



# Conflict of Interest Policy

Version 4, November 2024

## 1. Introduction

This Conflict of Interest Policy (“the Policy”) is provided to you (our Client or prospective Client) in accordance with the General Code of Conduct for Financial Services Providers and Representatives published in Board Notice 80 of 2003 (“General Code of Conduct / Code”) 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, pursuant to which JME Financial Services (Pty) Ltd (“the Company” or “NAGA”) is required to take all appropriate steps to detect, avoid and mitigate actual conflicts of interest / perceived conflicts of interest.

The Company is committed to act honestly, fairly and professionally and in the best interests of its Clients and to comply, in particular, with the principles set out in the General Code of Conduct when providing financial services.

The purpose of this document is to set out the Company’s approach in identifying and managing conflicts of interest which may arise during the course of its normal business activities. In addition, this document identifies circumstances which may give rise to a conflict of interest.

## 2. Scope

The Policy applies to all its directors, employees, any persons directly or indirectly linked to the Company (hereinafter called “Related Persons”) and refers to all interactions with all Clients.

The primary objectives of this Policy are:

- To provide guidance on the behaviours expected in accordance with the Company’s standards.
- To promote transparency and to avoid business-related Conflict of Interests.
- To ensure fairness in the interests of employees and the Company.
- To document the process for the disclosure, approval and review of activities that may amount to actual, potential, or perceived Conflict of Interest.
- To provide a mechanism for the objective review of personal outside interests

## 3. Definitions

**Conflict of interest** means any situation in which the Company 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 the Company or its representatives



from rendering an unbiased and fair financial service to clients or from acting in the interests of clients, 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.)

**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.

**Ownership interest** means:

- i. 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
- ii. includes any dividend, profit share or similar benefit derived from that equity or ownership interest.

**Third party** means:

- i. a product supplier;
- ii. another provider; or
- iii. an associate of a product supplier or provider.



**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 its representatives, aggregates the immaterial financial interest paid to its representatives.

**Representative** means duly appointed representative and/or representative under supervision of the Company.

**Provider** means the Company.

#### **4. Financial Interest**

The Company or any related person may only receive or offer financial interest from or to a third party as determined by the Registrar of Financial Services Providers from time to time, and as set out in Appendix 1 hereto.

The Company 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.

#### **5. Criteria of identifying conflicts of interest**

When the Company deals/transacts with the Client, the Company (or an associate or some other person connected with the Company) may have an interest, relationship or arrangement in relation to the Transaction concerned or that it conflicts with the Client's interest. The Company hereby identifies and discloses a range of situations and circumstances which may give rise to an actual and/or perceived conflict of interest, but not necessarily, be detrimental to the interests of one or more Clients.

For the purposes of identifying the types of conflicts of interest that may arise in the course of providing investment and ancillary services, or a combination thereof, and whose existence may damage the interest of a Client, the Company takes into account, by way of minimum criteria, the question of whether the Company or a Related Person, or a person directly or indirectly linked by



control to the Company, is in any of the following discordant situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- a. The Company or a Related 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;
- b. The Company or a Related Person has a financial or other incentive to favour the interest of another Client or group of Clients over the interests of the Client;
- c. The Company or a Related Person carries on the same business as the Client;
- d. The Company or a Related 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 or any other financial interest as defined herein, other than the standard commission or fee for that service.

## **6. Identification of Conflicts of Interest**

The Company has identified the following circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more Clients, as a result of providing investment services:

- a. the Company may be providing other services to associates or other Clients of the Company who may have interests in Financial Instruments or Underlying Assets, which are in conflict or in competition with the Client's interests;
- b. the Company is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- c. the Company's remuneration scheme may award its employees based on the trading volume etc.;
- d. the Company or a Related Person may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading in the form of monies, goods or services or any other financial interest as defined herein, other than the standard commission or fee for that service;
- e. Any market information, training and discussions as regards possible market trends should not be construed as trading/investment advice. It is the client responsibility to perform its own market research before entering into any position;
- f. The possible use or dissemination of confidential information derived from business units of the Company such as front running, where applicable for the Company;



- g. In some cases, the Company may trade its proprietary positions and at the same time may have knowledge of Client's future transactions via stop limit orders, as applicable.

## **7. General Procedures and Controls for Preventing and Managing Conflicts of Interests**

In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include the following measures (the list is not exhaustive):

- a. All employees of the Company shall become aware of the Policy and the Compliance Officer shall ensure that the relevant employees have the ability and knowledge to identify such cases of conflict of interests. The Compliance Officer, if deemed necessary, shall verify that all employees (including newcomers) are aware of the above.
- b. The Company undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.
- c. The Company undertakes 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. Measures to prevent or limit any person from exercising inappropriate influence over the way in which the Related Person carries out investment services.
- e. Measures to prevent or control the simultaneous or sequential involvement of a Related Person in separate investment services where such involvement may impair the proper management of conflicts of interest.
- f. A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
- g. Procedures governing access to electronic data.
- h. Segregation of duties that may give rise to conflicts of interest if carried on by the same individual.
- i. The Company, when providing copy trading, shall return any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party as soon as reasonably possible after receipt. All fees, commissions or monetary benefits received from third parties in relation to the provision of copy trading shall be transferred in full to the client.

The Company, when providing copy trading shall not accept non-monetary benefits, that are not listed below:

- information or documentation relating to a financial instrument or an investment service, is generic in nature or personalised to reflect the circumstances of an individual client;
  - written material from a third party that is commissioned and paid for by an corporate issuer or potential issuer to promote a new issuance by the company, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firms wishing to receive it or to the general public;
  - participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment service;
  - hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training events mentioned above; and
  - other minor non-monetary benefits which might be capable of enhancing the quality of service provided to a client and, having regard to the total level of benefits provided by one entity or group of entities, are of a scale and nature that are unlikely to impair compliance with an investment firm's duty to act in the best interest of the client.
- j. 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 Conflict of Interest with the Company. Staff that fail to disclose a potential or actual conflict in accordance with this Policy may be liable to disciplinary procedures as governed by relevant industrial awards or agreements.
- k. Establishment of Compliance Department to monitor and report on the above to the Company's Board of Directors.
- l. 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.

## 8. Specific Identification of Conflict of Interest and Measures for their Management

The Company is constantly conducting an in-depth analysis of its business and organisational arrangements including, inducement practices, remuneration practices and marketing communication procedures, to ensure that all likely conflict of interest situations are identified regardless of materiality.



## **9. Adoption, implementation and training:**

- a. Every staff member must have a copy of this Policy. If a potential Conflict of Interest arises, the transaction must first be discussed with management before entering the transaction.
- b. The Company ensures that its staff and where appropriate, associates are aware of the contents of this Policy and appropriate training will be provided to staff where deemed necessary.

## **10. Disclosure of Information**

If during the course of a business relationship with a Client or a group of Clients, the organizational or administrative arrangements/measures in place are not sufficient to avoid or manage a conflict of interest relating to that Client or group of Clients, the Company will disclose the conflict of interest before undertaking further business with the Client or a group of Clients in writing, at the earliest reasonable opportunity and inform the Client of this Policy and how it may be accessed. In addition the Company will inform the Client of the measures taken to avoid or mitigate the conflict; any ownership or financial interest, other than an immaterial financial interest, that the Company or representative may be or become eligible for; and 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.

## **11. Client's Consent**

By entering into a Client Agreement with the Company for the provision of Investment Services, the Client is consenting to the application of this Policy on him/her. Further, the Client consents to, and authorises the Company to, deal with the Client in any manner which the Company considers appropriate, notwithstanding any conflict of interest or the existence of any interest in a Transaction, without prior reference to the Client.

In the event the Company is unable to deal with a conflict of interest situation it shall revert to the Client.

## **12. Amendment of the Policy and Additional Information**

The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate according to the terms of the Client Agreement between the Company and the Client. This Policy is reviewed at least annually and is approved / adopted by the Board of Directors of the Company.

Should you require any further information and/or have any questions about conflicts of interest please direct your request and/or questions to [support.za@naga.com](mailto:support.za@naga.com)



### **13. Non-compliance with this Policy**

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.

### **14. List of all Company's associates**

The Company may come to an agreement with various associates such as (the following list is not exhaustive):

**Introducer or associate or affiliate ("Introducer"):** The Client might be introduced to the Company through a third person such as a business introducer or associate or affiliate ("Introducer"), the Client acknowledges that the Company is not bound by any separate agreements entered into between the Client and the Introducer. It is also made clear that the Introducer is not authorized by us to bind the Company in any way, to offer credit in our name, to offer guarantees against losses, to offer investment services or legal, investment or tax advice in our name. It is also stated that the Introducer is not authorized by us to collect money from you to deposit them in your Client Account and you should use the methods of depositing money accepted by the Company. The Client acknowledges that the Company shall pay the Introducer with inducements for the introduction of Clients. The fee is per activation of accounts. It is understood that the Client's turnover shall not be reduced as a result of the inducement paid to the Introducer.

**Liquidity Provider:** The Company uses an execution venue to transmit the orders for execution (straight-through processing). It is understood that when the Company arranges for the execution of Client Orders with an execution venue, it pays monthly commissions to the execution venue. Such a fee is designed to enhance the quality of the service offered to the Client.

**Bank Account / Payment providers:** The Company will keep merchant accounts in its name with bank accounts and various payment services providers used to settle payment transactions of its Clients. It is clarified that the accounts with payment services are not used for safekeeping of Client money but only to effect settlements of payment transactions.

### **15. Names of any third parties in which the Company holds an ownership interest:**

The Company does not hold an ownership interest in any other companies.

### **16. Names of any third parties that holds an ownership interest in the Company**

The Company is fully owned by Key Way Group Ltd a company organized under the laws of Gibraltar, the registered office of which is, Suite 7, Hadfield House, Library Street, Gibraltar, GX11 1AA, Gibraltar with registration number 116088.



**Conclusion:**

All representatives of the Company 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.



## Appendix 1 – Financial Interest

The Registrar 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:
  - a. are specifically agreed to by a client in writing; and
  - b. 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*\*; and
- 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.

### Note:

\* “*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.