

GLOBEX 360 PROPRIETARY LIMITED

CONFLICT OF INTEREST POLICY

1. Introduction

- 1.1 Globex 360 Proprietary Limited ("**Globex 360**") is regulated by the Financial Sector Conduct Authority ("**FSCA**") and licensed as a financial services provider (FSP 50130).
- 1.2 This conflict of interest policy ("**the Policy**") has been implemented in terms of the General Code of Conduct for Authorised Financial Service Providers and Representatives Amendment Notice 58 of 2010 ("**BN 58**") which was gazetted on 19 April 2010.
- 1.3 The Policy sets out Globex 360's approach in identifying the circumstances which may give rise to a conflict of interest, its measures for preventing the rise of such conflict of interest as well as managing conflicts of interest which may arise during the course of its normal business activities. Globex 360 is committed to act honestly, fairly and professionally and in the best interests of its Clients.

2. Definitions and Interpretation

- 2.1 "**Associate**" means:
 - 2.1.1 in relation to a natural person:
 - 2.1.1.1 a person who is recognised in law or the tenets of religion as a spouse, life partner or civil union partner of that person;
 - 2.1.1.2 a child of that person, including a step child, adopted child, and child born out of wedlock;
 - 2.1.1.3 a parent or step parent of that person;
 - 2.1.1.4 a person in respect of which that person is recognised in law or appointed by a court as the person legally responsible for managing the affairs of or meeting the daily needs of the first mentioned person;
 - 2.1.1.5 a person who is the spouse, life partner or civil union partner of a person referred to in paragraphs 2.1.1.2 to 2.1.1.4;
 - 2.1.1.6 a person who is a commercial partner of that person;

- 2.1.2 in relation to a juristic person-
 - 2.1.2.1 which is a company, means any Subsidiary or Holding Company of that company, any other Subsidiary of that Holding Company and any other company of which that Holding Company is a Subsidiary;
 - 2.1.2.2 which is a close corporation registered under the Close Corporations Act, 69 of 1984, means any member thereof as defined in section 1 of that act;
 - 2.1.2.3 which is not a company or a close corporation as referred to above means another juristic person which would have been a Subsidiary or Holding Company of the first mentioned juristic person:-
 - 2.1.2.3.1 had such first mentioned juristic person been a company; or
 - 2.1.2.3.2 in the case where that other juristic person too, is not a company , had both the first mentioned juristic person and the other juristic person been a company;
- 2.1.3 means any person in accordance with whose directions or instructions the board of directors of or, in the case where such juristic person is not a company, the governing body of such juristic is accustomed to act;
- 2.1.4 in a relation to any person-
 - 2.1.4.1 means any juristic person of which the board of directors, or in the case where such juristic person is not a company, of which the governing body is accustomed to act in accordance with the directions or instructions of the person first-mentioned in this paragraph; and
 - 2.1.4.2 includes any trust controlled or administered by that person.
- 2.2 **“Company”** means a company under the Companies Act;
- 2.3 **“Companies Act”** means the Companies Act No 71 of 2008;
- 2.4 **“Conflict of Interest”** means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial services to a client:

- 2.4.1 influence the objective performance of his, her or its obligations to that client; or
- 2.4.2 prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interest of that client, including, but not limited to:-
 - 2.4.2.1 a Financial Interest;
 - 2.4.2.2 an Ownership Interest;
 - 2.4.2.3 any relationship with a third party”;
- 2.5 **“Distribution Channel”** means-
 - 2.5.1 any arrangement between a product supplier or any of its Associates and one or more providers or any of its Associates in terms of which arrangement of any support or services is provided to the provider or providers in rendering a financial service to clients;
 - 2.5.2 any arrangement between two or more providers or any of their Associates, which arrangement facilitates, supports or enhances a relationship between the provider or providers and a product supplier;
 - 2.5.3 any arrangement between two or more product suppliers or any of the Associates, which arrangement facilitates, supports or enhances a relationship between a provider or providers and a product supplier;
- 2.6 **“Fair Value”** has the meaning assigned to it in the financial reporting standards adopted or issued under the Companies Act;
- 2.7 **“Financial Interest”** means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic or foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than -
 - 2.7.1 an Ownership Interest;
 - 2.7.2 training, that is not exclusively available to a selected group of providers or representatives, on-

- 2.7.2.1 products and legal matters relating to those products;
- 2.7.2.2 general financial and industry information ;
- 2.7.2.3 specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.
- 2.8 **“Holding Company”** means a holding company as defined in section 1(4) of the Companies Act;
- 2.9 **“Immaterial Financial Interest”** means any Financial Interest with determinable monetary value, the aggregate of which does not exceed R 1 000 in any calendar year from the same third party in that calendar year received by-
 - 2.9.1 a provider who is a sole proprietor; or
 - 2.9.2 a representative for that representative’s direct benefit;
 - 2.9.3 a provider, who for its benefit or that of some or all of its representatives, aggregates the Immaterial Financial Interest paid to its representatives;
- 2.10 **“Ownership Interest”** means-
 - 2.10.1 any equity or proprietary interest, for which Fair Value was paid by the owner at the time of acquisition, other than equity or a proprietary interest held as an approved nominee on behalf of another person; and
 - 2.10.2 includes any dividend, profit share or similar benefit derived from that equity or Ownership Interest;
- 2.11 **“Subsidiary”** means a subsidiary as defined in section 1(3) of the Companies Act;
- 2.12 **“Third Party”** means-
 - 2.12.1.1 a product supplier;
 - 2.12.1.2 another provider;
 - 2.12.1.3 an Associate of a product supplier or a provider;

2.12.1.4 a Distribution Channel;

2.12.1.5 any person who in terms of an agreement or arrangement with a person referred to above provides a Financial Interest to a provider or its representatives”.

3. **Scope**

This Policy applies to conflicts of interest between all the directors, employees or any persons directly or indirectly linked to the Company ("**Relevant Persons**") and all interactions of the Company with Clients as well as between one Client and another.

4. **Avoidance of Conflict**

4.1 The company and all Relevant Persons must avoid and where this is not possible mitigate, any Conflict of Interest between the Company and its Clients or any Relevant Person and a Client.

4.2 The Company and any Relevant Persons must, in writing, at the earliest reasonable opportunity:

4.2.1 disclose to Clients any Conflict of Interest in respect of that Client;

4.2.2 notify the Compliance Officer of the Conflict of Interest;

4.2.3 take measures, in accordance with this Policy to avoid or mitigate the conflict;

4.2.4 disclose to the Client:-

4.2.4.1 any Ownership Interest or Financial Interest that the Company may be or become eligible for;

4.2.4.2 the nature of any relationship or arrangement with a Third Party that gives rise to a Conflict of Interest, in sufficient detail to enable the client to understand the exact nature of the relationship or arrangement and the Conflict of Interest; and

4.2.5 inform a client of this Policy and how it may be accessed.

4.3 It is incumbent upon each Relevant Person to ensure that any potential conflict with a Client position is brought to the compliance officer's attention before such personal dealings takes place.

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

5.1 a director's duty to notify the Board prior to the involvement in any activity such as serving on another management body that could contribute to a conflict of interest;

5.2 A director's duty to refrain from voting on any matter where the member may have a conflict of interest.

6. **Financial interest and conflict of interest management policy**

6.1 Please note that the Company does not at present secure business through juristic representatives nor does it recommend products of a Third Party. However, the following provisions will be retained in the Company's Policy in the event that the business model changes.

6.2 The Company or Relevant Person may only receive or offer the following Financial Interest from or to a Third Party:

6.2.1 fees or remuneration for the rendering of a service to a Third Party, which fees of remuneration are reasonably commensurate to the service being rendered;

6.2.2 subject to any other law, an Immaterial Financial Interest; and

6.2.3 a Financial Interest for which a consideration, Fair Value or remuneration that is reasonably commensurate to the Financial Interest, is paid by the Company at the time of receipt thereof.

6.3 The Company may not offer any Financial Interest to its representatives for:

6.3.1 giving preference to the quantity of business secured for the provider to the exclusion to the quality of the services rendered to clients; or

- 6.3.2 giving preference to a specific product supplier, where a representative may recommend more than one product supplier to a client; or
 - 6.3.3 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.
7. While it is not possible to create an exhaustive list of all relevant conflicts of interest that may arise, the following list includes circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interest of one or more Clients, as a result of providing investment services:
- 7.1.1 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;
 - 7.1.2 the Company may receive or pay inducements to or from third parties due to referral of new Clients or Clients' trading;
 - 7.1.3 the Company may use entities which are members of its group as counterparties to certain transactions;
 - 7.1.4 where the Company provides investment advice for more than one client- in particular in respect of issues related to allocation;
 - 7.1.5 where the Company provides investment advice to Company's clients who are trading against the Company's own capital
 - 7.1.6 the Company may produce investment research material which shall be used to support the Clients' trading activities who will be trading against the Company's own capital;
 - 7.1.7 where the remuneration of third parties is based on the trading activity of clients referred to the Company which may incentivise prohibited marketing tactics and the use of misleading information.
8. When rendering financial services to clients the Relevant Persons should ask themselves if there is any situation that exists that prevents me from rendering an unbiased and fair financial service to the client;

9. Disclosure of Conflict of Interest

In the event that any Relevant Person detects a Conflict of Interest the following procedures shall be followed:

- 9.1 the employee shall be obliged to report such conflict to the compliance officer;
- 9.2 the compliance officer shall discuss the potential conflict with the managing director and where necessary, the directors of the Company;
- 9.3 the compliance officer shall revert to the Relevant Person with:
 - 9.3.1 confirmation that the conflict does exist and whether or not to continue with the transaction;
 - 9.3.2 confirmation that there is potential conflict and how it may be mitigated; or
 - 9.3.3 confirmation that there is no conflict.

10. The Company has implemented the following:

- 10.1 a dedicated external compliance officer to monitor any possible deviation from the Policy;
- 10.2 appointment of an internal auditor to ensure appropriate systems and controls are maintained and report to the Company's Board of Directors;
- 10.3 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;
- 10.4 separate supervision of Related persons whose principal functions involve carrying out activities on behalf of, or providing services to, Clients whose interests may conflict, including those of the Company;
- 10.5 removal of any direct link between the remuneration of Relevant Persons principally engaged in one activity and the remuneration of , or the revenues generated by different Related persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- 10.6 separate supervision on on-going basis of the activities of the 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;
- 10.7 prohibition on officers and employees of the company having external business interests conflicting with the interests of the Company without prior approval of the Company's Board of Directors;
- 10.8 personal account dealing requirements applicable to Related Persons in relation to their own investments
- 10.9 measurements to prevent or limit any person from exercising inappropriate influence over the way in which a Related Persons carry out investment or ancillary services or activities to prevent or control the simultaneous or sequential involvement of any Related Person in separate investment or ancillary or activities where such involvement may impair the proper management of the conflicts of interest;

- 10.10 segregation of duties that may give rise to conflicts of interest if carried out by the same individual; and
- 10.11 establishment of Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments.

11. Consequences of non-compliance

In the event that a Relevant Person contravenes any provisions of this Policy they shall be charged with an offence under the Company's disciplinary codes and subject to a disciplinary hearing.

12. Continual Development

The Company will continuously monitor compliance with this Policy and annually conduct a review of the Policy. All employees must be aware of the contents of this Policy and appropriate training will be provided to each employee. The compliance officer will include a report on the Company's Conflict of Interest policy in compliance reports submitted to the Registrar under the Act.