

PRIME XBT

CONFLICTS OF
INTEREST POLICY

Version 5.

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CONFLICTS OF INTEREST POLICY

1. Introduction

1.1 Company Overview:

1.1.1 PrimeXBT (PTY) LTD is an authorised financial services provider in South Africa with license number 45697, with registration no. 2013 / 099697 / 07 and having its registered address at 180 Lancaster Road, Gordons Bay, Gordons Bay, Western Cape, 7140 (hereinafter referred to as “the Company”). The Company acts as an intermediary between the investor and the market maker which is the counterparty to the products purchased through PrimeXBT.

1.1.2 The Company is not the market maker or product issuer and acts solely as an intermediary in terms of the FAIS Act between the client and the liquidity provider (the Market Maker), rendering only an intermediary service (i.e., no market making is conducted by the Company) in relation to the products offered. Therefore, the Company does not act as the principal or the counterparty in any of its transactions.

1.1.3 In its capacity as a Financial Service Provider, the Company complies with the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) (the “Law”), and adheres to procedures outlined in Board Notice 58 of 2010, which amends the General Code of Conduct for Financial Services Providers and Representatives, published in Notice 80 of 2003 and amended by Notice 43 of 2008.

1.2 Legal Compliance:

The Company complies with the Financial Advisory and Intermediary Services Act, 2002 (FAIS), and adheres to procedures outlined in Board Notice 58 of 2010, amending the General Code of Conduct for Financial Services Providers and Representatives.

2. Purpose

The Conflicts of Interest Policy (“Policy”) aims to:

- Provide guidance on expected behaviors according to the Company’s standards.
- Promote transparency and fairness to avoid or mitigate business-related conflicts of interest (COI) between the Company, its clients, vendors, and employees.
- Ensure fairness in the interests of employees and the Company.
- Document processes for the disclosure, approval, and review of activities that may constitute actual, potential, or perceived COI.
- Offer a mechanism for the objective review of personal outside interests.

3. Scope

3.1 This Policy applies to conflicts of interest involving the Company's directors, employees, or any individuals directly or indirectly associated with the Company or the Execution Venue by control (collectively "Related Persons"). It encompasses all interactions between the Company, the Execution Venue, clients, and inter-client interactions during investment services provision.

4. Duty of Relevant Persons

4.1 Relevant Persons must avoid activities that could create conflicts of interest. If conflicts cannot be avoided, they should be minimized to protect the Client's best interests as detailed in Section 9, "Management of Conflicts of Interest."

4.2 Relevant Persons must notify the Compliance Officer if they encounter a potential conflict of interest situation.

4.3 Board members must:

- Notify the Company of any activities that might contribute to a conflict of interest.
- Disclose matters that may lead to or have resulted in a conflict of interest.
- Abstain from voting on matters where they may have a conflict of interest or where their objectivity might be compromised.

5. Definitions

- **Conflict of Interest (COI):** Any situation where the Company or its representatives have an actual or potential interest that may influence the objective performance of their obligations to a client or prevent them from acting in the client's interests. This includes financial interests, ownership interests, or any relationships with third parties.
- **Financial Interest:** Any cash, cash equivalent, voucher, gift, service, advantage, benefit, discount, travel, hospitality, accommodation, sponsorship, or incentive, excluding ownership interest or training necessary for rendering a financial service.
- **Immaterial Financial Interest:** A financial interest with a monetary value not exceeding R1,000 per year from the same third party, received by a sole proprietor, a representative, or aggregated for the benefit of representatives.
- **Representative:** An appointed individual acting on behalf of the Company, including those under supervision.
- **Ownership Interest:** Equity or proprietary interest, including dividends or similar benefits, paid for at fair value by the owner at acquisition.
- **Provider:** The Company.

6. Identification of Potential Conflicts of Interest

The Company identifies potential conflicts of interest by considering:

- Likelihood of the Company, Execution Venue, or Related Person achieving financial gain at the Client's expense.
- Interest in the outcome of a service or transaction distinct from the Client's interest.

- Incentives to favor another client's interests over the current Client.
- Engagement in the same business as the Client.
- Receipt of inducements from third parties beyond standard commissions or fees.
- Incentives in manufacturing or distributing financial instruments potentially detrimental to the Client.

It is noted that the Company and the liquidity provider for crypto future products are affiliated entities by virtue of having common shareholders.

7. Insider Trading

Insider trading occurs when an individual with price-sensitive information deals in a related security or financial instrument before the information is made available to the market. Insider trading creates conflicts of interest because:

- The individual uses their knowledge to gain an unfair advantage over the market.
- This action conflicts with the concept of market fairness.
- It places the individual in a better position than the Company and/or its clients, creating a conflict of interest between the individual and the Company or its clients.

8. Management of Conflicts of Interest

The Company manages conflicts through:

- Appointment of an independent Compliance Officer to monitor policy adherence.
- Engagement of an Internal Auditor to maintain appropriate systems and controls.
- Procedures to prevent information exchange between conflicting activities.
- Regulation of electronic data access and supervision of conflicting interests.
- Elimination of direct remuneration links between conflicting activities.
- Supervision of third-party compliance with laws and regulations.
- Risk-adjusted variable remuneration for third-party service providers.
- Prohibition of external business interests without Board approval.
- Personal account trading requirements for Related Persons.
- Measures to prevent inappropriate influence over Related Persons.
- Segregation of duties to prevent conflicts.
- Implementation of Chinese Walls to restrict information flow.
- Compliance review and approval of marketing communications.
- Adoption of the "four-eyes" principle in supervision.
- Monitoring of the Company's Order Execution Policy and arrangements.
- Procedures to ensure the best possible results in executing Client Orders.

9. Examples of Conflicts of Interest

Potential conflicts include but are not limited to:

- Directing client orders to a particular execution venue due to financial arrangements.
- Executing a client's order by matching it with another client's order.
- Receiving or providing inducements for client referrals or trading activities.

- Using group entities or related entities as counterparties in transactions.
- Portfolio management for multiple clients presenting allocation challenges.
- Trading against the Company's capital while managing client portfolios.
- Providing investment advice with potential allocation conflicts.
- Producing research material while trading against the Company's capital.
- Remuneration based on trading activities, encouraging prohibited marketing practices.
- Insufficient due diligence in assessing and monitoring execution quality.
- Inadequate disclosure of potential conflicts or execution venue information.

Additional conflicts might arise when:

- Management fails to enforce or follow established procedures to manage conflicts.
- Procedures are amended, diminishing their effectiveness.
- Conflicts are not evaluated during restructuring or new role creation.
- Governance structures are inadequately implemented.
- Financial instruments are approved without sufficient consideration of conflicts.

10. Disclosure of Conflicts of Interest

- The Company must disclose any COI or potential COI to the client, detailing measures taken to mitigate them.
- Clients must be informed about the Conflict of Interest Management Policy and how to access it.
- Employees must notify management of potential COIs.

11. Inducements

- Permitted only when they enhance service quality and do not compromise the Company's duty to clients.
- Arrangements must not adversely affect the Client's interests.
- Details of inducement arrangements will be disclosed upon request.

12. Accepted Financial Interest

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:

- Commission authorized under the Long-term Insurance Act or Short-term Insurance Act.
- Commission authorized under the Medical Schemes Act.
- Fees authorized under the Long-term Insurance Act, the Short-term Insurance Act, or the Medical Schemes Act, if those fees are reasonably commensurate with a service being rendered.
- Fees for rendering a financial service where commission or fees are not paid, if:
 - Specifically agreed to by a client in writing.
 - May be stopped at the client's discretion.
- Fees or remuneration for services to a third party, commensurate with the service rendered.
- An immaterial financial interest, subject to any other law.

- A financial interest not referred to in the above, for which fair value or remuneration is paid at receipt.

13. Record Keeping

- The FAIS Act of 2002 requires the Company to maintain records of services where a conflict of interest may arise.

14. Staff Remuneration

- Determined by senior management, based on overall business performance. Other staff remuneration is based on the nature and performance of duties.

15. Client's Consent

- Clients acknowledge and agree that the Company may determine methods to manage conflicts, aligning with the Client's best interests.

16. Amendment / Review

- The Company reserves the right to amend this Policy as necessary and will review it annually.

17. Further Information

- For more details, clients may contact the Support Department to request documentation.