



RI Financial Management Services (PTY) Ltd

Conflicts of Interest Policy

DATE: 8 August 2016

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RI Financial Management Services (Pty) Ltd Conflicts of Interest Management Policy

In terms of the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS") and Board Notice 58 of 2010

Introduction:

RI Financial Management Services (PTY) Ltd (hereinafter referred to as "RIFIN") supports the objectives of consumer protection, the Treating Customers Fairly Framework ("TCF") [and in particular Outcome 1 - embedding a TCF culture] and of enhancing the integrity of the South African financial services industry and to this end, this Policy has been drafted in terms of section 3A(2)(a) of the FAIS Act General Code of Conduct for Financial Services Providers and Representatives and the Financial Services Board Notice 58 of 2010, published in Government Gazette Number 33133 on 19 April 2010.

General details about RIFIN:

RI Financial Management Services (PTY) Ltd, company registration number 2012/217084/07, is an authorised financial services provider (FSP number 47004).

Physical Address: PTN 2 Farm Spokie, Hartbeesfontein, Hekpoort, 1790

Postal Address: P.O. Box 184, Damdoryn, 0280

Telephone Number: 082 342 4848

Fax Number: 086 589 3262

Compliance Officer: Erika Botha

RIFIN is a company incorporated in terms of South African company legislation. It performs intermediary services under the Short-Term Insurance Act, Long-Term Insurance Acts, Collective Investments Schemes Act and the Financial Advisory and Intermediary Services Act, in respect of the following product categories:

Long-Term Insurance: Category A

Short-Term Insurance: Personal Lines

Long-Term Insurance: Category B1

Long-Term Insurance: Category B2

Long-Term Insurance: Category C

Retail Pension Benefits

Short-Term Insurance: Commercial Lines

Pension Fund Benefits

Participatory Interest in Collective Investment Schemes

Purpose:

This Policy seeks to provide guidance on the issue of conflict of interests by:

- 1.1. establishing mechanisms to identify conflicts of interest;
- 1.2. putting measures in place to avoid conflicts of interest;
- 1.3. to ensure that where avoidance is not possible, that disclosure of the existence of a conflict of interest takes place;
- 1.4. setting up internal control measures which will be used to ensure that this Policy is complied with;
- 1.5. and to highlight the consequences of non-compliance with the Policy.

This Policy sets out details of the types of financial interests which RIFIN's Key Individual (KI) and Representatives may receive and the basis on which any financial interest is received.

Definition of Conflict of Interest:

A conflict of interest means any situation in which RIFIN, its KI or one of its Representatives has an actual or potential interest that may, in rendering a financial service to a consumer, -

- 1.6. influence the objective performance of its/his/her obligations to that consumer; or
- 1.7. prevent RIFIN, its KI or the Representative from rendering unbiased and fair financial services to that consumer, or from acting in the best interests of that consumer,
 - 1.7.1.including but not limited to:
 - 1.7.1.1. a financial interest;
 - 1.7.1.2. an ownership interest;
 - 1.7.1.3. any relationship with a third party.
- 1.8. These conflicts may occur when RIFIN, its KI or its Representatives do not act in the consumer's best interests.
- 1.9. For the sake of clarity, a financial interest can take the form of cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, incentive or other valuable consideration.
- 1.10. The list is not exhaustive and there are exceptions such as an ownership interest or training that is not exclusively available to a select group of financial service provider's (FSP's) or representatives. Other exceptions are where the training relates to a product or legal matters relating to those products, or general financial and industry information, specialised technological systems of the third party (i.e. Momentum or Old Mutual) but excludes travel and accommodation to attend such training sessions.
- 1.11. This Policy aims to ensure that when RIFIN, its KI or its Representatives render intermediary services or advice, they do so honestly, fairly, with due care, skill and diligence and at all times, with due regard to the best interests of the consumer. In terms of Outcome 1 of TCF, RIFIN recognises the need to avoid conflicts of interest, however, where they cannot be avoided, they must be declared, mitigated and managed.

Detail definition of:

"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 accommodation associated with that training;

"Immaterial financial Interest" means any financial interest with a determinable monetary value, the aggregate of which does not exceed a R1 000 in any calendar year from the same third party in that calendar year received by -

- (a) a provider who is a sole proprietor; or
- (b) a representative for that representative's direct benefit;

(c) a provider who for its benefit or that of some or all of its representative aggregates the immaterial financial interest paid to its representatives;

"third party" means -

- (a) a product supplier;
- (b) another provider;
- (c) an associate of a product supplier or a 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;

"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 an 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;

"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 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.

What may RIFIN receive under this Policy?

- 1.12. RIFIN/KI/ Representatives may only receive from a third party (i.e. Guardrisk or Old Mutual), the following interests:
 - 1.12.1. commission or fees authorised under the Short-Term and Long-Term Insurance Acts;
 - 1.12.2. fees or remuneration for the rendering of a service to a third party, which fees are a reasonably commensurate to the service which is being rendered;
 - 1.12.3. an immaterial financial interest (which is a financial interest which does not exceed R1 000 in a calendar year).

Mechanisms to identify a conflict of interests:

A number of measures can be used to identify potential conflicts of interest (although, this list is not exhaustive), which include:

- 1.13. KI and Representatives receiving training regarding this Policy and conflicts of interest;
- 1.14. regular monitoring of commissions and fees that are paid or received;
- 1.15. annual disclosure; or
- 1.16. monitoring of gifts and interests offered or received by RIFIN, the KI or the Representatives on a continual basis.

The KI and Representatives must comply with this Policy and must accept personal responsibility for behaving in accordance with this Policy. The KI and Representatives are obliged to stop or prevent any actions which are contrary to this Policy. The KI and Representatives should avoid any situation that may create or appear to create a situation which could be determined to be a conflict of interest. The KI and Representatives are obliged to report every suspected or actual transgression of this Policy and/or conflict of interest, in writing, to the Compliance Officer.

Measures to avoid a conflict of interests:

These measures will include –

- 1.17. avoiding any situations where, when conducting business with a consumer, one's objectivity may be impaired;
- 1.18. if a financial interest already exists, which may lead to a conflict of interests, RIFIN/ KI/Representative must disclose the interest to the Compliance Officer immediately;
- 1.19. if an ownership interest already exists, which may lead to a conflict of interests, then RIFIN/KI/Representative must disclose the interest to the Compliance Officer immediately;
- 1.20. training for the KI and Representatives regarding conflicts of interest and the contents of this Policy.

Mitigating a conflict of interests:

- 1.21. the KI and Representatives should follow the process set out in this Policy regarding disclosures and declarations regarding conflicts of interest;
- 1.22. if a conflict is identified, the KI/Representative must timeously and fully disclose the conflict by reporting it to the Compliance Officer and thereafter, the Compliance Officer must disclose the conflict of interest to the consumer in writing at the earliest reasonable opportunity;
- 1.23. informing RIFIN consumers about this Policy and how to access it;
- 1.24. providing the KI and Representatives with a copy of this Policy and providing them with training regarding its content;
- 1.25. the Compliance Officer to include the monitoring of the KI and Representatives compliance with this Policy in RIFIN's annual compliance monitoring plan;
- 1.26. in the event that there is an actual conflict of interest, the KI or Representative must desist from continuing with any participation in such activity. If KI or Representative is uncertain about whether a particular situation is a transgression of the Policy, he/she must approach the Compliance Officer who will evaluate the intended transaction and give guidance;
- 1.27. where it is impossible to avoid a conflict of interest, the TFG Financial Services General Manager must, when called upon to do so, advance reasons why the Policy was not complied with and the measures which will be taken to mitigate the conflict of interest.

Measures regarding the disclosure of a conflict of interests:

If a conflict of interest is identified, the Compliance Officer must be immediately notified in writing. The Compliance Officer will then disclose the conflict, in writing, to the

consumer at the earliest reasonable opportunity. The disclosure will include the following information:

- 1.28. the measures that were taken in accordance with this Policy to avoid and or mitigate the conflict of interest;
- 1.29. any financial or ownership interest that the RIFIN/KI/Representative may obtain or become entitled to (other than immaterial financial interests);
- 1.30. the nature of the relationship or arrangement with a third party that gave rise to a conflict in sufficient detail to enable the consumer to understand.

Process, procedures and internal controls to ensure compliance:

If the KI or Representative is in doubt, whether a situation qualifies as a conflict of interest, he/she should discuss the potential conflict with the Compliance Officer, who will provide guidance on the matter.

The TFG Financial Services General Manager will be required to ensure that this Policy is implemented and will on an annual basis warrant to the Compliance Officer, in writing, that the KI and Representatives have met their obligations under this Policy.

Training for all affected staff will be provided by HR. The HR Department will then be responsible for annual follow-up training of the KI and Representatives within TFG Financial Services on RIFIN's conflict of interest management policy.

The Compliance Officer will monitor compliance with this Policy and will perform an annual review of the Policy to ensure that it remains in keeping with the statutory requirements.

Consequences of non-compliance with this Policy:

RIFIN's KI and Representatives are presently remunerated in the form of a salary.

In the event that the remuneration structure includes the payment of commissions to the KI or the Representatives in addition to their basic salary, the commissions will not be calculated on the –

- 1.31. quantity of business secured by the KI/Representative to the exclusion of the quality of service which they deliver,
- 1.32. giving of preference to a specific product where the KI/Representative can recommend more than one product of a particular product supplier.

Publication:

For a copy of this Policy, please visit the RI Financial Management Services (PTY) Ltd ("RIFIN") website www.rifin.co.za or contact RIFIN's Compliance Department on the number 082 342 4848 and we will send you a copy of this Policy.

Associates and interests in third parties:

Associates –

- 1.33. RI Financial Management Services (PTY) Ltd
 - 1.33.1. 100% Director Share
 - 1.33.2. This company's main service delivery is financial advice and consultations
- 1.34. RI Financial Management (PTY) Ltd
 - 1.34.1. 100% Director Share

- 1.34.2. This company's main service delivery is programming of systems and consultations relating to systems and integration.
 - 1.35. TaxTips Software (PTY) Ltd
 - 1.35.1. 20% Director Share
 - 1.35.2. Systems designed for TaxTips
 - 1.36. Smit RIFIN (PTY) Ltd
 - 1.36.1. 50% Director Share
 - 1.36.2. Short-Term only agreement
- Third parties –
- 1.37. Smit & Kie Brokers (Pty) Ltd – Short-Term preferred option
 - 1.38. Electus Trust as estate administrator

Revision of Policy

Date	Summary of Changes	Responsible Person	Changes accepted and signed off
08 August 2016	Draft the document	Ilse de Klerk	Yes