



Risk Management

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4 September 2017

IDA RISK MANAGEMENT (PTY) LTD FSP 28260

CONFLICT OF INTEREST MANAGEMENT POLICY

INTRODUCTION

In terms of the General Code of Conduct of the FAIS Act, Act 37 of 2002, IDA Risk Management is required to maintain and function under an effective Conflict of Interest Management Policy.

DEFINITION

Conflict of Interest: means 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, 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 interest of that client,

Including but not limited to –

- i. A financial interest;
- ii. An ownership interest;
- iii. Any relationship with a third party

Financial Interest: 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) An 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 accommodations associated with that training.

Ownership interest means –

- a) Any equity or proprietary interest, for which fair value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as 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.

Directors: J Williams; RH Starke; PH Wessels

Third party means –

- a) A product supplier;
- b) Another provider;
- c) An associate of a product supplier or provider;
- 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.

Associate; means –

- a) In relation to a natural person, –
 - i. A person who is recognised 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 recognised in law or appointed by a court 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 (ii), (iii) and (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 closed corporation registered under the Closed Corporations Act, means any member thereof as defined in section 1 of that Act.
 - iii. Which is not a company or a closed corporation, means another juristic person which would have been a subsidiary or holding company of the first mentioned juristic person:
 - Had such first mentioned juristic person been a company, or
 - In the case where that other 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 those 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,
 - v. 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
 - vi. Includes any trust controlled or administered by that person.

CLIENTS

For the purposes of this policy “Client” shall mean:

- i. the Financial Service Provider entity (Motor Dealership) with which IDA Risk Management (Pty) Ltd has entered into a business relationship (Mandatory Agreement) represented by its duly authorised representative, or;
- ii. our client (motor dealership) who renders a financial service to its customers (clients) and/or sells financial products to that customer (client).
- iii. **POSSIBLE CONFLICT OF INTEREST**

This policy defines possible conflict of interest as;

- i. Conflict of interest between IDA Risk Management (Pty) Ltd and the client (motor dealer)
- ii. Conflict of interest between our clients (motor dealers) where we act for different clients (motor dealers)
- iii. And conflict of interest between our clients and their customers (clients)
- iv. The holding of confidential information of clients, if disclosed would affect the service provided to clients by the motor dealer.
- v. IDA Risk Management staff and representatives relationships with motor dealers and/or product suppliers.
- vi. Lightstone staff and representatives relationships with motor dealers and/or product suppliers.

NON CASH INCENTIVES INCLUDE –

See “Definition: Financial Interest” of this document.

IDENTIFYING CONFLICTS OF INTEREST

The occurrence or existence of an actual or potential conflict of interest may well, due to its intangible nature, be identified only once a subjective realisation of its presence has been acknowledged by an individual. The legal duty to avoid, whenever possible, an actual or potential conflict of interest is therefore to a large extent dependant on whether an individual believes there is a conflict of interest to begin with. It is for this reason that Key Individuals and Representatives should arrive at their conclusions only once they have adopted reflective and honest internal dialogue on the subject matter.

Each possible conflict is assessed whether the conflict is real or perceived as well as what the value of the conflict or the exposure is and the potential reputational risk for IDA Risk Management (Pty) Ltd (FSP 28260).

Management and Compliance will then agree on the controls that need to be put in place to manage the conflict.

EDUCATION

All our clients (motor dealers) and their representatives, associates and our employees are receiving guidance and training in this conflict management policy and are subject to the monitoring and review processes.

All employees, representatives and associates are required to familiarise themselves with the content of Board Notice 58 of 2010 (19 April 2010) which can be accessed on the FSB website https://www.fsb.co.za/Departments/fais/legislation/BoardNotice_ByYear/BN58of2010.pdf

MONITORING / REPORTING

The Key Individuals will conduct ad hoc checks to ensure that the policy has been complied with, and the Compliance Officer will include the monitoring of the conflict of interest policy as part of the general monitoring duties and will report thereon to IDA Risk Management (Pty) Ltd and feedback will be included in the annual compliance report.

ACCOUNTABILITY

All employees including, Management, Compliance Officers, Key Individuals and Representatives are responsible for identifying instances of possible conflict and are required to notify IDA Risk Management (Pty) Ltd of any conflicts or potential conflicts they become aware of. These possible conflicts must be disclosed in writing and all these records associated with the identification of an actual or potential conflict will be kept on the Compliance file which is available for inspection purposes.

IDA Risk Management (Pty) Ltd or its representatives may only receive or offer the following financial interest from or to a third party.

- Commissions as authorised under the Long Term and Short Term Insurance Acts
- Fees as authorised under the Long Term and Short Term Insurance Acts provided that those fees are reasonably commensurate to a service being rendered.
- Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered.
- Immaterial financial interest. A financial interest with a determinable monetary value, the aggregate of which does not exceed R1000 in any calendar year from the same third party in that calendar year received by the provider or a representative for the representative's direct benefit or a provider who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

IDA Risk Management's representatives may not:

- Give preference to a specific product supplier where a representative may recommend more than one product supplier.
- Give preference to a specific product of a product supplier, where a representative may recommend more than one product of that product supplier to a client.

AVOIDANCE AND MITIGATION

Should a conflict or a possible conflict of interest arise which could not be avoided, IDA Risk Management (Pty) Ltd shall immediately disclose the conflict in writing including the nature and extend of the conflict to all interested parties and it will then be disclosed to our Compliance Officer.

This is done to give the parties involved the opportunity of reviewing their decision to use or to discontinue the use of our services.

DISCLOSURE

Disclosures of future potential conflicts of interest will be disclosed in writing to all parties concerned so that they would be able to make an informed decision on whether or not to continue making use of IDA Risk Management (Pty) Ltd services in the specific situation concerned.

All other Disclosures are contained in IDA Risk Management's Disclosure and Declaration document which may be obtained by request in writing to risk@ida.co.za or from the FAIS representative who is rendering the financial service.

NON COMPLIANCE

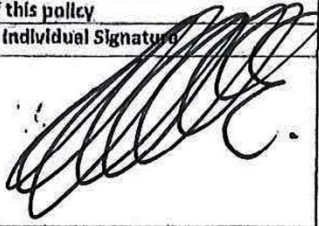

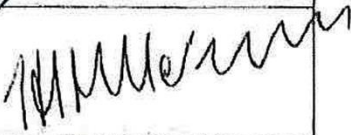

Non-compliance will be subject to disciplinary procedures in terms of FAIS and Conditions of Employment and can result in debarment or dismissal as applicable.

REVIEW

This policy shall be reviewed annually and shall be updated if applicable.

If you have any enquiries or require any further information concerning this policy, please contact the Key Individual responsible for this policy, Robert H Starke at Robbie@ida.co.za.

POLICY ADOPTION

By signing this document, I acknowledge the FSP's adoption of this policy	
Name & Date 4.9.2017	Key Individual Signature
RH STARKE	
By signing this document, I acknowledge the FSP's adoption of this policy	
Name & Date 4.9.2017	Key Individual Signature
RL BOSMAN	
By signing this document, I acknowledge the FSP's adoption of this policy	
Name & Date 4.9.2017	Compliance Officer Signature
E MEINTJES	
By signing this document, I acknowledge the FSP's adoption of this policy	
Name & Date 4.9.2017	Key Individual Signature
BF LOUW	
By signing this document, I acknowledge the FSP's adoption of this policy	
Name & Date 4.9.2017	Director Signature
PH WESSELS	