



# LIQUIDATION BONDING SERVICES

Reg. No.: 1999/005124/07

## CONFLICT OF INTEREST POLICY

### 1. Policy

1.1. The Company shall at all times endeavour to comply with the regulatory requirements governing conflicts of interest, thereby ensuring that conflicts of interest are appropriately managed in the best interests of the Company's Customers.

### 2. Definitions

<b>Associate</b>	<p>(a). in relation to a natural person, means;</p> <ul style="list-style-type: none"> <li>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;</li> <li>ii. a child of that person, including a stepchild, adopted child and a child born out of wedlock;</li> <li>iii. a parent or stepparent of that person;</li> <li>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;</li> <li>v. a person who is the spouse, life partner or civil union partner of a person referred to in subparagraph (ii) to (iv);</li> <li>vi. a person who is in a commercial partnership with that person;</li> </ul> <p>(b). in relation to a juristic person;</p> <ul style="list-style-type: none"> <li>i. which is a company, means any subsidiary or holding company of that company, any other subsidiary of that holding company of this that holding company is a subsidiary;</li> <li>ii. which is a close corporation as referred to in subparagraphs (i) and (ii),</li> </ul>
------------------	---

	<p>means another juristic person which would have a subsidiary or holding company of the first-mentioned juristic person:</p> <ul style="list-style-type: none"> <li>(aa). has such first mentioned juristic person been a company; or</li> <li>(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.</li> </ul> <p>iii. means that 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;</p> <p>(c). in relation to any person:</p> <ul style="list-style-type: none"> <li>i. means any juristic person of which the board of directors or, in the case where such juristic is not a company, of which the governing body is accustomed to act in the accordance with the directions or instructions of the person first- mentioned in this paragraph;</li> <li>ii. includes any trust controlled or administered by that person.</li> </ul>
<b>Conflict of Interest</b>	<p>1. .Means any situation in which a Financial Services Provider (“FSP”) or a Representative has an actual or potential interest that may, in rendering a financial service to a customer:</p> <ul style="list-style-type: none"> <li>1.1. Influence the objective performance of his, her or its obligations to that customer; or</li> <li>1.2. Prevent a provider or Representative from rendering an unbiased and fair financial service to that customer, or from acting in the best interests of that customer, including, but not limited to: <ul style="list-style-type: none"> <li>1.2.1. a financial interest (likely to make a financial gain, or avoid a financial loss, at the expense of the client);</li> <li>1.2.2. an ownership interest (any ownership interest in another FSP, product supplier or other third party that would affect our Representatives’ ability to render a fair and unbiased service to clients);</li> <li>1.2.3. any relationship with a third party (an interest in the outcome of a service provider to the client or of a transaction carried out on behalf of the client, which is distinct from the</li> <li>1.2.4. client’s interest in that outcome);</li> <li>1.2.5. has a financial or other incentive to favour the interests of another client or group of clients over the interests of the client;</li> <li>1.2.6. receives or will receive from a person other than the client, an inducement in relation to a service provided to the client</li> </ul> </li> </ul>

	<p>in the form of monies, goods or services, other than the standard commission or fee for that service; and</p> <p>1.2.7. any other relationship with another FSP, product supplier or third party that affects us or any of our Representatives' ability to render a fair and unbiased services in the interests of clients</p> <p>2. Means any situation where the interest of the Company is incompatible with any associate, service provider, third party, customer, director or Responsible Person.</p> <p>3. Means any situation where the Company, its Directors, staff or any Responsible Person is placed in a position to derive a personal benefit from actions or decisions made in their official or employment capacity, or from any contractual relationship.</p>
<b>Financial Interest</b>	<p>1. 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:</p> <p>1.1. an ownership interest;</p> <p>1.2. training, that is not exclusively available to a selected group of providers or Representatives, on:</p> <p>1.2.1. products and legal matters relating to those products;</p> <p>1.2.2. general financial and industry information;</p> <p>1.2.3. specialised technological systems of a third party necessary for rendering a financial service, but excluding travel and accommodation associated with that training.</p>
<b>Immaterial Financial Interest</b>	<p>1. Means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year from the same third party.</p>
<b>Third Party</b>	<p>1. Means a product supplier, another provider, an associate of a product supplier or a provider, a distribution channel and any other person who in terms of an agreement provides a financial interest to a provider or its Representatives.</p>

### 3. Mechanisms for the identification of conflicts of interest

- 3.1. Before any new business is concluded, the Company shall consider whether the proposed new business will present any potential or actual conflicts of interest. It shall be the responsibility of the Director, entering into the new business relationship on behalf of the Company, to ensure that this identification process is carried out and appropriately documented before the new business is concluded.

- 3.2. Only a director may conclude new business on behalf of the Company, with the approval of the Chief Executive Officer.
- 3.3. Management will be accountable for ensuring that the necessary reviews of all existing business arrangements are conducted at least annually to assess the existing and any potential future conflicts of interest.
- 3.4. The Company shall maintain a Disclosure Notice, which records all associated companies and companies which share a common Director. This Disclosure Notice is reviewed and updated on an annual basis.
- 3.5. The Company shall maintain two separate registers of all financial interests and immaterial financial interests, both received and paid. These registers are updated on a continuous basis by the Head of Compliance.
- 3.6. The Company shall maintain a register of reported conflicts and potential conflicts of interest, which shall be updated annually by the Head of Compliance.

#### **4. Measures for the avoidance and mitigation of identified conflicts of interests**

- 4.1. Whenever any potential conflicts are identified, the director responsible for the relationship will, together with Management, consider whether any practical means exist for avoiding such conflicts. Where avoidance is not possible, the director shall consult with the Company's Head of Compliance to devise appropriate and adequate measures to mitigate and manage the identified conflicts of interest. These measures shall be documented and communicated to all staff members involved in the relationship.
- 4.2. We may decline to act for a client in cases where we believe the conflict of interest cannot be managed in any other way.

#### **5. Measures for the disclosure of conflicts of interest**

- 5.1. Wherever potential conflicts of interest are identified, the director will, together with Management, ensure that appropriate disclosures are made to potential customers. The following aspects shall be dealt with in the Company's Disclosure Notice:
  - 5.1.1. the existence of the conflict of interest;
  - 5.1.2. a description of what the conflict is;
  - 5.1.3. its impact;
  - 5.1.4. the measures taken to mitigate and manage it; and

5.1.5. the affected parties' free choice as to his or her intention to continue with the transaction or contract, as the case may be.

5.2. At no point will we refer to ourselves as an authorised FSP should this not be true nor refer to any licence categories for which we are not duly authorised. In addition we will not trade as an FSP or in the relevant categories should this be the case;

5.3. We will never create the impression that any of our non-financial products are part of our FAIS licence or under the jurisdiction of the Authority;

## **6. Processes, procedures and internal controls to facilitate compliance**

6.1. Training for all affected staff and Directors will be provided by the Head of Compliance to ensure that they understand their responsibilities under this Policy.

## **7. Remuneration**

7.1. Company Representatives are remunerated according to the Company's Remuneration Policy, and no other incentives are offered which could create a conflict of interests.

## **8. Financial interests received or offered**

8.1. The Company may receive or offer only the following financial interests from or to third parties:

8.1.1. Commission as allowed for under the respective Acts;

8.1.2. Fees that are reasonably in line with the service being rendered and authorised under the respective Acts;

8.1.3. Fees or remuneration for the rendering of a financial service in respect of which commission or fees referred to above are not paid, if those fees:

8.1.3.1. Are specifically agreed to by a customer in writing; and

8.1.3.2. May be stopped at the discretion of the customer.

8.1.3.3. Are services not covered by commission;

8.1.3.4. If we disclose the amount, frequency, payment method and recipient of the fees as well as the services to be provided;

- 8.1.4. Fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably in line with the service being rendered;
- 8.1.5. Any immaterial financial interest; and
- 8.1.6. Any other financial interest, for which consideration that is reasonably in line with the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.
- 8.1.7. Our employees will not accept any financial interest other than those considered normal in their line of business. Excessive financial interest from clients may result in a conflict of interest, which we are committed to avoiding.

## **9. Consequences of non-compliance with this Policy**

- 9.1. All executive Directors, Key individuals, and Representatives are responsible for ensuring that any financial interest received or offered is recorded in the immaterial financial interest register which is available on the premises should a client wish to obtain further details. All persons are responsible for ensuring that they do not exceed with prescribed limit as detailed above.
- 9.2. Failure to comply with the provisions of this Policy by any Director, Responsible Person, staff member or Company Representative shall constitute serious misconduct and shall result in disciplinary action as directed by the Board of Directors.
- 9.3. If found to have acted contrary to this policy and / or the regulatory requirements, the Representative may be debarred in terms of section 14 of the FAIS Act.

## **10. Adoption and Approval**

- 10.1. This Policy has been formally adopted by the Board of Directors.