

 <p>OASIS GROUP HOLDINGS (PTY) LTD</p>	<p>OASIS GROUP HOLDINGS (PTY) LTD. (Oasis)</p>	<p>Version: .2</p>
<p><u>Title:</u> CONFLICT OF INTEREST POLICY</p> <p><u>Applicable to:</u> All employees of OGH, and all subsidiary and associate entities within the group</p>		

BACKGROUND AND PRE-AMBLE

The Financial Services Board introduced an amendment to the general code of conduct for authorised financial services providers April 2010 (BN 58) to address conflicts of interests which may exist between product providers, FSP and third parties.

A simple explanation of a conflict of interest is one which a reasonable person would think that the professional's judgement was compromised. This document sets out the mechanisms in place to identify, mitigate and manage any conflicts of interests to which Oasis may be a party.

Why did this amendment come about?

(Prior to the FAIS Act, life companies used to provide the advisors with overseas holidays for meeting certain stringent targets – when this was stopped by the FAIS Act and the life companies had to find other avenues to ensure that their products were sold) – This amendment serves to close that loophole.

To stop product providers and life companies from -

1. Providing free training for brokers (in excess of R1000) at exotic venues (including overseas trips) where the time spent on training is immaterial in comparison to the luxuries enjoyed (free flights and accommodation included) and the duration of the trip.
2. Providing free compliance services (in excess of R1000).
3. Free tickets to public entertainment and sports events (in excess of R 1000) for brokers and other cash and non cash incentives.
4. Product providers doing business without a broker distribution channel (they must have a distribution channel)

NB: It should be noted that Oasis has never previously offered such incentives to independent financial service providers, and these examples are included for explanatory purposes only.

What the amendment aims to achieve over a period of time

1. To protect investors against prejudicial conduct by product providers and service providers.
2. Financial Advice will be on a fee only basis. In Britain commissions will be banned in the financial services industry by 2012. This is the aim in South Africa as well.
3. Lower churn – this will avoid investors paying disinvestment and reinvestment fees on investment products and to avoid policyholders of risk products being moved to a product that may be to their detriment.
4. Full disclosure to investors & policyholders of direct and indirect benefits (that exceed a monetary value of R1000)
5. Investors must be sold products that meet their specific risk/return profiles.
6. A situation where a product is sold only if required or in the best interest of the client.
7. Investors & policyholders will be exposed to fewer conflicts of interest.
8. The focus must be on quality advice. Product Providers and Life Companies may not give brokers stringent targets.

POLICY STATEMENT

Oasis is committed to comply with the requirements of the Financial Services Board pertaining to the elimination and/or mitigation of Conflicts of Interest as set out in the BN 58 of 2010 of the FAIS Act. To achieve this objective, this document establishes policies pertaining to the identification of conflicts of interests, management of conflicts of interests, and means to address any possible conflicts of interest.

All employees, staff and associates of Oasis Group Holdings (Pty) Ltd and its subsidiary entities are obliged to adhere to this policy, and adherence to this policy shall be regarded as a condition of employment, and shall be made available to all employees on the company intranet.

Staff are further not allowed to trade against Oasis Clients and may not use the knowledge gained through employment at Oasis to transact in investments to their advantage. Staff are encouraged to invest in Oasis products in order to avoid conflicts of interest.

This document must be read in conjunction with all other Oasis Policies and specific attention is drawn to the policy on personal account trading.

DEFINITIONS

“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 interests of that client, including, but not limited to—

(1) a financial interest;

(2) an ownership interest;

(3) any relationship with a third party;

“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;

“fair value” has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act, 1973 (Act No. 61 of 1973);

“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—

products and legal matters relating to those products;

general financial and industry information;

specialised technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training;

“holding company” means a holding company as defined in section 1 (4) of the Companies Act, 1973 (Act No. 61 of 1973);

“immaterial financial interest” 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 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 representatives, aggregates the immaterial financial interest paid to its representatives;

“provider” means an authorised financial services provider, and includes a representative;

“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;

“subsidiary” means a subsidiary as defined in section 1 (3) of the Companies Act, 1973 (Act No. 61 of 1973);

“third party” means—

- a product supplier;
- another provider;
- an associate of a product supplier or a provider;
- a distribution channel;

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.

“transaction requirement” means any application, proposal, order, instruction or other contractual information required to be completed for, or submitted to, a product supplier by or on behalf of a client relating to the purchase of or investment in any financial product, including any amendment thereof or variation thereto;

“writing” includes communication by telefax or any appropriate electronic medium that is accurately and readily reducible to written or printed form; and **“written”** has a corresponding meaning.

(2) (a) This Code must be construed—

in conjunction with the provisions of the Act and in manner conducive to the promotion and achievement of the objectives of codes of conduct as stated in section 16 of the Act; and

as being in addition to any other law not inconsistent with its provisions and not as replacing any such law.

(b) In the case of any inconsistency or conflict between—

a provision of this Code and a provision of any other specific Code drafted under section 15 of the Act, the last mentioned provision shall prevail; and

a provision of this Code and a provision of any other law specifically regulating market conduct in the rendering of financial services in respect of one or more specific financial products, the last mentioned provision, unless inconsistent or in conflict with the Act, shall prevail.

APPLICATION

Financial interest and conflict of interest management policy.—

EFFECTIVE within 3 months of amendment— i.e. July 2010

A provider and a representative must avoid and where this is not possible mitigate, any conflict of interest between the provider and a client or the representative and a client;

All potential and actual conflicts of interest must be disclosed to the Head of Group Compliance on the prescribed form.

All potential and actual conflicts of interest must be disclosed to the Client on the Record of Advice.

EFFECTIVE within 6 months of amendment – i.e. October 2010

(1) (a) A provider or its representatives may only receive or offer the following financial interest from or to a third party—

- commission authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998) or the Short-term Insurance Act, 1998 (Act No. 53 of 1998);
- fees authorised under the Long-term Insurance Act, 1998 (Act No. 52 of 1998);
- fees for the rendering of a financial service in respect of which commission or fees referred to in subparagraph (i), (ii) or (iii) is not paid, if those fees—
 - are specifically agreed to by a client in writing; and
 - may be stopped at the discretion of that client;
- 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;
- subject to any other law, an immaterial financial interest; and
- a financial interest, not referred to under subparagraph (i) to (vi), for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof.

(3) A provider or representative may not avoid, limit or circumvent or attempt to avoid, limit or circumvent compliance with this section through an associate or an arrangement involving an associate. Accordingly, the purpose of this policy seeks to prevent third parties from obtaining pecuniary or other benefit, through the use of third party juristic entities or trusts.

EFFECTIVE within 12 months of amendment – i.e. April 2011

- (b) A provider may not offer any financial interest to a representative of that provider for—
- (i) giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; or
 - (ii) giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
 - (iii) giving 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.

IDENTIFICATION OF CONFLICTS

As a global financial services group, offering a diverse range of products and services to a varied client basis, conflicts of interests may occur. To adequately manage any conflicts of interest, Oasis must be able to identify all conflicts timeously.

All employees, including compliance officers, key individuals, representatives and non-management personnel are responsible for identifying specific instances of conflict and are required to notify the

compliance officer in writing of any potential conflicts of interest. Any such conflict, if valid, shall accordingly be escalated to the Group Compliance Officer together with details of the potential implication of the conflict, and a proposal regarding how this conflict shall be managed.

The Compliance Officer shall periodically update the list of potential conflicts. Should any doubt occur whether a conflict situation exists or not, it is recommended that such situation be reported to permit the Compliance Officer to address this.

AVOIDANCE OF CONFLICTS

It is the policy of Oasis that Conflicts of Interest should be avoided at all times.

Where a conflict of interest cannot be avoided, then such conflict must be disclosed to the to the Compliance Officer to enable the firm to take such steps to ensure that such conflict of interest is mitigated, including disclosure of such conflict situation to all interested parties. Such measures may be implemented at the discretion of the Compliance Officer and shall be undertaken in accordance with the compliance processes and procedures of Oasis

CONSEQUENCES OF NON COMPLIANCE

Failure by any party to comply with this policy will render the employee to be subject to the Disciplinary Policy and Procedure of the firm, and sanctions may include demotion or dismissal.
