

Mercury International FX

CONFLICT OF INTEREST MANAGEMENT POLICY

1. CONTEXT

- 1.1 Mercury International FX (registration number 2016/064154/07) ("**Mercury**") is committed to complying with the law and regulations applicable to its business and activities. This conflict of interest management policy (this "**Policy**") is to provide guidance in identifying and handling Conflicts of Interest involving Mercury and its Employees. This Policy applies to all Mercury's Employees.
- 1.2 Conflicts of interest must be efficiently, effectively, ethically and equitably managed to ensure that Mercury's values of integrity, collaboration, excellence, accountability and service are upheld.
- 1.3 A failure to manage Conflicts of Interest can affect the reputation and public perception of Mercury both locally and internationally. We therefore take such matters seriously and any Employees found acting in contravention of this Policy will be subject to Mercury's internal disciplinary procedures.

2. DEFINITIONS

- 2.1 "**Conflict of interest**" means any situation in which Mercury or its representative(s) 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 Mercury and/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 a financial interest; an ownership interest; and/or any relationship with a third party.
- 2.1 "**Employee**" means Mercury's directors, employees, consultants, contract and temporary workers.
- 2.2 "**FAIS Act**" means the Financial Advisory and Intermediary Services Act 37 of 2002.
- 2.3 "**Financial Interest**" means any cash, cash equivalent, vouchers, gifts, discounts, services, advantages, benefits, domestic or foreign travel, hospitality, accommodation, sponsorships and/or any other incentive or valuable consideration, but excludes an Ownership Interest or Training as described in this Policy.
- 2.4 "**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 in relation to the same Third Party in that calendar year.
- 2.5 "**Ownership Interest**" means any equity or proprietary interest for which fair value was paid at the time of acquisition, other than an equity or proprietary interest held as an approved nominee on behalf of another person.
- 2.6 "**Third Party**" means a product supplier, provider, an associate of a product supplier or a provider, a distribution channel, or any person who in terms of an agreement or arrangement with a person set out above provides a Financial Interest to a provider or its representatives.

2.7 “**Training**” means 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.

3. **PURPOSE**

The purpose of this Policy is:

- 3.1 to outline the key principles around the management of Conflicts of Interest that arise in the provision of Mercury’s services;
- 3.2 to define what constitutes a Conflict of Interest and to provide guidance on the behaviours expected in accordance with Mercury’s standards; and
- 3.3 to outline how Conflicts of Interest need to be declared, managed and resolved through avoidance, control and/or disclosure.

4. **PRINCIPLES**

4.1 In terms of the FAIS Act, the only financial interests that may be received by Mercury and/or its Employees are the following:

- 4.1.1 Fees for the rendering of a financial service if those fees are specifically agreed to by a client in writing; and may be stopped at the discretion of that client.
- 4.1.2 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;
- 4.1.3 an Immaterial Financial Interest; and
- 4.1.4 a Financial Interest, not referred to above, 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.

4.2 Subject to clause 4.1 above, as an Employee, you agree that you will not offer, promise, give, request, agree to receive or accept any Financial Interest:

- 4.2.1 in the course of your employment;
- 4.2.2 when conducting business on behalf of Mercury; or
- 4.2.3 when representing Mercury in any capacity.

4.3 You agree not to accept any Financial Interest from any client, supplier or other person without first seeking permission from your supervisor. Your supervisor may grant permission for you to accept a small gift, provided that it constitutes an Immaterial Financial Interest.

4.4 You agree that you shall never offer a Financial Interest to a client, supplier or other person with the intention of gaining a business advantage. Any business gifts or invitations to hospitality events that are issued must always be agreed by your supervisor in advance and must constitute an Immaterial Financial Interest.

4.5 If you are found to have accepted or given any such Financial Interest as described in this clause, you will face disciplinary action which could include dismissal for gross misconduct.

4.6 All remuneration and pay structures must be structured in a manner which does not give rise to any Conflicts of Interest.

4.7 All Third Party arrangements must be conducted on arm's length commercial terms.

5. **MANAGEMENT OF CONFLICTS OF INTEREST**

5.1 Conflicts of Interest must be managed by one or more of the following:

5.1.1 Avoidance – Employees must make reasonable efforts to avoid situations where a Conflict of Interest may arise. Where a Conflict of Interest cannot be avoided, the situation giving rise to the conflict must be mitigated and managed effectively.

5.1.2 Control – Any potential Conflict of Interest must first be discussed with management before proceeding and arrangements to ensure the impact of the Conflict of Interest or potential conflicts is reduced to an acceptable level must be put in place.

5.1.3 Disclosure – making sure parties impacted by the Conflict of Interest are aware of the conflict and its impact on them.

5.2 Mercury is committed to ensuring that all business is conducted in accordance with good business practice. To this end Mercury 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 Conflicts of Interest. Mercury and its Employees must therefore avoid any Conflict of Interest between Mercury and a client or an Employee and a client.

5.3 Where a Conflict of Interest cannot be avoided, at the earliest reasonable opportunity, Mercury and/or its Employees must, in writing, disclose to a client any Conflict of Interest in respect of that client including –

5.3.1 Why the Conflict of Interest could not be avoided and the measures taken to avoid or mitigate the conflict;

5.3.2 Any Ownership Interest or Financial Interest that Mercury and/or its Employees may be or become eligible for;

5.3.3 The nature of the relationship or arrangements 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 conflict.

5.4 Employees that fail to disclose a potential or actual Conflict of Interest in accordance with this Policy may face disciplinary action.

6. **MONITORING AND COMPLIANCE**

6.1 Mercury, together with its Compliance Officer, will establish regular monitoring arrangements to ensure ongoing compliance with this Policy.

6.2 All Employees must have a copy of, and be familiar with, this Policy.

6.3 This Policy will be reviewed annually.

7. **ASSOCIATES AND OWNERSHIP INTERESTS**

For a list of all Mercury's associates and ownership interests, please see Annexure A

Annexure A: List of Associates and Ownership Interests

Director: Carl Reinecke

Shareholders: Alastair Constance
Simon Boddy
Matt Collins