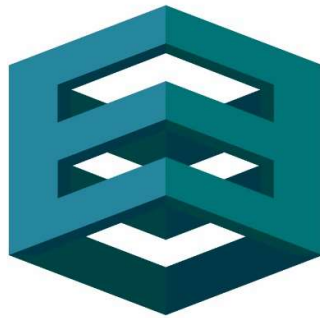


**EQUITY EXPRESS SECURITIES  
EXCHANGE (PTY) LTD  
CONFLICT OF INTEREST ASSESSMENT  
REPORT  
2023**



**EQUITY EXPRESS**  
securities exchange

## **Introduction**

This Conflict of Interest Assessment report is prepared in line with Board Notice 1 of 2015 together with the Financial Markets Act, 2012. The report has been structured to comply with the information required in the board Notice.

## **Conflict of Interest Committee**

The conflict of Interest (COI) committee of EESE, meets a minimum of two (2) times per annum to discuss and monitor any conflicts that have arisen or that need to be resolved. If it is required the committee may call a special meeting if a conflict has arisen that it deems necessary to meet to resolve. During FY 2023 there was no need to call a special committee meeting.

During FY 2023 there were no new conflicts added to the conflict-of-interest register.

The COI terms of reference are attached as an appendix to this report and are up for review during the 2024 financial year. We do not see any major changes being made to these terms of reference.

The COI committee reviews EESE's conflict of interest register to ensure that all new conflicts are registered and dealt with and that the staff of the Exchange is maintaining appropriate and effective arrangements for separating its regulatory and commercial services. The COI committee is comfortable with the reporting lines in place at EESE and that the segregation of duties around regulatory and commercial functions have been implemented sufficiently, based on its size and number of employees.

The controlling body of EESE has determined that the COI committee is functioning effectively and that they are performing their duties as required.

**Appendix A**

**EESE Conflict of Interest Policy**

**EQUITY EXPRESS SECURITIES  
EXCHANGE**

**CONFLICT OF INTEREST  
MANAGEMENT POLICY**

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## 1. Introduction

- 1.1 This Conflict of Interest Policy sets out all the necessary steps that should be taken by Equity Express Securities Exchange (EESE) to avoid, eliminate, disclose and otherwise manage possible conflicts of interest between its regulatory functions and its commercial services.
- 1.2 This Conflict of Interest Policy:
- 1.2.1 establishes an appropriate and effective internal governance process to identify potential, perceived or actual conflicts of interest that are of relevance to EESE; and
- 1.2.2 provides for measures to address the situation where a potential, perceived or actual conflict of interest is identified, to avoid or manage and disclose the conflict.
- 1.3 The Conflict of Interest Policy will be reviewed annually by the Head of Compliance and Risk, as well as the Controlling Body.

## 2. Definitions

- 2.1 In this Conflicts Policy, the following words shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings and other words derived from the same origins as such words (that is, cognate words) shall bear corresponding meanings:
- 2.1.1 **Authorised User** means a person appointed by EESE to perform security services as defined in the FM Act.
- 2.1.2 **Board Notice** means Board Notice 1 published in *Government Gazette* 38369 of 2 January 2015.
- 2.1.3 **Committee** means the Self-Regulatory Oversight (SRO) committee appointed by EESE that is tasked with ensuring that EESE complies with this Conflicts Policy
- 2.1.4 **Conflicts Policy** means this Conflict of Interest Management Policy.

- 2.1.5 **Confidential Information** means any technical, commercial, scientific, marketing or business information, any documentation, know-how, trade secrets, marketing strategies, processes, designs, technical specifications, development plans, concepts and ideas, financial information, customer/client information or records, business plans, customer/client and vendor lists, products, analysis, test results, descriptions, drawings, computer software, programming, hardware configurations, systems, materials and data and all other information of any kind or nature, proprietary to or a trade secret of a person; whether in written, oral, magnetic, or machine-readable or other format, and whether marked "Confidential" or not, and shall include any copies or abstracts made thereof as well as any apparatus, modules, samples, prototypes or parts thereof.
- 2.1.6 **Controlling Body** means the controlling body of EESE.
- 2.1.7 **FM Act** means the Financial Markets Act, 2012.
- 2.1.8 **Issuer** means an **Issuer which has its securities approved for Listing on the EESE system.**
- 2.1.9 **Listings Requirements** means the Listings Requirement of EESE as prescribed in terms of section 11 of the FM Act.
- 2.1.10 **Registrar** means the Registrar of Securities Services.
- 2.1.11 **Rules** means EESE's exchange rules as prescribed in terms of section 17 of the FM Act.

### 3. **What is a conflict of interest?**

- 3.1 A conflict of interest is any actual or potential interest that may influence the objective performance of EESE of its regulatory responsibilities in terms of the FM Act, the Rules and/or the Listings Requirements, or prevent EESE, its directors, officers and employees from acting in an unbiased and fair manner when exercising their responsibilities in the best interest of EESE.
- 3.2 In order to give practical guidance, on what may cause a conflict of interest the following examples are given:

- 3.2.1 Directors, officers and employees of EESE may under no circumstances accept a benefit from the Issuers and/or the Authorised User which could be regarded as a bribe. Without limitation to the generality of this statement, any gift which would compromise future objectivity is not acceptable and no cash gift may ever be accepted. Any offer of this kind must politely be declined or immediately returned to the sender if it is delivered without prior notice.
- 3.2.2 On the other hand it is acceptable for directors, officers and employees of EESE and employees to accept immaterial financial interests from the Issuer and/or the Authorised User including pens, diaries or the like branded with the giver's company logo which are not regarded as giving rise to a conflict of interest.
- 3.2.3 Directors, officers and employees of EESE shall adhere to the same principles in handing out gifts to employees of Issuers and/or the Authorised User and in the event of gifts, other than immaterial financial interests, inform the relevant employer of the proposed gift.
- 3.2.4 Modest business lunches are a necessary part of the promotion of business relationships and as immaterial financial interests such invitations shall not be regarded as constituting a conflict of interest.
- 3.3 Should directors, officers and employees of EESE have any concerns as to whether or not a potential conflict of interest might arise in a particular situation, they should refer his or her question to the Committee prior to accepting the financial interest or acquiring the ownership interest or embarking on the relationship in question.

#### **4. Avoidance of a conflict of interest**

EESE, its directors, officers and employees shall avoid conflicts of interest, where it is possible to do so, they shall not engage in practices or pursue private Interests which are, or might lead to, a potential conflict with EESE's regulatory responsibility.

#### **5. Disclosure to EESE of a conflict of interest**

- 5.1 Every director, officer or employee of EESE who becomes aware of an interest which may give rise to a conflict of interest must immediately disclose such conflict of interest, in writing, to the Committee advising it of:

- 5.1.1 the nature and extent of the Interest for which EESE, a director, officer or employee is or may become eligible;
- 5.1.2 the nature of the relationship or arrangement which gives rise to the conflict of interest, in sufficient detail to enable the Committee to understand the exact nature of the relationship or arrangement and the conflict of interest.
- 5.2 If the conflict of interest cannot be avoided, the director, officer or employee must also in such written disclosure inform the Committee of:
  - 5.2.1 the steps taken to avoid or mitigate the conflict of interest; and
  - 5.2.2 the reason why the conflict of interest cannot be avoided.

## **6. Mitigation of a conflict of interest**

- 6.1 Where it is not possible to avoid a conflict of interest, the effect of such conflict of interest must be mitigated to the extent it is reasonably possible to do so.
- 6.2 The Committee shall direct the director, officer or employee within 5 business days of receiving the written disclosure, that any or a combination of the following measures be taken in order to mitigate the conflict of interest and achieve an equitable outcome:
  - 6.2.1 that EESE, its directors, officers and employees be directed to immediately cease being involved in the matter giving rise to the conflict of interest and an alternative employee be assigned to such matter;
  - 6.2.2 Chinese walls be established to prevent information regarding the matter being received by the conflicted division of EESE or the conflicted director, officer or employee;
  - 6.2.3 the contemplated transaction not be entered into or a concluded transaction be cancelled by EESE;
  - 6.2.4 if the Interest is of a financial nature, it must be returned or donated to a charitable institution by EESE, its employees, directors and officers, as may be applicable;



- 6.2.5 the Interest of EESE, its directors, officers and employees giving rise to such conflict be sold or EESE, its directors, officers and employees be requested to sell interest giving rise to such conflict;
- 6.2.6 relevant and affected persons be approached to obtain the informed consent of the relevant and affected persons to the waiver of the conflict of interest; and
- 6.2.7 any other steps which are reasonable in the circumstances.
- 6.3 Upon receiving direction from the Committee, the director, officer or employee must take the measures prescribed by the Committee to mitigate the conflict of interests within 10 days, and furnish a report to the Committee detailing the steps taken to mitigate, as well as the status of, the conflict of interest.

## **7. Guidelines regarding security and confidentiality of Confidential Information**

- 7.1 EESE, its directors, officers and employees acknowledge that the unauthorised disclosure of Confidential Information may give rise to substantial damage and must undertake to ensure that:
  - 7.1.1 any Confidential Information in their possession or under their control will be maintained under conditions of strict confidentiality;
  - 7.1.2 Confidential Information will be made available to only those employees, agents and professional advisers who need to know such Confidential Information for the purpose of performing legitimate obligations;
  - 7.1.3 they will not disclose any Confidential Information to any other person or entity without the prior written consent of the person to whom such information belongs, provided that they shall be entitled to disclose such information if required by law or by any regulatory authority on prior written notice to the party to whom such information belongs; and
  - 7.1.4 other than to perform their obligations under the FM Act, the Listings Requirements and/or the Rules, they will not use or copy any Confidential Information for any purpose without the prior written consent of the person to whom such information belongs.

- 7.2 EESE, its directors, officers and employees undertake that if they become aware that there has been unauthorised disclosure or use of Confidential Information, they shall promptly bring the matter to the attention of the person to whom such information belongs in writing.
- 7.3 This paragraph 7 shall not apply to the extent to which Confidential Information:
- 7.3.1 is required for the purposes of the FM Act, the Listings Requirements and/or the Rules;
  - 7.3.2 becomes generally available to the public other than as a result of a breach of this paragraph or a breach of a confidentiality obligation; or
  - 7.3.3 becomes available to a person from a source other than the person to whom such Confidential Information relates and there has not been breach of a confidentiality obligation owed to the person to whom such Confidential Information relates.

## **8. Compliance**

To facilitate compliance with this Conflicts Policy, the compliance officer of EESE shall maintain a register of conflicts of interest reported and conflicts of interest which are not reported but are identified by EESE. The register will detail the nature of the conflict of interest, the steps taken to avoid and, if applicable, mitigate such conflict of interest.

## **9. Consequences of Non-Compliance**

Any failure by a director, officer or employee of EESE to comply with this Conflicts Policy will be considered misconduct which may result in disciplinary action.

## **10. Training**

To ensure EESE, its directors, officers and employees are aware of the contents of this Conflicts Policy, EESE will provide training and training material where appropriate.

## **11. Monitoring**

EESE will continually monitor its directors, officers and employees for compliance with this Conflicts Policy.

## **12. Annual assessment**

- 12.1 EESE will:
  - 12.1.1 annually assess the efficacy of this Conflicts Policy
  - 12.1.2 annually prepare a conflicts of interest assessment report which report must comprehensively deal with the assessment of all material and relevant matters related to the EESE's management of conflicts of interest including:
    - 12.1.2.1 an evaluation of the effectiveness of the Committee;
    - 12.1.2.2 whether EESE adhered to this Conflicts Policy;
    - 12.1.2.3 whether EESE effectively implemented and supported the policies and procedures referred to in the Board Notice
    - 12.1.2.4 whether the Committee performed:
      - 12.1.2.4.1 an annual review and approval of its terms of reference; and
      - 12.1.2.4.2 a self-evaluation of its performance as well as the performance of its members; and
    - 12.1.2.5 whether EESE identified, disclosed and recorded identified conflicts of interest.
  - 12.1.3 submit the report referred to in 12.1.2 above to the Registrar
  - 12.1.4 publish its report referred to in 12.1.2 above on its website.

### **13. Disclosure of conflicts of interest**

EESE must, in addition to the publication of the report referred to in 12.1.2 above, disclose the details of the nature and extent of any conflicts in its annual SRO report.

Appendix B

Conflict of Interest Committee Terms of Reference



EQUITY EXPRESS  
securities exchange

**EQUITY EXPRESS SECURITIES EXCHANGE  
PROPRIETARY LIMITED  
("EESE")**

**CONFLICT OF INTEREST  
MANAGEMENT COMMITTEE – 2021**

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APPROVAL:

.....  
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CHAIRPERSON OF THE BOARD  
THE COMMITTEE

CHAIRPERSON OF

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## **1. Introduction**

The Conflict of Interest Management Committee ("the Committee") is constituted as a statutory committee of Equity Express Securities Exchange (Pty) Limited ("the Company") in respect of its statutory duties in terms of Board Notice 1 of 2015 in terms of the FMA and a Committee of the board in respect of all other duties assigned to it by the Board of Directors ("the board").

The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the board. The deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.

These terms of reference are subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and any other applicable law or regulatory provision.

## **2. Purpose of the terms of reference**

The purpose of these terms of reference is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

## **3. Composition of the Committee**

The Committee comprises at least three members to be elected by the shareholders on recommendation by the Board of Directors.

The Committee must be suitably skilled and experienced, consisting of no less than three non-executive directors.

The Committee is chaired by a non-executive director.

The board elects the Chairperson of the Committee.

The board must fill vacancies on the Committee within 40 business days after the vacancy arises.

The Committee members must keep up-to-date with developments affecting the required skill-set.

#### **4. Role**

The Committee has an independent role with accountability to both the board and shareholders.

The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

#### **5. Responsibilities**

The Committee has the following specific responsibilities:

The Committee oversees conflict of interest reporting, and in particular the Committee must:

- 5.1. Be responsible for recommendations to the board regarding policies and procedures in relation to conflicts management, including recommendations to address any perceived or actual conflict in interest between the committee's regulatory responsibilities and its commercial interests.
- 5.2. Annually review the adequacy of the arrangements within the company for dealing with any potential or actual conflict between:
  - The interests arising from the regulation and supervision of listed entities and market participants accredited in respect of the market; and
  - The commercial interests of the company and its accountability to its shareholders, including any conflict of interest or potential conflict of interest from the listing and quotation of securities issued on any market operated by the company.
- 5.3. Where it determines that a conflict of interest or potential conflict of interest does or may arise as a result of the listing of shares on the market the committee shall:
  - Notify the board of all relevant facts, including any proposals for resolving the matter in a manner which ensures the proper performance of any relevant regulatory functions; and
  - Provide such information as may be requested by the board for the purposes of determining whether the company's regulatory functions can be discharged without the board's involvement.
- 5.4. Review proposed changes to the company's policies and procedures for dealing with conflicts and make recommendations to the board where appropriate.

- 5.5. Oversee the annual review of the company's compliance with its Conflict of Interest Management Policy and submit the Annual Conflicts of Interest Report to the board and the registrar.
- 5.6. Annually review the adequacy of the plans, budget and resources of the company in relation to its regulatory function and report to the board if it is of the view that insufficient funding or other resources are being devoted by the company.

## **6. Authority**

The Committee has decision-making authority in regard to its statutory duties and is accountable in this respect to both the board and the shareholders. To this end the chairperson of the Committee must be present at all annual general meetings.

On all responsibilities delegated to it by the board outside of the duties, the Committee makes recommendations for approval by the board.

The Committee acts in accordance with its duties and the delegated authority of the board as recorded in this terms of reference. It has the power to investigate any activity within the scope of its terms of reference.

The Committee, in the fulfilment of its duties, may call upon the chairperson of the other board committees, any of the executive directors, company officers, company secretary or assurance providers to provide it with information subject to board approved process.

The Committee has reasonable access to the company's records, facilities, employees and any other resources necessary to discharge its duties and responsibilities subject to following board approved process.

The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at company's cost, subject to a board approved process being followed.

## **7. Meetings and Procedures**

### **7.1 Frequency**

The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of two meetings per year.



Meetings in addition to those scheduled may, with approval of the chairperson, be held at the request of the external auditor, the chief executive officer or other members of senior management or at the instance of the board.

## **7.2 Attendance**

The Chief Executive Officer, representatives from the external auditors, other assurance providers, professional advisors and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.

Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad hoc* basis for special matters, unless prior apology, with reasons, has been submitted to the chairperson or company secretary.

The Company Secretary is the secretary to this Committee.

If the nominated chairperson of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairperson.

## **7.3 Agenda and minutes**

The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

The annual plan must ensure proper coverage of the matters laid out in the Conflict of Interest Management Committee Terms of Reference.

The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the Committee and other invitees.

Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.

The minutes must be completed as soon as possible after the meeting and circulated to the chairperson and members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

## **7.4 Quorum**

A representative quorum for meetings is a majority of members present.

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

**8. Evaluation**

The board must perform an evaluation of the effectiveness of the Committee every two years.

**9. Approval of these terms of reference**

These terms of reference were approved by the Chairperson of the board and the Chairperson of the Committee on 15<sup>th</sup> July 2020 and will be due for review in July 2022.

\_\_\_\_\_  
\_\_\_\_\_  
**CHAIRPERSON**

**DATE**

**KEY:** • = WHEN PERFORMED by the Conflict of Interest Management Committee Meetings

**Equity Express Securities Exchange  
Conflict of Interest Management Committee Responsibilities Calendar**

	<b>RESPONSIBILITY</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>As Req'd</b>
1.	The agenda for Committee meetings will be prepared in consultation between the Committee chair (with input from the Committee members), Chief Executive Officer, and any employee designated by the Committee to act as its direct liaison and the independent auditor.	•	•	•	•
2.	Review and update the Conflict of Interest Management Committee Responsibilities Calendar every two years.	•			
3.	Complete an evaluation of the Committee's performance every two years.		•		
4.	Annually review the adequacy of the Conflicts of Interest Policy and submit the Annual Conflicts of Interest Assessment Report to the board and the registrar.	•			
5.	Determine if any conflicts have arisen over the prior reporting period.	•	•	•	•
6.	Review proposed changes to the company's policies and procedures for dealing with conflicts of interest prior to submission to the board.				•
7.	Annually review the adequacy of plans, budget and resources of the company in relation to its regulatory function and report to the board.	•			
8.	Submit the Annual Conflicts of Interest Assessment Report to the board and the registrar and publish on the website.	•			