hunting trips

Note that the R1 000 (one thousand rand) limit applies per Representative, and not per FSP or Product Supplier. Example: an FSP called ABC Insurance has 500 representatives on its licence. CIB may spend R1 000 (one thousand rand) per year in "immaterial financial interest" on each individual representatives of ABC Insurance. You may not aggregate this amount across the ABC, and spend say R3 000 (three thousand rand) on some representatives, and average the amount out by not spending any money on some of the representatives. Similarly, representatives from CIB may not receive more than R1 000 (one thousand rand) worth of gifts, hospitality, meals etc. from another FSP or Product Supplier in a calendar year.

2. NON-CASH INCENTIVES DECISION TREE



3. BONA FIDE TRAINING/INFORMATION SESSIONS

Specifically excluded from the above prohibition, is bona fide training on products and/or technical systems, or general industry information sessions. Please note:

- a) the sessions cannot be available only to a selected group of people;
- b) CIB are not allowed to pay for the accommodation or travel costs of the attendees;
- c) Lunch or beverages may be provided with these sessions, as long as it is incidental to the session, and provided that it is not the focus of the session;

Example:

CIB may organise an industry related information session at the Mount Nelson Hotel in Cape Town:

- a) CIB cannot only invite Advisors with the largest volume of policies under administration with one of the CIB's affiliates. There has to be some other qualifying criteria determining the list of invitees;
- b) All Advisors are responsible for their own costs in terms of accommodation, travel costs and spending money at the event;
- c) Meals and drinks may be provided, as long as it is incidental to the training/information session, and not excessive.

With regards to verification of road shows/information sessions, the following documents have to be sent to the Compliance Department:

- a) Invitation list
- b) RSVP list
- c) Presentation
- d) Attendance list