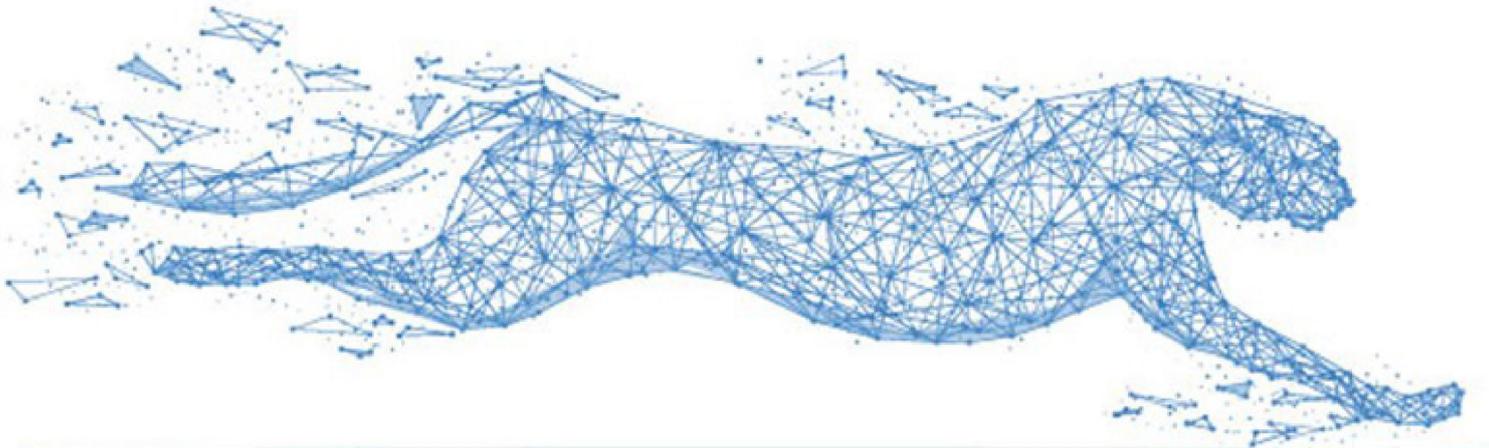


# CONFLICTS OF INTEREST POLICY



## Introduction

Scope Markets SA (PTY) Ltd (hereinafter 'Scope Markets' or 'the Company') is a company incorporated in the Republic of South Africa, with registration number 2016/137466/07 and registered address at Future Space – 96 Rivonia Street, Sandton, Gautend 2196.

Scope Markets is regulated and authorized by the International Financial Sector Conduct Authority ("FSCA") in the Republic of South Africa as an Over-The-Counter Derivative Provider and a Financial Service Provider (FSP No. 47025) and is authorised to provide advice and intermediary service on shares and derivative instruments. The Company acting in its capacity as an Over-The-Counter Derivative Provider and a Financial Service Provider and in accordance with the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) is required to have in place appropriate procedures to manage possible conflicts of interest and provide to its Clients relevant disclosures as described in this document.

## Preface

The present Conflict of Interest Policy (hereinafter called the "Policy"), provides a summary of the Company's approach in identifying the circumstances which may give rise to a conflict of interest, the establishment of appropriate mechanisms and systems for preventing and avoiding the rise of such conflicts of interest as well as management of conflicts of interest which may arise during the course of its normal business activities and description of the systems the Company maintains in order to prevent damage to its Clients' interests through identified conflicts, as applicable.

## Definitions

"Conflict of Interest" means any situation in which the Company or the Company's representatives 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 the Company or a representative as applicable, 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:
  - i. A financial interest;
  - ii. An ownership interest;
  - iii. Any relationship with a third party ("third party") means
  - iv. A product supplier
  - v. Another provider
  - vi. An associate of a product supplier
  - vii. A distribution channel; and
  - viii. Any person who in terms of an agreement or arrangement with a person referred to in paragraphs a) and b) above provides a financial interest to a provider or its representatives.

“Third Party” means:

- i. A product supplier;
- ii. Another provider;
- iii. An associate of a product supplier or a provider
- iv. A distribution channel;
- v. any person who in terms of an agreement or
- vi. arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representative

## Objectives

The Policy applies to conflicts of interests between all the directors, employees, product suppliers, associates or any natural or legal persons directly or indirectly linked to the Company (hereinafter called the “relevant persons”). The purpose of this Policy is to ensure that the Company’s clients are treated fairly and at the highest level of integrity and that their interests are always protected. It also aims to identify conflicts of interest between:

- The Company and a Client;
- A Company’s Relevant Person and a Client;
- Two or more the Client of the Company in the course of providing services to these Clients; and
- A company of the Group and a Client.

## Mechanisms for Identification of Potential Conflicts of Interest:

For the purpose of identifying the types of conflicts of interest that arise in the course of providing services and whose existence may damage the interest of a client, the Company takes into account the following criteria:

- a) The Company or a relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- b) The Company or a relevant person 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 or a relevant person carries on the same business as the Client;
- d) The Company or a relevant person receives or will receive from person other than the Client, an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.
- e) The Company or a relevant person has a financial or other incentive to favour the interest of another client or group of clients over the interest of the client.

## Potential Sources of Conflict of Interest:

The following list, is not an exhaustive list of all relevant conflicts of interest that may arise, but it includes a number of circumstances which constitute or may give rise to a conflict of interest, as a result of providing investment services:

- a) The Company or a company of the Company's group may engage in business and trading activities for its own account and/or Client accounts whilst other Clients are active in relevant markets at the same time;
- b) A transaction is affected in financial instruments in respect of which the Company or a company of the Company's group, or its director or employee is contemporaneously trading or has traded on its own account or has either a long or short position;
- c) The Company or a relevant person receives substantial gifts or entertainment (including non-monetary inducements) that may influence behaviour in a way that conflicts with the interest of the Client of the Company.
- d) A transaction is affected in financial instruments in respect of which the Company may benefit from a commission, fee, mark-up or mark-down payable otherwise than by a client, and/or Company may also be remunerated by the counterparty to any such transaction;
- e) A director or employee of the Company is a director of a fund and or any company which is a client of the Company;
- f) A transaction is affected in financial instruments issued by an affiliated company or the client or customer of an affiliated company;
- g) The Company may act as agent for a client in relation to transactions in which it is also acting as agent for the account of other customers and/or Group companies;
- h) The Company acting as agent for the Client, matches an order of the Client with an order of another customer for whom it is acting as agent;
- i) A transaction is affected in securities issued by an affiliated Company or the client or customer of an affiliated Company;
- j) The Company deals on behalf of the client with, or in the securities of, an affiliated Company;
- k) A transaction is effected in units or shares of connected investment trusts or unit trusts or open ended investment companies or of any Company of which the Company or an affiliated Company is the manager, authorised corporate director, operator, banker, adviser, custodian, administrator, trustee or depositary;
- l) Introducing agents may have other interests than the Company and/or their clients;
- m) Representatives/ Introducing agents of the Company may be aware of large client orders to acquire or dispose of a large quantity of a particular financial instrument and either the Company or its representatives/Introducing agents purchase (or sell) the financial instrument beforehand.

## Measures for the Avoidance of Conflicts of Interest

The Company has established adequate and appropriate internal procedures for minimizing or avoiding any potential conflicts of interest which include the following:

- a) Establishment of a conflict of interest management policy and ensuring awareness of the contents of its conflict of interest management policy among employees and associates.

- b) The separate supervision of relevant 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, those of the Company;
- c) Establishment of procedures governing access to electronic data;
- d) Establishment of effective procedures to prevent or control the exchange of information between relevant people engaged in activities involving risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients;
- e) Ensuring that the Company does not receive non-cash incentives and/or other indirect consideration by another provider, or product supplier or any other person.
- f) Ensuring that the Company may not offer any financial interest to a Product Supplier or otherwise, for giving preference to a specific product supplier, where the Company may recommend more than one Product Supplier to a client; or 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.
- g) Ensuring that the Company may only receive or offer financial interest from or to a third party as permitted by Applicable Laws.
- h) Ensuring that pay and any bonuses offered are linked to the profits of the Company or the business or department where an employee works. Pay and bonuses linked to the performance of another department, with possible conflicting interests, is avoided at all times.
- i) Ensuring that Company's employees will not accept any gifts other than those considered normal in their line of business. Excessive gifts from Clients may result in a conflict of interest, something the Company is committed to avoiding.
- j) Separate supervision on an on-going basis of the activities of third parties which perform services on behalf of the Company in order to ensure that such activities are performed in compliance with the applicable Laws;
- k) 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;
- l) Establishments of measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out services or activities;
- m) Clear segregation of all duties between the different departments; the establishment of Chinese wall restricting the exchange of information within the Company.
- n) Segregation of duties that may give rise to conflicts of interests if carried on by the same individual.
- o) The Company ensures that all the marketing communication of the Company is reviewed and approved by the Compliance Officer, prior the distribution to the public.

## Processes and Procedures to facilitate compliance with this Policy

The Company has established adequate and appropriate internal procedures in order to ensure compliance with this Policy, which include the following:

- a) Clients must be informed of this Policy, and must be advised on how to access the Policy.
- b) Continuously monitoring compliance with its conflict of interest management policy and annually conduct a review of the policy.

- c) Appointment of a dedicated Compliance Officer who monitors and reports sources that may entail conflict of interest to the Board of Directors of the Company;
- d) The Compliance Function will provide training and awareness to all representative persons, as part of the monitoring programme, in respect of the Policy and conflicts of interest in general.
- e) Establishment of a Board of Directors for supervising the Company's activities;
- f) Ongoing monitoring of business activities to ensure that internal controls for managing conflict of interests are appropriate.
- g) Maintaining a regularly updated record of all circumstances in which a conflict of interest arisen or may arise during the provision of the Company's activities.

## Consequences of not Compliance with this Policy

All relevant persons should comply with this Policy. In the event that a relevant person contravenes or breaches any provisions of this Policy, the Company may consider this as an action of misconduct, and as such relevant persons may be subject to disciplinary action, that may lead to a dismissal.

## Disclosure of Information

Where arrangements made by the Company are not sufficient to ensure, with reasonable confidence, that risks of interests of the clients will be prevented, the Company will, if it is aware of it, disclose to a client such conflict of interest or potential conflict of interest in respect of that Client, in sufficient detail, by disclosing the nature and/or source of the potential or the actual conflict of interest before undertaking business on his behalf.

Upon receiving those information, the Client should decide whether or not to accept the provision of this service.

If, the Company does not believe that disclosure is appropriate to manage the conflict of interest or the potential conflict of interest, then, the Company can choose not to proceed with the transaction or matter giving rise to the conflict.

## Conflict of Interest Recording

According to the FAIS Act of 2020, the Company will keep and maintain a regularly updated record of all circumstances in which a conflict of interest arisen or may arise during the provision of the Company's activities.

## Client's Consent

The Client acknowledges that the Company has the right to define the most suitable and fit way to manage situations of conflicts of interest considering the Client's best interest.

## Declining to Act

The Company may decline to act for a Client in cases where it believes that the conflict of interest cannot be managed in any other way.

## Amendment/Review

The Company reserves the right to review and/or amend the Policy and arrangement whenever it deems appropriate. The Company shall review and amend, if needed, this Policy at least on an annual basis. The Company maintains an updated copy of this Policy on its Website.

## Further Information

For further information regarding the Company's Conflict of Interest Policy and procedures, the Client can contact the Support Department ([info@scopemarkets.co.za](mailto:info@scopemarkets.co.za)).