

Sandton Capital Markets

Conflicts of Interest Policy

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Table of Contents

- 1. Introduction 3
- 2. Definition 4
- 3. Scope 4
- 4. Relevant Persons Duty 4
- 5. Identification of Potential Conflicts of Interest 5
- 6. Potential Conflicts of Interest within a group of Companies 6
- 7. Examples of Conflicts of Interest 6
- 8. Disclosure of information 8
- 9. Management of Conflicts of Interest 9
- 10. Final Resolution of Conflicts 11
- 11. Inducements 11
- 12. Record Keeping 11
- 13. Staff Remuneration 12
- 14. Client’s Consent 12
- 15. Amendment / Review 12
- 16. Further Information 12

1. Introduction

- 1.1. Sandton Capital Markets (Trade Marked) operating under license from North Point Financial Services (hereinafter the “Company”), is incorporated under the laws of the Republic of South Africa and is registered by the Companies and Intellectual Property Commission (<http://www.cipc.co.za>). The Company is authorized and regulated by the Financial Sector Conduct Authority (“FSCA”) (<https://www.fsca.co.za>) to act as a Financial Service Provider (FSP No. 49217) and to provide the Services specified in the Account Opening Agreement found on the Company’s website, and operates under the Financial Advisory and Intermediaries Services Act (FAIS Act) (Act 37 of 2002).
- 1.2. The Company acting in its capacity as a Financial Service Provider and in accordance with the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) (the “Law”) is required to comply with the procedures prescribed in Board Notice 58 of 2010 which amends the General Code of Conduct for Financial Services Providers and Representatives published in Notice 80 of 2003, as amended by Notice 43 of 2008.
- 1.3. The purpose of the Conflicts of Interests Policy (hereinafter the “Policy”) is to set out the Company’s approach in identifying the circumstances which may give rise to a conflict of interest, the Company’s measures for preventing the rise of such conflicts of interest as well as managing conflicts of interest which may arise during its normal business activities.
- 1.4. The Company is committed to act honestly, fairly and professionally and in the best interests of its Clients and to comply with the principles set out in the above legislation when providing investment services and other ancillary services related to such investment services.

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2. Definition

- 2.1. The term 'conflict of interest' as defined in the General Code of Conduct for Authorized Financial Services Providers and Representatives as published in Board Notice No. 80 of 2003 and amended by Board Notice No. 43 of 2008, means any situation in which the Company and/or a representative of the Company has an actual or potential interest that may, in rendering a financial service to the Client:
- a. Influence the objective performance of the Company's obligations to the Client;
 - b. Prevent the Company and/or any representative of the Company from rendering an unbiased and fair financial service to the Client and/or from acting in the interests of the Client, including but not limited to a financial interest, an ownership interest and any relationship with a third party.

3. Scope

- 3.1. The Policy applies to conflicts of interests between all the directors, employees or any persons directly or indirectly linked to the Company by control (hereinafter the "**Related Persons**") and all interactions of the Company with the Clients as well as between one Client and another, in providing any investment service.

4. Relevant Persons Duty

- 4.1. All "Relevant Persons" have a duty, to the extent possible, to avoid any activities that could create conflicts of interest. It is imperative to firstly refrain from creating or contributing to the creation of conflicts of interest and where such exist to take all necessary measures for minimizing the impact to Client's best interest as per section 9 "Management of Conflicts of Interest".
- 4.2. All "Relevant Persons" when faced with a possible conflict of interest situation, shall immediately notify the Compliance Officer of the conflict of interest situation.

Authorized Financial Services Provider (FSP) Number 49217

4.3. It is of most importance that the members of Board of Directors have a duty to avoid to the extent possible activities that could potentially create conflicts of interest. For that purpose, the following actions are in place to minimize the possibility of creating conflicts of interest:

- c. A member's duty to notify BoD prior the involvement to an activity e.g. serving on another management body that could raise contribute to a conflict of interest;
- d. A member's duty to promptly disclose any matter that may result, or has already resulted, in a conflict of interest;
- e. A member's duty to abstain from voting on any other matter where the member may have a conflict of interest or where the member's objectively or ability to properly fulfill duties to the directorship may be otherwise compromised.

5. Identification of Potential Conflicts of Interest

5.1. For the purposes of identifying the types of conflicts of interest that arise during providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a Client, the Company take into consideration, by way of minimum criteria, the following criteria:

- a. The Company, or any Related person of the Company might be able to make a financial gain, or avoid financial loss, at the expense of the Client;
- b. The Company, or any Related person of the Company has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- c. The Company has a financial or other incentive to favor the interest of another Client or group of Clients over the interests of the Client;
- d. The Company, or a Related person carries on the same business as the Client;

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Authorized Financial Services Provider (FSP) Number 49217

- e. The Company, or a Related person receives or might receive from a person other than the Client, an inducement in relation to a service provided to the Client, in the form of monies, goods or services,

6. Potential Conflicts of Interest within a group of Companies

- 6.1. The Company must take into consideration any circumstance which might give rise to a conflict of interest because of the structure and business activities of the Company.
- 6.2. The Company may identify, with reference to the specific investment services and activities and/or any ancillary services carried out by or on behalf of the Company, any circumstances which constitute or give rise to a conflict of interest.
- 6.3. The Company has adopted procedures and measures set out in 8.3. of the Policy, to manage conflicts of interest and ensure that Related Persons which are engaged with the provision of investment or ancillary services or activities, carry on those activities on a level of independence appropriate to the size and activities of the Company.

7. Examples of Conflicts of Interest

- 7.1. While it is not feasible to define precisely or create an exhaustive list of all relevant conflicts of interest that may arise, as per the current nature, scale and complexity of the Company's business, the following list includes circumstances which constitute or may give rise to a

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Authorized Financial Services Provider (FSP) Number 49217

conflict of interest entailing a material risk of damage to the interests of one or more

Clients, because of providing investment services:

- a. The Company may be matching the Client's Order with that of another Client by acting on such other Client's behalf as well as on the Client's behalf;
 - b. The Company may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading;
 - c. Where the Company manufactures and/or distributes financial instruments that could adversely affect Clients' best interest;
 - d. Where the Company is the portfolio manager for more than one Client – in respect of issues related to allocation;
 - e. Where the Company is the portfolio manager on behalf of a client and is trading against the Company's own capital;
 - f. The Company may produce investment research material which shall be used to support the clients' trading activities;
 - g. Where the remuneration of third parties (tied agents or affiliates) is based on the trading activity of clients referred to the Company.
- 7.2. For the purposes of identifying the types of conflict of interest that could arise during serving as a member of the management body, the following list of examples has been considered however the list is non-exhaustive:
- a. Where the management team does not follow the established procedures, which have

Authorized Financial Services Provider (FSP) Number 49217

taken into consideration all necessary measures for avoiding, reducing or managing conflicts of interest;

- b. During the amendment of established procedures, measures safeguarding the avoidance, reduction and management of conflicts of interest are amended in a way that it reduces or cancels their effectiveness;
- c. During the assessment of the effectiveness of the policies, arrangements and procedures put in place to comply with the obligations under the Law;
- d. During the supervision and accountability for implementation of governance arrangements that ensure effective and prudent management;
- e. During the approval of manufactured or intended for distribution of financial instruments.

8. Disclosure of information

8.1. The Company gives priority in identifying, preventing and managing conflicts of interests. Various processes and mechanisms have been established as per section 9 below for responding to potential conflicts and are updated whenever developments are taking place within the Company's operations or by responding to legislative updates.

8.2. Where a conflict of interest or a potential conflict of interest exists and the organizational and administrative arrangements are not sufficient to ensure, with reasonable confidence, that conflicts of interest will be prevented or managed effectively the Company shall disclose such conflicts of interest to the Client in writing in sufficient detail the general nature and/or source of the potential or the actual conflict of interest before undertaking business on his behalf.

- 8.3. Upon receiving the information, the Client based on the information has the right to decide whether to accept the provision of a specific service.
- 8.4. Where the Company is for any reason incapable of preventing or managing a possible conflict of interest it may choose to refuse to continue with the provision of the requested service from the Client.

9. Management of Conflicts of Interest

- 9.1. The Company has established adequate and appropriate internal procedures for minimizing any potential conflicts of interest which include the following:
- a. the Company has a dedicated Compliance Officer which is an independent unit within the Company. Some of the duties of the Compliance Officer is to monitor any possible deviation from the Company's internal policies and procedures as well as identifying and managing any possible conflicts of interest and report to the Company's Board of Directors.
 - b. appointment of a certified Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.
 - c. effective procedures to prevent or control the exchange of information between Related persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients;
 - d. procedures governing access to electronic data;
 - e. separate supervision of Related persons whose principal functions involve carrying out activities on behalf of, or providing services to, Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company;
 - f. removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by different Related persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;

- g. separate supervision on an on-going basis of the activities of third parties which perform services on behalf of the Company to ensure that such activities are performed in compliance with the applicable Law and regulations;
- h. risk-adjusted method of calculation of variable remuneration received by third parties which perform activities on behalf of the Company;
- i. prohibition on officers and employees of the Company having external business interests conflicting with the interests of the Company without the prior approval of the Company's Board of Directors;
- j. personal account dealing requirements applicable to Related Persons in relation to their own investments;
- k. measures to prevent or limit any person from exercising inappropriate influence over the way in which a Related person carries out investment or ancillary services or activities) measures to prevent or control the simultaneous or sequential involvement of any Related person in separate investment or ancillary services or activities where such involvement may impair the proper management of the conflicts of interest;
- l. segregation of duties that may give rise to conflicts of interest if carried out by the same individual;
- m. establishment of Chinese Walls restricting the flow of confidential and inside information within the Company, and physical separation of departments;
- n. establishment of the "four-eyes" principle in supervising the Company's activities.
- o. establishment, implementation and maintenance of policies and procedures to monitor the effectiveness of the Company's Order Execution Policy and any other execution arrangements (more details of the Company's Order Execution Policy can be found on the Company's website under section 'Legal Documentation');

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- q. procedures for taking all reasonable steps to obtain the best possible results when executing Client Orders.

10. Inducements

- 10.1 The Company may pay and/or receive fees and/or commissions and/or any non-monetary benefits to and/or from third-parties. The Company ensures that it will only accept and/or pay such fees and/or commissions and/or any non-monetary benefits to and/or from any third parties at its own reasonable belief that such benefits will enhance the quality of the offered services to the Client. The Company ensures that such fees and/or commissions and/or non-monetary benefit do not impair the Company's duty to act in the best interests of the Client.
- 10.2 Where the Company has in place arrangements with third parties for distributing their products and services to its Clients and which receive fees and/or commission and/or non-monetary benefits according to the product's overall performance these arrangements will not be in the expense of the best interest of the Client.
- 10.3 The Company undertakes to disclose any further details of the above-mentioned arrangements relating to the fees and/or commissions and/or non-monetary benefits at the request of the Client.

11. Record Keeping

- 11.1 Under the FAIS Act of 2002 the Company is obliged to keep and regularly update a written record of any investment and/or services provided by the Company to the client

12. Staff Remuneration

12.1 Determination of appropriate remuneration of staff members is conducted wholly by the Company's senior management. Only remuneration for senior staff is determined upon the overall business production of the Company. All other staff members receive remuneration which is determined by the nature and performance of their duties.

13. Client's Consent

13.1 The Client acknowledges and understands that the Company has the right to determine the most appropriate and fit way to manage situations of conflicts of interest in accordance with the best interests of the Client, the nature and risks involved with a specific investment service as well as maintain the Company's business production.

14. Amendment / Review

14.1 The Company has the right to amend the current Policy at its discretion at any time it considers is suitable and appropriate. The Company shall review and amend the current Policy at least on an annual basis.

16. Further Information

16.1. For further details with regards to the Company's Conflicts of Interest Policy and procedures, the Client can contact the Support Department (support@sandtoncm.com) and request for such documentation.

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