

Brokstock SA (Pty) Ltd Conflict of Interest Policy

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1. INTRODUCTION

- 1.1** Brokstock SA (Pty) Limited (herewith "Brokstock", the "Company" or "We") is incorporated under the laws of South Africa and is registered by the Companies and Intellectual Property Commission with registration number 2020/523823/07. BROKSTOCK is a brand operated by Brokstock SA (Pty) Ltd, a company incorporated and registered under the laws of South Africa and an investment firm regulated by the Financial Sector Conduct Authority ("FSCA") with license number 51404. This Policy is recommended for employees of financial institutions, by various bodies, including the Financial Sector Conduct Authority (FSCA) and the South African Reserve Bank (SARB).
- 1.2** In accordance with the general principles financial services providers (FSPs) must prevent, avoid, and where this is not possible, mitigate conflicts of interest.
- 1.3** All actual or potential conflicts of interest in respect of a Client must be disclosed to that Client in writing and must include: the disclosure of all ownership or financial interests (excluding immaterial financial interests) that the FSP or its representative has or is eligible for, and the nature of any relationship or arrangement with a third party that gives rise to a conflict of interest.
- 1.4** Brokstock shall take all reasonable steps to identify conflicts of interest between Brokstock, including its managers, directors, employees and agents, or any person directly or indirectly linked to them by control and their clients or between one client and another that arise in the course of Brokstock providing any financial services.
- 1.5** The business segments affected are:
- 1.5.1** Shares - Intermediary Service;
 - 1.5.2** Derivative Instruments - Intermediary Service;
 - 1.5.3** Short-Term Deposits - Intermediary Service.
 - 1.5.4** Long-Term Deposits – Intermediary Service.
 - 1.5.5** Structured Deposits – Intermediary Service.
- 1.6** Brokstock is expected to make organizational and administrative arrangements to manage conflicts of interest that are sufficient to ensure, with reasonable confidence, that risks of damage to client interest will be prevented in relation to any and all financial services Brokstock provides or will provide to its clients in accordance with its operating license. Effective management of any conflict of interest that may from time to time arise when providing various financial services shall be performed by adopting reasonable measures to promptly identify and prevent such conflicts from damaging client interests as soon as practically feasible.

2. CONFLICT OF INTEREST POTENTIALLY DETRIMENTAL TO THE CLIENT

2.1 A conflict of interest exists any time when Brokstock or its employees face a choice between personal interests (financial or otherwise), or those of the Company's business, and the interests of a customer. When such a conflict arises, it may prejudice their ability to take decisions objectively to the best advantage of the customer.

2.2 During the normal course of business activities at Brokstock, circumstances could arise whereby the interests of a customer could or would conflict with:

2.2.1 The interests of the Company.

2.2.2 The interests of member(s) of staff/stakeholders/outsourced staff.

2.2.3 The interests of another customer.

2.3 Brokstock must disclose to the customer the existence of any personal interest in the relevant service, or of any circumstance which gives rise to an actual or potential conflict of interest in relation to such service, and take all reasonable steps to ensure fair treatment of the customer.

2.4 For the above purposes, Brokstock shall establish appropriate criteria for determining the general types of conflicts of interest whose existence may damage the interests of the Company's actual or potential clients.

2.5 In particular, Brokstock in identifying the existence of any conflict of interests shall address the question as to whether any relevant person of the Company or a person directly or indirectly linked by control to Brokstock is in any of the following situations, where as a result of providing investment and/or ancillary services:

2.5.1 that person is likely to make a financial gain or avoid a financial loss at the expense of the client;

2.5.2 that person has an interest in the outcome of the 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;

2.5.3 that person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;

2.5.4 that person carries on the same business as the client;

2.5.5 that person receives or will 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 other than the standard commission or fee for that service.

2.6 Brokstock may in its absolute discretion, effect transactions in which it or any other members of

the Brokstock Group has, directly or indirectly, a material interest, or a relationship of any

description with another party which may involve a potential conflict with Brokstock' duty to its client.

- 2.7** Brokstock ensures that such transactions are effected on terms which are not materially less favourable to the client than if the potential conflict had not existed.
- 2.8** Brokstock Group shall mean all the parent, subsidiary, and affiliate entities which are under the common ownership of the Brokstock Group, such as, including but not limited to Brokstock and its affiliate entities BrokerCreditService (Cyprus) Limited, Brokstock Prime Brokerage Ltd, Brokstock Americas, Inc., BrokerCreditService Ltd, and JSC Brokstock Bank.
- 2.9** Such potential circumstances of conflicting interests or duties may, inter alia, arise because:
- 2.9.1** Brokstock and/or any other member of the Brokstock Group undertakes an activity, which is regulated by a relevant regulator, for other clients including its affiliated entities and the clients of the affiliated entities;
- 2.9.2** Brokstock or any other member of the Brokstock Group exercises the same activity as the Client;
- 2.9.3** Brokstock deals in financial instruments as principal with the Client;
- 2.9.4** Brokstock has a direct or indirect financial interest in a transaction;
- 2.9.5** Brokstock acts for a number of Clients who may be competitors in the same sector;
- 2.9.6** Brokstock invests in financial instruments which have been issued by Brokstock or other member of the Brokstock Group either on own account or on behalf of its clients.

3. INTERNAL CONTROLS

- 3.1** Brokstock has specific procedures in place aimed at preventing the making of any financial gains or the avoidance of any loss by same at the Client's expense due to the aforesaid circumstances that may arise from time to time.
- 3.2** Brokstock shall ensure, by implementing appropriate internal procedures, that relevant persons engaged in different business activities that may involve a conflict of interest of the kind specified above, or any other kind of conflict of interest that may be identified by Brokstock as the case may be, carry on those activities at a level of independence appropriate to the size and activities of Brokstock. The internal procedures to be followed include but are not limited to:
- 3.2.1** effective procedures to prevent or control the exchange of information between relevant 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

(Chinese wall);

3.2.2 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, including those of Brokstock;

- 3.2.3** the 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 relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- 3.2.4** measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out financial services or activities;
- 3.2.5** measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate financial services or activities where such involvement may impair the proper management of conflicts of interest.

3.3 In this respect, Brokstock takes measures to ensure that any report or information which is not an objective or independent explanation of the matters contained therein is treated as a marketing communication for and it is clearly identified as such.

3.4 Moreover, Brokstock within the scope of the conflicts of interest policy shall at all times identify and monitor personal transactions of relevant persons, that is, any trade in a financial instrument effected by or on behalf of a relevant person, where at least one of the following criteria is met:

- 3.4.1** that relevant person is acting outside the scope of the activities he carries out in that capacity.
- 3.4.2** the trade is carried out for the account of any of the following persons:
 - (a) the relevant person,
 - (b) any person with whom he has a family relationship, or with whom he has close links, or
 - (c) a person whose relationship with the relevant person is such that the relevant person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

3.5 Furthermore, Brokstock shall establish, implement and maintain adequate arrangements aimed at preventing any activities in the case of any relevant person who is involved in activities that may give rise to a conflict of interest, or has access to inside or other confidential information relating to clients or transactions with or for clients by virtue of an activity carried out by him on behalf of Brokstock including but not limited to the following:

- 3.5.1** entering into a personal transaction which meets at least one of the following criteria:
 - (a) that person is prohibited from entering into it under the laws of South Africa or the internal rules of Brokstock on personal account dealing;
 - (b) it involves the misuse or improper disclosure of that confidential information;

(c) it conflicts or is likely to conflict with an obligation of Brokstock under the laws of South Africa.

3.5.2 without prejudice to the provisions of the applicable law, disclosing, other than in the normal course of his employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take to procure another person to enter into such a transaction.

3.6 The arrangements to be made by Brokstock are in particular designed to ensure that:

3.6.1 each Brokstock relevant person is aware of the restrictions on personal transactions, and of the measures established by Brokstock in connection with personal transactions;

3.6.2 Brokstock is promptly informed of any personal transaction entered into by a relevant person, either by notification of that transaction or by other internal procedures enabling Brokstock to identify such transactions; In the case of outsourcing arrangements, Brokstock shall ensure that the company to which the activity is outsourced maintains a record of personal transactions entered into by any relevant person and provides that information to Brokstock promptly upon request, and

3.6.3 a record is kept of personal transactions either notified to or identified by Brokstock, including any authorization or prohibition in connection with such transactions.

3.7 In cases where despite Brokstock's reasonable efforts the risk of damage of client interests cannot be prevented by Brokstock acting in good faith and in the best interests of the client, Brokstock shall disclose the general nature and/or source of conflicts of interest to the client before undertaking business on its behalf.

3.8 Any such disclosure shall be made in a durable medium and include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the financial service in the context of which the conflict of interest arises.

3.9 Brokstock shall on a regular basis keep and update a record of the types of financial services or financial activity carried out by or on behalf of Brokstock in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may be expected to arise.

3.10 Brokstock employs rules and organizational arrangements in accordance with the aforementioned, in order to manage conflicts of interest, which may arise from the publication of analytical information and financial news on the Brokstock website.

3.11 The rules, which are applicable to the relevant persons of affiliated entities involved in the production of analytical information (e.g. Financial Analysts, Research Analysts) and

other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the analytical information is designated, are the following:

3.11.1 Supervision of financial analysts involved in information production:_____

- (a) It is prohibited for all members of affiliated entities involved in information production, including Brokstock and the affiliated entities themselves to undertake transactions in financial instruments to which the analytical information might relate until after the results are made public, other than:
- (i) as market makers acting in good faith, and
 - (ii) in the ordinary course of market making, or
 - (iii) in the execution of an unsolicited client order;
- (b) a physical separation exists between the financial analysts involved in the production of analytical information and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the analytical information is designated;
- (c) Brokstock prohibits financial analysts from receiving any inducement in respect of their publication of such information;
- (d) Brokstock is committed to establish procedures, to prohibit financial analysts from accepting any remuneration or other benefits from an issuer of a product, financial instrument or service, or any other party in respect of the publication of analytical information and from offering or accepting any inducement for the publication of favourable analytical information;
- (e) Brokstock prohibits financial analysts to promise to any issuer of financial instruments that they will publish a favourable analytical information on its behalf;
- (f) Brokstock prohibits all members involved in the production of analytical information to undertake transactions in any financial instrument, which are contrary to the results and the recommendations of the said information;
- (g) Brokstock prohibits all members involved in production of analytical information to undertake personal transactions in financial instruments related to such information, which are opposite to the results and the recommendations of the specific information;
- (h) Brokstock prohibits to all employees involved in the production of investment research to expose or reveal for review to any unauthorized viewer, including issuers of financial instruments, relevant persons other than the financial analysts, or any other persons, of a draft analytical information before its disclosure;

3.12 The above mentioned rules do not apply, in cases, where analytical information, conducted by other persons or institutions, is being published, under the following conditions:

3.12.1 The person who has produced analytical information has no relationship with the Brokstock Group;

3.12.2 The recommendations of the analytical information have not been modified by the

Brokstock

Group;

3.12.3 Brokstock and/or the Brokstock Group do not appear to be the producer of analytical information;

3.12.4 Prior to publishing the information, Brokstock Group has verified that the person or institution which has produced the information applies the same or similar compliance rules as the Brokstock Group.

3.13 The processes that Brokstock has in place related to the analysis of financial instruments are geared at preventing situations which could result in unfair trade execution or allocation across clients' accounts of investment opportunities and trades being executed in priority or to the favour of one or more clients at the disadvantage of other client(s).

3.14 Brokstock generally seeks to aggregate orders for more than one client in circumstances, which it reasonably believes, will result in a more favourable overall execution and outcome for certain clients.

4. CONSEQUENCES OF NON-COMPLIANCE

4.1 The penalty for non-compliance of specific provisions of the Financial Advisory and Intermediary Services Act is an amount of up to R10 million and / or a period of up to 10 (ten) years imprisonment.

4.2 The authorized authority may revoke the license of financial service provider or refer instances of non-compliance to an Enforcement Committee who may impose administrative penalties on offenders.

4.3 Brokstock will impose disciplinary action on employees who breached rules related to conflict of interest policy which may result in civil or criminal prosecution.

5. FURTHER INFORMATION

5.1 This Policy applies not only to employees but also to anyone providing services to the Company.

5.2 Questions and feedback regarding this Policy should be submitted to the corporate e-mail info@brokstock.co.za.

5.3 Further, please read other related policies and documents, which can be found on the

Company's website or may be requested by them via email at info@brokstock.co.za.

5.4 If there are any questions or comments about this General Risk Disclosure Policy please contact us via e-mail at info@brokstock.co.za.

6. AMENDMENTS TO THIS POLICY

6.1 Amendments to this Policy will take place from time to time subject to the discretion of Brokstock and pursuant to any changes in the law. Such changes will be brought to the attention of employee's, members and clients where it affects them.

7. POLICY REVIEW

7.1 The Key Individual has the authority to make amendments to this Policy. The Key Individual may delegate responsibility to an employee or external party for drafting the amendments.

7.2 If any inadequacy of any element of this Policy is identified, that portion of the Policy can be amended. The Policy should also undergo a full review as deemed necessary.

7.3 The Policy shall be reviewed at least annually, and more frequently.

7.4 Any significant changes in the Policy after each review shall follow a formal approval process.

8. OWNERSHIP OF THIS POLICY

8.1 This Policy is owned by Brokstock SA (Pty) Ltd, trading as BROKSTOCK, an authorised financial services provider in terms of the Financial Advisory & Intermediary Services Act (37 of 2002) and subordinate legislation, with FSP number 51404.

8.2 The Key Individual of Brokstock SA (Pty) Ltd hereby confirms the adoption of this Policy on behalf of the governing body of the Brokstock SA (Pty) Ltd and accepts responsibility for the successful training of employees and implementation of this Policy.

8.3 This document will be updated whenever material changes are made to it.

Annexure 1 – List of Associates

Name of Associates	Nature of Relationship
BrokerCreditService (Cyprus) Limited	Company within Brokstock Group
Brokstock Prime Brokerage Ltd	Company within Brokstock Group
Brokstock Americas, Inc	Company within Brokstock Group
BrokerCreditService Ltd	Company within Brokstock Group
JSC Brokstock Bank	Company within Brokstock Group
Brokstock LLC	Company within Brokstock Group
Brokstock Fintech LLC	Company within Brokstock Group

Annexure 2 - List of any third parties in which the Brokstock holds an ownership interest

Name of Third Party	Extent of Interest
None	

Annexure 3 - List of any third parties holding an ownership interest of the Brokstock SA (Pty) Ltd

Name of Third Party	Extent of Interest
FG Brokstock LTD	75% Shareholder of Brokstock SA (Pty) Ltd
Brokstock LLC	25% Shareholder of Brokstock SA (Pty) Ltd

Annexure 4 - Organogram of the Ownership of Brokstock Market SA (Pty) Ltd - as of 11 January 2023

