



# **Conflict Of Interest Policy**

## 1. Introduction:

This policy outlines a suitable, effective, and sustainable approach to the identification and management of conflicts of interest (“COI”).

The policy aims to comply with the best practice and statutory requirements as per the General Code of Conduct for Financial Services Providers and Representatives published in Board Notice 80 of 2003 as amended by Board Notice 58 of 2010 as well as other applicable requirements as set out in the Financial Advisory and Intermediary Services Act, 37 of 2002 (“FAIS”).

## 2. Purpose:

The purpose of this summary document is to set out the Company’s approach to identifying and managing conflicts of interest which may arise during the course of its business activities. The Policy applies to all its directors, employees, any persons directly or indirectly linked to the Company refers to all interactions with all clients.

The purpose of this policy is:

- i. to provide guidance on the behaviours expected in accordance with Midori FX (Pty) Ltd standards;
- ii. to promote transparency and to avoid or mitigate any business-related COI that may arise between Midori FX (Pty) Ltd, its clients, vendors and/or employees respectively;
- iii. to ensure fairness in the interests of employees and Midori FX (Pty) Ltd;
- iv. to document the process for the disclosure, approval and review of activities that may amount to actual, potential or perceived COI;
- v. to provide a mechanism for the objective review of personal outside interests.

Midori FX (Pty) Ltd is committed to ensuring that all business is conducted in accordance with good business practice. To this end Midori FX (Pty) Ltd conducts business in an ethical and equitable manner and in a way, that safeguards the interests of all stakeholders to minimize and manage all real or potential conflict of interest (“COI”). Midori FX (Pty) Ltd and its representative must therefore avoid (or mitigate where avoidance is not possible) any COI between Midori FX (Pty) Ltd and a client or its representative and a client.

## 3. Definitions:

For purposes of this policy, the following words and/or phrases are defined herein:

“Conflict of interest” means any situation in which Midori FX (Pty) Ltd or its representatives has an actual or potential interest that may, in rendering a financial service to a client influence the objective performance of his, her or its obligations to that client; or

prevent Midori FX (Pty) Ltd or its representatives 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
  - a. a product supplier,
  - b. another provider,
  - c. an associate of a product supplier or a provider;
  - d. a distribution channel;
  - e. any person who in terms of an agreement or arrangement with a person referred to in paragraphs (a) to (d) above provides a financial interest to a provider or its representatives.)

“FAIS” means the Financial Advisory and Intermediary Services Act, 37 of 2002.

“Financial interest” means any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, domestic and foreign travel, hospitality, accommodation, sponsorship, other incentive or valuable consideration, other than –

- i. an ownership interest
- ii. training, that is not exclusively available to a selected group of providers or representatives on products and legal matters relating to those products; general financial and industry information; specialized technological systems of a third party necessary for the rendering of a financial service; but excluding travel and accommodation associated with that training.

“Immaterial financial interest” means any financial interest with a determinable monetary value, the aggregate of which does not exceed R1 000 in any calendar year from the same third party in that calendar year received by –

- a) a provider who is a sole proprietor; or
- b) a representative for that representative’s direct benefit;
- c) a provider, who for its benefit or that of some or all of its representatives, aggregates the immaterial financial interest paid to its representatives.

“Representative” means duly appointed representative and/or representative under supervision of Midori FX (Pty) Ltd.

“Ownership interest” means

- a) any equity or proprietary interest, for which at fair value was paid by the owner at the time of acquisition, other than equity or an proprietary interest held as an approved nominee on behalf of another person; and
- b) includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

“Provider” means Midori FX (Pty) Ltd

#### 4. Procedures:

Midori FX (Pty) Ltd or its representatives may only receive or offer financial interest from or to a third party as determined by the Commissioner of Financial Services Providers from time to time, and as set out in Annexure A here to.

Midori FX (Pty) Ltd may not offer any financial interest to its representatives for giving preference to the quantity of business secured for the provider to the exclusion of the quality of the service rendered to clients; or giving preference to a specific product supplier, where a representative 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 supplier to a client.

##### 4.1 How to identify COI:

In order to identify whether you have a conflict of interest, a representative should ask the following questions:

1. Do I have my client’s best interest at heart, or am I acting in my own best interest?
2. Do I have Midori FX (Pty) Ltd’s best interest at heart, or am I acting in my own best interest?
3. Am I acting professionally?
4. Am I acting independently?
5. Am I acting objectively?
6. Are my interests aligned with that of Midori FX (Pty) Ltd

##### 4.2 Resolving COI or potential COI:

Key individuals and representatives of Midori FX (Pty) Ltd are expected to avoid all COI or potential COI. Where not possible, mitigate and disclose.

##### 4.3 Potential COI that could affect Midori FX (Pty) Ltd

The following are potential COI that could affect Midori FX (Pty) Ltd:

1. Directorships or other employment;
2. interests in business enterprises or professional practices;
3. share ownership;
4. beneficial interests in trusts;
5. personal Account Trading;
6. professional associations or relationships with other organizations;
7. personal associations with other groups or organizations, or family relationships;
8. Front running;
9. Rebates;

10. Kickbacks; and
11. Commission

Examples of potential COI scenarios include, but are not limited to the following:

1. Using influence to secure a contract for a service provider in which you hold an interest;
2. Soliciting financial interest to influence or unfairly advance the interests of a third party;
3. Accepting benefits from service providers or contractors;
4. Setting up business in direct competition with Midori FX (Pty) Ltd; and
5. Giving preference to the quantity of business which you undertake rather than the quality thereof.

#### **4.4. Insider trading:**

The term “insider trading” describes circumstances where an individual, who has price sensitive information, deals in a related security or financial instrument before the information is made available to the rest of the market.

Insider trading creates conflicts of interest.

The individual is abusing their knowledge and so placing themselves in a better position than the rest of the market, which conflicts with the concept of market fairness. A representative that commits insider trading is additionally placing themselves in a better position than Midori FX (Pty) Ltd and/or its clients, so creating a conflict of interests between themselves and Midori FX (Pty) Ltd and/or its clients.

#### **4.5 Pension Funds:**

In the event where an FSP renders a financial service to a pension fund, the FSP must apply the following stricter limitations in compliance with Directive No 8 of 2018 of the Pension Funds Act, No 24 of 1956 – Prohibition of the acceptance of gratification.

1. Any gratification which objectively viewed, creates a conflict of interest with their fiduciary duty towards the funds;
2. Token gift/s that exceed/s the annual limit set by the Board of the Pension Fund in terms of the pension funds’ gift policy, which annual limit shall not be more than R500 per annum in aggregate from any one service provider i.e. FSP;
3. Any gratification relating to local or international due diligence including but not limited to subsistence, travel or accommodation;
4. Any gratification relating to local or international entertainment or sporting events including, but not limited to, subsistence, travel or accommodation; or
5. Conferencing costs or board of fund expenses.

#### 4.6 Measures to avoid COI:

The company has established the following procedures to avoid any conflicts of interest. The procedures are constantly monitored and reviewed in order for corrective measures to be implemented if any loopholes are identified. In general, the procedures to be followed and measures to be adopted in order to manage such conflicts to ensure the necessary degree of independence include the following:

- Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities.
- Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.
- 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 the Company.

More specifically, some of the procedures already established are as follows:

- Company Employees must comply with all rules, regulations and directives of the competent authorities, and the code of ethics of the company.
- A 'need to know' policy governing the dissemination of confidential or inside information within the Group.
- Personal account dealing requirements applicable to relevant persons in relation to their own investments.
- A policy designed to limit the conflict of interest arising from the giving and receiving of inducement.
- Appointment of Internal auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors
- Establishment of the four-eye principle in supervising the Company's activities
- A gifts and inducements log registering the solicitation, offer or receipt of certain benefits.
- In the case where the Company distributes marketing communication to its clients, it ensures that the said communication is reviewed and approved by the compliance communication meets the relevant definition of marketing communication as well as having the appropriate disclosure statement.

#### 4.7 Disclosure of COI:

At the earliest reasonable opportunity, Midori FX (Pty) Ltd and its representative must, in writing, disclose to a client any COI or potential COI in respect of that client including –

- a. Measures taken to avoid or mitigate the conflict;
- b. Any ownership interest or financial interest that the provider or representative may be or become eligible for;
- c. The nature of the relationship or arrangements with a third party that gives rise to a COI in sufficient detail to enable the client to understand the exact nature of the COI.

At the earliest reasonable opportunity, Midori FX (Pty) Ltd and its representative must, in writing, inform a client of the Conflict of Interest Management Policy and how it may be accessed.

Notification of an actual or potential COI should be made to a person with responsibility for the issue or area, such as the relevant management team, supervisor, head of the department or key individual.

In accordance with an employee's obligation to act in the best interest of his or her employer, it is not permissible for employees to engage in conduct that would amount to a COI with Midori FX (Pty) Ltd.

Staff that fail to disclose a potential or actual COI in accordance with this policy may be liable to disciplinary procedures as governed by relevant industrial awards or agreements.

### 5 Housekeeping of this document:

- i. Ownership and ultimate responsibility:
  - a. This document is owned and maintained by Midori FX (Pty) Ltd. The ultimate responsibility for this document, the contents thereof and compliance remains with the Key individuals, of Midori FX (Pty) Ltd who is responsible for creating an ethical environment.
- ii. Updates, review and approval:
  - a. Midori FX (Pty) Ltd COI policy shall be reviewed on an annual basis and updated if necessary. Board of Directors of Midori FX (Pty) Ltd on 25 January 2024.
- iii. Adoption and implementation:
  - a. Every staff member must have a copy of the Conflicts of interest Management Policy. If a potential COI arises, the transaction must first be discussed with management before entering the transaction.
- iv. Non-compliance with this document:

- a. Non-compliance with this policy and the procedures described in it may be misconduct and employees may be subject to disciplinary action that may lead to dismissal.

6 Names of any third parties in which Midori FX (Pty) Ltd hold an ownership interest:

Midori FX (Pty) Ltd does not hold an ownership interest in third party Companies

7 Conclusion:

All representatives of Midori FX (Pty) Ltd including key individuals and management are required to be dedicated to upholding the highest level of integrity and ethical conduct in all of their activities and relationships with all stakeholders.

### **Annexure A- Accepted financial interest as amended**

The Commissioner of Financial Services Providers issued Board Notice 58 of 2010 (BN 58) under section 15 of the Financial Advisory and Intermediary Services Act, 2002 (FAIS). BN 58 amends the General Code of Conduct for Authorised Financial Services Providers and Representatives under FAIS and determines that a financial services provider or its representatives may only receive or offer financial interest from or to a third party as follows:

- i. Commission authorised under the Long-term Insurance Act or Short-term Insurance Act;
- ii. Commission authorised under the Medical Schemes Act;
- iii. Fees authorised under the Long-term Insurance Act, the Short-term Insurance Act or the Medical Schemes Act, if those fees are reasonably commensurate to a service being rendered;
- iv. Fees for the rendering of a financial service in respect of which commission or fees referred to in sub-paragraph (i), (ii) or (iii) is not paid, if those fees –
  - aa. are specifically agreed to by a client in writing; and
  - ab. may be stopped at the discretion of that client.
- v. fees or remuneration for the rendering of a service to a third party, which fees or remuneration are reasonably commensurate to the service being rendered;
- vi. subject to any other law, an immaterial financial interest\*;
- vii. a financial interest, not referred to under sub-paragraph (i) to (vi), for which a consideration, fair value or remuneration that is reasonably commensurate to the value of the financial interest, is paid by that provider or representative at the time of receipt thereof



