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Advisory & Financial
Planning Services

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An Authorised Financial Services Provider FSP 17634

RISK MANAGEMENT PLAN

FSP name : **IBG SUREINVEST AN INDEPENDENT BROKER GROUP CC**

FSP number : **17634**

Responsible person : **IVAN BERNARD DOWN**

Compliance : **National Compliance CC**

VAT registration number : **4720170259**

CK. Number : **1995/002193/23**

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1. Introduction:

IBG SUREINVEST AN INDEPENDENT BROKER GROUP CC, FSP NUMBER 17634 renders financial services in Life Insurance, Short term Insurance, Pension Funds, Investments, Health Insurance, Estate Planning. Clientele includes individuals, professionals, businesses and corporate.

The General Code of Conduct requires all Authorized Financial Services Providers to implement a risk management plan.

IBG SUREINVEST AN INDEPENDENT BROKER GROUP CC, FSP NUMBER 17634, employ the resources, procedures and appropriate systems that can be reasonably expected to eliminate the risk that clients, product suppliers and other providers or representatives will suffer financial loss through theft, fraud, other dishonest acts, poor administration, negligence, professional misconduct or culpable omissions.

IBG SUREINVEST AN INDEPENDENT BROKER GROUP CC, FSP NUMBER 17634, structures their internal control procedures so as to provide reasonable assurance that

- the business can be carried on in an orderly and efficient manner;
- financial and other information used or provided will be reliable;
- all applicable laws are complied with.

The Registrar requires all Authorised Financial Services Providers to have Professional Indemnity cover.

IBG SUREINVEST AN INDEPENDENT BROKER GROUP CC, FSP NUMBER 17634, currently has professional indemnity cover in place for R 5 000 000 (five Million).

Policy number: F01922

2. Main Risks

Electronic Record Keeping

In terms of electronic information, IBG SUREINVEST AN INDEPENDENT BROKER GROUP CC, FSP NUMBER 17634, has suitable access security in place. All PC's in the office can only be gained via a password. All electronic information is backed-up on a daily basis.

Security

In terms of physical security of assets and data, the access to offices is secure, and that client files are locked away.

Duties of Staff Members

All duties, responsibilities and roles of all staff members and representatives are clearly defined in the business, and are available in written format.

Financials

IBG SUREINVEST AN INDEPENDENT BROKER GROUP CC, FSP NUMBER 17634, prepares monthly management accounts. IBG SUREINVEST AN INDEPENDENT BROKER GROUP CC, FSP NUMBER 17634, monitors banking statements, income and expenses on a regular basis to ensure that the solvency requirements as required in terms of paragraph 9 of the Fit and proper Requirements are met at all times.

Business Policies

All business processes, policies, controls are documented via contracts with product suppliers.

Regulatory Risks

CODE SECTION	SUMMARY OF SECTION OF THE CODE	PERSON RESPONSIBLE
General Duties Sec 2	Always render service <u>honestly, fairly, with due skill & diligence and in the best interest of client and integrity of the financial services industry.</u>	KI and Representatives.
Specific Duties Sec 3(1)(a)	When rendering a financial service: <ul style="list-style-type: none"> • Must be factually correct; and • Must be in plain and clear language (not misleading); and • Must be adequate and appropriate with regard to the specific service rendered, and taking into account the clients level of knowledge; and • Must be provided timeously to afford client reasonably sufficient time to make an informed decision; and • May be made orally and confirmed in writing ASAP; and • Must, when written, be in a format easy to read; and • Must give specific values / amounts; if these cannot be determined, the way of calculation must be properly described; and • Only needs to be repeated to the client in case of a significant change, and then client needs to be told about these changes immediately. 	KI and Representatives.
Sec 3(1)(b)	Must: <ul style="list-style-type: none"> • Disclose to client of any personal interest or possible conflict of interest; and • Ensure fair treatment of client. 	KI and Representatives.
Sec 3(1)(c)	Conflict of interest could include any non-cash incentives / other indirect consideration.	KI, Ivan Down, and Representatives.
Sec 3(1)(d)	Must render service : <ul style="list-style-type: none"> • In accordance with contractual relationship; and • In accordance to client's reasonable requests / instructions; and • By following such requests / instructions; and • With due regards to client's interests; and • By giving clients' interests top priority. 	KI and Representatives.

Sec 3(1)(e)	Must accurately account for client's transaction.	KI and Representatives.
Sec 3(1)(f)	May not deal in any financial product for own benefit based on: <ul style="list-style-type: none"> • Advance knowledge of pending transactions for / with clients, or • Any non-public information which, if disclosed, affect price of product. 	KI and Representatives.
Sec 3(2)(a-d)	Records of communication / interactions to clients: <ul style="list-style-type: none"> • Must be kept, stored, retrieved and kept safely according to a proper system; and • Must be kept for 5 years after rendering of service / termination of product; and • Must be available for inspection within 7 days of Registrars request; and • May be kept recorded / electronically, as long as accessible and easily reduced to writing / print. 	KI, Representatives, Internal Compliance and Administration staff.
Sec 3(3)	Do not disclose any confidential information about a client or product supplier , unless: <ul style="list-style-type: none"> • You have prior written consent; or • Disclosure necessary in public interest; or • Disclosure necessary under any law. 	KI, Representatives, all Administration staff and Internal Compliance.
Information on Product Suppliers Sec 4(1)(a)	Must at the <u>earliest reasonable opportunity</u> : <ul style="list-style-type: none"> • Furnish client with full particulars of product supplier, ASAP. • If this is done orally, it must be confirmed in writing within 30 days; <ul style="list-style-type: none"> * Name * Physical location * Postal address * Telephone details 	KI, Representatives and Administration staff.
Sec 4(1)(b)	<ul style="list-style-type: none"> • Contractual relationship with specific and others – nature. • Name & contact details Compliance Department. 	KI, Internal compliance and provided on Disclosure Documents.
Sec 4(1)(c)	The extent of conditions / restrictions to types of products that may be provided.	KI, Internal Compliance and provided on Disclosure Documents.
Sec 4(d)	Where applicable the fact that the FSP: <ul style="list-style-type: none"> • Directly / indirectly holds 10% of product suppliers shares or substantial financial interest in product supplier; and • 12 months preceding received more 30% of total remuneration from Product supplier; and • Must convey to the client thereafter (at the earliest opportunity) any changes to the above. 	KI and Representatives.
Sec 4(2)	Product suppliers who has intermediary contract with FSP must provide them with sufficient information to make these disclosures.	KI, Compliance.

Sec 4(3)	When choosing product supplier, exercise judgment objectively and in client's best interest.	KI, Ivan Down, and Representatives.
Sec 4(4)	When dealing with client, do not: <ul style="list-style-type: none"> • Compare products, suppliers, FSPs or representatives unfairly. • Show differing characteristics clearly. • Criticise any of the above inaccurately / unfairly or unsubstantiated. 	KI and Representatives.
Information on Provider Sec 5(a)	Must furnish client with FSPs full particulars ASAP. If done orally, it must be confirmed in writing within 30 days: <ul style="list-style-type: none"> • Full name & trade name. • Registration number. • Postal & Physical addresses. • Telephone, internet, email. • Name & contact details of contact person. 	KI and Representatives. Provided on FSP's website and Disclosure Documents.
Sec 5(b)	<ul style="list-style-type: none"> • Legal & contractual status of FSP. • Make it clear to client who accepts responsibility for action of FSP / Rep – FSP / supplier. 	KI, Compliance and Administration staff.
Sec 5(c,d,e,f,g)	<ul style="list-style-type: none"> • Name & contact details of compliance department. • Details of financials service authorised and licensed to provide including conditions, restrictions and number. • If guarantees, professional indemnity of fiduciary insurance are held. • If representative is providing services supervised (Fit and proper). • Any exemptions granted. 	KI, Administration staff and Internal Compliance.
Contract with clients Sec 6(a-b)	<ul style="list-style-type: none"> • Always act honorably, professionally and with due respect for client's convenience; • At commencement of contact, explain the purpose; • Provide information referred to in S5 at the earliest opportunity. 	KI and representatives.
Information about financial service Sec 7(1)(a-d)	<ul style="list-style-type: none"> • Provide client with: <ol style="list-style-type: none"> a. Reasonable and general explanation of terms of contract and transaction; and b. Full and frank disclosure to enable clients to make an informed decision; and c. Any material contractual info, illustrations, projections and forecast, (e.g. portfolio performance history); and d. Information on product: <ol style="list-style-type: none"> i. Product name and type (e.g. Lifestyle preserver – preservation fund). ii. Full nature and extent of benefits. iii. Where product has investment component. 	KI, representatives and Internal Compliance documentation in place.

	<ul style="list-style-type: none"> iv. Exactly how value is determined, including full details of underlying assets/ financial instruments. v. Full details of charges and fees. vi. On request, information on past performances, along with warning: not necessarily indicative of future performance. vii. Full details of monetary obligations, including: viii. Consequences of non-payment. ix. Any possible escalations, increases or additions. x. Full details of any form of consideration earned by FSP. xi. Full details of any circumstances under which benefits will not be provided (e.g. excess, waiting periods, penalties). xii. Any guaranteed minimum benefits or other guarantees. xiii. To what extent the funds are accessible. xiv. Effects of early withdrawal / termination. xv. Material tax considerations. xvi. Whether cooling off rights are provided and if so, full details. xvii. Any material investment or other risks. xviii. Where provision is made for increase in premiums, the amount of increase for first five years and thereafter every five years, but not exceeding 20 years. <p>e. Information on completion / submission of any transaction requirement:</p> <ul style="list-style-type: none"> i. Client's responsibility to provide concise and accurate information. ii. Client to be satisfied with accuracy and completeness of any requirement completed or submitted by the FSP on his behalf. iii. Possible consequences of misrepresentation / non-disclosure. iv. That client must on request be supplied with written record of any transaction requirement, within reasonable time. 	
Sec 7(2)	Do not let client sign blank form or document where information is missing.	KI, Representatives and Internal Compliance.
Sec 7(3)	Must at the request of client provide statement of account in connection with any financial service.	KI and Representatives.
Sec 8(1)	<p>Before furnishing advice:</p> <ul style="list-style-type: none"> • Reasonable steps to seek information regarding clients financial situation and objectives to enable you to give appropriate advice; and • Conduct analysis based on above information; and • Identify products appropriate to clients risk profile and needs; and <p>In case of replacement of product: fully disclose actual and potential financial implications, costs and consequences (e.g. fees and charges, special terms and conditions, impact of age and health changes, tax implications, investment risk, penalties, un-recovered expenses, liquidity, accessibility to funds, guaranteed benefits).</p>	KI and Representatives.

Sec 8(2)	Take reasonable steps to ensure client understands advice and is in position to make informed decision.	KI and representatives.
Sec 8(3)	When advising client to replace product – must notify issuer of existing (“old”) product of such advice ASAP.	KI and Representatives.
Sec 8(4)(a)	If unable to do proper analysis because: <ul style="list-style-type: none"> • Client has not provided all information necessary, or • Insufficient time; Must ensure that client understands : <ul style="list-style-type: none"> • Full analysis could not be undertaken; and • May be limitations on appropriateness of advice; and • Client should take care to consider whether advice appropriate. 	KI and Representatives.
Sec 8(4)(b)	Where client elects not to follow your advice , must: <ul style="list-style-type: none"> • Alert the client ASAP of any risk; and • Advise to take care to consider whether product appropriate to needs. 	KI and Representatives. Disclaimer Document to be completed.
Record of Advice Sec 9	<ul style="list-style-type: none"> • Must reflect basis on which advice was given – brief summary. • Financial products considered. • Financial products recommended plus explanation. • Copy to client. 	KI, Representatives and Internal Compliance.
Custody of Financial Products and Funds Sec 10(1)	When holding financial products or funds on behalf of client, FSP must account for them properly and promptly: <ul style="list-style-type: none"> • Provide written confirmation of receipt with description of document to client; and • Take reasonable steps to ensure policy docs in safekeeping; and • When receiving funds without bank mediation, on receipt of money issue receipt; and • Ensure above adequately safeguarded; and • (10(1)(d)) Open and maintain a separate bank account for client funds: <ul style="list-style-type: none"> * pay funds into the account within 1 business day of receipt. * ensure that account only contains funds of client not FSP. * pay all bank charges in respect of the account. * ensure interest in funds is payable to client. • Take reasonable steps: <ul style="list-style-type: none"> * such funds / products dealt with in according with mandate given to FSP. * such funds / products readily discernable from private assets of FSP Client to have ready access to such funds. 	KI and Representatives.
Sec 10(2)	Where transaction recorded in writing FSP must ensure original agreement to client safe custody.	KI and Representatives.
Sec 10(3)	10 (1)(d) not applicable if client subject to S42 Short term Act.	
Risk Management Sec 11	Control Measure FSP must employ resources, procedures and technology to eliminate risk to clients through theft, fraud, dishonesty, poor admin, negligence, and professional misconduct.	

Sec 12	<p>Specific Control objective: FSP must structure internal control procedures in order to ensure that:</p> <ul style="list-style-type: none"> • Carry on business in an orderly and efficient manner; and • Use and provide reliable information; and • Comply with all applicable rules. 	KI, Ivan Down.
Sec 13	<p>Insurance FSP must ensure that PI cover and/or fidelity insurance in place (if required).</p>	KI, Ivan Down.
<p>Advertising and direct marketing</p> <p>Sec 14(1)</p>	<p>FSP advert must:</p> <ul style="list-style-type: none"> • Not contain fraudulent, untrue or misleading promises / statements. • If contains performance data, illustrations, forecasts must contain basic assumptions, which must not be unrealistic under current circumstances. • Make clear that not guaranteed and for illustrative purposes only. • Contain indication of dependence where returns / benefits are dependent on assets / market factors. • Warning statement about risks involved in buying or selling. • Warning statement past performance not indicative of future performance. • Warning statement if investment values not guaranteed. 	KI, Ivan Down.
Sec 14(2)	<p>Where an FSP advertises via telephone:</p> <ul style="list-style-type: none"> • An electronic, voice logged record of communications must be maintained. • Where no financial service is rendered such record need not be maintained for a period exceeding 45 days. • Copy must be provided to client or registrar within 7 days of request. • All info required by S4 (1)(a) and (c) and S5 (a) and (c) not required. <p>Give client basic details – FSP name, telephone and address and compliance department (If this results in financials service full details to client in writing within 30 days)</p>	KI and Admin/Internal Compliance.
Sec 14(3)	Where an FSP advertises via public radio, advert must include business name.	KI to authorize add.
Sec 15(1)-(6)	Direct Marketing – Refer to full code for details.	KI.
Sec 16-19	Complaints Policy refer to “establishing a complaints policy”.	KI, Representatives and Internal Compliance.
<p>Termination of agreement / business</p> <p>Sec 20(a)</p>	<p>FSP must:</p> <ul style="list-style-type: none"> • Give immediate effect to clients voluntary request to terminate any agreement relating to product or advice (subject to contractual obligations); and • Take reasonable steps to ensure client fully understands implications of termination. 	KI and Representatives.
Sec 20 (b)	<p>FSP ceases to operate:</p> <ul style="list-style-type: none"> • Notify all affected clients; and • Ensure outstanding business is completed or transferred to another provider. 	KI and Representatives.
Sec 20(c)	<p>Where representative ceases to operate:</p> <ul style="list-style-type: none"> • FSP must take reasonable steps in consultation with clients & products suppliers to 	KI.

	notify all affected clients.	
Sec 21	FSP may NOT request / induce client to waive any right / benefit of client in terms of this code.	KI and Representatives.

Legislation applicable to IBG SUREINVEST AN INDEPENDENT BROKER GROUP CC, FSP NUMBER 17634, includes the following:

- Basic Conditions of Employment Act
- Close Corporations Act
- Collective Investments Schemes Control Act
- Companies Act
- Electronic Communications and Transactions Act
- Estate Duties Act
- Exchange Control Act
- Financial Advisory and Intermediary Services Act
- Financial Intelligence Centre Act
- Income Tax Act
- King Report II
- Labour Relations Act
- Long-term Insurance Act
- Medical Schemes Act
- National Credit Act
- Occupational Health and Safety Act
- Pension Funds Act
- Prevention of Organized Crime Act
- Short-term Insurance Act
- Unemployment Insurance Act

3. Responsible persons

Ivan Down is ultimately responsible and accountable for establishing and maintaining risk management systems.

Risk management is a team effort where all key individuals, representatives and administrative personnel are included in the process to ensure effective control and mitigation of risks.

Mr D Opperman has a duty to monitor the compliance of key individuals, representatives and personnel with relevant legislation. This may include advising and guiding the key individuals and representatives on risk management systems.

4. Monitoring:

Ivan Down monitors the risk management plan on a continuous basis.

National Compliance assists in monitoring, reports to the FSP on at least a quarterly basis and to the Financial Services Board on an annual basis, or whenever so required by the registrar.

In the monitoring process the following can be considered:

- interviews with providers, key individuals, representatives and personnel;
- availability of relevant legislation;
- evaluating complaints received and solutions offered;
- inspection of relevant documentation and registers;
- evaluating client files and records in respect of advice and solutions;
- evaluating procedures followed when interacting with clients;
- observing processes followed in rendering advice;
- evaluating intermediary services rendered;
- inspection of financial matters of the business;
- assessing queries received from regulators.

Any risk must be identified and reported promptly through the control systems in order to improve the risk profile of the business.

5. Summary:

The implementation of the risk management plan ensures the following:

- Identify risks early and continuously;
- Thoroughly understand risks, their causes and consequences;
- Determine how to best avoid or reduce risks;
- Establish internal controls to mitigate risks;
- Monitor control systems and ensure timely and accurate reporting.