

**KING CARS TRUST**

**FSP 10220**

**CONFLICT OF INTEREST POLICY**

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## 1. INTRODUCTION

In terms of the Financial Advisory and Intermediary Services Act, 2002, King Cars Trust is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflict of interest.

KING CARS TRUST is a second hand car dealership which consists of trustees, management, sales staff and expert finance and insurance staff who is operating in Category 1 type products and who has the relevant experience and qualifications which enables them to guide their clients on their journey on becoming satisfied vehicle owners with the additional benefit of purchasing finance and insurance offered in such a manner which is compliant with the Financial Advisory and Intermediary Services Act, 2002 and the General Code of Conduct. Therefore, KING CARS TRUST's actions as well as those of representatives trading under the FSP Number 10220 is open to scrutiny by clients, potential clients and, on request, members of the public. Keeping this in mind, KING CARS TRUST has implemented a policy to safeguard clients' interests as well as to ensure fair treatment of its clients. Consequently, KING CARS TRUST needed to meet this requirement by 19 April 2011.

## 2. CONFLICT OF INTEREST DEFINED

The Financial Advisory and Intermediary Services Act, 2002 defines Conflict of Interest as:

*"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 it's obligations to that client; or*
- (b) Prevent a provider or representative from rendering unbiased and fair financial service to that client, or from acting in interest of that client"*

*Including but not limited to –*

- (i) A financial interest;*
- (ii) An ownership interest;*
- (iii) Any relationship with a third party"*

### 3. PERSONS CONCERNED

For the purpose of this document, the term employee includes trustees, managers, all permanent staff and all contact staff who can influence the actions of others. For example, in addition to those staff that has direct dealings with clients and recommend products to them, this would include all who make purchasing decisions and anyone who has information concerning a client.

### 4. POTENTIAL CONFLICTS OF INTEREST

There has to exist a duty of loyalty and fidelity by management and staff of both KING CARS TRUST and it's staff members who have the responsibility of administering the company's affairs honestly and prudently, and of exercising their best care , skill and judgement for the sole benefits of clients. Those persons must exercise the utmost good faith in all transactions involved in their duties and they must not use their positions within the company or knowledge gained there from for their personal benefit.

Conflict of interest may arise from –

- (a) Management and Staff that covertly compete with the business of KING CARS TRUST for their own account. They will be in breach of their fiduciary duty
- (b) Failure to disclose a financial interest in another company can also constitute a breach of management or staff's obligation to act in good faith towards KING ARS TRUST where management or staff's stands to gain financially from dealings between KING CARS TRUST and the company in which he or she has an interest
- (c) Management and staff that enter into a second contract of employment if the other employer's business interest are in conflict with those of KING CARS TRUST
- (d) Management and staff that enter into an arrangement which entails a conflict between their own interest and those of KING CARS TRUST

The relations of employees with any third party and other companies as mentioned above, refers to any third party and company with which our company and /or our employees have an association, by shareholding or any other interest including :

- Persons and firms supplying goods and services to the company,
- Persons and firms from whom the company leases property and equipment,
- Competing companies,
- Agencies, organisations and associations including product suppliers and product providers with whom the company transacts business,
- Family members, friends and other employees

Conflict of interest may also arise in the method by which any of the representatives are remunerated by product suppliers, particularly if they provide incentives to these representatives for the quantity of business secured without appropriate quality assurance mechanisms in the place specifically relating to financial services rendered.

The interest of companies and their clients must be the first priority in all decisions and actions. In other words, management and staff have to harness their energies and skills furthering the business interest of KING CARS TRUST.

#### 5. IDENTIFIED CONFLICTS OF INTEREST

Besides quarterly monitoring visits by the appointed compliance services provider, management will keep a close watch on any dealings, agreements or situations that might pose a threat of becoming a conflict of interest between KING CARS TRUST, its management, staff members and any other company. The onus is also on all staff members to make management aware of any such a conflict of interest in order for the situation to be dealt with in a rapid and professional manner.

## 6. RULES AND REGULATIONS – CONFLICT OF INTEREST

No trustees, Manager or staff member of KING CARS TRUST:

- May have any outside interest in any transactions to which KING CARS TRUST is a party, if such an interest might in any way influence the performance of his duties for KING CARS TRUST, unless the outside interest has prior written approval from the one or all of the trustees of KING CARS TRUST
- May seek or accept gifts, loans, shares, share offers or preferential treatment in respect of amenities or services from any party having business with KING CARS TRUST
- May have any interest, direct or indirect, in any competitor of KING CARS TRUST
- May use or disclose any information obtained from KING CARS TRUST, which is not generally available to the public, for personal gain or for any reason other than that authorised by KING CARS TRUST
- May not act in contradiction to the service level agreements that are in place between KING CARS TRUST and any of the service providers
- May not act in contradiction to the employment contract that is in place between any staff member (including management) and KING CARS TRUST
- May not secure, source, canvass or promote any business or business activities for an external company, supplier or contractor on behalf of KING CARS TRUST where such an employee stands to gain directly, indirectly as friends, family or in any other way which may be deemed to be personal and unethical
- May not receive commission that is not authorised in terms of applicable legislations
- May not offer any financial interest to any representative for :
  - (I) giving preference to the quantity of business secured for the provider to the exclusion of quality service,
  - Giving preference to a specific product supplier where more than one supplier can be recommended to a client
  - Giving preference to a specific product supplier of a supplier where more than one product of that supplier can be recommended

## 7. DISCLOSING CONFLICTS OF INTEREST

KING CARS TRUST will disclose all conflicts of interest and potential conflicts of interest to our clients in at least one of the following ways:

- By declaring them verbally at point of sale,
- By declaring them in writing as soon as practically possible following a sale,

In selecting one or both of the above, we will take into account the type of conflict and the impact it might have on the client's decision to purchase our products / services or not. All incentives will be disclosed at the point of sale, as will the responsibilities of each and every company in the service delivery chain.

## 8. DISCIPLINE

Should any trustee, manager or employee of KING CARS TRUST is found deviating from this policy in any way, KING CARS TRUST reserves the right to take the appropriate disciplinary measures against such trustee, manager or staff member

## 9. CONFLICT OF INTEREST EMPLOYEE ACCEPTANCE

Every employed representative is requested to sign a statement of acceptance that if a supplier or outside third party, whether an associate or otherwise, offers to provide any incentive of whatsoever nature to any our employees, is to be immediately reported to the trustees.

Incentives include cash or cash equivalent, vouchers, gifts, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, training, sponsorship, other incentive or valuable consideration except for incentives aggregate of which does not exceed R1000 in any calendar year from the same third party in that calendar year.

The statement also requires employees to provide information with respect to business and or parties with whom KING CARS TRUST deal that are related to them, including:

- A spouse, domestic partner, child, mother, father, brother, sister
- Any corporation or organisation of which the employee is a board member, an officer, a partner, participates in management or is employed by, or is, directly or indirectly , a debt holder or the beneficial owner of any class of equity securities; and
- Any trust or estate in which an employee has a substantial beneficial interest or as to which an employee serves as a trustee or in a similar capacity.

This statement is deemed to be included in every employee's service contract.

#### 10. TRAINING OF EMPLOYEES

As this policy links to and forms part of every employed representative's employment contract, include training regarding this conflict of interest management policy is included in every representative's orientation programme in respect of new employees, as well as providing regular and continuous updates for existing employees.

11. This policy was adopted by the board of trustees on 12 April 2011