

# Conflict of interest

Policy manual



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*KingPrice*<sup>™</sup>  
INSURANCE

FSP no. 43862

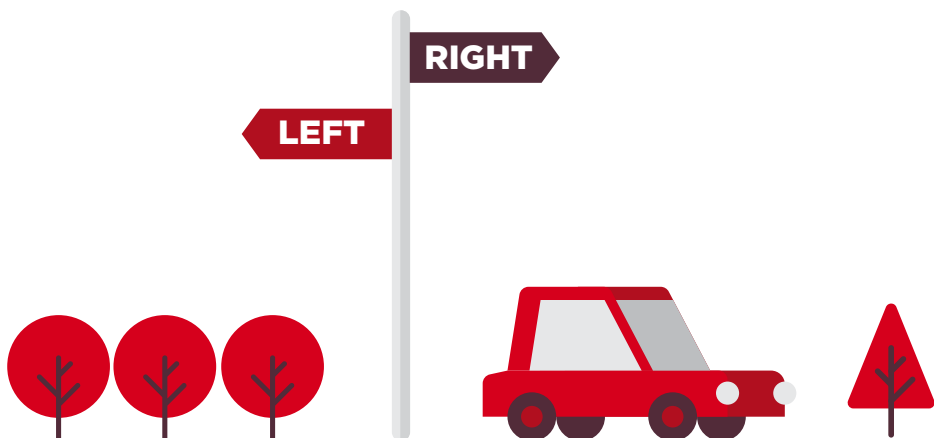
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# Purpose

This conflict of interest policy outlines our approach and response to the identification and management of conflicts of interest. This policy complies with the procedures prescribed in the Financial Services Board (FSB) Notice 58 of 2010, which amends the general code of conduct for financial services providers and representatives published in the FSB Board Notice 80 of 2003, as amended by the FSB Board Notice 43 of 2008. All financial services providers (FSPs) are regulated by the Financial Advisory and Intermediary Services Act No. 37 of 2002 (FAIS Act).



# What do we mean

## Associate

In relation to a natural person, this means someone who's recognised in law or the tenets of religion as:

- The person's spouse, life partner or civil union partner.
- The person's child, including a stepchild, adopted child and child born out of wedlock, including the child's spouse, life partner or civil union partner.
- The person's parent or step-parent, including the parent's spouse, life partner or civil union partner.
- Someone who's appointed by a court as being legally responsible for managing the affairs, or meeting the daily care needs of, the person, including the manager or care giver's spouse, life partner or civil union partner.
- Someone who's in a commercial partnership with the person.

In relation to a juristic person, which is:

- A company, this means any subsidiary or holding company of the company, any other subsidiary of the holding company, and any other company of which the holding company is a subsidiary.
- A close corporation registered under the Close Corporations Act No. 69 of 1984, this means any member thereof as defined in section 1 of the Act.
- Not a company or a close corporation, this 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.

In relation to a juristic person that isn't a company:

- This means any person in accordance with whose directions or instructions the board of directors or members of, or in the case where the juristic person isn't a company or close corporation, the governing body of, the juristic person is accustomed to act on, had both the first- and second-mentioned juristic persons been a company.

In relation to any person, this means:

- Any juristic person of which the board of directors or members, or in the case where such juristic person isn't a company or close corporation, the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned juristic person, and includes any trust controlled or administered by that person.

## **Client**

In relation to a specific person or group of persons, excluding the general public, who is or may become subject to, a financial service rendered intentionally by the FSPs, '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:

- Influence the objective performance of his, her or its obligations to the client.
- Prevent a provider or representative from rendering an unbiased and fair financial services to the client, or from acting in the interests of the client, including but not limited to:
  - A financial interest.
  - An ownership interest.
  - Any relationship with a third party.

## **Distribution channel**

- Any arrangement between a product supplier or any of its associates and 1 or more providers or any of their associates, that provides support or services to the provider or providers in terms of rendering a financial service to a client.
- Any arrangement between 2 or more providers or any of their associates, which facilitates, supports or enhances a relationship between the provider or providers and a product supplier.
- Any arrangement between 2 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.

## **Financial interest**

A financial interest includes cash, cash equivalents, vouchers, gifts, services, advantages, benefits, discounts, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentives and valuable considerations other than:

- An ownership interest.
- Training that isn't exclusively available to a selected group of providers or representatives, on:
  - Products and legal matters relating to those products.
  - General financial and industry information.
  - Specialised technology systems of a third party necessary for the rendering of a financial service, but excluding travel and accommodation associated with the training.

## **FSP**

A financial services provider authorised in terms of the Financial Advisory and Intermediary Services Act No. 37 of 2002.

## **Immaterial financial interest**

Any financial interest with a determinable monetary value, the aggregate of which doesn't exceed R1,000 in any calendar year from the same third party in that calendar year, which is received by:

- A provider who is a sole proprietor.
- A representative, for his or her direct benefit.
- A provider who, for its own benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

## **King Price**

King Price Insurance Company Ltd, a registered FSP (FSP no. 43862).

## **Ownership interest**

An equity ownership interest, for which fair value was paid by the owner, other than equity or ownership interest that's held by an approved nominee on behalf of another person, including any dividend, profit share or similar benefit derived from the equity or ownership interest.

## **Product provider**

An authorised FSP who's registered as such with the Financial Services Board.

## **Product supplier**

Any person or juristic person who issues a financial product by virtue of an authority, approval or right granted to them under any law.

## **Responsible person**

A key individual, representative or employee of a product supplier or FSP.

## **Third party**

- A product supplier.
- Another provider.
- An associate of a product supplier or an FSP.
- A distribution channel.
- Any person who, in terms of an agreement or arrangement with another third party, provides a financial service to a provider or its representatives.



# Objectives

King Price is an authorised financial services provider. Like any FSP, we're potentially exposed to conflicts of interest in relation to various activities. However, the protection of our clients' interests is our primary concern and so this policy sets out how we:

- Identify circumstances that may give rise to actual or potential conflicts of interest entailing a material risk of damage to our clients' interests.
- Have established appropriate structures and systems of control to manage conflicts.
- Will maintain systems in an effort to prevent damage to our clients' interests through identified conflicts of interest.

## Conflict of interest

We strive to ensure that we're able to appropriately and effectively identify and manage potential conflicts. We may manage potential conflicts through avoidance, by establishing confidentiality barriers, and by providing appropriate disclosure of the conflict to affected clients.

In determining whether there is, or may be, a conflict of interest to which this policy applies, we consider whether there's a material risk of damage to a client, taking into account whether we, or a representative, associate or employee:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of a client.
- Has an interest in the outcome of a service provided to a client, or of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome.
- Has a financial or other incentive to favour the interest of another client, group of clients, or any other third party over the interests of a client.
- Receives, or will receive, from a person other than a client, an inducement in relation to a service provided to a client in the form of monies, goods or services, other than the legislated commission or reasonable fee for that service.

# Management

Specific monetary measures that we focus on include:

- Only receiving commissions authorised in terms of applicable legislation and, if applicable, fees which are disclosed to our clients.
- Not offering any financial interest to any representative or employee for:
  - Giving preference to the quantity of business secured for a provider to the exclusion of quality service.
  - Giving preference to a specific product supplier, where more than 1 supplier can be recommended to a client.
  - Giving preference to a specific product of a supplier, where more than 1 product of that supplier can be recommended.

The general code of conduct also prescribes that we must disclose to clients that we hold more than 10% of shares in a product supplier and whether we receive more than 30% of our remuneration from 1 product supplier over a 12-month period.

The compliance report queries whether we sell financial products from only 1 product supplier.

We consider the measures that we've implemented to manage identified conflicts as being appropriate to our efforts to take reasonable care that, in relation to each identified potential conflict of interest, we act impartially to avoid a material risk of harming clients' interests.

## Procedures

We've adopted appropriate procedures throughout our business to manage potential conflicts of interest. Our representatives, associates and employees receive guidance and training in these procedures, and are subject to monitoring and review processes. There are specific measures and consequences in place for non-compliance with our conflict of interest policy.

## Confidentiality barriers

Our representatives, associates and employees respect the confidentiality of client information and disclose or use it with circumspect. No information may be disclosed to a third party without our clients' written consent.



## **Disclosure**

If there's no other way of managing a conflict, or if the measures in place don't sufficiently protect clients' interests, the conflict must be disclosed to allow clients to make an informed decision on whether to continue using our service. In all cases, where appropriate and where determinable, the monetary value of non-cash inducements will be disclosed to clients. To date no such circumstances have arisen.

## **Publication**

We will publish our conflict of interest management policy in appropriate media and ensure that it's easily accessible for public inspection at all reasonable times.

## **Reporting**

The provider, compliance officer or key individual will include a report on the conflict of interest management policy in the annual compliance report submitted to the registrar.

## **Declining to act**

We may decline to act for a client in cases where we believe that a conflict of interest can't be managed in any other way.



# Management measures

## Identifying conflict of interest

We create awareness and knowledge of applicable stipulations of the general code of conduct and relevant legislation relating to conflict of interest, through training and educational material.

## Avoiding conflict of interest

To avoid conflicts of interest we:

- Ensure understanding and adoption of this conflict of interest policy and management measures by all employees, representatives and associates.
- Regularly inspect all commissions, remuneration, fees and financial interests proposed or received.
- Keep a register of conflicts of interest.

# Consequences of non-compliance

In the event of non-compliance with our conflict of interest policy, our employees and representatives will be subject to appropriate disciplinary action in addition to any civil or criminal consequences.

